

## **GlaxoSmithKline Pharmaceuticals Limited Dividend Distribution Policy**

The Equity Shares of GlaxoSmithKline Pharmaceutical Limited (the 'Company'), a company listed on BSE Limited, Mumbai as well as National Stock Exchange of India Limited, Mumbai is required to formulate a Dividend Distribution Policy in accordance with the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) as inserted within Regulation 43A effective July 8 2016. The Policy is effective from the financial year 2016-2017.

The objective of the Policy is to provide parameters to investors that assist with identifying stocks to match their investment criteria as well as provide an understanding of the company's approach to the distribution of its profits. The Company shall consider paying a dividend that balances the dual objective of rewarding shareholders through dividend as well as retaining the appropriate levels of funds to support the strategic objectives of the Company.

Upon deciding the distribution quantum of a dividend in a particular year, the Company will take into account the following parameters:

- current year financial performance of Operating Profits post tax and Operating Cashflows
- financial outlook of the Company and the needs for working capital and capital expenditure
- historical trend of dividends paid by the Company or dividend ratios of its peers
- strategic outlook of the Company to fund new business activity or acquisitions
- current and expected liquidity and gearing of the company
- financial requirements for potential contingencies or unforeseen events
- A review of external factors and market conditions the Company operates within.

The Company may declare a dividend out of profits of previous years based upon the availability of distributable Reserves, having factored the above parameters. Furthermore, the Company may declare an interim dividend in addition to a final dividend where considered fit. In the event the Board does not recommend a dividend, where it is deemed financially prudent to do so, details of the factors leading to such a recommendation will be disclosed in the Annual Report of the Company.

The Board reserves the right to amend the policy in whole or in part at any point as deemed necessary. Any change to the above parameters or to the dividend distribution policy will be disclosed alongside a rationale within the Company's Annual Report as well as on its website.

The Board of Directors of the Company (the 'Board') approved the Dividend Distribution Policy at the Board meeting held on 27 October, 2016. In accordance to the requirements, the Company shall disclose its Policy in its Annual Report and on its website, [www.gsk-india.com](http://www.gsk-india.com)