



do more
feel better
live longer

Building a Legacy for the Future

GlaxoSmithKline Pharmaceuticals Limited
Annual Report 2016-17

Message from the Managing Director



Dear Shareholders,

In 2017, your Company completed 93 years of serving patients in India. As we steadily approach our centenary year, it is clear that our commitment to serve patients in India is strong and unwavering. The future of the healthcare landscape, as I see it, will be driven by increased access for the next billion with heightened disease awareness and solutions to meet specific healthcare needs of the country. Your Company is laying a strong foundation to build a legacy for the future.

GSK is committed to meeting the unmet and under-served healthcare needs of India through leadership in affordable pricing and the highest level of compliance standards in the industry. We will focus on securing reliable supply of our high-quality medicines to patients through our manufacturing facility in Nashik, Maharashtra and our upcoming facility in Vemgal, Karnataka.

Some of the highlights for the year 2016-17 were (i) the re-launch of our power brand, Neosporin, (ii) our foray into the probiotic segment with the launch of EnteroPlus and (iii) the launch of Priorix Tetra, our combination MMRV (Measles, Mumps, Rubella and Varicella) vaccine.

We will continue to bring the best of our innovative global pipeline in areas like Respiratory and Vaccines to our patients in India. GSK has taken a leadership role in rolling out our globally designed new commercial model that is making a positive impact on our stakeholders in India.

We conducted a GSK Values Assurance Review this year and made significant progress; our employee engagement score is among the highest across GSK's worldwide operations. We have also recently been

GSK is committed to meeting the unmet and under-served healthcare needs of India through leadership in affordable pricing and the highest level of compliance standards in the industry.

commended for Human Resources Excellence by the Confederation of Indian Industry.

Beyond our focus on our customers and employees, we are proud to contribute to the society in which we live. We were recognised by eminent industry associations for our Corporate Social Responsibility initiatives. Our signature initiative towards eliminating Lymphatic Filariasis in India continues with 51 million albendazole tablets donated during the year.

Last but not the least, our reputation is critical to our sustainability. We are happy to inform you that we have been recognised with prestigious external awards, in addition to awards won within the organisation (competing with the rest of GSK's global operations).

Our focus will continue to be on delivering results on our promise of unwavering commitment to our shareholders. We will reciprocate the trust placed in us by creating long-term value for your investment.

A. Vaidheesh



Ameli Devi, a resident of Munger, Bihar is a Lymphatic Filariasis (LF) patient. She has not let her health come in the way of educating her daughter, Kanchan, who now attends college. Your Company has donated 51 million albendazole tablets in India during the year towards eliminating LF.

Building a Legacy for the Future



At GSK, we are preparing for the future landscape of healthcare in the country, to fulfill our commitment to serve more patients. In an era of increasing price control and rising compliance standards, we are putting in place long-term measures to secure reliable supply that will enable the Company to reach more patients. We are committed to increase disease awareness through the dissemination of high-quality scientific knowledge. We are also committed to bring cutting-edge innovative products of the future to our patients from our global pipeline.

Our leading focus continues, as always, as we put in place high standards, new ways of working and launching new products. We will continue to emphasise strong execution of our growth strategies and our legacy of caring for our patients. These will continue to be the priorities around which we build a legacy for the future.

Our upcoming manufacturing facility in Vemgal, Karnataka

Building a Legacy by Leading the Way



GSK is a science-led global healthcare company. Innovation runs through the very strand of our DNA. Innovation means not only a strong pipeline that will benefit our patients, but also pioneering ways of working based on our values. We also leverage technology for the best possible reach to the largest number of healthcare professionals through multi-channel engagement activities. Our manufacturing facilities are state-of-the-art. We use cutting-edge technology to ensure that our products are safe for the patients at the end of our supply chain.

New Products

We are committed to bringing new products to our patients with a robust pipeline. During the year, we launched two new products, which saw good traction.

Priorix Tetra

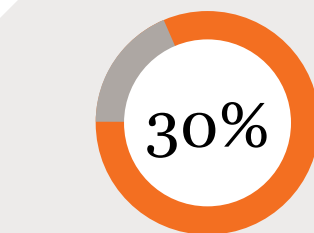
India's first combination MMRV (Measles, Mumps, Rubella and



Varicella) vaccine. This vaccine has been well received by pediatricians. Being a four-in-one vaccine, this means that kids will now need fewer injections and doctor visits, not having to take MMR and Varicella separately. It will also free up space in their immunisation calendar for more important vaccines.

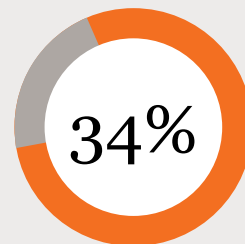
EnteroPlus

The innovative strain LGG as brand EnteroPlus was launched in India for



of GSK's global volumes of medicines sold reach patients in India

Source: GSK plc



market share in Vaccines in the self-pay segment

Source: IMS

the first time in the probiotic segment. This strain is in-licensed from Chr Hansen, Denmark and is the world's most researched probiotic strain. EnteroPlus was recognised as the best new introduction in the Indian Pharmaceutical market by Quintiles IMS, amongst 359 new launches, in the last quarter of 2016-17.

Enhancing our pipeline

We are assessing new products from our global respiratory and vaccines pipeline and reviewing these for a possible launch for our Indian patients. In addition, we are reviewing complementary inorganic opportunities.

New Ways of Working

Engagement of healthcare professionals

GSK has been a pioneer in the pharmaceutical industry in our ways of working. Some years ago, we stopped paying doctors to speak on our behalf. The focus instead was on engagement of healthcare professionals through the dissemination of high-quality scientific education on our medicines to healthcare professionals, through multiple digital channels. Leveraging technology is one of the key elements of our business transformation. We started with Visual Aids four decades ago, which became the industry standard in in-clinic engagement with HCPs. In the last quarter of 2016, we took our first step into the digital future, equipping our field force with iPads and a best-in-class customer relationship management tool. This will enhance real-time flow of information to our customers, in the best interest of patients.

Criteria for sales force compensation

The variable component of the compensation for our sales force is not on sales targets, but based on an evaluation of their skills and knowledge. This qualitative criteria has been put in place globally and over the last few years, has proved to be a success.

Employee training and development

Your Company has invested significantly in building the sales capability of its large and distributed field-based workforce. A sales competency framework was launched

this year, which enables every colleague to identify their development needs across the areas of scientific knowledge, business planning and patient-focussed selling skills, and work with their manager towards continuous learning and development. A mobile learning app that gauges sales readiness of a field-based representative was launched during the year. This platform has soon become a best practice and has been replicated in some of GSK's global markets.

Supply Chain

Innovative design at our state-of-the-art facility at Vemgal, Karnataka

Our new facility at Vemgal, Karnataka has been designed innovatively with the future in mind, to support easy expansion when the need arises. Besides, environment considerations have been at the forefront with an aim to achieve Leadership in Energy and Environmental Design (LEED) Gold Standard. We have invested in renewable energy, in the form of a 0.5MW photovoltaic array, which will generate a significant part of the site's energy requirement. The factory has been designed from the outset to be highly accessible to differently-abled employees.

Cool/Cold Chain for Vaccines

In the case of vaccines, it is vital that the product is maintained at 2° - 8° Celcius during storage from the packaging/manufacturing site right up to the last mile to the patient. The process of transportation of the vaccines from site to the central warehouse, regional warehouse and then to the customer takes from

anywhere between 8 and 36 hours. A new solution in the form of a single box from the site to the stockist, without any handling of products en route, and which maintains the right temperature for up to 48 hours was devised. Given our network of distribution channels, this is a major innovation that widens access to our vaccines.

Live GPS tracking for trucks transporting medicines from manufacturing sites to the customer

30% of global pharmaceutical volumes sold by GSK is sold in India. All these medicines need to be transported from the manufacturing site to the centralised hub and from there on to the regional warehouses and finally the last mile to the customer.

We transport our medicines in fully containerised trucks which can be tracked centrally, via a GPS system. If the truck changes route or stops on the way, the relevant departments will be alerted. This innovation has led to more visibility on the transport of our medicines, ensuring that there is no loss from theft and making sure that the safety of the medicines are not compromised en route.



Building a Legacy through Execution Excellence



We have been driving performance during the year through scale across India, by serving more patients. Despite mandatory price reductions due to the inclusion of our medicines in the National List of Essential Medicines last year and supply constraints in for some of our key brands, the situation has now considerably improved. Through our consistent high-quality scientific messaging via multiple channels, we have succeeded in engaging more HCPs, increasing access and thus, serving more patients.

HCP Engagement

Our sales force was equipped with iPads and our teams focused on engaging HCPs through various channels like webinars, the Rural Van initiative, which resulted in wider access and also the dissemination of high-quality scientific education, in keeping with our new global commercial model. We have countered the challenge to our prices by growing volumes.

With the launch of Veeva CRM (a customer relationship management tool), we aim to provide HCPs with information about our medicines in more convenient ways, using their channels of preference.

We have achieved unique customer differentiation within a fragmented market. From 25,000 touch points in

a single activity, we grew to 1,50,000 touch points through our multi-channel HCP engagement model.

Neosporin Re-launch

Neosporin, our power brand, a range of topical antibiotics, has returned to the market after a gap of almost

15

GSK brands in
Top 300 ranking as per IPM

#1

In Vaccines self-pay
segment



7

GSK brands in Top 50
ranking as per IPM

two years. We have enhanced our Supply Chain to get Neosporin back on track by striving towards a reduction in stock constraints that impacted historical performance. Its absence had impacted patients across the country. One million prescriptions were reported for the Neosporin range (IMS January 2017).



Building a Legacy through our Patient Focus



GSK has been a trusted brand with a legacy of caring for our patients in India over 90 years. Our purpose is to enable people to do more, feel better and live longer. We are guided and driven by GSK values in everything that we do. We are committed to our patients who we serve by increasing access to our medicines. We also continue to make a difference to our communities through our award-winning Corporate Social Responsibility efforts.

Securing reliable supply of our medicines

Upcoming manufacturing plant in Vemgal, Karnataka

To meet the growing demand for quality medicines in India, GSK is investing ₹ 1000 crore in a new state-of-the-art pharmaceutical factory in Vemgal, Karnataka. The factory will initially supply a range of solid dose form products. When completed, the factory will produce more than 8 billion tablets and 1 billion capsules per year. The factory will commence production in 2018.

Upgrades at existing Nashik facility

In compliance with the GSK Respiratory Free Strategy and the WHO requirement for the segregated manufacture of hormonal products, GSK India has



invested ₹ 115 crore to construct a dedicated facility for the manufacture of Eltroxin, where the medicine is manufactured in a respiratory-free environment. The new Eltroxin facility will be fully operational in 2018 with the highest safety standards. The Nashik facility is delivering on its strategic intent with significant investments in processes, infrastructure and capability. Your Company has plans to upgrade the

8 Bn
tablets

1 Bn
capsules

in a year will be
manufactured at our
upcoming manufacturing
facility in Vemgal,
Karnataka

Dermatologicals and Tablets facilities by investing in infrastructure with special focus on GMP, Safety & Sustainability at the Nashik site.

The Nashik facility has embraced the GSK Production System (GPS), based on Lean Working principles. There are 30 continuous improvement frameworks in place to meet the facility's goals under Safety, Quality, Service and financial optimisation for 2017.



Building a Legacy by Investing in our Communities

Saving our newborns



Of every 4 newborn babies who die in the world, 1 dies in India. We lose over 7.6 lakh newborns within the first 28 days of their lives. 75% of these deaths are preventable. India has committed to reduce Infant Mortality Rate (IMR) from 39 in 2014 to 28 by 2019.

We are working through a continuum of care approach in the identified high burden districts of Rajasthan and Madhya Pradesh. We will continue to focus on this national health priority and aim to shift the needle by saving more than 8,000 newborns a year, through our interventions.

Our CSR approach is holistic and we have included capacity-building of nurses and doctors for institutional delivery and neonatal resuscitation and of the ASHAs for Home Based Newborn Care (HBNC). We also extend facility support to ensure identification of low birth weight (LBW) babies and training of their mothers and families in Kangaroo Mother Care. We have instituted a process for follow-up and monitoring of LBW babies. Advocacy is also an essential part of our programme to ensure that our learnings bring about a systemic change, which is sustainable and replicable.

Partnering India to eliminate LF



Ameli Devi, a resident of Munger, Bihar is a Lymphatic Filariasis (LF) patient. She is proud that she has not let her pain and debilitating swelling come in the way of her dream of educating her daughter. Kanchan, now in college, though protective about her mother, is distraught with the stigma her mother has to face from society.

To ensure that we do not have more cases like Ameli, GSK is partnering in one of the country's biggest and boldest public health initiatives, in partnership with WHO - to eliminate LF from India. Our contribution focusses on our large-scale donation of albendazole, efficient forecasting, manufacturing and shipping of donated products.

LF is transmitted by mosquitoes. It is more commonly known as elephantiasis, a condition with marked hardening and thickening of the skin that frequently accompanies massive swelling in the arms, legs, breasts and genitals. The disease is one of the principal causes of permanent disability (it is not possible to reverse

the lymphoedema or the associated tissue damage. With more than 600 million people in India being at risk of contracting this disease. LF is spread across 250 districts in 20 states of India.

GSK has already donated over three billion albendazole tablets to the WHO to help eliminate LF in India and have pledged to donate albendazole for as long as needed to help eliminate this debilitating disease.

School sanitation in Nashik



51% or 600 million people in India still defecate in the open, accounting for 60% of the world's total open

defecation (OD) population. Poor sanitation has far-reaching impact on health and wellbeing. Women and children are worst affected. GSK joined the national call to action for Swachh Bharat, Swachh Vidyalaya.

There are a total of 508 schools in the Nashik Municipal Corporation (NMC) including 127 civic schools. As per a study in November 2014, a record 933 schools (Public and Private) in Nashik were without washrooms or had non-functional toilets. GSK partnered to build/repair 74 sanitation units and 66 urinals, with complete water and waste disposal systems, thereby providing access to clean sanitation to 10,000 students, teachers and staff from five schools in Nashik.

Improving employability at Vemgal

India is a country of young people with more than 50% of its population below the age of 25 years. Experts predict that India's economic progress in the next four decades will be driven through this demographic advantage. While the country presents potential, we are persistently constrained by tardy progress in education and skill-building initiatives. The Government of India launched a National Skill Development Corporation with an objective of skilling more than 50 million youth by 2022.

GSK is supporting the national call to 'Skill India' at Vemgal, Karnataka, where our focus since the inception of the project in 2016, has been on employability.

We have partnered to promote entrepreneurship amongst women, through manufacturing of sanitary pads.

We have trained a group of 20 men in construction management. We have trained a group of 112 adolescents in housekeeping, electricals, automobile repair and Business Process Outsourcing (BPO). A fresh batch of 70 adolescents have commenced training in the four trades as well. We aim to train around 300 youth in a year.

Our employees volunteer to help communities

Our employees devote their time and expertise to create positive change in our communities. This gives them an opportunity to get to know some of our partner organisations and develop professional skills in challenging environments.

In return, our partners benefit from strategic planning, operational improvements and enhanced communications. Our three flagship volunteering programmes are – PULSE, which is a 3-6 month full-time skills-based volunteering with NGOs in India or abroad; Orange Day, which is one day of volunteering and skills-based volunteering, which is project-based part-time volunteering. All volunteering options are fully supported by GSK.

51 million
albendazole tablets
donated during the year
to eliminate LF

8,000
newborn babies saved

Sanitary facilities have
been created for
10,000
children at Nashik

Skills-building training to
300 at Vemgal

Nearly
18,000
volunteering hours by
over 1,700 colleagues
during the year



Accolades & Recognition

GlaxoSmithKline Pharmaceuticals Ltd. has been recognised with prestigious external awards, in addition to awards won within the organisation (competing with the rest of GSK's global operations). Recognition for the Company's efforts enhances reputation and builds trust with our stakeholders.

External Awards

Porter Prize for Creating Shared Value, 2017



GlaxoSmithKline Pharmaceuticals Ltd. has been awarded the Porter Prize in the category, "Creating Shared Value," by the Institute for Competitiveness, a research institute that advises companies and governments on competition and strategy - the Indian chapter of Institute for Strategy and Competitiveness at Harvard Business School.

Commendation from CII for Human Resources Excellence



GlaxoSmithKline Pharmaceuticals Ltd. has been honoured with a commendation for Significant Achievement in Human Resources Excellence by the Confederation of Indian Industry (CII) during the year. CII's National HR Excellence Awards recognises companies that demonstrate excellence in Human Resources.

A. Vaidheesh recognised as one of Asia's most promising leaders in 2016 by Economic Times



A. Vaidheesh, Vice President, South Asia, and Managing Director, India, was recognised as one of Asia's most promising leaders during the year by Economic Times at the Asian Business Leaders Conclave, held in Malaysia.

Scrip Community Partnership of the Year Award 2016

GlaxoSmithKline Pharmaceuticals Ltd.'s Corporate Social Responsibility (CSR) project on newborn survival won the Scrip Community Partnership of the Year Award 2016 in London. Scrip Intelligence (Scrip) is an international pharmaceutical news, analysis and data service. GSK is working in high-burden districts of Rajasthan and Madhya Pradesh (two of the four states that account for 50% of newborn deaths in India) to save over 8,000 newborns a year through planned interventions that address a continuum of care.

Newborn survival CSR project wins FICCI CSR Award



GlaxoSmithKline Pharmaceuticals Ltd.'s CSR project on newborn survival won the FICCI CSR Award in the Health, Water and Sanitation category. This is an annual award by FICCI that aims at identifying and recognising the efforts of companies in integrating and internalising CSR into their core business operations.

Bombay Chamber Civic Awards in Social Development



GlaxoSmithKline Pharmaceuticals Ltd. won the Bombay Chamber Civic Awards in the Social Development Category for its CSR initiatives during the year.

Calpol wins the Silver in Brand of the Year at AWACS Awards

Calpol, our power brand, that recently completed a half century in India won the Silver in Brand of the Year, AIOCD AWACS Awards for Marketing Excellence.

Recognised as "Best Healthcare Brand" by the Economic Times



GlaxoSmithKline Pharmaceuticals Ltd. was recognised as one of the "Economic Times Best Healthcare Brands 2016" in the pharmaceuticals category.

Supply Chain Award

GlaxoSmithKline Pharmaceuticals Ltd. was felicitated at The Economic Times 3rd Annual Supply Chain Management Summit 2016 for exemplary supply chain management and logistics.

Internal Awards

GSK Global Medical Excellence Award for 2016 for innovative meetings in rural areas



The Medical Affairs team conducted nine tours in a van to remote rural areas and delivered 190 high-quality scientific talks to doctors in these regions in a modified van. This initiative won the GSK Global Medical Excellence Award for the year.

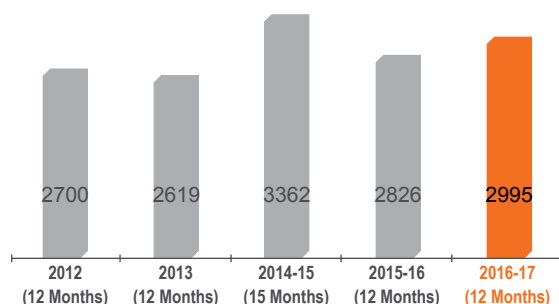
Driver Safety initiative wins the GSK Global CEO EHS Award

'Safe Driving: Every Journey Counts', GSK Pharmaceuticals' driver safety initiative won the Global CEO EHS & Sustainability under the Safe Workplace category from our then global CEO, Sir Andrew Witty, during the year.



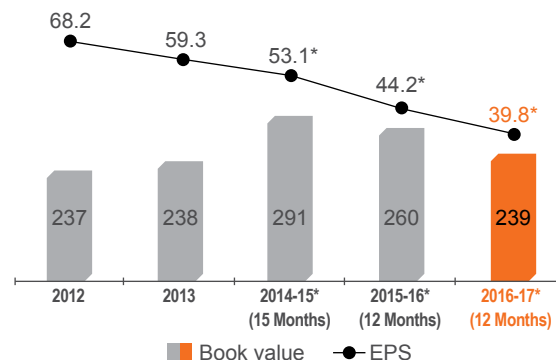
Financial Highlights

Revenue from Operations* (₹ Crores)



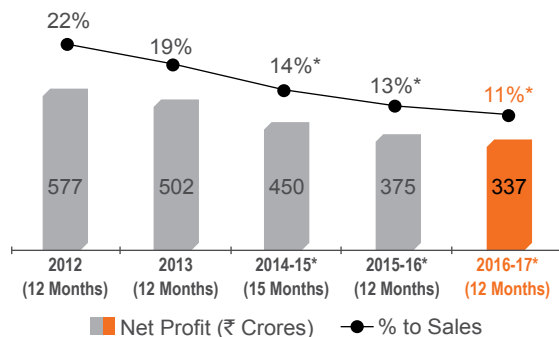
* Revenue from Operations includes excise duty as per Ind AS 18.

Earnings Per Share (EPS) and Book Value per share (₹)



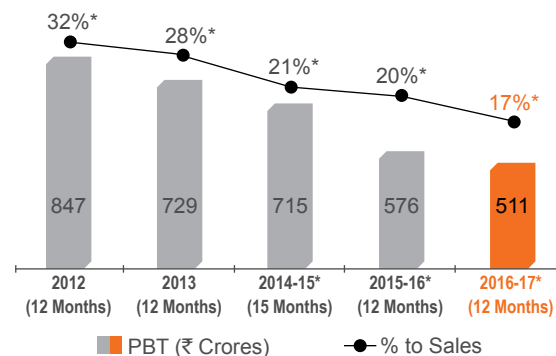
* The EPS and Book Value for 15 Months Ended March 2015, year 2015-2016 and year 2016-2017 are restated and based upon Ind-AS. Prior years 2012 and 2013 are based upon IGAAP.

Net Profit for the Period % to Revenue from Operations



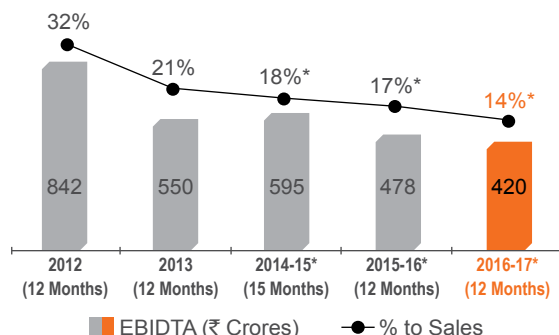
* The Net Profit for 15 Months Ended March 2015, year 2015-2016 and year 2016-2017 are restated and based upon Ind-AS. Prior years 2012 and 2013 are based upon IGAAP.

Profit Before Tax % to Revenue from Operations



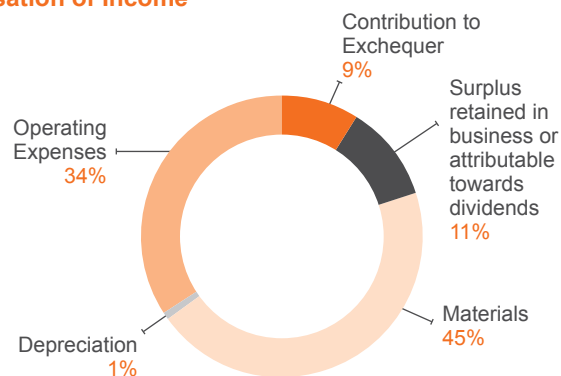
* Profit Before Tax and Revenue from Operations for 15 Months Ended March 2015, year 2015-2016 and year 2016-2017 are restated and based upon Ind-AS. Prior years 2012 and 2013 are based upon IGAAP.

EBIDTA (Excl Exceptional Items) % to Revenue from Operations



* Earnings Before Interest, Depreciation, Exceptional Items and Tax and Revenue from Operations for 15 Months Ended March 2015, year 2015-2016 and year 2016-2017 are restated and based upon Ind-AS. Prior years 2012 and 2013 are based upon IGAAP.

Utilisation of Income*



* Utilisation of Income excludes Exceptional Income

GlaxoSmithKline Pharmaceuticals Limited

Performance Summary

(Amounts in ₹ Lakhs)

	2016-17 [#]	2015-16 [#]	15 Months Ended March 2015 [#]	2013	2012	2011	2010	2009	2008	2007
PROFIT AND LOSS ACCOUNT										
Revenue from Operations	2994,51	2826,21	3362,36	2619,37	2700,34	2429,58	2187,48	1933,09	1771,83	1731,87
Profit before exceptional items and tax	465,35	573,63	766,84	703,17	994,78	921,60	867,27	758,48	679,90	606,73
Exceptional items	45,73	2,31	(51,88)	26,15	148,22	(322,54)	(26,50)	14,79	122,37	184,51
Profit Before Tax	511,08	575,94	714,96	729,32	1143,00	599,06	840,77	773,27	802,27	791,24
Profit for the Period	336,78	374,53	449,90	501,88	577,26	430,60	563,69	512,29	576,57	537,66
BALANCE SHEET										
Equity share capital	84,70	84,70	84,70	84,70	84,70	84,70	84,70	84,70	84,70	84,70
Other Equity	1943,51	2119,94	2382,38	1932,49	1925,31	1835,23	1846,11	1674,45	1456,39	1276,21
Borrowings	1,60	2,37	2,48	4,14	4,59	4,91	5,16	5,42	5,65	5,77
	2029,81	2207,02	2469,57	2021,33	2014,60	1924,84	1935,97	1764,57	1546,74	1366,68
Property, Plant and Equipment and CWIP	825,93	471,71	238,28	161,93	133,19	115,32	117,65	114,17	100,35	92,90
Investments including investment properties	100,55	53,63	53,80	57,67	102,58	159,80	160,35	190,91	751,87	1333,32
Deferred tax assets (net)	91,31	100,81	94,83	92,11	86,54	61,47	56,40	44,69	29,60	20,14
Net Assets (Current and Non-Current)	1012,02	1580,87	2082,65	1709,62	1692,29	1588,25	1601,57	1414,80	664,92	(79,68)
	2029,81	2207,02	2469,57	2021,33	2014,60	1924,84	1935,97	1764,57	1546,74	1366,68
OTHER KEY DATA										
Rupees per ₹ 10/- Equity Share										
Dividend	30.00	50.00	62.50	50.00	50.00	45.00	40.00	30.00	22.00	18.00
Special Additional Dividend	-	-	-	-	-	-	-	-	18.00	18.00
Total Dividend	30.00	50.00	62.50	50.00	50.00	45.00	40.00	30.00	40.00	36.00
Earnings per equity share	39.76	44.22	53.11	59.25	68.15	50.84	66.55	60.48	68.07	63.48
Book Value	239.45	260.28	291.26	238.16	237.31	226.67	227.96	207.69	181.95	160.67
Number of employees	4697	4611	4657	5034	4706	5055	4338	4006	3722	3620

[#] Period 15 Months Ended March 2015, Year 2015-16 and 2016-17 are prepared in accordance with Indian Accounting Standards ("Ind-AS") and for other years it is prepared as per Indian Generally Accepted Accounting Principles ("IGAAP").

NOTES

1. The Company has divested its Fine Chemicals business on 30th September, 2007 and its Animal Health business on 31st July, 2006.
2. Figures have been adjusted/regrouped wherever necessary in line with the financial statements, to facilitate comparison.
3. The accounting year of the company has been changed from January - December to April - March with effect from Mar 2015. Consequently, financial statements from 1st January, 2014 to 31st March, 2015 are for 15 months.

Board of Directors

(As on 19.05.2017)

Chairman

D. S. Parekh

Managing Director

A. Vaidheesh

Directors

A. Aristidou
R. R. Bajaj
Ms. A. Bansal
P. V. Bhide
M. Jones (w.e.f. 07.04.17)
N. Kaviratne CBE
R. Krishnaswamy
A. N. Roy
R. C. Sequeira (upto 11.02.17)
R. Simard (upto 11.02.17)
D. Sundaram
S. Williams (w.e.f. 07.04.17)

Company Secretary

A. A. Nadkarni

Audit Committee

D. Sundaram - Chairman
P. V. Bhide
N. Kaviratne CBE
D. S. Parekh

Stakeholders' Relationship Committee

D. S. Parekh - Chairman
R. R. Bajaj
P. V. Bhide
A. Vaidheesh

Nomination & Remuneration Committee

N. Kaviratne CBE - Chairman
Ms. A. Bansal
D. S. Parekh

Corporate Social Responsibility Committee

D. S. Parekh - Chairman
Ms. A. Bansal
A. N. Roy
A. Vaidheesh

Management Team

Managing Director

A. Vaidheesh

Executive Directors

A. Aristidou – *Chief Financial Officer*
R. Krishnaswamy – *Technical*

Executive Vice-Presidents

R. Bartaria – *Pharmaceuticals*
S. Dheri – *Vaccines*
K. Hazari – *Legal & Corporate Affairs*
B. Kotak – *Medical*
R. Sequeira – *Human Resources*
S. Webb – *Quality*

Vice-Presidents

V. Balakrishnan – *Pharmaceuticals*
Ms. S. Choudhary – *Regulatory Affairs*
R. D'Souza – *Corporate Communications & Government Affairs*
A. Nadkarni – *Administration, Real Estate, & Company Secretary*

Factory

Ambad, Nashik

Auditors

Price Waterhouse & Co Bangalore LLP

Cost Auditors

R. Nanabhoy & Co.

Solicitors

Gagrat & Co.

Bankers

Citibank N.A.
Deutsche Bank
HDFC Bank Limited
Hongkong and Shanghai Banking Corporation Limited

Registered Office

Dr. Annie Besant Road,
Mumbai - 400 030
Tel.: 24959595, Fax: 24959494
Website: www.gsk-india.com
Email: askus@gsk.com
CIN: L24239MH1924PLC001151

Share Department

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Mumbai - 400 030
Telephone: 022-24959415/434
Fax: 022-24981526
Email: ajay.a.nadkarni@gsk.com

Registrars & Share Transfer Agents

Karvy Computershare Private Limited
Unit: GlaxoSmithKline Pharmaceuticals Limited
Karvy Selenium Tower B, Plot No. 31 & 32
Gachibowli, Financial District Nanakramguda,
Serilingampally, Hyderabad,
Telangana - 500 032 Tel. No.: 040-67162222
Fax No.: 040-23001153
Toll Free No.: 1800-3454-001
Email: einward.ris@karvy.com

Annual General Meeting

Tuesday, 25th July, 2017 at 3.00 p.m.
Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400020

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Note: Members are requested to kindly bring their copy of Annual Report to the Meeting.

Directors' Report

The Directors have pleasure in submitting their Report for the year ended 31st March 2017 prepared in accordance with Indian Accounting Standards.

1. FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in lakhs

	Year ended 31 st March 2017	Year ended 31 st March 2016
Revenue from operations	2994,50.50	2826,21.22
Other Income	71,76.24	121,82.51
Total Income	3066,26.74	2948,03.73
Profit before Exceptional items and Tax	465,34.86	573,62.60
Add: Exceptional Items	45,73.05	2,31.07
Profit before Tax	511,07.91	575,93.67
Less: Income tax expenses	174,30.40	201,40.96
Profit for the year	336,77.51	374,52.71

2. DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 30 per Equity share for the year ended 31st March 2017 (previous year ₹ 50 per Equity share). The Dividend is subject to the approval of shareholders at the Annual General Meeting on 25th July 2017 and will be paid on or after 26th July 2017. If approved by the shareholders at the Annual General Meeting, the Dividend will absorb ₹ 306 crores inclusive of the Dividend Distribution Tax of ₹ 52 crores borne by the Company.

The Board of the Directors of the Company have approved the Dividend Distribution Policy on 27th October 2016 and it is available on the Company website at <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>.

3. MANAGEMENT DISCUSSION & ANALYSIS

Economic Scenario

With buoyant financial markets and a cyclical recovery in manufacturing and trade under way, world growth is projected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, according to the International Monetary Fund's World Economic Outlook (WEO) forecast (April 2017). Growth in Emerging Markets and developing economies is forecast to rise to 4.5% and 4.8%, in 2017 and 2018 respectively, from an estimated growth of 4.1% in 2016, according to the IMF.

In India, Gross Domestic Product (GDP) grew by 7.1% in the Fiscal Year 2016-2017, which makes India the fastest-growing G20 economy. The acceleration of structural reforms, the move towards a rule-based policy framework and low commodity prices have provided a strengthening growth impetus. Recent deregulation measures and efforts to improve the ease of doing business have boosted foreign investment. (Source: 2017 Economic Survey of India, OECD). In April 2017, the World Economic Outlook (WEO) report by the International Monetary Fund, estimated that domestic demand and a growth in exports will remain key drivers towards GDP growth. Medium-term growth prospects remain favourable, according to the WEO report, with growth forecast to rise to about 8% due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies. In addition, the country's most significant tax reform in decades, the Goods & Services Tax (GST), was approved in Parliament with an expectation for implementation during the latter half of 2017.

In the Union Budget 2017, the government has demonstrated its commitment to increase healthcare spending. The National Health Plan has been approved by the Cabinet and aims at a holistic approach to address the healthcare problems of all sectors of society and their solutions with participation from the private sector as strategic partners in this mission.

Overview of the Indian Pharmaceuticals Market

In this economic scenario, the Indian Pharmaceuticals Market (IPM) has seen double-digit growth in the last one year. The Indian pharmaceutical market is forecasted to grow at a compound annual growth rate (CAGR) of 11.8% (+/-3%), between 2015 to 2020, reaching ₹ 1859.5 billion by 2020. (Source: IMS Market Prognosis 2016-2020)

Business Performance

In this environment, your Company has delivered value, aided predominantly through manufacturing and supply chain excellence to ensure continuity and secure supply of medicines, with initiatives to increase reach so that patients can easily access medicines. Your Company continues to enjoy a leadership position in many of the therapy areas in which it provides healthcare solutions to patients. Six of your Company's brands feature in the top-50 IPM brand list (IMS MAT March '17), namely Augmentin, Calpol, Zinetac, Betnovate - N, Betnovate - C, and Synflorix. Your Company has set in motion, initiatives to re-engineer its business model to maintain competitive margins and to best deliver value to patients and stakeholders.

(a) Finance and Accounts

Your Company strives to drive profitable volume growth in a competitive and partly price-controlled generic market with an underlying focus on delivering quality products to patients. To support the long-term strategy, your Company is making progress in the construction of its new manufacturing plant at Vemgal, Bengaluru. Furthermore, the Company is enhancing its technological capabilities to optimise its medical and field force engagement with healthcare professionals.

Revenue from operations of ₹ 2995 crores increased by 6% in value terms for the year ended 31st March 2017 as compared with the previous year. The Revenue growth was adversely impacted by 5% from a series of mandatory price revisions during the year on products under National List of Essential Medicine (NLEM) price control. Consequently, the gross margin, defined as Revenue from operations less cost of goods sold, decreased by 3% as compared to previous year, mainly due to mandatory price revisions.

Employee benefit expenses increased in line with inflation as compared to the previous year and includes the full year effect of being the fourth year since the wage increase for unionised field staff. Other expenses were optimised and grew 3% as compared to prior year representing a ratio of Revenue from operations of 23% as compared to 24% in the prior year. Other Income reduced by 41% as the Company progresses with its capital investment programme as well as a reduction in interest rates.

Profit Before Exceptional Items and Tax of ₹ 465 crores amounted to 16% of Revenue from operations for the year as compared to the prior year of 20% directly attributable to the NLEM price revisions. Exceptional income for the year of ₹ 45.73 crores is mainly driven by the disposal of surplus assets, such as the profit on sale of property of ₹ 41.76 crores and the sale of non-core brands of ₹ 6.41 crores, that is partly offset by restructuring costs of ₹ 1.70 crores. This compares favourably to the prior year net Exceptional Income of ₹ 2.31 crores from the profit on disposal of property of ₹ 15.99 crores that is partly offset by the rationalisation costs of ₹ 5.15 crores relating to Portfolio and Manufacturing activities as well as the one-time costs associated with the Novartis Asset Sale transaction of ₹ 7.70 crores.

Cash generation from Operations continued to remain favourable this year and is in line with business performance. Your Company spent ₹ 304 crores as capital expenditure mainly for the new manufacturing facility at Vemgal, Bengaluru. Your Company continues to look for ways and means of deploying accumulated cash balances as at 31st March 2017, which remain invested largely in bank deposits.

During the year, the Company embedded its finance operating model to enhance the efficiency of end-to-end processing of transactions, increase capabilities toward finance partnering with the business as well as ensuring a strong financial governance across the organisation. The implementation of the finance operating model has enabled the Company to commence a project to upscale its future Enterprise Resource Planning systems.

Furthermore, your Company has enhanced its Indirect Tax Capabilities, as it prepares for the country's implementation of the Goods and Services Tax (GST) system, as well as its ongoing strengthening of its Assurance and Control team structure.

There are no loans, guarantees given, securities provided and investments covered under Section 186 of the Companies Act, 2013. Your Company has not accepted any fixed deposits during the year. There was no amount outstanding towards unclaimed deposits payable to depositors as on 31st March 2017.

There are no significant or material orders passed by the Regulators, Courts or Tribunals which impact the going concern status of the Company and its future operations, nor are there any material changes and commitments affecting the financial position of the Company as on the date of this report.

Novartis Transaction

The Company successfully completed the transaction with Novartis on 30th September 2015, upon receipt of all applicable legal and regulatory approvals. Your company acquired the distribution rights of Novartis vaccines portfolio, predominantly the distribution of the anti-rabies vaccine, whilst terminating its distribution rights to a portfolio of oncology products. Your Company's sales performance for the current year was ₹ 91 crores from the acquired vaccines as compared to ₹ 61 crores in the prior period. Transitional arrangements were implemented upon deal closure to ensure the ongoing market supply on oncology products to patients during the transfer period of the Marketing Authorisation to Novartis. The effect of these transitional arrangements enabled your Company to record sales of ₹ 81 crores during the year relating to the terminated Oncology business.

(b) Pharmaceuticals Business Performance and Outlook

Your Company has been focused on increasing access to its medicines in order to serve patients better. Around 68% of the Indian population resides in rural India. The expanding rural economy is expected to increase the pool of patients at a much faster rate than metros and major towns. Healthcare professionals (HCPs) that serve rural patients find it difficult to update their knowledge due to inadequate

educational infrastructure. Your Company expanded its presence in these markets through the REACH division with the aim of improving patient access by educating HCPs on your Company's portfolio for appropriate therapy areas. Your Company conducted unique scientific programmes like Van SPMs (Scientific Promotional Meetings) wherein, your Company's doctors travel as speakers to interior towns and conduct scientific promotional meetings in a modified bus. Your Company also conducted chemist meetings, to educate pharmacists about the right ways of inventory management, dispensing and their role in guiding patients on treatment adherence. Your Company is one of the first few to reach rural doctors through webcasts to educate them on disease therapy areas in which your company is present with a portfolio. Your Company is clearly ahead of the curve in leveraging technology to increase access and train HCPs.

Your Company launched the innovative strain LGG as brand EnteroPlus in India for the very first time as a probiotic capsule and sachet. The strain is in-licensed from Chr Hansen, Denmark, and is the world's most researched probiotic strain. EnteroPlus was recognised as the best new introduction in the Indian Pharmaceutical market by Quintiles IMS, amongst 359 new launches in the last quarter of 2016-17. EnteroPlus is received well by HCPs and the trial feedback has been positive.

In Mass Markets, according to IMS data (December 2016), Calpol, a significant 50-year old brand of your Company's Mass Markets portfolio saw 27% unit volume growth and still remains the most prescribed brand in the Indian Pharmaceutical Market (IPM). Calpol also won the Silver award for Brand of the Year for Marketing Excellence.

Another classic and established product, Zinetac, completed 30 years of serving patients. It remains the top brand in the highly competitive acid peptic ulcer therapy area with a double-digit growth rate (IMS Dec 2016). The team behind Zinetac initiated an expansion plan in 2016 by entering many new specialties and in keeping with your Company's new ways of working, the focus was on expansion through multi-channel marketing initiatives.

Though Zentel de-grew by value (-5%) due to inclusion in the NLEM, it grew by 36% in volume and attained market share of 47% in its category for 2016 (IMS Dec 2016). Your Company plans to expand this category and reach out to the maximum number of patients by increasing awareness on worm infestations through digital channels, in addition to our HCP engagement initiative to improve diagnosis of worm infestation.

Your company maintained its leadership in the Dermatology segment in the Indian Pharmaceutical Market during the year. Within the GSK global dermatology franchise, your Company continued to maintain significant salience. Amongst notable initiatives for the year under consideration, the team rolled out a "Treat and Care" campaign to present a complete management approach for Psoriasis – a psychologically debilitating condition. Keeping patients at the focus of activities, the team sought to help HCPs optimise management of the condition, with a steroid portfolio in conjunction with the emollient range – Oilatum. The team also took on the challenge of increasing awareness amongst patients on the dangers of self-medication and the appropriate use of steroids through posters and educational material both in clinic and at pharmacists. The team has been in the forefront in engaging dermatologists, pediatricians and GPs through multi-channel activities and webinars that have seen up to 7000 HCP registrations.

During the year, your Company took the initiative to launch team "Invictus", a dedicated team of therapy executives for high-quality scientific engagement with endocrinologists for Eltroxin, your Company's flagship therapeutic solution for thyroid management. An innovative media awareness campaign on congenital hypothyroidism was undertaken in six cities. Your Company won the 'Social Responsibility Communication' award for our campaign on Congenital Hypothyroidism by the Association of Business Communicators of India.

In order to aid rapid and early diagnosis of thyroid disorders and to improve treatment outcomes, your Company undertook several digital Scientific Promotional meetings (SPMs) on "maternal hypothyroidism" and "translating thyroid guidelines to Indian practice." The team engaged 20,000 HCPs during the year. The team conducted a nation-wide pharmacist campaign on Appropriate Corticosteroid Dispensing, engaging around 17,000 pharmacists in the year.

In the respiratory segment, your Company undertook a price-volume initiative in 2015 to make Seretide Accuhaler accessible to more asthma and COPD (Chronic Obstructive Pulmonary Disorder) patients in India. As a result, patient share in the ICS-LABA market tripled in the first 18 months, with a volume growth of 45%. The respiratory team re-launched the Seretide Accuhaler in March 2015, since then, there has been an increase in patient user base from 0.2 million in 2000-2010 to 1 million in 2016. This has made Seretide the fastest growing brand in the ICS-LABA market.

Your Company's flagship brand in the Mass Specialty segment, Augmentin, faced fresh mandatory price reductions in 2016. The management team used this opportunity to increase access of the drug to more patients. This helped Augmentin to achieve unit leadership in the market with Augmentin Solids 625 mg.

Neosporin, your Company's range of topical antibiotics, has returned to the market after a gap of almost two years. The brand faced a temporary setback related to supply of its API (Active Pharmaceutical Ingredients) and its absence has impacted patients across the country. IMS prescription audit indicated a modest prescription erosion of Neosporin and subsequent share gain by other companies. One million prescriptions were reported for the Neosporin range according to IMS January 2017 data on a MAT basis.

CCM & Fefol Z returned to the market during the year. In a crowded market of more than 300 calcium oral solid brands, CCM registered a growth of 25%. Avamys, Fluticasone furoate nasal spray, grew by 28% for the year under consideration.

Your Company's success in these Mass Specialties can be attributed to the efforts of the field force in conducting more activities like virtual scientific promotional meetings (SPMs) – 'AOM vs. OME' (Acute Otitis Media vs. Otitis Media with Effusion), 'Understanding Allergic Rhinitis', 'Appropriate Antibiotic Prescribing', 'SSP clinics for Paramedics'.

In the hospital business segment, the Key Account Management programme was rolled out to all the Area Business Managers and Key Account Executives of the Hospital Business Team. This enabled them to provide value addition to hospitals by identifying attributes that are important to hospitals. The Green Cross pharmacy programme for hospital pharmacists was one such educational programme certified by the Indian Pharmaceutical Association (IPA). This has already seen participation of ten hospitals. In addition, the hospital business team, along with the Association of Healthcare Professionals of India (AHPI) and Bureau Veritas (BV) launched the "Green and Clean Hospital Programme" in 2016. This unique certification programme is the first in the industry and aims at achieving high standards of hygiene and sustainability, for which the hospital will be certified by AHPI and Bureau Veritas.

Preventive healthcare – Vaccines

In the area of preventive healthcare, your Company continues to be the No. 1 vaccines company in the self-pay segment growing in double digits, well ahead of the vaccines market. Your Company began marketing vaccines in India more than 25 years

ago and currently markets 10 vaccines for varied age groups—infants, adolescents and adults. The vaccines self-pay market is currently estimated to be ₹ 1700 crores (IMS MAT March 2017) and is growing at around 5%.

Your Company's vaccines has consistently led the vaccines self-pay market with a share of ~34%. Six of your Company's vaccines feature in the Top-20 list of vaccines in the self-pay market. Your Company launched Priorix Tetra during the year, India's first combination MMRV (Measles, Mumps, Rubella and Varicella), which has been well received by pediatricians.

To ensure the highest quality, your Company has upgraded its primary vaccines cold chain to world standards. To increase awareness of vaccines amongst the journalist community, your Company conducted a novel journalist engagement workshop titled "Value of Vaccines" across 19 cities, reaching 500 journalists.

Digital footprint

Your Company strives to ensure that we have the right high-quality scientific knowledge catered to HCPs through the appropriate channel. During the year, your Company's field force was equipped with Tablets, which enabled them to capture HCP insights and preferences on digital channels. With the launch of Veeva CRM (a customer relationship management tool), your Company aims to provide HCPs with high-quality information and education about our medicines in more convenient ways, using their channels of preference.

The Company's HCP engagement model has consistently focused on ensuring sustained customer aggregation from all possible channels. This has given your Company unique customer differentiation within a fragmented market. From 25,000 touch points in a single activity, your Company has grown to 1,50,000 touch points through the multi-channel engagement model.

Also, the Company has successfully piloted a digital project, "Infectious Smiles". This is a comprehensive, integrated 360° multi-channel programme with a new tele-call component. This will enable your Company to become more predictive in our value proposition as your Company continues to expand the programme and tailor engagements best suited to HCP and patient needs.

(c) Opportunities, Risks, Concerns & Threats

The National Health Policy (NHP), has been approved by the Union Cabinet in March 2017, aims to deliver quality healthcare services to all sections of society, at an affordable cost, in a comprehensive integrated way. The NHP, 2017 aims to tie up with the private

sector for critical gap filling towards achieving national goals. It envisages private sector collaboration for strategic purchasing, capacity building, skill development programmes, awareness generation, developing sustainable networks for the community to strengthen mental health services and disaster management. The policy also advocates financial and non-financial incentives for encouraging private sector participation. Your Company welcomes these measures to serve more patients of our country.

The Union Budget 2017-2018 announced certain changes connected to the healthcare sector and has increased the health outlay to ₹ 48878 crores in Financial Year 2017-2018 (versus ₹ 39879 crores in Financial Year 2016-2017). Increase in funding to the National Health Mission will help strengthen efforts towards measles vaccination along with reduction in Maternal Mortality Rate to 100 by 2018-2020. Higher medical education will receive a much-needed boost by an increase in the number of post-graduate seats by 5,000 and adding more hospitals to offer the Diplomate National Board (DNB) degree and enhance specialty care in fields like endocrinology and oncology. In addition, primary care's focus will be broadened with the conversion of 1.5 lakh health sub-centres into Health Wellness Centres.

Drug pricing received attention with proposals to reduce the cost of life-saving drugs. The government proposes to amend the Drugs and Cosmetics Act to ensure availability of drugs at reasonable prices. Aadhar-based smart cards for senior citizens, listing out their health conditions, will help in providing an efficient monitoring mechanism for geriatric health conditions. It will be piloted in 15 districts during Financial Year 2017-2018.

The 'Pradhan Mantri Bhartiya Janaushadhi Pariyojana' is a campaign which has been launched by the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, Government of India, to provide quality medicines at affordable prices to the masses through special stores known as Pradhan Mantri Bhartiya Jan Aushadhi Kendra.

The Government of India has recently announced that it is considering a legal framework to ensure doctors prescribe low-cost generic medicines to patients. Your Company shares the government's priority of providing quality drugs at affordable prices and your Company's business model resonates well with what the Government envisages to achieve. A mechanism should be developed to ensure that price alone does not become the foremost criteria in dispensing drugs and that quality and safety should receive equal consideration.

Your Company applauds the government's efforts to ensure the quality of generic drugs approved

by the State FDAs (Food & Drug Administration). We understand that these may now require bio-equivalence (BE) studies to be conducted for all drugs (new or otherwise) for category II and category IV of the biopharmaceutical classification system (Gazette notification dated April 3, 2017). However, we urge that such quality assurance measures should be extended to existing licensed generics also, in the interests of patients. In addition, there should be an emphasis on adherence to global manufacturing standards certified by the World Health Organisation.

(d) Regulatory Affairs

During the year under review, in order to support the commercial availability of new drugs that would benefit and improve the quality of life of Indian patients suffering from various diseases, your Company submitted necessary applications for new products in India to the CDSCO (Central Drugs Standard Control Organization), Ministry of Health and Family Welfare, Government of India. Some of the applications made were to register a hexavalent vaccine for diphtheria, tetanus, pertussis, hepatitis B, haemophilus influenza type B and inactivated polio vaccine (Infanrix hexa). In addition, applications were made to register a new strength of the already registered drug lamotrigine (Lamictal DT) used in epilepsy. An expansion of indication to include 19A serotype effectiveness for the pneumococcal polysaccharide conjugate vaccine (Synflorix) was registered. Transfer of marketing authorisation from Novartis to GSK for meningococcal vaccine (Menveo) and diphtheria, tetanus, pertussis (whole cell), hepatitis B and haemophilus type b conjugate vaccine (Quinvaxem) were also registered. After a thorough review of its applications, your Company has received approval for the expansion of indication to include 19A serotype effectiveness for the pneumococcal polysaccharide conjugate vaccine (Synflorix) and for transfer of Marketing Authorisation from Novartis to GSK for meningococcal vaccine (Menveo) and the diphtheria, tetanus, pertussis (whole cell), hepatitis B and haemophilus influenza Type b conjugate vaccine (Quinvaxem), which will enable timely access to new and innovative therapeutic options to patients in our country.

Medical Affairs & Medical Governance

Your Medical Affairs team has played a crucial role in shaping strategic direction and leading execution of the strategies for several key products/therapy areas including Seretide, Augmentin, Eltroxin, Vaccines, Dermatology, amongst others, and facilitated the launch of a new probiotic, EnteroPlus. Medical Affairs is at the forefront in getting the patient's perspective to ensure that the activities and communication with the HCPs are patient-focused. The medical team

also led the communication of high-quality and clinically relevant scientific information to the medical fraternity and regulatory authorities. The Medical Affairs and the Medical Governance teams ensure that your Company's promotional activities and HCP engagements are consistent with global GSK standards and in line with all the applicable guidelines and standard operating procedures.

In line with your Company's new HCP Engagement model that leads the new ways of working in the industry, your Company has taken steps to build internal medical capacity and capability to deliver this new model and enhance the way your Company interacts with HCPs. Disease area experts in dermatology and respiratory in the medical team were hired and a field-based medical team was introduced to strengthen the Medical Affairs team. The internal medical team, including disease area experts and the field-based medical team, delivered more than 500 scientific presentations to HCPs in 2016. To measure the impact of these talks, feedback was sought from 2801 HCPs and 96% of the HCPs have agreed that their interaction/meeting with your Company's Medical team helped them to make a more informed decision benefitting patient care, in line with your Company's value of patient focus.

Your Company has developed and/or supported high-quality scientific educational programmes for HCPs to update their knowledge about disease management which will ultimately help their patients receive appropriate treatment. During the year, an innovative rural Van Scientific Promotional Meeting (SPM) was conducted by the internal medical team to educate HCPs from rural areas within a modified bus. Rural HCPs have high patient load and there is a dearth of opportunities to update their scientific knowledge. Given the infrastructural challenges to conduct scientific meetings in rural areas, your company has organised rural Van SPMs with the internal medical team in a modified bus (converted to a class room setting) with all the facilities to conduct the meeting.

Your Company has been supporting independent medical education programmes aimed at enhancing the knowledge and skills of primary care physicians in the management of thyroid disorders, through an educational grant by your company towards the 'Certificate Course in Management of Thyroid Disorders (CCMTD)'. So far, more than 1800 HCPs across India have successfully completed this course and the programme has won many accolades and recognition internationally. Your Company has also initiated similar educational programmes in Respiratory (Asthma and COPD) and women's health.

(e) Internal Control Framework

Your Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that govern its business. Your Company follows a risk-based approach for evaluating its operations. Your Company has a well-established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self-assessment exercises. Your Company leverages on best practices in the field of Risk management and controls by drawing on global standards designed by GSK Group. In addition to the external statutory audit, the financial and operating controls of your company at various locations are reviewed quarterly by Internal Auditors, to report significant findings to the Audit Committee of the Board. The annual internal audit plan is reviewed and approved by the Audit Committee and Head of Internal Audit has a direct reporting line to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the implementation of audit recommendations, including those relating to strengthening your company's risk management policies and systems. Compliance with laws and regulations is also monitored through a matrix of a well-laid down framework which requires individual functions to confirm and report statutory compliances on all laws and regulations, concerning their respective functions, and which gets integrated with the overall compliance reporting on all laws and regulations for the purposes of review and monitoring by the Audit Committee.

As required by the Companies Act, 2013, your Company has implemented an Internal Financial Control (IFC) Framework. Section 134(5)(e) requires the Directors to make an assertion in the Directors Responsibility Statement that your company has laid down internal financial controls, which are in existence, adequately designed and operate effectively. Under Section 177(4)(vii), the Audit Committee evaluates the internal financial controls and makes a representation to the Board. The purpose of the IFC is to ensure that policies and procedures adopted by your Company for ensuring the orderly and efficient conduct of its business are implemented, including policies for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The IFC implementation required all processes of your Company to be documented alongside the controls within the process. All processes were satisfactorily tested for both design and effectiveness during the year.

Furthermore, your Company continues its annual Independent Business Monitoring (IBM). The IBM Framework is designed by the GSK Group requiring

a regular review of activities, data, exceptions and deviations in order to continuously monitor and improve the quality of operations. It is a risk-based enterprise approach ensuring consistency, quality, transparency and clear accountability of Risk Management and Internal Controls across all business units. In addition, your Company actively tracks all agreed remedial actions and ensures that corrective actions address underlying root causes.

Your Company expects all employees to act transparently, respectfully and with integrity and to put the interests of patients and consumers first at all times. Your Company aims to put these core values at the heart of everything it does and every decision it makes. The GSK Code of Conduct and accompanying training seek to ensure everyone has a solid understanding on how to implement and uphold the values in practice. Mandatory training on the Code of Conduct helps your Company's employees gain the confidence to make the right decisions and become familiar with the policies and procedures applicable to their areas of operation, avoid conflicts of interest and report all unethical and illegal conduct. Your Company also has an Anti-Bribery and Corruption (ABAC) programme designed to prevent non-compliance through controls, practical guidance and mandatory training. The programme complies with the principles laid down under US Foreign Corrupt Practices Act and British Anti-Bribery laws. In addition, your Company conducts face-to-face sessions with commercial teams to ensure that all field-based colleagues are well versed on policies and their expected behaviour.

Employees are also required to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violate the Code of Conduct. Strong oversight and self-monitoring policies and procedures demonstrate your Company's commitment to the highest standards of integrity.

Your Company's policies and updated Global Code of Practice for Promotion and Customer Interactions prescribe the nature of practices and prohibits specifically those which are unethical. Your Company is a signatory to the OPPI (Organisation of Pharmaceuticals Producers in India) Code of Marketing Conduct.

Risk Management

Your Company has a Risk Management and Compliance Board (RMCB) which follows a charter. Risk maps stating the significant business risks, potential consequences and mitigation plans are prepared by each function and reviewed by the RMCB on a regular basis. Business Continuity Plans are periodically reviewed and tested to enhance their relevance. The Risk Management Framework covering business, operational and financial risks is

being continuously reviewed by the Audit Committee. At present, in the opinion of the Board of Directors, there are no risks which may threaten the existence of the Company.

Vigil Mechanism

Your Company has a Speak Up Programme, which offers people, within and outside, GSK a range of channels to voice concerns and report misconduct. The Speak Up culture and procedures encourage everyone to raise concerns about potential unethical or illegal conduct and assures confidentiality and protection from retaliation, retribution or any form of harassment to those reporting such concerns. Confidential Speak Up integrity line phone numbers are available to people within and outside of your Company. An independent company manages these reporting lines and calls are logged through their central system to ensure integrity of the programme.

Your Company endeavours to treat all questions or concerns about compliance in a confidential manner, even if the person reporting a question or concern identifies themselves. Your Company also has a well laid down process to prevent, take disciplinary action and deter acts of sexual harassment.

Your company has in place, a whistle blower policy, with a view to provide a mechanism for its employees/ external stakeholders to approach Local/Group management or the Chairman of Audit Committee (accindrx.audicomiteechairmangskindiarx@gsk.com) in case of any grievance or concern. The Whistle Blower policy can be accessed on your Company's website [<http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>].

(f) Human Resources

Your Company, in the year under consideration, enhanced its focus on its Human Resources practices and renewed its commitment to serving the needs of business. During the year, the Human Resources function was aligned to leverage the three circle structure, HR Business Leaders, HR Services and HR Centres of Excellence, enabling us to strengthen efforts on leadership and talent development, capability building, talent acquisition, employee engagement and wellness & wellbeing. New initiatives aligned to the corporate strategy were launched during the year.

Leadership and Talent Development: During the year, your Company's sustained focus on leadership and talent management reaped rich dividends with a number of employees being selected for key roles in the global organisation towards enhancing their development to take on future leadership roles on their return. With a focus to develop leaders for manufacturing sites and the regional hub within

Emerging Markets, the Asia Leadership Development programme was launched. This programme provides an opportunity to develop internal talent for key roles. Your Company has made significant investments in developing First Line Leaders (FLL) at its Nashik site. 20 FLLs were sponsored for a Post Graduate Diploma in Operations Management from Symbiosis Institute of Operations Management and 12 high potential employees (operators and FLLs) visited the International Site of Poznan (Poland) to study best practices and implement the same at Nashik.

Your Company continues to invest in its 'Future Leaders' programme, drawing on fresh talent from leading universities/business schools around the country. This programme supports the organisation in building a robust talent pipeline to meet the current and future business requirements.

Capability Building: During the year, employees participated in various programmes, such as the Asia Leadership Programme for Emerging Leaders, Accelerating Difference (specific to developing women managers) First Line Leaders, Practical Coaching at the Workplace, Personal Resilience, Energy for Performance, Implementing Strategy etc. The "GMAC-GSK Marketing Accreditation Programme" launched in 2015 to develop marketing capability was successfully concluded.

Your Company has invested significantly in building the sales capability of its large and distributed field-based workforce. During the year, the sales training team launched a sales competency framework which enables every employee to identify their learning needs across scientific knowledge, business planning and patient-focused selling skills and work with their manager towards continuous development. Your Company also leverages contemporary practices and technology, such as mobile learning apps and the internal social network (Yammer), to engage and train its field-based team.

Employee Engagement and Wellness & Wellbeing: 2016 was also a great year for employee engagement initiatives and corporate volunteering. There were 43 cross-functional teams across India participate in the Innovation Growth League (IGL). 10 employees participated in the 2016 PULSE programme, contributing their skills to solve healthcare challenges in India and abroad, through our NGO non-profit partners. India is now among the 'Top-5 volunteering countries' in GSK.

Wellness and wellbeing of employees and their families continued to be a top priority. Your company launched the Partnership for Prevention (P4P), its preventive healthcare programme, for all employees and their families. This was very well received with a large number of employees and their families registering

for the programme. The use of technology in the implementation made the programme successful as employees can avail the benefit at any time and any location. The GSK Driver Safety Programme 'Every Journey Counts' won the first place in the 'Safe Workplace' category of the 2016 CEO's Environment, Health, Safety and Sustainability Awards. This programme was launched for employees based in the field who ride two-wheelers for work on a daily basis. A pilot was run in western India and a significant reduction in the instances of accidents was observed after implementation of this programme. Further to this, the programme is now being implemented across India.

Diversity and Inclusion: Your Company launched its Women's Leadership Board (WLB) in December, 2016 to help reap the gender dividend. The aim of this Board is to develop women talent across all levels and build a pipeline of senior women leaders. The launch is supported by excellent progress in hiring women across all levels at our upcoming state-of-the-art manufacturing facility at Vemgal, Karnataka. At present, 30% of personnel hired at the upcoming site in Vemgal are women, of which four are a part of the site leadership team.

There are four recognised unions based on the Selling Area (zonal), that is, North, East, West and South to address the grievances of employees working in the field. The Union in the West selling area also represents the workers at Nashik. The Unions are an integral part of the business and are committed to the progress of the company. The management and the unions, in the areas where we have a sales force, have signed long-term settlement contracts valid for a period of four years. The salient features of the agreement include adoption of technology, acceptance of our new ways of working and supporting management in all initiatives to strengthen the company's position in the market.

Your Company's sales force is also compensated through a variable pay component that is linked to process parameters, such as disease product knowledge, coverage, business planning etc. Your Company no longer incentivises its sales force on individual sales targets. However, the incentive scheme provides a 60% weightage to individual key performance indicators referred to above and 40% weightage to the achievement of the country sales plan. Incentive payouts are made based on the calendar year and paid periodically during the course of the year.

Your Company continued to ensure that its values are at the heart of everything it did. Importance of values was emphasised through story-telling, focused group discussions, leadership townhalls and Let's Talk sessions. During the year, your Company was

selected for a follow-up Values Assurance Review by GSK Plc. Values Assurance is a programme that provides insightful feedback about the state of the GSK Values in the local culture and acts as an enabling tool to help management know where to focus their efforts. Your Company has made good progress on its Values Index since the last review completed in 2014.

Your Company ended 2016 by participating in the CII (Confederation of Indian Industry) HR Excellence Awards (2016). Your Company received the award for 'Significant Achievement in Human Resources Excellence' in early 2017. As at 31st March 2017, your company had 4697 employees on its rolls.

Prevention of Sexual Harassment at Work Place

Your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules there under.

Your Company has established an Internal Complaint Committee (ICC) across its commercial offices and manufacturing sites. In 2016, an e-learning module which includes all aspects of the Act was designed and leveraged to create awareness on the Act amongst all employees. In 2016, the Company received one complaint and was investigated. The Complaint was withdrawn at the end of investigation.

(g) Supply Chain

Manufacturing Excellence:

Manufacturing operations in India are being progressively upgraded and strengthened. Your Company's manufacturing facility at Nashik has continued to deliver on its overall strategic intent and has invested heavily in Safety and Quality over the past years, while further securing supply and our capability to serve our patients better. The new Eltroxin facility will be fully operational in 2018 with the highest safety standards. The Nashik facility is delivering on its strategic intent with significant investments in processes, infrastructure and capability. Your company has plans to upgrade the Dermatologicals and Tablets facilities by investing in infrastructure with special focus on GMP, Safety & Sustainability at the Nashik site.

The Nashik facility has embraced the GSK Production System (GPS), based on Lean Working principles. There are 30 continuous improvement frameworks in place to meet the facility's goals under Safety, Quality, Service and financial optimisation for 2017.

Environment, Health, Safety and Sustainability (EHSS)

An environment, health, safety and sustainability strategy has been implemented across the entire value chain from raw materials to product disposal at the Nashik facility. As your Company grows its business to bring innovative medicines to people across the world, environment sustainability continues to be a priority and your Company remains committed to reducing any adverse impact to the environment.

Your Company's policy on EHSS conforms to local laws as well as GSK's global standards and various initiatives were undertaken at our Nashik facility. During the year, the Nashik facility received the commendation under the Group's Global Manufacturing & Supply (GMS) President's award and a CEO Runner up EHSS award for "Work on Wellness – Leading GSK Nashik for a Healthier Tomorrow". An employee engagement programme on ergonomics at the workplace was initiated. The site also won the Water trophy for water reduction among all global GSK manufacturing sites.

With regard to waste management, waste is segregated and given to government-approved vendors for recycling, wherever appropriate. The facility at Nashik runs on zero discharge basis with respect to water. Treated site effluents are used for site gardening and cooling water recycling.

Your Company has invested in a new greenfield manufacturing facility at Vemgal, Karnataka. Care for the environment has been at the forefront of factory design and future operation. Your Company aims to achieve LEED (Leadership in Energy and Environmental Design) Gold standard, an internationally recognised US set of rating systems for the design, construction, operation and maintenance of green buildings, that aims to help building owners and operators be environmentally responsible and use resources efficiently. In addition, your Company is investing in renewable energy in the form of a 0.5 MW Photovoltaic array, which will generate a significant part of the site's energy requirement. All waste water will be recycled with zero waste.

New Manufacturing Facility

Vemgal, Karnataka, location has been identified for a number of reasons including amongst others; Bengaluru is a recognised pharmaceutical/biotechnology hub with skilled staff, close to the Southern Distribution hub. It enjoys moderate climate, easy accessibility, availability of investment incentives by the State, and availability of government-owned land. This new site is part of the strategic plan to rationalise, streamline and reduce costs in the

supply network, whilst increasing capacity to meet the growing local demands for important medicines. Quality, safety and compliance are the key drivers for the project team, along with rigorous cost management and control.

The new facility, which represents up to ₹ 1000 crores in investment, will be the first greenfield pharmaceutical facility that GSK has built across the globe over the past twelve years. This site will be state-of-the-art and will be the first factory designed for the new 'GSK Production Systems', whereby it will deliver, by first design intent, the concepts of zero accidents, defects and waste. A major effort has been made to ensure that we employ a diverse workforce. The design ensures easy access and support for those with disabilities. Gender diversity and local employment is also a key part of the operational strategy. With the local community, your Company has also invested in two significant CSR activities, including a youth training centre, feminine hygiene product manufacturing and residential sanitation facilities. The site has been designed with the future in mind and its innovative design will support easy expansion into the future as the need arises. Initially, the site will supply a range of solid dose form products and is expected to be operational in 2018. The site will have an installed capacity of more than 8 billion tablets and 1 billion capsules per year.

End-to-End Supply Chain & Logistics:

Your Company has been implementing several initiatives in driving greater safety and tracking when the products are transported from the manufacturing locations to various warehouses across the country by using GPS tracking devices, and engaging with the transporters to ensure that product handling is appropriate from the perspective of pilferage and theft. Your Company is looking at strengthening the cold chain capability across the supply chain through the warehouses, transportation and packaging. This initiative aims to further enhance compliance to patient safety and regulatory requirements.

Research and Development (R&D)

The Company's R&D unit, namely Pharmaceutical Research & Development (PR&D) at Nashik, is approved by the Department of Science and Industrial Research, Government of India. Pharmaceutical R&D introduced Product Life Cycle Management (PLM), which provides a framework and mechanism to assess the effectiveness of our Product Control Strategies (PCS), via TRA (Technical Risk Assessment), Process Robustness Diagnostic and Product Performance Assessment (PPA) tool to tackle the defects and reduce the waste in our product and process. The

department undertook a number of improvement initiatives and new source qualifications through MRA (Material Risk Assessment) process.

During the year, PR&D focused on building/strengthening technical capability in PLM, TRA, process robustness, product ownership, technical due diligence, and statistical analysis, technical resources were fully aligned to support the supply chain strategy and product-related issues. The department has successfully transferred 13 products right first time and implemented 24 new sources of APIs and excipients which has resulted in significant improvement in security of supply and in cost savings.

The Company continues to be privileged to have access to various research databases used worldwide and to latest technologies/processes developed by the GlaxoSmithKline Group.

(h) Corporate Social Responsibility

Your Company has a rich legacy of partnering with the communities in which we live and operate. Strong partnerships with community groups are critical, as local organisations have the greatest insights into the needs of their people and the strategies that stand the greatest chance of success. Your Company's focus is on making life-changing, long-term differences in human health by addressing the healthcare burdens of accessibility, affordability and awareness. Your Company works to fulfill this and other social change efforts, through our Corporate Social Responsibility (CSR) programmes. During the last year, the CSR programme touched the lives of over 50 million people across India based on our albendazole donation for our CSR project on 'Partnering India for Elimination of Lymphatic Filariasis'

Pursuant to the provisions of Section 135 and rules made thereunder of the Companies Act, 2013, the Company has constituted a CSR committee to monitor CSR activities of the Company. The CSR policy of the Company may be accessed on the Company website at the link: <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/>. The CSR report on the activities undertaken during the year, given in **Annexure 'C'**, forms a part of this Report.

- i) Certain statements in the "Management Discussion and Analysis" section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

4. DIRECTORS

Mr. R. Simard, Non-Executive Director and Mr. R. Sequeira, Whole-time Director resigned as Directors from 11th February 2017. The Board places on record their appreciation of the valuable services rendered by Mr. Simard and Mr. Sequeira during their tenure and for their contribution to the deliberations of the Board.

The Board of Directors has appointed Mr. Marc Jones and Mr. Subesh Williams as Non-Executive Directors with effect from 7th April 2017.

In terms of the provisions under Section 149 of the Companies Act, 2013, the Board and Shareholders have approved the appointment of all the existing Independent Directors that is, Mr. R. R. Bajaaj, Ms. A. Bansal, Mr. P.V. Bhide, Mr. N. Kaviratne, Mr. A. N. Roy and Mr. D. Sundaram for a term for five years from 30th March 2015.

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of Independence as provided in sub-section (6).

During the year ended 31st March 2017, five Board Meetings were held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Remuneration Policy and Board Evaluation

In compliance with the provisions of the Companies Act, 2013 and Regulation 27 of the Listing Obligations & Disclosures Regulations (LODR), the Board of Directors on the recommendation of the Nomination & Remuneration Committee, adopted a Policy on remuneration of Directors and Senior Management. The Remuneration Policy is stated in the Corporate Governance Report. Performance evaluation of the Board was carried out during the period under review. The details are given in the Corporate Governance Report.

Familiarisation programmes for the Independent Directors

In Compliance with the requirements of SEBI Regulations, the Company has put in place a familiarisation programme for the Independent Directors to familiarise them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates business model, etc. It is also available on the Company website: <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/>

5. PARTICULARS OF CONTRACTS AND RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and LODR, your Company has formulated a policy on

Related Party Transactions. All related party transactions that are entered into during the year, were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made with the Promoters, Directors or Key Managerial Personnel which may have a potential conflict of Interest with the Company at large. The Policy of related party transactions can be accessed on Company website: <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/>

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and/ or entered in the ordinary course of business and are at arm's length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and LODR.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2017 and of the profit of the Company for the year ended on that date;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis;
- (v) that proper internal financial controls laid down by the Directors were followed by the Company and such internal financial controls are adequate and were operating effectively, and
- (vi) that proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

7. CORPORATE GOVERNANCE & BUSINESS SUSTAINABILITY REPORT

Your Company is part of the GlaxoSmithKline Plc group and conforms to norms of Corporate Governance adopted by them. As a Listed Company, necessary measures are taken to comply with the Listing Obligations & Disclosures Regulations, 2015 (LODR) with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, given in **Annexure 'A'**, forms a part of this Report. Further, a Business Responsibility Report, describing the initiatives taken by your Company from an environmental, social and governance perspective, given in **Annexure 'B'**, forms a part of this Report.

8. AUDITORS

According to the provisions of Section 139 of the Companies Act, 2013 the term of office of Price Waterhouse & Co Bangalore LLP, Chartered Accountants, the Statutory Auditors of the Company, will conclude from the close of the forthcoming Annual General Meeting of the Company.

Subject to the approval of the Members, the Board of Directors has recommended the appointment of Deloitte Haskins and Sells LLP, Chartered Accountants as the Statutory Auditors of the Company. Member's attention is drawn to a Resolution proposing the appointment of Deloitte Haskins and Sells LLP as Statutory Auditors of the Company, which is included as Item No 5 of the Notice convening the Annual General Meeting.

Pursuant to the provisions of Section 204 of the Act, and the Rules made there under, the Company has appointed Parikh & Associates, Practicing Company Secretaries, to undertake Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed to the Board Report as **Annexure "D"** forms a part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of Audit Committee, have appointed R. Nanabhoy & Co., Cost Accountants, for conducting the audit of the cost accounting records maintained by the Company for its Formulations for 2017-2018. The Committee recommended ratification of remuneration for the year 2016-17 to the Shareholders of the Company at the ensuing Annual General Meeting. As required under Section 92(3) of the Act and the Rules framed there under, the extract of the Annual Return in Form MGT 9 is enclosed as **Annexure "G"** forms a part of this Report.

9. GENERAL

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3) M of the Companies Act, 2013, and the rules framed there under is attached herewith as **Annexure "E"** forms a part of this Report. The Disclosures pertaining to the remuneration and other details as required under Section 197(12) of the Companies Act, 2013 and the rules made thereunder is enclosed as **Annexure "F"** forms a part of this Report. Pursuant to Section 129(3) of the Companies Act, 2013 a statement in form "AOC-1" containing salient features of the Financial Statements of the Subsidiary Company is attached.

Although the audited statements of accounts, relating to the Company's Subsidiary are no longer required to be attached to the Company's Annual Report, the same is enclosed as and in way of better disclosure practice.

The information relating to top ten employees in terms of remuneration and employees who were in receipt of remuneration of not less than ₹ 1.02 cores during the year or ₹ 8.5 lakhs per month during any part of the year forms part of this Report and will be provided to any Shareholder on a written request to the Company Secretary. In terms of Section 136 of the Companies Act, 2013 the report entitled at the registered office of the Company during the business on working day of the Company up to date of Annual General Meeting.

10. ACKNOWLEDGMENTS

The Directors express their appreciation for the contribution made by the employees to the significant improvement in the operations of the Company and for the support received from all other stakeholders, including Shareholders, Doctors, Medical Professionals, Customers, Suppliers, Business Partners and the Government.

The Board and the Management of your Company are indeed appreciative of the substantial support being received from GSK Plc, the parent organisation, in providing new healthcare solutions which are products of its discovery labs and the technology improvements which benefits your Company immensely.

On behalf of the Board of Directors

D.S. Parekh
Chairman

Mumbai, 19th May 2017

Annexure 'A' to the Directors' Report

Report on Corporate Governance

(Pursuant to Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Obligations & Disclosures Regulations, 2015 (LODR) entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. For several years, the Company has adopted a codified Corporate Governance Charter, which is in line with the best practice, as well as meets all the relevant legal and regulatory requirements. All Directors and employees are bound by Code of Conduct and the associated standards of Conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the Company.

2. BOARD OF DIRECTORS

○ Composition and size of the Board

The present strength of the Board is twelve Directors. The Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Three Directors including the Managing Director are Executive Directors. There are nine Non-Executive Directors, of which, six are Independent Directors.

Glaxo Group Limited, U.K., have rights enshrined in the Articles of Association relating to the appointment and removal of Directors not exceeding one-third of the total number of retiring Directors.

○ Board meetings and attendance

Five Board meetings were held during the year ended 31st March 2017 and the gap between two Board meetings did not exceed four months. The annual calendar of Board meetings is agreed upon at the beginning of each year.

The information as required under Schedule V (C) of the Listing Obligations & Disclosures Regulations, 2015 is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated at least seven days prior to the meeting. Adequate information is circulated as part of the Board papers and is also made available at the Board meeting to enable the Board to take informed decisions.

The dates on which meetings were held are as follows:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1.	12 th April 2016	12	11
2.	25 th May 2016	12	12
3.	28 th July 2016	12	12
4.	27 th October 2016	12	12
5.	11 th February 2017	12	12

- **Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of companies and committees where he/she is a Director/Member (as on the date of the Directors' Report)**

Name of Director	Category of Directorship	Number of Board Meetings attended	Attendance at the last AGM held on 28 th July 2016	*Number of Directorships in other companies (including GSK)	**Number of mandatory committee positions held in other companies	
					Chairman	Member
Mr. D. S. Parekh Chairman	Non-Executive	5	No	9	2	4
Mr. A. A. Aristidou	Executive	5	Yes	2	Nil	Nil
Mr. R. R. Bajaaj	Non-Executive & Independent	5	Yes	3	Nil	1
Ms. A. Bansal	Non-Executive & Independent	5	Yes	4	Nil	1
Mr. P. V. Bhide	Non-Executive & Independent	5	Yes	8	2	5
Mr. N. Kaviratne	Non-Executive & Independent	5	Yes	3	Nil	1
Mr. R. Krishnaswamy	Executive	5	Yes	2	Nil	Nil
Mr. A. N. Roy	Non-Executive & Independent	4	Yes	4	2	1
Mr. R. C. Sequeira (upto 11.02.2017)	Executive	5	Yes	NA	NA	NA
Mr. R. Simard (upto. 11.02.2017)	Non-Executive	5	Yes	NA	NA	NA
Mr. D. Sundaram	Non-Executive & Independent	5	Yes	5	3	1
Mr. A. Vaidheesh Managing Director	Executive	5	Yes	2	Nil	Nil
Mr. Marc Jones (appointed w.e.f. 07.04.2017)	Non-Executive	NA	NA	1	Nil	Nil
Mr. Subesh Williams (appointed w.e.f. 07.04.2017)	Non-Executive	NA	NA	1	Nil	Nil

* Excludes directorship held in Private Limited Companies, Foreign Companies and Section 8 Companies;

** Committees considered are Audit Committee and Stakeholders' Relationship Committee as per Listing Regulations

- Independent Directors meeting was held on 25th May 2016 where all the Independent Directors were present.
- **Directors with materially significant related party transactions, pecuniary or business relationship with the Company**

The Board of Directors has approved a policy for related party transactions and has been uploaded on the Company's website <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>. There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. All transactions entered with the related parties during the year ended 31st March 2017 as mentioned under the Companies Act, 2013 and Regulation 23 and 27(2)(b) of the Listing Obligations & Disclosures Regulations (LODR) were in the ordinary course of business and at an arm's length pricing basis. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

The Company has adopted policy for determination of 'material subsidiary' and the same has been posted on the Company website <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>.

○ Dividend Distribution Policy

The Board of the Directors of the Company had approved the Dividend Distribution Policy on 27th October 2016 and the policy is available on the Company website <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>.

○ Directors Inductions and Familiarization

The Board members are provided with necessary reports and internal policies to enable them to familiarize with company procedures and practices. Web link giving details of familiarization program <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>.

○ Details of Directors being appointed/re-appointed

As per the Statute, two-third of the Directors excluding the Independent Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Mr. Andrew Aristidou and Mr. Marc Jones retire by rotation at the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment.

A brief resume of Directors appointed/eligible for re-appointment along with the additional information required under Clause 36(3) of the Listing Obligations & Disclosures Regulations, 2015 is as under:

Mr. Andrew Aristidou

Mr. Andrew Aristidou has a B.Sc.(Hons.) in Economics and Accountancy from Loughborough University in the United Kingdom. He is also a Fellowship Chartered Accountant of the ICAEW (Institute of Chartered Accountants in England and Wales) having qualified with Price Waterhouse in London. He first joined GlaxoSmithKline in 1999 holding a number of roles of increasing importance including North Andes Finance Director based in Venezuela, as well as Corporate Development Director and Southern & Eastern European Finance Director. In 2007, he joined Gilead Sciences as International Director of Financial Planning and Analysis before rejoining the GlaxoSmithKline Group in 2010 into the ViiV Healthcare organization as Finance Director Europe, International and Corporate Development. He was first appointed as Director on 1st December 2014 to 30th June 2017. He does not hold any shares in the Company. He attended 5 Board meetings during the year. He is Director in Biddle Sawyer Limited.

Mr. Marc Jones

Mr. Marc Jones has been appointed as a Director in casual vacancy w.e.f. 7th April 2017. Mr. Marc Jones has completed B.A. Eng. (Hons.) and joined GSK Plc in March 2017 as Senior Vice President, Regional Pharma Supply. Marc joins GSK from AstraZeneca, where he has spent nearly thirty years, most recently leading Supply and Distribution for EMEA, with manufacturing in Sweden, UK, France, Germany, Egypt, Russia and Algeria. In his time at AstraZeneca, Marc has also led the supply organisation in Asia Pacific and Japan, based in Singapore, where he worked closely with commercial partners to build a strong presence in emerging markets and a low cost of goods footprint in China. He does not hold any shares in the Company nor is he a Director in any other Company.

Mr. Subesh Williams

Mr. Subesh Williams has been appointed as a Director in casual vacancy w.e.f. 7th April 2017. Mr. Subesh Williams is Chartered Accountant and Senior Vice President, Global Corporate Development at GSK Plc, a role he was appointed to in September 2013. In his current role, Subesh is responsible for M&A and Business Development across GSK's commercial businesses and has been involved in executing a number of transactions, including the creation of ViiV Healthcare (a HIV JV with Pfizer and Shionogi) and the 3-part deal with Novartis which involved the acquisition of Novartis' vaccines business, the creation of a JV in Consumer Healthcare and the sale of GSK's oncology business. In 2016, Subesh was appointed to the Board of Galvani Bioelectronics, a joint venture between GSK and Verily (a subsidiary of Alphabet). From 2009-2013, Subesh was Chief Financial Officer of ViiV Healthcare, with responsibility for Finance, Business Development, IT and Supply. Subesh joined GSK in 1994 and has had roles of increasing responsibility in Finance and Corporate Development. He was a manager at PWC. He does not hold any shares in the Company nor is he a Director in any other Company.

3. AUDIT COMMITTEE

Terms of Reference

The terms of reference of this Committee are wide enough to cover the matters specified for audit committee under Section 177 of the Companies Act, 2013 and Clause 18 of the Listing Obligations & Disclosures Regulations, 2015 with Stock Exchanges and are as follows:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- (b) to review with Management, the financial statements at the end of a quarter, half year and the annual financial statements and Auditor's report thereon before submission to the Board for approval, focusing particularly on:
 - (i) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub Section 3 of Section 134 of the Companies Act, 2013;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions; and
 - (vii) qualifications in the draft audit report.
- (c) to consider the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- (d) to discuss with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management where necessary);
- (e) reviewing, with management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors, prior to the Board making its statement thereon;
- (f) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (g) discussion with internal auditors on any significant findings and follow up thereon;
- (h) reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (i) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (j) to review the functioning of the Whistle Blower mechanism;
- (k) to approve any subsequent modification of transactions of the Company with related parties; (explanation): The term "related party transactions" shall have the same meaning as provided in Clause 2(1)(zc) of the Listing Obligations & Disclosures Regulations, 2015;
- (l) to scrutinize inter-corporate loans and investments;
- (m) to evaluate internal financial controls and risk management systems;
- (n) to do valuation of Undertakings or assets of the Company, wherever it is necessary;
- (o) to approve appointment of CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (p) to review the external auditor's audit reports and presentations and management's response;
- (q) to ensure co-ordination between the internal and external auditors, and to request internal audit to undertake specific audit projects, having informed management of their intentions;
- (r) to consider any material breaches or exposure to breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- (s) to review policies and procedures with respect to directors' and officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the external auditors;
- (t) to review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (u) the Auditors of the Company and the Key Managerial Personnel shall have right to be heard in the meetings of the Audit Committee when it considers the Auditor's Report but shall not have the right to vote;
- (v) to consider other topics, as defined by the Board;
- (w) to carry out any other function as is mentioned in the terms of reference of the Audit Committee;
- (x) Review the following information by Audit Committee

The Audit Committee shall mandatorily review the following information:

- (i) Management discussion and analysis of financial condition and results of operations;
- (ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- (iv) Internal audit reports relating to internal control weaknesses; and
- (v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

○ **Details of the composition of the Audit Committee and attendance of Members are as follows:**

Six Audit Committee meetings were held during the year ended 31st March 2017. The Committee comprises of Independent and Non-Executive Directors and their meetings were held on 12th April 2016, 25th May 2016, 28th July 2016, 27th October 2016, 21st November 2016 and 11th February 2017.

Name	Designation	Category of Directorship	Attendance out of six meetings held
Mr. D. Sundaram	Chairman	Non-Executive & Independent	6
Mr. D. S. Parekh	Member	Non-Executive	6
Mr. N. Kaviratne	Member	Non-Executive & Independent	6
Mr. P. V. Bhide	Member	Non-Executive & Independent	6

All the members of audit committee are financially literate. The Managing Director, Chief Financial Officer, other Executive Directors, the Statutory Auditors and Internal Auditors are invitees to the meetings. The Company Secretary is Secretary to the Committee.

The Chairman of the Audit Committee, Mr. D. Sundaram, was present at the Annual General Meeting of the Company held on 28th July 2016.

Risk Management Committee

The Risk Management Committee consists of the same members as Audit Committee.

4. **NOMINATION & REMUNERATION COMMITTEE**

○ **Terms of Reference**

The terms of reference of this Committee cover the matters specified for Nomination & Remuneration Committee in the Companies Act, 2013 and Clause 19 of Listing Obligations & Disclosures Regulations, 2015 with Stock Exchanges and are as follows:

- (a) Formulation of the criteria for determining qualification, positive attributes and independence of a Director and they recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- While formulating the policy as mentioned above the Committee will ensure that;
- (1) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
 - (2) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and;

- (3) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (b) Formulation of criteria for evaluation of Independent Directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The composition of the Nomination & Remuneration Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. N. Kaviratne	Chairman	Non-Executive & Independent
Mr. D. S. Parekh	Member	Non-Executive
Ms. A. Bansal	Member	Non-Executive & Independent

During the year under review, the Committee met on 25th May 2016 and 2nd March 2017 and the Chairman and all the members attended the meeting.

Remuneration Policy & evaluation criteria

The Nomination & Remuneration Committee has adopted Policy on Remuneration to the Senior Management and Executive Directors of the Company and a Policy on composition, diversity and evaluation of the Board of the Company. The major terms of both policies are as under:

Remuneration Policy for Senior Management & Executive Directors

- (a) All the Executive Directors including the Managing Director is paid such remuneration as may be mutually agreed between the Company and the Executive Directors within the overall limits prescribed under the Companies Act, 2013 and is subject to approval by the Shareholders of the Company.
- (b) The remuneration for the Senior Management and Executive Directors mainly consists of salary, benefits, perquisites and retirement benefits which are fixed components and the annual performance bonus and long term incentives are the variable components.
- (c) When determining remuneration levels individual's role, experience and performance and independently sourced data for relevant comparator groups are considered.
- (d) Ordinarily, salary increases will be broadly in line with the average increases for the wider GlaxoSmithKline workforce. However, increases may be higher to reflect a change in the scope of the individual's role, responsibilities or experience.
- (e) The overall performance of the individual is a key consideration when determining salary increases.
- (f) The Company has adapted remuneration policy and the same has been posted on the companies website <http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies>

Performance Evaluation of Board

In terms of the provisions of the Companies Act, 2013 and Schedule II-part D of the Listing Obligations & Disclosures Regulations, 2015 the Board has carried out the annual performance evaluation of its own including the various Committee and the individual Directors with a detailed questionnaire covering various aspects of Board's functioning like composition of Board and its Committees, Board culture, performance of specific duties and obligations.

A similar process with a separate exercise was carried out to evaluate the performance of the individual Directors including the Chairman of the Board, who were evaluated on parameters such as the independence of judgement, level of engagement, their contribution, safeguarding the interests of the Company and minority shareholders.

Remuneration to Non-Executive Directors

- (a) Independent and Non-Executive Directors other than Directors who are in the employment of the GlaxoSmithKline Group Companies are entitled for sitting fees of ₹ 50,000 per meeting of Board or Committee thereof. They will also be entitled for reimbursement of expenses incurred for participation of the Board or Committee Meetings.

- (b) All the Directors of the Company, excluding the Managing Director, Directors in the whole-time employment of the Company and Directors who are in the employment of the GlaxoSmithKline Group Companies are entitled to receive commission collectively up to a maximum of one percent of the net profits of the Company computed in accordance with the provisions of the Companies Act, 2013 for such period and such amount as may be decided by the Board of Directors from time to time.
- (c) The Independent Directors of the Company are not entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

The details of the remuneration paid to the Directors during the year ended 31st March 2017 are given below:

(₹ in lakhs)

Executive Directors	Salary	Performance Bonus	Perquisites and Allowances	Contribution to Provident Fund and Superannuation Fund	Total
Mr. A. Vaidheesh	231.00	36.73	61.93	62.37	392.03
Mr. A. Aristidou	94.25	28.69	222.09	15.33	360.36
Mr. R. Krishnaswamy	65.92	29.93	62.93	17.80	176.58
Mr. R. C. Sequeira (up to 11.02.2017)	58.48	30.37	46.04	15.79	150.68

(₹ in lakhs)

Independent Directors and Non-Executive Directors	#Commission	Sitting Fees	Total
Mr. D. S. Parekh	14.00	25.00	39.00
Mr. R. R. Bajaj	10.00	4.50	14.50
Ms. A. Bansal	10.00	4.50	14.50
Mr. P. V. Bhide	10.00	6.50	16.50
Mr. N. Kaviratne	10.00	7.00	17.00
Mr. A. N. Roy	10.00	4.50	14.50
Mr. D. Sundaram	10.00	6.50	16.50

payable in 2017

Notes:

- (a) The term of agreement between the Company and Executive Directors is;
- Mr. A. Aristidou for a period from 1st December 2014 to 30th June 2017.
 - Mr. A. Vaidheesh for a period from 3rd August 2015 to 30th September 2019.
 - Mr. R. Krishnaswamy for a period from 1st August 2016 to 31st July 2021.
- The terms of the agreement are valid up to the expiry of agreement or normal retirement date, whichever is earlier. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' notice (six months' notice in case of Managing Director) in writing to the other party.
- (b) Performance bonus is paid as a percentage of salary, based on certain pre-agreed performance parameters.
- (c) Presently, the Company does not have a scheme for grant of its stock options either to the Executive Directors or employees. However, the Executive Directors and some senior employees of the Company are entitled to Stock Options, Share Value Plan and Performance Share Plan of GlaxoSmithKline Plc. During the year, in addition to the above remuneration, Mr. R. C. Sequeira and Mr. R. Krishnaswamy were paid an amount of ₹ 2,497,349 and ₹ 2,497,349 respectively under the GlaxoSmithKline Plc. Share Value Plan.
- (d) None of the Directors other than those listed above are paid remuneration and none of them are related to each other.
- (e) None of the other Non-Executive Directors hold any shares of the Company except Mr. D. S. Parekh who holds 612 equity shares of the Company.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the provisions of Section 135 of the Companies Act, 2013, the composition of the Corporate Social Responsibility Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. D. S. Parekh	Chairman	Non-Executive
Mr. A. N. Roy	Member	Non-Executive & Independent
Ms. A. Bansal	Member	Non-Executive & Independent
Mr. A. Vaidheesh	Member	Managing Director

During the year under review, the Committee met on 21st November 2016 and all the members attended the meeting. Please refer to the Board's Report and its annexures for details regarding CSR activities.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and clause 20 of the Listing Obligations & Disclosures Regulations, 2015, the composition of the Investors/Shareholders Grievance Committee is as follows:

Name of the Member	Designation	Category of Directorship
Mr. D. S. Parekh	Chairman	Non-Executive
Mr. R. R. Bajaj	Member	Non-Executive & Independent
Mr. P. V. Bhide	Member	Non-Executive & Independent
Mr. A. Vaidheesh	Member	Managing Director

During the year under review, the Committee met on 21st November 2016 and all the members except Mr. R. R. Bajaj attended the meeting.

Name, designation and address of the Compliance Officer:

Mr. Ajay Nadkarni
Company Secretary
Dr. Annie Besant Road
Mumbai-400 030
Phone: (022) 2495 9433
Fax: (022) 2498 1526
Email ID: ajay.a.nadkarni@gsk.com

The complaints received during the year under review are as follows:

Correspondence in the nature of complaints	Q1	Q2	Q3	Q4	Total
Securities and Exchange Board of India	3	6	7	3	19
Stock Exchanges	1	1	2	—	4
Shareholders	51	75	55	53	234
Total	55	82	64	56	257

During the year under review, the above complaints regarding non-receipt of shares sent for transfer, demat queries and non-receipt of dividend warrants and annual reports were received from the shareholders, all of which have been resolved. The Company had no transfers pending at the close of the financial year.

7. GENERAL BODY MEETINGS

- Details of the location of the last three Annual General Meetings (AGM) and details of the resolutions passed or to be passed by Postal Ballot:

Date	Year	Venue	Time	Special Resolution
28 th July 2016	1 st April 2015 to 31 st March 2016	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai – 400 020	3.00 p.m.	Not applicable
31 st July 2015	1 st January 2014 to 31 st March 2015 (15 months)		3.00 p.m.	Amendment to the Articles of Association
17 th April 2014	1 st January 2013 to 31 st December 2013		3.00 p.m.	Not applicable

All the resolutions, including special resolutions set out in the respective Notices were passed by the shareholders. No Postal Ballots were used for voting at the meeting held during the year under review. No Special Resolution is proposed to be passed through Postal Ballot at the forthcoming Annual General Meeting.

8. MEANS OF COMMUNICATION

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as The Economic Times and Business Standard, in English and Maharashtra Times, in Marathi. These are not sent individually to the shareholders.
- The Company's results and official news releases are displayed on the Company's website. The Company's website address www.gsk-india.com. The Company had one meeting with and made a presentation to institutional investors and analysts during the year.
- The Management Discussion and Analysis Report form a part of this Annual Report.

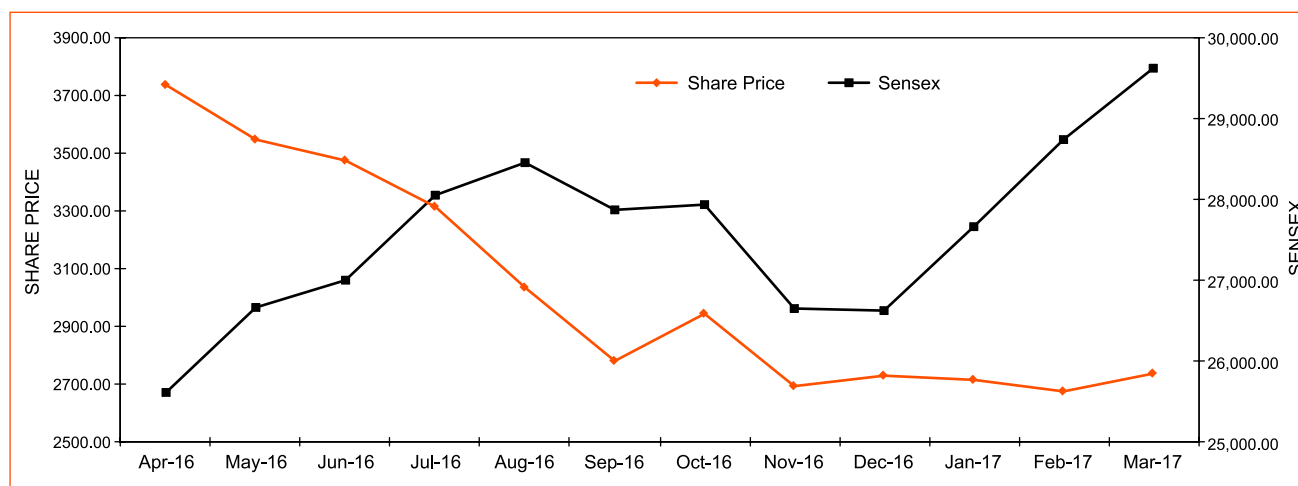
9. GENERAL SHAREHOLDER INFORMATION

○ AGM: Date, Time and Venue	25 th July 2017 at 3.00 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai - 400 020
○ Financial Year	(i) April to March (ii) First Quarter Results – Last week of July (iii) Half-Yearly Results – Last week of October (iv) Third Quarter Results – Second week of February 2018 (v) Results for the year ending 31 st March 2018 – May 2018
○ Date of Book Closure	18 th July 2017 to 25 th July 2017 (both days inclusive)
○ Dividend Payment date(s)	After 25 th July 2017
○ Listing on Stock Exchange	The BSE Limited, Mumbai and the National Stock Exchange of India Limited. The Company has paid the listing fees for the year 1 st April 2016 to 31 st March 2017 and from 1 st April 2017 to 31 st March 2018.
○ Stock Code – Physical	500660 on BSE GLAXO on The National Stock Exchange (NSE)
○ Demat ISIN Number for NSDL and CDSL	INE 159A01016

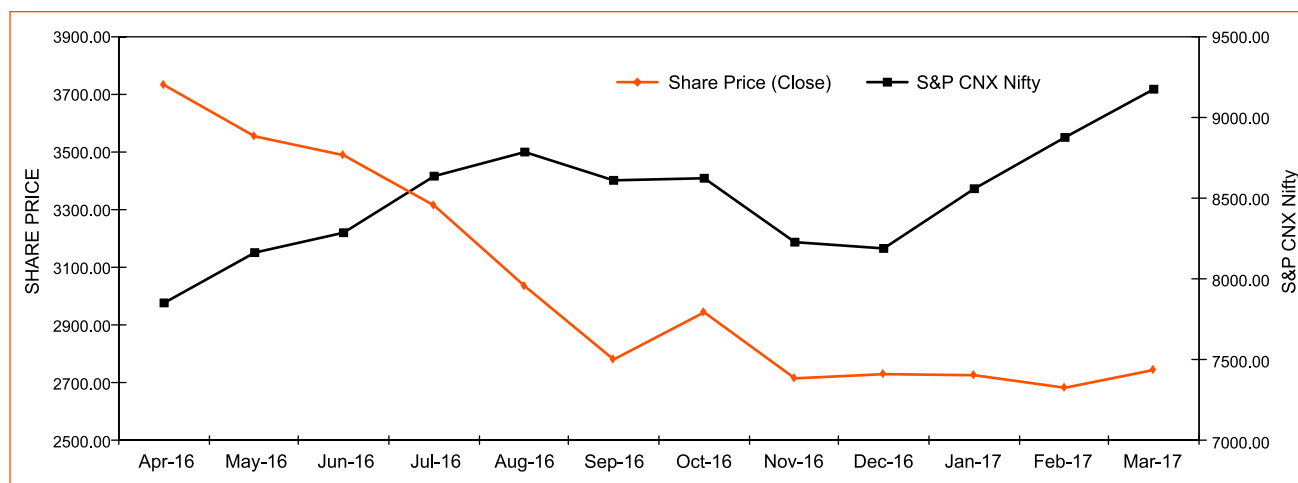
- High/low of market price of the Company's shares traded along with the volumes on The Stock Exchange, Mumbai and on the National Stock Exchange during the year April 2016 to March 2017 is furnished below:

Year	BSE			NSE		
	High (Rupees)	Low (Rupees)	Volume (No. of Shares)	High (Rupees)	Low (Rupees)	Volume (No. of Shares)
April 2016	3838.00	3609.90	30735	3850.00	3624.00	95660
May 2016	3732.35	3339.00	15912	3737.00	3326.15	146744
June 2016	3574.00	3371.00	11404	3574.00	3375.35	95142
July 2016	3539.90	3275.00	16185	3545.05	3300.00	106030
August 2016	3342.50	2965.00	40291	3324.90	2962.10	258623
September 2016	3100.70	2752.05	111235	3089.95	2752.00	760150
October 2016	2999.90	2785.00	24026	3000.00	2780.50	144851
November 2016	2958.95	2600.00	34254	2971.90	2600.00	312020
December 2016	2785.00	2637.00	17610	2794.70	2630.00	155786
January 2017	2759.90	2699.40	21235	2774.20	2705.00	106937
February 2017	2795.00	2658.00	28984	2798.50	2656.20	146425
March 2017	2770.00	2670.00	40775	2780.05	2662.00	250077

- Share Performance of the Company in comparison to BSE Sensex



- Share Performance of the Company in comparison to NSE S&P CNX Nifty



○ **Equity History**

Particulars	No. of shares issued (of ₹ 10 each)	Year of issue
Original Holding	18,00,000	1924
Bonus Issue	2,00,000	1947
Bonus Issue	10,00,000	1962
Bonus Issue	24,00,000	1968
Public Issue	18,00,000	1969
Bonus Issue	36,00,000	1977
Bonus Issue	36,00,000	1980
Public cum Rights Issue	56,00,000	1983
Shares allotted to Group Companies	44,89,800	1993
Rights Issue	53,97,700	1993
Bonus Issue	2,98,87,500	1995
Shares issued pursuant to the amalgamation of SmithKline Beecham Pharmaceuticals (India) Limited (SBPIL) with the Company in the ratio of one share of the Company for every two shares of SBPIL issued on 30 th November 2001	1,47,00,000	2001
Shares issued pursuant to the amalgamation of Burroughs Wellcome (India) Limited (BWIL) with the Company in the ratio of fourteen shares of the Company for every ten shares of BWIL issued on 29 th October 2004	1,28,47,546	2004
Buy back of equity shares	(26,19,529)	2005
Total	8,47,03,017	

- List of top ten shareholders of the Company other than Glaxo Group Limited, GlaxoSmithKline Pte Limited, Eskaylab Limited and Burroughs Wellcome International Limited who hold 35.99%, 28.10%, 6.94% and 3.97% shares respectively.

Sr. No.	Name of Shareholder	% to Equity
1.	Life Insurance Corporation of India	6.48
2.	Birla Sun Life Trustee Company Private Limited	1.49
3.	General Insurance Corporation of India	1.14
4.	Aberdeen Global Indian Equity (Mauritius) Limited	0.74
5.	The Oriental Insurance Company Limited	0.48
6.	Vanguard Emerging Markets Stock Index Fund	0.33
7.	UTI – MNC Fund	0.27
8.	The India Fund Inc	0.23
9.	The New India Assurance Company Limited	0.17
10.	United India Insurance Company Limited	0.10

- The distribution of shareholding as on 31.03.2017 is as follows:

No. of Equity Shares held	Folios	%	Shares	%
Up to 25	34108	33.99	371185	0.44
26 to 50	15773	15.71	674663	0.80
51 to 100	19474	19.40	1581853	1.87
101 to 500	28550	28.44	5558598	6.56
501 to 1000	1743	1.74	1222508	1.44
1001 to 10000	667	0.66	1333794	1.57
10001 and above	56	0.06	73960416	87.32
Grand Total	100371	100.00	84703017	100.00

- Shareholding pattern as on 31.03.2017 is as follows:

Category	No. of Shares	%
Promoter & Promoter Group		
• Glaxo Group Limited, U.K.	30,485,250	35.99
• GlaxoSmithKline Pte Limited, Singapore	23,802,012	28.10
• Eskaylab Limited, U.K.	5,880,000	6.94
• Burroughs Wellcome International Limited, U.K.	3,360,000	3.97
Mutual Funds	15,61,890	1.84
Financial Institutions/Banks/Insurance Companies	71,32,518	8.42
Foreign Institutional Investors/NRI/OCB	18,03,486	2.13
Bodies Corporates	4,39,944	0.52
Foreign Nationals	2,875	0.00
Individuals	1,00,49,659	11.86
Others	1,85,383	0.23
Total	84,703,017	100.00

- Registrars and Share Transfer Agents

Karvy Computershare Private Limited
Unit: GlaxoSmithKline Pharmaceuticals Limited
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad, Telangana - 500032
Tel No.: 040 - 67162222
Fax No.: 040 - 23001153
Contact Person: Mr. Premkumar Nair
Email ID: einward.ris@karvy.com

- Share transfer system

All the transfers received are processed by the Registrars and Share Transfer Agents and are approved by the Share Transfer Committee, which normally meets two times in a month or more depending on the volume of transfers. Share transfers are registered and returned within maximum of 15 days from the date of lodgment if documents are complete in all respects.

- Dematerialisation of shares and liquidity

97.49% of the paid-up capital has been dematerialised as on 31st March 2017. Glaxo Group Limited, GlaxoSmithKline Pte Limited, Eskaylab Limited and Burroughs Wellcome International Limited, who jointly hold 75.00% of the paid-up share capital of the Company, hold their shares in the dematerialised form.

- Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity

Not issued.

- Address for correspondence

Shareholders' correspondence should be addressed to the Company's Registrars and Share Transfer Agents at the address mentioned above.

Shareholders may also contact Mr. Ajay Nadkarni, Company Secretary, at the Registered office of the Company for any assistance.

Tel. Nos. 24959595 Extension 433/434/415

Email ID: ajay.a.nadkarni@gsk.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

- Plant

A-10, MIDC Area - Ambad, Nashik, Maharashtra 422001

10. OTHER DISCLOSURES

- Transactions with related parties are disclosed in Note 59 to the financial statements in the Annual Report.
- During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.
- The Codes of Conduct applicable to all Directors and employees of the Company have been posted on the Company's website. For the year under review, all Directors and Senior Management personnel of the Company have confirmed their adherence to the provisions of the said Codes.
- The Company has put in place a whistle blower policy/vigil mechanism pursuant to which employees of the Company can raise their concerns relating to fraud, malpractice or any other activity or event which is against the interest of the Company and no one has been denied access to the Audit Committee.
- The Company has in place Risk Management Policy for Risk Assessment and Mitigation and it is periodically reviewed by the Board Members.
- The company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable.
- The Company has sent first reminder for the shares which are lying unclaimed with the Company as per Listing Regulations.
- There is no Non-Compliance of any requirement of Corporate Governance Report of Sub para (2) to (10) of Part C of Schedule V of the Listing Regulations.

The Company has complied with all mandatory items of the Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of the regulation 46 with schedule II and V of Listing Regulations.

NON-MANDATORY REQUIREMENTS

A. The Board

The Chairman of the Board does not maintain a Chairman's office at the Company's expense.

B. Shareholders Right

The quarterly and half-yearly results are published in widely circulating national and local dailies such as The Economic Times and Business Standard, in English and Maharashtra Times, in Marathi. These are not sent individually to the shareholders but hosted on the website of the Company.

C. Audit Qualification

There are no qualifications contained in Audit Report.

D. Separate post of Chairman and Managing Director

The posts of Chairman and Managing Director are separate.

E. Reporting of Internal Auditors

The Internal Auditor of the Company reports to the Audit Committee and makes detailed presentations at quarterly meetings.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 19th May 2017

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of GlaxoSmithKline Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by GlaxoSmithKline Pharmaceuticals Limited, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Place: Mumbai
Date: May 19, 2017

Asha Ramanathan
Partner
Membership No: 202660

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's code of Conduct

In accordance with Regulation 26(3) of the SEBI Listing Obligations & Disclosures Requirements (LODR), Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the year ended 31st March 2017.

For GlaxoSmithKline Pharmaceuticals Limited

Annaswamy Vaidheesh
Managing Director
DIN: 1444303

Mumbai, 19th May 2017

Annexure 'B' to the Directors' Report

Business Responsibility Report

Section A: General Information about the Company

1. Corporate Identity Number (CIN) : L24239MH1924PLC001151
2. Name of the Company : GLAXOSMITHKLINE PHARMACEUTICALS LIMITED
3. Registered Address : Dr. Annie Besant Road, Mumbai - 400030
4. Website : www.gsk-india.com
5. E-mail id : in.investorqueries@gsk.com
6. Financial Year reported : 1st April 2016 to 31st March 2017
7. Sector(s) that the Company is engaged in (industrial activity code wise):

Group	Class	Sub class	Description
210	2100	21001	Manufacture of medicinal substances used in the manufacture of pharmaceuticals: antibiotics, endocrine products, basic vitamins; opium derivatives; sulpha drugs; serums and plasmas; salicylic acid, its salts and esters; glycosides and vegetable alkaloids; chemically pure sugar

8. List three key product/services that the Company manufactures provides (as in balance sheet) : Betamethasone, Potassium Clavulanate with Amoxycillin & Pneumococcal Polysaccharide Conjugate Vaccine (adsorbed) Ph. Eur.
9. Total number of locations where business activity is undertaken by the Company:
 - i. Number of international locations : Nil
 - ii. Number of national locations : 1 Manufacturing Plant at Nashik
Head Office at Mumbai
10. Markets served by the Company : Pan India across all markets in India.

Section B: Financial Details of the Company

1. Paid up capital (Rupees in lakhs) : 84,70.30
2. Revenue from Operations (Rupees in lakhs) : 2994,50.50
3. Total profit after taxes (Rupees in lakhs) : 336,77.51
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) The Company's total spending on CSR is 2% of the average net profit in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:
Please refer to Annexure 'C' to Directors Report for the details

Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?

Yes, the Company has one subsidiary, Biddle Sawyer Limited.

2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?

Business responsibility initiatives of the parent company are applicable to all subsidiary companies.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The GSK Code of Conduct is applicable to all the business entities who do business with the Company. The business associates do not directly participate in Business Responsibility Initiatives of the Company.

Section D: BR Information**1. Details of Director/Directors responsible for BR:**

a) Details of the Director/Directors responsible for implementation of the BR Policy/Policies:

Director Identification Number (DIN): 03043004

Name: Mr. Raju Krishnaswamy

Designation: Executive Director

b) Details of the BR Head:

- 1 DIN (if applicable) : 03043004
- 2 Name : Mr. Raju Krishnaswamy
- 3 Designation : Executive Director
- 4 Telephone No : +91 22 24959650
- 5 E mail ID : raju.x.krishnaswamy@gsk.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

2a. Details of Compliance (Reply Y/N)

	Question	Business Ethics	Product Responsibility	Wellbeing of Employee	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/guidelines for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Have the policy/guidelines been formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the policy/guidelines conform to any national/international standards? If yes, specify?	Most of the company's policies/guidelines are aligned with GSK Plc's global best practices. The Company adhered to Indian laws and regulations, in cases where it is more stringent.								
4	Have the policy/guidelines been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Standards and Policies adopted by our global parent have been put in place in India. Being in the healthcare business, our standards are more stringent.								
5	Does the Company have a specified Committee of the Board / Director/Official to oversee the implementation of the policy/guidelines?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	http://india-pharma.gsk.com/en-in/about-us/policies-codes-and-standards/ http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/								

	Question	Business Ethics	Product Responsibility	Wellbeing of Employee	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy/guidelines been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies/guidelines?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies/guidelines to address stakeholders' grievances related to the policy/policies/guidelines?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy/guidelines by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2b. If answer to Sr. No. 1 against any principle is 'No', please explain why: (Tick up to 2 options)

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
The Company does not have financial or manpower resources available for the task	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
It is planned to be done within next six months	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
It is planned to be done within next one year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Any other reason (please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

3. Governance related to BR:

The Board of Directors of the Company assesses business responsibility initiatives annually. The Company publishes a Business Responsibility Report in its Annual Report once a year. <http://india-pharma.gsk.com/en-in/investors/financial-results/annual-reports/>

Section E: Principle-wise Performance

Ethics, transparency and responsibility

Good governance and transparent reporting are part of our commitment to be open about our business activities. Our commitment to responsible, values-based business underlies everything we do, including our sales and marketing practices, policy activities and our relationships with suppliers and how we conduct and report our research. We have a strong value-based culture and our actions are supported by robust policies and compliance processes.

We conduct our business in an ethical way. We also engage stakeholders directly to understand and prioritise the issues that are important to them. Our policies on ethics, bribery and corruption cover all our stakeholders, including suppliers, vendors, contractors, NGOs, etc.

As a global corporation, we have a common Code of Conduct across the globe. This Code sets out fundamental standards for all employees and is supported by the Employees Guide to Business Conduct, which helps employees take ethical decisions and emphasises our values: transparency, respect for people, integrity, and focus on the patient. Every employee, at the time of induction is taken through the Code of Business Conduct and specialised training is provided for employees working in manufacturing, sales and marketing, where there are additional requirements. In addition, all managers and employees are required to confirm their compliance with the Code on an annual basis. This Code is not just for all employees, but also extends to anyone who works for and on behalf of GSK. At GSK, we ensure that everything we do is guided by our commitment to our values and our commitment to being in compliance with the Regulations within which we have to operate. The foundations of these commitments are laid out in our Code of Conduct and each employee must take personal responsibility to abide by our Code.

We market our prescription medicines and vaccines to healthcare professionals, hospitals and the government. Our policies and updated Global Code of Practice for Promotion and Customer Interactions prescribe the nature of our practices. This code, as the name suggests, is applicable worldwide. Our regional and local policies, standard operating procedures and other codes provide additional guidance to employees. In addition, we are also a signatory to the OPPI (Organisation of Pharmaceutical Producers of India) code of marketing conduct.

We also have in place The Anti-Bribery and Corruption (ABAC) Programme. ABAC is a part of GSK's response to the threat and risk of bribery and corruption. The programme includes the ABAC Handbook, which has been designed to assist internal and external parties, understand corruption risk, and identify people's responsibilities to actively combat both real and perceived corruption.

Speak Up – Our whistleblowing initiative

We have a culture of disclosure which is enabled by a strong grievance redressal body and supportive ecosystems. In addition, specific processes and mechanisms to facilitate reporting of unethical conduct or violation of laid down guidelines as well as for protection of employees that report unethical conducts are in place. All GSK employees have access to whistle blowing that they can use to get advice, and to report suspected cases of misconduct anonymously, if required.

Safety & Sustainable products and services

Sustainability in our business is critically important if we are to deliver continued innovation and success through our products. Our commercial success depends on growing a diverse business, creating innovative new products that people value, making them widely accessible and operating efficiently. In the process, we are able to grow our business and add value to our patients, consumers, employees, our shareholders and society. Through our wide range of products and services, GSK touches the lives of millions of patients every day. In the best interest of the patient, we endeavour to work with responsible suppliers who adhere to the same quality, social and environmental standards as GSK and its affiliates worldwide. At GSK, the interest of the patient is of prime importance at every stage from development until the final distribution.

Being a global company, most of GSK's products are approved by major international regulators like USFDA and UKMHRA. Besides, there are mandatory regulatory approvals required in India endorsing the safety of the product.

A significant proportion of ingredients for our products and packaging material are sourced locally from third party manufacturers belonging to Micro, Small and Medium Enterprises. A qualified team is in place to build capacity and capability, to educate and raise the standard of these vendors. The Company has a policy of procuring goods and services like horticulture, housekeeping and the like from nearby suitable sources of supply.

To ensure compliance to GSK's standards, all these vendors have to go through the GSK Audit and Approval process which are based on global guidelines. Our quality team trains and guides these vendors to ensure that they have infrastructure, facilities, systems and controls in line with GSK's global standards. In addition, periodic quality audits are held to ensure that the manufacturing processes, both internally as well as with contract manufacturing partners, remain compliant with our quality standards. These are over and above the specific quality checks with respect to each batch of finished products as well as inputs in the form of raw materials.

One of our products, Seretide Evohaler, was changed to include environment-friendly CFC-free propellant.

As our products are related to health, we cannot recycle our products. However, there is a mechanism to segregate the waste given to the authorised vendor for recycling, wherever appropriate. We reuse some paper packaging material.

We follow the GMP guidelines with respect to our product packaging. Our products have barcodes and other features to avoid pilferage. To validate the authenticity of the product, we have started a unique QR code for one of our products. This feature was introduced as an anti-counterfeit measure.

EHS & Environment

At GSK, an environmental sustainability strategy is implemented across the entire value chain from raw materials to product disposal. As we grow our business to bring innovative medicines to people across the world, environment sustainability continues to be a priority and we remain committed to reducing our environmental impact. Our policy on environment conforms to local laws as well as GSK's global standards. Various initiatives for energy efficiency and renewable energy were undertaken at our Nashik site.

Our policy on EHSS conforms to local laws as well as GSK's global standards. Various initiatives for energy efficiency and renewable energy were undertaken at our Nashik site (For more on these initiatives, please read the Director's Report).

Employees' well-being

Our employment practices are designed to create a workplace culture in which all GSK employees feel valued, respected, empowered and inspired to achieve their goals. There has been a continued focus in the areas of talent management, rewards & recognitions, capability building, employee engagement and communication.

Our aim is to create an inclusive and engaging working environment that empowers employees to contribute and help us achieve our strategic business objectives. Our policies for employees conform to GSK global standards as well as comply with local laws. We are committed to making employment at GSK accessible to people with disabilities as also making the environment safe and nurturing for women to be part of our talent force. Towards this end, a programme called 'Accelerating Difference' for talented women managers was launched. Women-friendly policies, such as enhanced maternity leave, work from home, flexi work timings were put in place. To read more about our recruitment process, please log on to – <http://india-pharma.gsk.com/en-in/careers/why-gsk>

We are committed to conducting our operations in a responsible manner to protect our employees, the environment and community in which we operate. Extensive work has been carried out at our Nashik site as well as amongst our sales force to train and create awareness on Employee Health and Safety. Training programmes like 'Energy for Performance' and 'Personal Resilience' have also been organised to promote employee health, well-being and resilience.

Safety training has been given to all employees in the last year, including permanent women employees, temporary employees and those with disabilities at the company's Nashik, Maharashtra and Vemgal, Karnataka sites.

The Company also encourages its employees to go for regular health check-ups and immunisation towards preventive healthcare.

This year, the Company introduced the Partnership for Prevention or P4P initiative for the preventive healthcare of our employees and their families, in addition to the existing GSK medical plan. This initiative reiterates our commitment to supporting the health and well-being of our employees. Under P4P, the company offers a range of free preventive healthcare services, including adult and child immunisations, cancer screening, pre-natal care, cardiovascular & diabetes health and smoking cessation, across a large network of healthcare centres.

GSK has also developed a global driver safety programme, 'Safe Driving: Every Journey Counts', and a pilot launch was rolled out in the Western region for the safety of our employees in the field force. This initiative aims at increasing awareness on road and motor vehicle safety, with tips that can be put into practice in our employees' daily lives.

GSK places its Values (Transparency, Respect for People, Integrity and Patient Focus) at the heart of everything it does. In keeping with this approach, the Company undertook a Values Maturity Assessment in 2014 to understand whether leaders and employees walk the talk. Based on the results, specific action plans have been implemented to improve the scores and further embed values within the organisation.

During the year, your Company was selected for a follow-up Values Assurance review by GSK Plc. Your Company has made good progress on the Values index since the 2014 review.

Emotional and mental health and the ability to cope with stress are just as important as physical wellbeing. Our Employee Assistance Programme provides GSK employees and their family members with access to counselling, mental health and guidance. We have a total of 4697 employees working with GSK, of which 685 are women employees. We have a total of 85 temporary employees.

Stakeholder engagement

Engagement and dialogue enables us to understand the needs and views of key stakeholders. This engagement and feedback helps us to identify important issues and shape our response in the interest of our shareholders and wider society.

Many of our engagements take place during the routine course of business, in day-to-day interactions with customers, employees, suppliers and other partners. Besides, we carry out formal and structured engagement, including through meetings, consultations and participation in conferences.

Examples of how we engage with our stakeholders are outlined here.

- *Healthcare Professionals (HCPs)*
 - Sales representative meetings
 - Interactions during clinical studies and at conferences
 - Engagement with professional organisations
 - Patients
 - Market research to understand patient needs
 - Governments and regulators
 - Our public policy work
 - Input to policy makers based on our global experience on key issues such as healthcare
- *Investors*
 - Meetings with investors
- *Employees*
 - Regular employee surveys
 - Consultation with employee representatives on changes to the business
- *Local communities*
 - Our community development programmes
 - Our non-governmental organisation partners for our CSR projects
 - Partnering in community for engagement development programmes
- *Suppliers*
 - Global and regional supplier review meetings
 - Meetings for diverse suppliers
- *Peer companies*
 - Pharmaceutical industry organisation meetings
 - Joint projects, such as the Pharmaceutical Supply Chain Initiative

Human Rights

GSK conforms to national laws as well as the global GSK policies. We comply and adhere to all the human rights laws and guidelines of the Constitution of India, national laws and policies and the content of the International Bill of Human Rights.

We have direct control over human rights in our own operations and aim to act responsibly across all our spheres, which includes our employees, suppliers, local communities and more broadly, the society.

Our approach to human rights

Employees – Our employment standards cover issues including diversity, equal opportunities, health & safety and protection of employees' human rights.

Suppliers – Our Third Party Code of Conduct requires suppliers, contractors and business partners to meet GSK guidelines for ethical standards and human rights. Environmental, Health and Safety (EHS) audits help us identify potential breaches of our human rights clauses.

Communities – GSK aims to have good relationships with all the communities around our sites and to operate in ways that do not infringe their human rights.

Society – We can have an influence on human rights beyond our own operations. Our efforts to improve access to healthcare support society more broadly to fulfill its right to health.

Read more online-our positions online including: Our Human Rights Statement; GSK on the Convention on Biological Diversity (Search for public policies on www.gsk.com).

Environment

At GSK, we continue to support environmental initiatives through our environmental sustainability strategy that is implemented across the entire value chain from raw materials to product disposal. As we grow our business to bring innovative medicines to people across the world, environmental sustainability continues to be a priority and we remain committed to reducing our environmental impact.

Our policy on environment conforms to local laws as well as GSK's global standards. Various initiatives for energy efficiency and renewable energy were undertaken at our Nashik site for the year 2016 that have resulted in reduction in energy consumption by 303916 units. These include energy consumption initiatives like upgradation of HVACs, installation of energy-efficient chilled water and vacuum pumps and others. There has also been an impact of additional energy consumption of 1188806 units due to the commencement of the new Eltroxin facility, HPR and other miscellaneous services added at the site. Further work is in progress to reduce the energy consumption and costs in 2017 and beyond, including conversion of Boiler to Biomass, and proposals on Installation of Vapour Absorption Chiller and usage of Solar Energy.

During the year, the site has also undertaken initiatives for reducing water consumption on principles of reduction, recycling and re-use in applications across the site, resulting in reduction of water consumption by 45,752 kl (approximately 14.6%) as compared to the previous year. This has been recognised as the Best Water Reduction effort and the highest sustainable reduction achieved across GSK factories across the globe in the year, for which the Nashik site has received the GMS Water Trophy for the year of 2016.

Over and above these measures, there have been continued efforts to monitor noise levels, recycling of waste and monitoring of gaseous emissions from the boiler that have resulted in sustaining a high level of energy efficiency. (For more on these initiatives, please read Director's Report)

The emissions generated by the Company are within the limit specified by the Maharashtra Pollution Control Board. No show-cause notice or warning letter was issued by the Maharashtra Pollution Control Board. With regard to waste management, our waste is segregated and given to government approved vendors for recycling, wherever appropriate. Nashik site runs on zero discharge basis with respect to water. Treated site effluent is used for site gardening.

We publish our positions on our intranet "EHS Manager – Entropy" on the following:

- Climate change
- The impact of climate change on health

Besides, we publish our positions on our website which include:

- Climate change
- Impact of climate change on health
- Genetically modified micro-organisms and EHS
- Pharmaceuticals in the environment
- Ozone depletion and metered-dose inhalers for asthma
- Ozone depleting substances in plant and equipment

The Company is aligned to Parent for global environmental initiatives and link for the same is as follows <http://www.gsk.com/en-gb/responsibility/our-planet/>

Public policy and patient advocacy

GSK is a member of various industrial and trade bodies like Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), Bombay Chamber of Commerce and Industries (BCCI), Organization of Pharmaceutical Producers of India (OPPI), the India Business Councils of UK & US and Pharmaceutical Research and Manufacturers of America (PHRMA). We are a part of various task forces, sub-committees on critical issues, such as health insurance and drug pricing, and forums within these chambers and work closely with the industry bodies in devising strategies to improve healthcare access in the country as well to participate in advocacy for creating a business-friendly environment in the country.

Inclusive growth & equitable development

Healthy communities are the backbone of strong, sustainable societies. But there are still millions of people without access to basic healthcare. Your Company wants to help change this. So to improve access and support people in vulnerable communities, your Company has initiated targeted corporate social responsibility projects, run by local partners. These CSR projects are designed to be sustainable in the long-term and cater to identified national priorities. In 2016-17, we invested ₹ 12.11 crores in communities that positively impacted over a million people.

Your Company's CSR philosophy is to target support on selected health and employability programmes that are innovative, sustainable and produce tangible results. The programmes supported share the vision of enhancing healthcare, and where possible they offer opportunities to involve GSK employees in assisting communities where we do business.

Your Company's lead CSR project is 'Partnering India to eliminate Lymphatic Filariasis (LF)'. Your Company's contribution focuses on large-scale donation of albendazole, efficient forecasting, manufacturing and shipping of donated products. Your Company is an active partner in one of the country's biggest and boldest public health initiatives, in partnership with the World Health Organisation, to rid India of LF.

Your Company has also actively addressed the healthcare need for newborn survival. This CSR project is closely linked to Government's 'India Newborn Action Plan'. Your Company is working through a continuum of care approach in the identified high burden districts of Rajasthan and Madhya Pradesh and aims to save more than 8,000 newborns a year, through our interventions.

Considering that poor sanitation has far reaching impact on health and wellbeing, affecting the health and safety of children and adversely impacting school attendance, your Company is working has worked to promote school sanitation. Your Company partnered to build/repair 74 sanitation units and 66 urinals, with complete water and waste disposal systems, thereby providing access to clean sanitation to 10,000 students, teachers and staff from schools in Nashik.

Your Company is supporting the national call to 'Skill India' at Vemgal, Karnataka, where the focus is on enhancing employability through vocational training and promotion of entrepreneurship. Your Company, through partnerships has promoted rural women to set up a manufacturing unit for sanitary pads; rural men to undergo training in construction management and adolescents from the villages to be trained in industry relevant trades.

Patient engagement

Patients are at the core of our business. They are our most important stakeholders. We are constantly seeking new ways of delivering healthcare and making our products available and affordable to people who need them, wherever they live.

In our effort to expand access to our products, we have led the industry pricing are medicines based on a country's ability to pay. This has resulted in significant reduction in prices, representing a good outcome for the patients.

We adhere to national and international standards with respect to product safety and code of engaging with customers.

On our product packaging, we provide all the information as required under the Drugs & Cosmetics Act & Rules.

As on 31st March 2017, from a quality perspective, 66 complaints that were made directly to the company are pending, and our response is awaited. Investigation is in progress in these cases. As on 31st March 2017, there are 5 consumer complaints pending in different consumer forums.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 19th May 2017

Annexure 'C' to Directors' Report

Corporate Responsibility Report

Your company has a rich legacy of partnering the communities in which we live and operate. Strong partnerships with community groups are critical, as local organisations have the greatest insights into the needs of their people and the strategies that stand the greatest chances of success. Your company focuses on making life-changing, long-term differences in human health by addressing the healthcare burdens of accessibility, affordability and awareness. Your company works to fulfil this and other social change efforts, through Corporate Social Responsibility (CSR) programmes. In 2016-17, your company's CSR programmes touched the lives of over a million people across India.

Your Board of Directors has appointed a CSR Committee to review and recommend CSR projects. Mr. D. S. Parekh – Chairman, Mr. A. N. Roy, Ms. A. Bansal and Mr. A. Vaidheesh are the members of this Committee.

The CSR Policy of your company is available on the website – www.gsk-india.com and can be accessed by following the link: <http://india-pharma.gsk.com/en-in/about-us/policies-codes-and-standards/>

Your Company's net profit for the preceding three financial years and two per cent of its average, for calculation of the CSR budget is given in the table below:

Profit after exceptional items and before taxation (in ₹ lakhs)	2015-16	15 month March 2015	Apr-Dec 2013	Avg. for 3 years	2% of the avg. for 3 years
	57701.29	74862.29	49047.35	60536.98	1210.74

Accordingly, the CSR Budget for financial year 2016-17 was ₹ 12.10 crores. Against this budget, your company has spent ₹ 12.11 crores on CSR projects, including overheads. This spends amounts to 2% of the average of net profits for preceding three financial years. Your company's CSR projects are aligned to the Schedule VII of the Companies Act and focus on promoting health care, including preventive health care and education.

Detail of the CSR spends in financial year 2016-17 is given in the table below:

(Amount in ₹)

Sr. No.	CSR Project	Project area (local area, state and district)	Project-wise outlay (budget)**	Direct expenditure in reporting period	Cumulative expenditure upto reporting period**	Amount spent (through implementing agencies called 'CSR Partners')
Partnering India to eliminate Lymphatic Filariasis (LF – also known as Elephant Foot)						
1	Albendazole donation for supporting mass drug administration for elimination of LF	Pan-India	50,00,00,000	8,60,00,037	20,49,37,107	World Health Organisation
Mother and child healthcare						
2	Facility and community based care for newborn survival	Rajasmand and Udaipur, Rajasthan and Panna, Madhya Pradesh	3,62,00,000	70,00,000	2,02,00,000	Action Research and Training for Health and CARE India Solutions for Sustainable Development
3	Maternal and child health through awareness building on ante and post-natal care and maternal healthcare	Kolkata, West Bengal	14,50,000	10,00,000	14,50,000	BITAN Institute for Training, Awareness and Networking

Sr. No.	CSR Project	Project area (local area, state and district)	Project-wise outlay (budget)**	Direct expenditure in reporting period	Cumulative expenditure upto reporting period**	Amount spent (through implementing agencies called 'CSR Partners')
Holistic care for the vulnerable						
4	Support for construction of a new centre to provide residential, nutritional, educational and transportation support for children affected with cancer and their parents	Mumbai, Maharashtra	1,00,00,000	50,03,000	1,00,00,000	St. Jude India ChildCare Centres
5	Holistic care for vulnerable underserved girls	Patna, Bihar	9,69,000	4,69,000	9,69,000	Nai Dharti
Affordability of healthcare						
6	Maxillofacial, cleft and craniofacial surgeries	Bangalore, Karnataka	50,00,000	50,00,000	50,00,000	Maaya Foundation (now Inga Health Foundation)
Disaster relief						
7	Matched employee contribution for disaster relief and response	Chennai flood relief and Maharashtra draught relief		4,34,001		Bal Raksha Bharat (Save the Children) and Bombay Chamber of Commerce and Industry
Total project expense on CSR in financial year 16-17 including monitoring and evaluation				11,52,42,292		
Total administrative expense on CSR in financial year 16-17				58,58,168		
Total CSR expense in FY16-17				12,11,00,460		

**Budget and cumulative spends considered from FY14-15 only, despite some projects being initiated prior to FY14-15.

CSR Committee Responsibility Statement

Your CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of your Company.

A. Vaidheesh
Managing Director

D. S. Parekh
Chairman, CSR Committee

Mumbai, 19th May 2017

Annexure 'D' to the Directors' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

FORM No. MR-3

[Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
GlaxoSmithKline Pharmaceuticals Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GlaxoSmithKline Pharmaceuticals Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:
 - (1) Pharmacy Act, 1948,
 - (2) Drugs and Cosmetics Act, 1940,
 - (3) Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954,
 - (4) Narcotic Drugs and Psychotropic Substances Act, 1985,
 - (5) Drug Pricing Control Order, 2013.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For **Parikh & Associates**
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No: 327 CP No: 1228

Place: Mumbai
Date: 19.05.2017

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

‘Annexure A’

To,
The Members
GlaxoSmithKline Pharmaceuticals Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No: 327 CP No: 1228

Place: Mumbai
Date: 19.05.2017

Annexure 'E' to Directors' Report

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(a) Conservation of Energy:

The Nashik site has undertaken various initiatives for energy and water conservation in the year 2016 that have resulted in reduction in energy consumption by more than 3 lakhs units. These include energy consumption initiatives like up gradation of High performance liquid chromatography ("HVAC's") installation of energy efficient chilled water and vacuum pumps and others. There has also been an impact of additional energy consumption of more than 11 lakhs units due to startup of New Eltroxin facility, HPR and other miscellaneous services added at the site. Further work is in progress to reduce the energy consumption and costs in 2017 and beyond, including conversion of Boiler to Biomass, and proposals on Installation of Vapour Absorption Chiller and usage of Solar Energy.

During the year, Nashik site has also undertaken initiatives for reducing water consumption on principles of reduction, recycling and re-use in applications across the site, resulting in reduction of water consumption by 45,752 kl (Approx 14.6%) as compared to the previous year. This has been recognized as the Best Water Reduction effort and the highest sustainable reduction achieved across GSK Factories in the year, for which the Nashik site received the GMS Water Trophy for the year of 2016.

The emissions generated by the Company are within limits specified by Maharashtra Pollution Control Board. With regard to waste management, the waste is segregated and given to government approved vendors for recycling wherever appropriate. Nashik site runs on zero discharge basis with respect to water. Treated site effluent is used for site gardening.

(b) Technology absorption:

The following major projects have been completed during the period using new technologies at the Nashik Site:

- Electronic Verification System installed on all packing lines, as Online and Offline systems, for verification of printed packing materials.
- Installation of 2 New Ultra performance liquid chromatography in PR&D Lab and 4 New High performance liquid chromatography in QC Lab.
- New Air handling units replacing old in Tablets Beta and Zinetac provided with safe change hepa filtration for operator protection.
- New dust collection unit provided in Beta & Zinetac for operator protection and meeting all latest standards of Process Safety.
- New filter cleaning booth installed in utilities for proper cleaning system for filters of Air handling systems, for Operator protection.
- New fire hydrant system commissioned meeting the requirements of FM Global, with a New ring main across Site.
- Area modifications and dynamic pass boxes installed for material transfer applications in manufacturing areas, segregation of dispensing area in Ointments for cross contamination control.
- Installation of dock shelters installed & rapid roll up doors for new loading bay in Finished goods warehouse.
- New purified water systems for Ointments and Eltroxin commissioned.
- Electrical upgrades including installation of a new Generator of 1500KVA capacity replacement of 4 MVA Transformer with on load tap Changer and old Motor Control Centre Panels by new.
- Installation of water sprinkler system for site gardening.
- Up gradation of Site Infrastructure to meet requirements of Process Safety standards, including upgradation of equipments, switches, sockets etc. as per hazardous area classification, Installation of static earthing monitoring system in diesel tank farm area and upgradation of Site earthing & static earthing system.
- Upgradation of Site Occupational health centre with New health assessment equipment's.

(c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings for the year ended 31st March 2017 was ₹ 52,78 lakhs and foreign exchange outgo for the year ended 31st March 2017 was ₹ 719,28 lakhs. The foreign exchange earnings for the period ended 31st March 2016 was ₹ 51,91 lakhs and foreign exchange outgo for the period ended 31st March 2016 was ₹ 861,96 lakhs.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 19th May 2017

Annexure 'F' to the Directors' Report

DISCLOSURE UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF KEY MANAGERIAL PERSONNEL) RULES, 2014

- Ratio of Remuneration of Non-Executive Directors to the median remuneration of the employees of the Company for the financial year ended 31st March 2017.

Sr. No.	Name of Directors	Designation	Remuneration of Directors in the financial year in (₹ in lakh)*	Ratio to Median Remuneration
1	Mr. D. S. Parekh	Non-Executive Director, Chairman	39.00	4.19
2	Mr. R. R. Bajaj	Independent Director	14.50	1.55
3	Ms. A. Bansal	Independent Director	14.50	1.55
4	Mr. P. V. Bhide	Independent Director	16.50	1.77
5	Mr. N. Kaviratne	Independent Director	17.00	1.82
6	Mr. A. N. Roy	Independent Director	14.50	1.55
7	Mr. D. Sundaram	Independent Director	16.50	1.77

* Remuneration include Commission paid.

- Ratio of Remuneration of Whole-time Directors & Key Managerial Personnel (KMP) against the Company.

Sr. No.	Whole-time Directors & KMP	Designation	Remuneration of Directors/KMP in the financial year (₹ in lakh)	Ratio to median Remuneration	(%) Increase in remuneration in the financial year
1	A. Vaidheesh	Managing Director	392.03	42.20	10
2	A. Aristidou	Whole-time Director & CFO	360.36	38.79	8
3	R. Krishnaswamy	Whole-time Director	176.58	19.00	9
4	R. C. Sequeira (up to 11.02.2017)	Whole-time Director	150.68	16.22	9
5	A. Nadkarni	Company Secretary	68.53	7.37	9

- There was 10% increase in the median remuneration of employees.
- There were 4697 number of permanent employees on the rolls of the Company as on 31st March 2017.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof:
The average increase in the remuneration of all the employees was 10 % in financial year 2016-17. The Average increase in remuneration of managerial personnel was 9% in financial year 2016-17. Increase in salary is based on remuneration policy/ reward policy.
- We affirm that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 19th May 2017

Annexure 'G' to Directors' Report

EXTRACT OF ANNUAL RETURN

Form MGT – 9

As on financial year ended on 31st March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	L24239MH1924PLC001151
Registration Date	:	November 13, 1924
Name of the Company	:	GLAXOSMITHKLINE PHARMACEUTICALS LIMITED
Category/Sub-Category of the Company	:	Company Limited By Shares/Indian Non-Government Company
Address of the Registered office and contact details	:	GSK House, Dr. Annie Besant Road Mumbai - 400030 Tel :022-24959595 • Fax:022-24959494 Email: askus@gsk.com
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli Financial District Nanakramguda, Serilingampally Hyderabad, Telangana - 500032 Tel No: 040- 67162222 • Fax No : 040-2301153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Pharmaceuticals	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	Biddle Sawyer Limited 252, Dr. Annie Besant Road, Mumbai 400030	U51900MH1948PLC006218	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year i.e 1 st April 2016				No. of Shares held at the end of the year 31 st March 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter/Promoters Group									
1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):	0	0	0	0	0	0	0	0	0
2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	63527262	0	63527262	75.00	63527262	0	63527262	75.00	0
Sub-total (A)(2):	63527262	0	63527262	75.00	63527262	0	63527262	75.00	0
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	63527262	0	63527262	75.00	63527262	0	63527262	75.00	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	1404484	11236	1415720	1.67	1550654	11236	1561890	1.84	0.17
b) Banks/FI	6786813	16361	6803174	8.03	7116157	16361	7132518	8.42	0.39
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	1906234	2042	1908276	2.25	1539844	2000	1541844	1.82	-0.43
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	10097531	29639	10127170	11.96	10206655	29597	10236252	12.09	0.13
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	607677	18003	625680	0.74	422241	17703	439944	0.52	-0.23
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7814893	2158916	9973899	11.77	7935740	20651125	10000865	11.81	0.03

Category of Shareholders	No. of Shares held at the beginning of the year i.e 1 st April 2016				No. of Shares held at the end of the year 31 st March 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	179641	0	179641	0.21	198280	0	198280	0.23	0.02
c) Others (specify)									
NBFCs Registered with RBI	1035	0	1035	0	6265	0	6265	0	0.01
Non Resident Indian Repatriable	0	2065	2065	0	0	2065	2065	0	0
Trusts	20170	0	20170	0.02	18191	0	18191	0.02	0
Non Resident Indians	221929	0	221929	0.26	91471	0	91471	0.11	-0.15
Clearing Members	13859	0	13859	0.02	11441	0	11441	0.01	-0.01
Non Resident Companies	0	294	294	0	0	294	294	0	0
Non Resident Indian Non Repatriable	0	7138	7138	0.01	161046	6766	167812	0.20	0.19
Foreign Nationals	2875	0	2875	0	2875	0	2875	0	0
Sub-total(B)(2):	8862169	2186416	11048585	13.04	8841285	2091953	10933238	12.91	-0.13
Total Public Shareholding (B)=(B)(1)+(B)(2)	18959700	2216055	21175755	25.00	82581467	2121550	21175755	25.00	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	82486962	2216055	84703017	100	82581467	2121550	84703017	100	0

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Glaxo Group Limited	30485250	35.99	0	30485250	35.99	0	0
2	Eskaylab Limited	5880000	6.94	0	5880000	6.94	0	0
3	Burroughs Wellcome International Limited	3360000	3.97	0	3360000	3.97	0	0
4	Castleton Investment Limited	3192238	3.77	0	0	0	0	(3.77)
5	GlaxoSmithKline Pte Limited	20609774	24.33	0	23802012	28.10	0	3.77
	Total	63527262	75.00	0	63527262	75.00	0	0

iii. Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Name of Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Castleton Investment Limited				
	At the beginning of the year	3192238	3.77		
	Decrease in Promoters Shareholding on 30 th March 2017 due to inter se promoter transfer	3192238	3.77	0	0.00
	At the End of the year	0	0.00	0	0.00
2	GlaxoSmithKline Pte Limited				
	At the beginning of the year	20609774	24.33		
	Increase in Promoters Shareholding on 30 th March 2017 due to inter se promoter transfer	3192238	3.77	3192238	3.77
	At the End of the year	23802012	28.10	23802012	28.10

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA						
		1/4/2016	At the beginning of the year	5131118	6.06	5131118	6.06
		15/07/2016	Sale	-796	0	5130322	6.06
		12/08/2016	Sale	-1198	0	5129124	6.06
		26/08/2016	Purchase	1250	0	5130374	6.06
		26/08/2016	Sale	-1250	0	5129124	6.06
		16/09/2016	Purchase	2000	0	5131124	6.06
		30/09/2016	Purchase	157713	0.18	5288837	6.24
		07/10/2016	Purchase	55905	0.07	5344742	6.31
		14/10/2016	Purchase	2041	0	5346783	6.31
		21/10/2016	Purchase	22054	0.03	5368837	6.34
		28/10/2016	Purchase	67	0	5368904	6.34
		18/11/2016	Purchase	28710	0.03	5397614	6.37
		25/11/2016	Purchase	2360	0.01	5399974	6.38
		02/12/2016	Purchase	2655	0	5402629	6.38
		09/12/2016	Purchase	58	0	5402687	6.38
		23/12/2016	Purchase	250	0	5402937	6.38
		30/12/2016	Purchase	2275	0	5405212	6.38

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		27/01/2017	Purchase	2593	0	5407805	6.38
		03/02/2017	Purchase	500	0.01	5408305	6.39
		10/02/2017	Purchase	360	0	5408665	6.39
		03/03/2017	Purchase	42075	0.05	5450740	6.44
		10/03/2017	Purchase	17958	0.02	5468698	6.46
		17/03/2017	Purchase	4059	0	5472757	6.46
		24/03/2017	Purchase	9615	0.01	5482372	6.47
		31/03/2017	Purchase	5690	0.01	5488062	6.48
		31/03/2017	At the end of the year	5488062	6.48	5488062	6.48
2	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED						
		01/04/2016	At the beginning of the year	994102	1.17	994102	1.17
		08/04/2016	Purchase	3807	0.01	997909	1.18
		15/04/2016	Purchase	2484	0	1000393	1.18
		22/04/2016	Purchase	2914	0	1003307	1.18
		29/04/2016	Purchase	4214	0.01	1007521	1.19
		06/05/2016	Purchase	1182	0.01	1008703	1.19
		13/05/2016	Purchase	3060	0.01	1011763	1.19
		20/05/2016	Purchase	7236	0.01	1018999	1.20
		27/05/2016	Purchase	5783	0.01	1024782	1.21
		03/06/2016	Purchase	6291	0.01	1031073	1.22
		10/06/2016	Purchase	3699	0.01	1034772	1.22
		17/06/2016	Purchase	3132	0.01	1037904	1.23
		24/06/2016	Purchase	4212	0.01	1042116	1.23
		30/06/2016	Purchase	3060	0.01	1045176	1.23
		01/07/2016	Purchase	1053	0.01	1046229	1.24
		08/07/2016	Purchase	3618	0.01	1049847	1.24
		15/07/2016	Purchase	3487	0.01	1053334	1.24
		22/07/2016	Purchase	2916	0.01	1056250	1.25
		29/07/2016	Purchase	3060	0.01	1059310	1.25
		29/07/2016	Sale	-3205	0.01	1056105	1.25
		05/08/2016	Purchase	1458	0.01	1057563	1.25
		05/08/2016	Sale	-10500	0.01	1047063	1.24
		12/08/2016	Purchase	2376	0.01	1049439	1.24
		12/08/2016	Sale	-1085	0.01	1048354	1.24
		19/08/2016	Purchase	2340	0.01	1050694	1.24
		26/08/2016	Purchase	2970	0.01	1053664	1.24

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		02/09/2016	Purchase	2700	0.01	1056364	1.25
		09/09/2016	Purchase	1800	0.01	1058164	1.25
		16/09/2016	Purchase	1710	0.01	1059874	1.25
		23/09/2016	Purchase	1620	0.01	1061494	1.25
		30/09/2016	Purchase	6144	0.01	1067638	1.26
		07/10/2016	Purchase	5040	0.01	1072678	1.27
		14/10/2016	Purchase	2406	0.01	1075084	1.27
		21/10/2016	Purchase	2880	0.01	1077964	1.27
		28/10/2016	Purchase	5940	0.01	1083904	1.28
		04/11/2016	Purchase	6546	0.01	1090450	1.29
		11/11/2016	Purchase	13500	0.01	1103950	1.30
		18/11/2016	Purchase	7002	0.01	1110952	1.31
		25/11/2016	Purchase	7501	0.01	1118453	1.32
		02/12/2016	Purchase	11574	0.01	1130027	1.33
		09/12/2016	Purchase	11001	0.02	1141028	1.35
		16/12/2016	Purchase	7290	0.01	1148318	1.36
		23/12/2016	Purchase	13680	0.01	1161998	1.37
		30/12/2016	Purchase	10260	0.01	1172258	1.38
		06/01/2017	Purchase	7605	0.01	1179863	1.39
		13/01/2017	Purchase	5580	0.01	1185443	1.40
		20/01/2017	Purchase	7830	0.01	1193273	1.41
		27/01/2017	Purchase	5940	0.01	1199213	1.42
		03/02/2017	Purchase	10350	0.01	1209563	1.43
		10/02/2017	Purchase	7200	0.01	1216763	1.44
		17/02/2017	Purchase	8100	0.01	1224863	1.45
		24/02/2017	Purchase	7110	0.01	1231973	1.45
		03/03/2017	Purchase	6570	0.01	1238543	1.46
		10/03/2017	Purchase	4860	0.01	1243403	1.47
		17/03/2017	Purchase	5220	0.01	1248623	1.47
		24/03/2017	Purchase	6750	0.01	1255373	1.48
		31/03/2017	Purchase	9000	0.01	1264373	1.49
		31/03/2017	At the end of the year	1264373	1.49	1264373	1.49
3	GENERAL INSURANCE CORPORATION OF INDIA						
		01/04/2016	At the beginning of the year	965718	1.14	965718	1.14
		31/03/2017	At the end of the year	965718	1.14	965718	1.14

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4	ABERDEEN GLOBAL INDIAN EQUITY (MAURITIUS) LIMITED						
		01/04/2016	At the beginning of the year	626279	0.74	626279	0.74
		31/03/2017	At the end of the year	626279	0.74	626279	0.74
5	THE ORIENTAL INSURANCE COMPANY LIMITED						
		01/04/2016	At the beginning of the year	415086	0.49	415086	0.49
		08/04/2016	Sale	-2745	0	412341	0.49
		13/05/2016	Sale	-189	0	412152	0.49
		03/06/2016	Sale	-885	0	411267	0.49
		10/06/2016	Sale	-1520	-0.01	409747	0.48
		17/06/2016	Sale	-532	0	409215	0.48
		24/06/2016	Sale	-3825	0	405390	0.48
		15/07/2016	Sale	-281	0	405109	0.48
		31/03/2017	At the end of the year	405109	0.48	405109	0.48
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND						
		01/04/2016	At the beginning of the year	348058	0.41	348058	0.41
		08/04/2016	Purchase	1596	0	349654	0.41
		22/04/2016	Purchase	263	0	349917	0.41
		10/06/2016	Purchase	851	0	350768	0.41
		24/06/2016	Purchase	3168	0.01	353936	0.42
		22/07/2016	Purchase	648	0.01	354584	0.42
		29/07/2016	Purchase	1100	0.01	355684	0.42
		05/08/2016	Purchase	1226	0.01	356910	0.42
		12/08/2016	Purchase	1755	0.01	358665	0.42
		19/08/2016	Purchase	2175	0.01	360840	0.43
		09/09/2016	Purchase	1170	0.01	362010	0.43
		16/09/2016	Sale	-871	0.01	361139	0.43
		23/09/2016	Sale	-62611	-0.09	298528	0.35
		28/10/2016	Sale	-459	0	298069	0.35
		04/11/2016	Sale	-2122	0	295947	0.35
		11/11/2016	Sale	-3832	0	292115	0.34
		18/11/2016	Sale	-1786	-0.01	290329	0.34
		25/11/2016	Sale	-353	0	289976	0.34
		02/12/2016	Sale	-273	0	289703	0.34
		09/12/2016	Sale	-105	0	289598	0.34

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		16/12/2016	Sale	-310	0	289288	0.34
		23/12/2016	Sale	-4172	0	285116	0.34
		30/12/2016	Sale	-116	0	285000	0.34
		13/01/2017	Sale	-1077	0	283923	0.34
		20/01/2017	Sale	-774	-0.01	283149	0.33
		27/01/2017	Sale	-2082	0	281067	0.33
		03/02/2017	Sale	-831	0	280236	0.33
		10/02/2017	Sale	-1161	0	279075	0.33
		24/03/2017	Sale	-3320	0	275755	0.33
		31/03/2017	At the end of the year	275755	0.33	275755	0.33
7	UTI – MNC FUND						
		01/04/2016	At the beginning of the year	256703	0.3	256703	0.30
		24/06/2016	Sale	-7200	0.28	249503	0.29
		02/12/2016	Sale	-13500	0.27	236003	0.28
		03/02/2017	Sale	-5520	0.27	230483	0.27
		03/03/2017	Sale	-2000	0.27	228483	0.27
		10/03/2017	Sale	-2000	0.27	226483	0.27
		31/03/2017	At the end of the year	226483	0.27	226483	0.27
8	SBI LIFE INSURANCE CO. LTD.						
		01/04/2016	At the beginning of the year	224001	0.26	224001	0.26
		08/04/2016	Purchase	12500	0.02	236501	0.28
		29/04/2016	Purchase	1000	0	237501	0.28
		27/05/2016	Purchase	2991	0	240492	0.28
		03/06/2016	Purchase	6009	0.01	246501	0.29
		24/06/2016	Sale	-2000	0	244501	0.29
		08/07/2016	Sale	-1479	0	243022	0.29
		15/07/2016	Sale	-3275	-0.01	239747	0.28
		22/07/2016	Sale	-5661	0	234086	0.28
		29/07/2016	Sale	-289	0	233797	0.28
		05/08/2016	Sale	-1497	-0.01	232300	0.27
		19/08/2016	Sale	-2500	0	229800	0.27

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		26/08/2016	Sale	-8221	-0.01	221579	0.26
		02/09/2016	Sale	-19477	-0.02	202102	0.24
		09/09/2016	Sale	-5181	-0.01	196921	0.23
		16/09/2016	Sale	-3218	0	193703	0.23
		23/09/2016	Sale	-43358	-0.05	150345	0.18
		30/09/2016	Sale	-129796	-0.16	20549	0.02
		31/03/2017	At the end of the year	20549	0.02	20549	0.02
9	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND						
		01/04/2016	At the beginning of the year	212530	0.25	212530	0.25
		03/06/2016	Purchase	215	0	212745	0.25
		10/06/2016	Purchase	1135	0	213880	0.25
		17/06/2016	Purchase	476	0	214356	0.25
		24/06/2016	Purchase	886	0	215242	0.25
		30/06/2016	Purchase	2653	0.01	217895	0.26
		01/07/2016	Purchase	321	0	218216	0.26
		08/07/2016	Purchase	1261	0	219477	0.26
		29/07/2016	Purchase	640	0	220117	0.26
		05/08/2016	Purchase	1935	0	222052	0.26
		16/09/2016	Sale	-1523	0	220529	0.26
		23/09/2016	Sale	-111619	-0.13	108910	0.13
		30/09/2016	Sale	-3065	-0.01	105845	0.12
		07/10/2016	Sale	-3077	0	102768	0.12
		14/10/2016	Sale	-2123	0	100645	0.12
		21/10/2016	Sale	-4206	-0.01	96439	0.11
		28/10/2016	Sale	-942	0	95497	0.11
		04/11/2016	Sale	-3223	0	92274	0.11
		11/11/2016	Sale	-5856	-0.01	86418	0.10
		18/11/2016	Sale	-2725	0	83693	0.10
		25/11/2016	Sale	-586	0	83107	0.10
		02/12/2016	Sale	-429	0	82678	0.10
		09/12/2016	Sale	-159	0	82519	0.10
		16/12/2016	Sale	-470	0	82049	0.10

Sr. No.	Name of the Shareholder	Date	Remarks	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
		23/12/2016	Sale	-899	0	81150	0.1
		30/12/2016	Sale	-59	0	81091	0.1
		13/01/2017	Sale	-551	0	80540	0.1
		20/01/2017	Sale	-397	-0.01	80143	0.09
		27/01/2017	Sale	-1065	0	79078	0.09
		03/02/2017	Sale	-426	0	78652	0.09
		10/02/2017	Sale	-595	0	78057	0.09
		24/03/2017	Sale	-1717	0	76340	0.09
		31/03/2017	Sale	-33	0	76307	0.09
		31/03/2017	At the end of the year	76307	0.09	76307	0.09
10	THE INDIA FUND INC						
		01/04/2016	At the beginning of the year	194107	0.23	194107	0.23
		31/03/2017	At the end of the year	194107	0.23	194107	0.23
11	THE NEW INDIA ASSURANCE COMPANY LIMITED						
		01/04/2016	At the beginning of the year	141093	0.17	141093	0.17
		31/03/2017	At the end of the year	141093	0.17	141093	0.17
12	UNITED INDIA INSURANCE COMPANY LIMITED						
		01/04/2016	At the beginning of the year	95966	0.11	95966	0.11
		03/03/2017	Sale	-14696	0.01	81270	0.10
		31/03/2017	At the end of the year	81270	0.10	81270	0.10

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	None of the Directors and KMP hold shares in the Company except Mr. Deepak Parekh, Chairman who holds 612 equity shares in the Company which remain unchanged throughout the year.			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the End of the year				

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	0	237.30	0	237.30
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	237.30	0	237.30
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	0	77.80	0	77.80
Net Change	0	77.80	0	77.80
Indebtedness at the end of the financial year				
(i) Principal Amount	0	159.50	0	159.50
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	159.50	0	159.50

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. A Vaidheesh	Mr. A. Aristidou Whole-time Director & CFO	Mr. R. Krishnaswamy	Mr. R.C. Sequeira (up to 11.02.2017)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	293.37	109.58	83.72	74.27	560.94
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	61.93	222.09	62.93	46.04	392.99
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission					
	– as % of profit	Nil	Nil	Nil	Nil	Nil
	– others, specify	Nil	Nil	Nil	Nil	Nil
5	Others – Performance Bonus	36.73	28.69	29.93	30.37	125.72
	Total (A)	392.03	360.36	176.58	150.68	1079.65
	Ceiling as per the Act (@10% of profits calculated under section 198 of the Companies Act, 2013)					5150.10

B. Remuneration to other Directors:

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Fee for attending board/ committee meetings	Commission	Others, please specify	Total Amount
1	Independent Directors				
	Mr. R. R. Bajaj	4.50	10.00	–	14.50
	Ms. A. P. Bansal	4.50	10.00	–	14.50
	Mr. P. V. Bhide	6.50	10.00	–	16.50
	Mr. N. Kaviratne	7.00	10.00	–	17.00
	Mr. A. N. Roy	4.50	10.00	–	14.50
	Mr. D. Sundaram	6.50	10.00	–	16.50
	Total (1)	33.50	60.00	–	93.50
2	Other Non-Executive Directors				
	Mr. D. S. Parekh	25	14	–	39.00
	Total (2)	25	14	–	39.00
	Total Managerial Remuneration (1+2)	58.50	74.00	–	132.50
	Overall Ceiling as per the Act (@1% of profits calculated under section 198 of the Companies Act, 2013)				515.01

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. A. Nadkarni Company Secretary	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34.40	34.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	27.69*	27.69*
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	– as % of profit	Nil	Nil
	– others	Nil	Nil
5	Others – Performance Bonus	6.43	6.43
	Total	68.53	68.53

* Perquisites include leave encashment of ₹ 14.24 lakhs.

The Company does not have a scheme for grant of its stock options either to the Executive Directors or employees. However, the Executive Directors and some senior employees of the Company are entitled to Stock Options, Share Value Plan and Performance Share Plan of GlaxoSmithKline Plc. During the year, in addition to the above remuneration, Mr. A. Nadkarni was paid an amount ₹ 11,15,235 under the GlaxoSmithKline Plc Share Value Plan.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended 31st March 2017.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 19th May 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of GlaxoSmithKline Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies

(Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and May 18, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Notes 42 (A), 43, 44 and 45.
 - ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2017.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 41.

For Price Waterhouse & Co Bangalore LLP
 Firm Registration Number: 007567S/S-200012
 Chartered Accountants

Asha Ramanathan
 Partner

Membership Number: 202660

Mumbai
 May 19, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited the standalone financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of GlaxoSmithKline Pharmaceuticals Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the

risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership Number: 202660

Mumbai
May 19, 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited on the standalone financial statements as of and for the year ended March 31, 2017.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets, other than the situation of certain plant and equipment, furniture and office equipment, for which the situation recorded, is the location of the Company's different establishments.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 and Note 4 to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, value added tax, service tax, duty of customs, duty of excise, cess and other statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax including value added tax, service tax and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax including interest as applicable.	23,35.72	Several demands pertaining to Assessment years 2005-2006 to 2016-17	Appellate Authority – up to Commissioner's level
		36.92	Assessment years 1990-1991	Tribunal
		20.43	Assessment year 1994-95	High Court, Bombay

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales-tax, including interest and penalty, as applicable	278,29.13	Several demands pertaining to the period 1983-1984 and 1988 to 2015.	Appellate Authority – up to Commissioner's level
		54,79.62 (includes ₹ 52,18.20 lakhs not deposited due to a stay order)	Several demands pertaining to the period 1990-1991, 1998-1999, 1999-2000, 2001-2002 to 2005-2006.	Tribunal
		83.08	Several demands pertaining to the period 1990-1991, 1999-2000 and 2001-2002.	The High Court of Judicature at Allahabad, Lucknow and Kerala
		42.14	Demand pertaining to the period 1993-1994 and 1994-1995	Supreme Court
The Finance Act, 1994	Service Tax	1,29.20	January 2001 to December 2002	Customs, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty, including interest and penalty, as applicable	25.60	Several demands pertaining to the periods March 1992 to March 1994, July 1995 to January 1998.	Appellate Authority – up to Commissioner's level
		18,09.71	Several Demands Pertaining to the period October 1994 to January 1995, September 1996 to September 2002, November 2003 to December 2011, September 2012 to March 2013	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		1,60.83	Demand pertaining to 1977-1980 and 1988-1991	The High Court of Judicature at Bombay

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come

across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24 – Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not any entered into non cash transaction with its directors or persons connected within the meaning of Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Mumbai
May 19, 2017

Asha Ramanathan
Partner
Membership Number: 202660

STANDALONE BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	252,70.95	204,04.32	123,05.96
Capital work in progress	3	573,21.68	267,66.84	115,22.44
Intangible assets under development	3	32,24.73	—	—
Investment properties	4	5,32.36	5,95.91	6,13.24
Investments in subsidiary	5	47,61.30	47,61.30	47,61.30
Financial assets				
(i) Investments	6	5.67	5.67	5.67
(ii) Loans	7	13,27.96	13,84.62	13,57.56
(iii) Other financial assets	8	2,42.76	29.67	2,92.21
Current tax assets (net)	52 (b)	147,98.81	151,06.07	166,92.55
Deferred tax assets (net)	48 (d)	91,31.14	100,80.91	94,82.91
Other non-current assets	9	205,13.36	131,51.21	107,86.84
		1371,30.72	922,86.52	678,20.68
Current assets				
Inventories	10	425,48.14	521,66.25	368,85.59
Financial assets				
(i) Trade receivables	11	170,79.67	126,56.50	100,31.79
(ii) Cash and cash equivalents	12	139,28.80	113,68.03	114,65.92
(iii) Bank balances other than (ii) above	13	774,69.13	1263,99.78	1848,84.09
(iv) Loans	14	68,73.37	55,12.88	42,06.74
Other current assets	15	69,22.42	61,01.19	77,84.39
		1648,21.53	2142,04.63	2552,58.52
Assets classified as held for sale	16	1,62.95	5,75.35	14,21.18
		1649,84.48	2147,79.98	2566,79.70
TOTAL ASSETS		3021,15.20	3070,66.50	3245,00.38
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	84,70.30	84,70.30	84,70.30
Other equity	18	1943,51.01	2119,93.92	2382,38.20
		2028,21.31	2204,64.22	2467,08.50
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	19	98.90	1,59.50	2,62.60
(ii) Other financial liabilities	20	3,48.95	3,51.33	3,13.86
Provisions	21 & 27	271,00.17	283,90.11	270,95.87
Other non-current liabilities	22	—	2,15.00	2,15.00
		275,48.02	291,15.94	278,87.33
Current liabilities				
Financial liabilities				
(i) Trade payables	23	275,92.23	323,09.08	305,88.63
(ii) Other financial liabilities	24	359,90.87	184,67.61	110,49.77
Other current liabilities	25	31,26.81	18,91.62	21,05.76
Provisions	26 & 27	48,24.88	45,10.77	45,73.90
Current tax liabilities (net)	52 (a)	2,11.08	3,07.26	15,86.49
		717,45.87	574,86.34	499,04.55
		992,93.89	866,02.28	777,91.88
TOTAL EQUITY AND LIABILITIES		3021,15.20	3070,66.50	3245,00.38

The above standalone balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660
Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

Managing Director

CFO & Executive Director

Audit Committee Chairman

Company Secretary

Mumbai, May 19, 2017

D. S. Parekh

A. Vaidheesh

A. A. Aristidou

D. Sundaram

A. A. Nadkarni

DIN: 9078

DIN: 1444303

DIN: 7034424

DIN: 16304

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	28	2994,50.50	2826,21.22
Other Income	29	71,76.24	121,82.51
Total income		3066,26.74	2948,03.73
EXPENSES			
Cost of materials consumed	30	523,57.63	632,17.06
Purchases of stock-in-trade		790,69.96	739,93.66
Changes in inventories of work-in-progress, stock-in-trade and finished goods	31	79,49.09	(144,48.56)
Employee benefit expenses	32	483,01.22	443,37.45
Depreciation and amortization expense	33	26,34.69	24,94.98
Other expenses	34	697,79.29	678,46.54
Total expenses		2600,91.88	2374,41.13
Profit before exceptional items and tax		465,34.86	573,62.60
Exceptional items	39	45,73.05	2,31.07
Profit before tax		511,07.91	575,93.67
Income tax expenses			
Current tax	48	162,96.98	207,49.43
Deferred tax	48	11,33.42	(6,08.47)
Total income tax expenses		174,30.40	201,40.96
Profit for the year		336,77.51	374,52.71
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(5,30.65)	30.26
Income tax relating to items that will not be reclassified to profit or loss		1,83.65	(10.47)
Other comprehensive income for the year, net of tax		(3,47.00)	19.79
Total comprehensive income for the year		333,30.51	374,72.50
Profit attributable to Owners of the Company		336,77.51	374,52.71
Other comprehensive income attributable to Owners of the Company		(3,47.00)	19.79
Total comprehensive income attributable to Owners of the Company		333,30.51	374,72.50
Earnings per equity share			
Basic and diluted earnings per share	50	39.76	44.22

The above standalone statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Registration No. 007567S / S-200012

Chartered Accountants

Asha Ramanathan

Partner

Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

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STANDALONE STATEMENT OF CHANGES IN EQUITY

(a) Equity share capital

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the reporting period	84,70.30	84,70.30	84,70.30
Changes in equity share capital during the year	—	—	—
Balance at the end of the reporting period	84,70.30	84,70.30	84,70.30

(b) Other Equity

(₹ in lakhs)

As at March 31, 2017	Reserves and Surplus				Items of Other comprehensive income	Total Other Equity
	Capital reserve (i)	General reserve (ii)	Retained earnings	Capital redemption reserve (iii)	Remeasurements of the net defined benefit Plans	
Balance at April 1, 2016	1,65.51	875,44.44	1240,02.23	2,61.95	19.79	2119,93.92
Total Comprehensive						
Profit for the year	—	—	336,77.51	—	—	336,77.51
Other Comprehensive Income for the year	—	—	—	—	(3,47.00)	(3,47.00)
Transactions with owners of the company						
Dividend on Equity Shares (₹ 50 Per Share)	—	—	(423,51.50)	—	—	(423,51.50)
Dividend Distribution Tax	—	—	(86,21.92)	—	—	(86,21.92)
Balance at the end of the reporting period	1,65.51	875,44.44	1067,06.32	2,61.95	(3,27.21)	1943,51.01

(₹ in lakhs)

As at March 31, 2016	Reserves and Surplus				Items of Other comprehensive income	Total Other Equity
	Capital reserve (i)	General reserve (ii)	Retained earnings	Capital redemption reserve (iii)	Remeasurements of the net defined benefit Plans	
Balance at April 1, 2015	1,65.51	875,44.44	1502,66.30	2,61.95	—	2382,38.20
Total Comprehensive						
Profit for the year	—	—	374,52.71	—	—	374,52.71
Other Comprehensive Income for the year	—	—	—	—	19.79	19.79
Transactions with owners of the company						
Dividend on Equity Shares (₹ 62.50 Per Share)	—	—	(529,39.38)	—	—	(529,39.38)
Dividend Distribution Tax	—	—	(107,77.40)	—	—	(107,77.40)
Balance at the end of the reporting period	1,65.51	875,44.44	1240,02.23	2,61.95	19.79	2119,93.92

(i) Includes Central Government subsidy ₹ 15.00 lakhs and capital profit on reissue of shares forfeited of erstwhile Burroughs Wellcome (India) Limited ₹ 0.51 lakhs.

(ii) It represents the transfer of profits from retained earnings.

(iii) On account of buy back of equity shares and it is not available for distribution.

The above standalone statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Registration No. 007567S / S-200012

Chartered Accountants

Asha Ramanathan

Partner

Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

Managing Director

CFO & Executive Director

Audit Committee Chairman

Company Secretary

Mumbai, May 19, 2017

D. S. Parekh

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D. Sundaram

A. A. Nadkarni

DIN: 9078

DIN: 1444303

DIN: 7034424

DIN: 16304

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax and exceptional items	465,34.86	573,62.60
<i>Adjustments for:</i>		
Gain on disposal of property, plant and equipment	(24.25)	(30.05)
Interest income classified as investing cash flows	(71,04.99)	(120,14.78)
Interest expense	25.00	42.13
Depreciation and amortisation expense	26,34.69	24,94.98
Change in operating assets and liabilities		
Decrease / (Increase) in Inventories	96,18.11	(152,80.66)
(Increase) in Trade Receivables	(44,23.17)	(26,24.71)
(Increase) in Financial asset – Loans	(13,03.83)	(13,33.20)
(Increase) / Decrease in Other current assets	(8,21.23)	16,83.20
(Increase) / Decrease in Financial asset – others	(2,13.09)	2,62.54
(Increase) in Other non-current assets	(13,49.02)	(6,75.22)
(Decrease) / Increase in Trade payables	(45,13.49)	17,20.45
(Decrease) / Increase in Provisions	(15,06.48)	9,44.51
Increase / (Decrease) in Other current liabilities	12,35.19	(2,14.14)
Increase in Financial liabilities – others	3,42.91	30,13.05
Cash generated from operations	391,31.21	353,50.71
Income taxes paid (net of refunds)	(160,85.90)	(204,42.17)
Cash flow before exceptional items	230,45.31	149,08.54
<i>Exceptional items:</i>		
Portfolio and Manufacturing activities rationalisation costs	–	(5,14.97)
Sale of brands	6,40.96	–
Costs for Asset Sale transaction with Novartis	(2,03.36)	(5,66.93)
Redundancy costs	(1,70.29)	–
Net cash inflow from operating activities	A 233,12.62	138,26.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(304,42.91)	(232,32.03)
Proceeds from sale of property, plant and equipment including assets held for sale	6,25.25	7,98.99
Proceeds from sale of property (Exceptional item)	40,17.75	16,13.53
Investment in bank deposits (having original maturity more than 3 months)	(783,00.00)	(1954,00.00)
Margin money deposits	1,87.80	(2,02.08)
Redemption/Maturity of bank deposits (having original maturity more than 3 months)	1258,00.00	2521,75.00
Interest received	84,36.48	141,55.23
Net cash inflow from investing activities	B 303,24.37	499,08.64

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings	(77.80)	(74.25)
Interest paid	(25.00)	(42.13)
Dividend paid to company's shareholders	(423,51.50)	(529,39.39)
Tax on distributed profit	(86,21.92)	(107,77.40)
Net cash outflow from financing activities	C (510,76.22)	(638,33.17)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	25,60.77	(97.89)
Cash and cash equivalents at the beginning of the financial year	113,68.03	114,65.92
Cash and cash equivalents at end of the financial year	139,28.80	113,68.03
Net Increase / (Decrease) in cash and cash equivalents	25,60.77	(97.89)
NOTES:		
Cash and cash equivalents include:		
Cash on hand	–	0.12
Cheques on hand	20,95.80	–
Term deposits with original maturity period of less than 3 months	12,24.57	56,18.75
Balances with banks	106,08.43	57,49.16
Total	139,28.80	113,68.03

The above standalone cashflow statement should be read in conjunction with the accompanying notes.

As per our report of even date
For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants
Asha Ramanathan
Partner
Membership No. 202660
Mumbai, May 19, 2017

For and on behalf of the Board
Chairman
Managing Director
CFO & Executive Director
Audit Committee Chairman
Company Secretary
Mumbai, May 19, 2017

D. S. Parekh
A. Vaidheesh
A. A. Aristidou
D. Sundaram
A. A. Nadkarni
DIN: 9078
DIN: 1444303
DIN: 7034424
DIN: 16304

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES

A GENERAL INFORMATION

GLAXOSMITHKLINE PHARMACEUTICALS LIMITED ('the Company') is a public limited company and is listed on the BSE Ltd (Bombay Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company is engaged inter alia, in the business of manufacturing, distributing and trading in pharmaceuticals.

B STATEMENT OF ACCOUNTING POLICIES

(a) Basis for preparation of accounts

(i) Compliance with Ind AS

The Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS Standalone Financial Statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the years presented.

For all periods up to and including the year ended March 31, 2016, the Company prepared its Standalone Financial Statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance including reconciliations and descriptions of the effect of the transition are provided in note 61.

(ii) Historical cost convention

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value;
- assets held for sale measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and
- share-based payments.

(b) **Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS: On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets as per the rates prescribed under Schedule II to the Companies Act, 2013 or re-assessed useful life based on technical evaluation as under:

Factory Buildings	30 years
Other Buildings	60 years
Plant and Equipment	10 years
Personal Computers and Laptops	3 years
Other Computer Equipment	4 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	4 years

Depreciation is provided pro-rata for the number of months availability for use. Depreciation on sale / disposal of assets is provided pro-rata up to the end of the month of sale / disposal.

An asset purchased where the actual cost does not exceed ₹ 5,000 is depreciated at the rate of 100%.

Leasehold improvements are amortised over the period of the lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date is disclosed as capital work in progress. Advances given towards acquisition of Property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(c) Intangible Assets and Amortisation**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization / depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Cost of Items of Intangible assets not ready for intended use as on the balance sheet date is disclosed as intangible assets under development.

Amortisation method and periods

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Distribution rights are amortised over the agreement / contract period.

(d) Impairment of Non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(e) LeasesOperating lease

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease unless the payments/receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease (as lessee)

Leases of land where the Company, as lessee, has substantially retained all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

(f) Trade Receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(g) Investments and other financial assets**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Again or loss on a debt investment that is subsequently measured at amortised

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where assets cash flow represents solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other expenses/ other income. Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other expenses/ other income in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss statement as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss statement are recognised in other income/ expense in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 56 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss statement only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(h) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(i) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(j) Trade and other payable**

These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and payables are subsequently measured at amortised cost using the effective interest method.

(k) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on first-in first-out basis. The cost of work-in-progress (other than those lying at third party manufacturing sites which is valued at material cost) and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(l) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, demand deposits with banks, short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(m) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable: a) Revenue from sale of goods is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Amounts disclosed as revenue are inclusive of excise duty and net of returns, applicable trade discounts and allowances, value added taxes and amounts collected on behalf of third parties. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns. b) Income from clinical research and data management services is recognised in the accounting period in which the services are rendered based on actual spends.

(n) Foreign Currency Transactions

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses/other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(o) Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

Current tax charge is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit and Loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(p) Employee Benefits

(a) Short Term Employee Benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Post Employment Benefits:

(i) Defined Contribution Plans

The Company's defined contribution plans are superannuation and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions. The Company's contributions to these plans are charged to the Statement of Profit and Loss as incurred.

(ii) Defined Benefits Plans

Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

Gratuity and Post Retirement Medical:

The actuarial valuation method used for measuring the liability for Gratuity and Post Retirement Medical is Projected Unit Credit method. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses. The obligations for Gratuity and Post Retirement Medical are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

Provident Fund:

Provident Fund contributions are made to a Trust administered by the Company. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The actuarial valuation method, carried out by an independent actuary, used for measuring the liability for Provided Fund is Projected Accrued Benefit method. This approach determines the present value of the interest rate guarantee under three interest rate scenarios: base case scenario, rising interest rate scenario and falling interest rate scenario. The Defined Benefit Obligation of the interest rate guarantee is set equal to the average of the present values determined under these scenarios in respect of accumulated provident fund contributions as at the valuation date.

(c) Other Long Term Benefit Plans:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(d) The expenditure on voluntary retirement schemes is charged to the Statement of Profit and Loss in the year in which it is incurred.

(e) Share Based Payment Arrangements:

In terms of a long-term incentive plan, the eligible members of the senior management are entitled to receive cash settled awards at the end of a three year 'restricted period', provided they remain in continuous employment with the Company for the aforesaid period. The value of such incentive is based on the price of shares of GlaxoSmithKline plc, U.K.

The fair value of the amount payable to employees in respect of long term incentive plan, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the shares of GlaxoSmithKline plc, U.K. Any changes in the liability are recognised in profit or loss.

(q) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Based on technical evaluation the following is the best estimate of period over which investment property is depreciated on a straight-line basis.

<u>Asset</u>	<u>Management estimate of useful life</u>
Factory Building	30 Years
Freehold land	—

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

(r) Investment in subsidiary

Investment in subsidiary is carried at cost less impairment loss, if any in the separate Standalone Financial Statements.

Transition to Ind AS : On transition to Ind AS, the Company has elected to use the previous GAAP carrying amount of its investment in subsidiary on the date of transition as its deemed cost on that date, in its separate Standalone Financial Statements.

(s) Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the profit for the period attributable to the owners of the Company and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(t) Non current assets held for sale

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non current assets are not depreciated or amortised while they are classified as held for sale.

Non current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Exceptional Items

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Company for the year, the company makes a disclosure of the nature and amount of such items separately under the head "exceptional items."

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Managing Director of the Company has been identified as CODM and he is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decisions.

The Company has identified one reportable segment "Pharmaceuticals" based on the information reviewed by the CODM. Refer note 58 for segment information presented.

(x) Provision and contingent liabilities

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as an interest expense.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the Standalone Financial Statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

(y) Research and Development

Expenditure on research is recognised as expense in the year in which it is incurred.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(z) Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of Central Value Added Tax (CENVAT) credits in respect of materials consumed for sales is deducted from cost of materials consumed. The excise duty related to the difference between the closing stock and opening stock of finished goods has been recognised separately under 'other expenses'.

(aa) Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 (the 'Amendment Rules') on March 17, 2017 notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment' effective for annual periods beginning on or after April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Standalone Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company does not expect a significant impact on its Standalone Financial Statements on initial application of these 'Amendment Rules'.

(ab) Rounding of amounts

All amounts disclosed in the Standalone Financial Statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of Standalone Financial Statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Companies accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

a Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations

b Estimation of useful life

Useful lives of tangible assets and intangible assets are based on the estimate by the management. The useful lives as estimated are same as prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management estimate, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalized and which components of the cost of the asset may be capitalised.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

c Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**3 PROPERTY, PLANT AND EQUIPMENT**

(₹ in lakhs)

Year ended March 31, 2017	Gross block (at cost)				Depreciation/Amortisation			Net block		
	As at April 1, 2016	Additions/ Adjustments	Deductions	As at March 31, 2017	As at April 1, 2016	For the Year	On Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
(A) TANGIBLE ASSETS										
Freehold land	2.00	—	—	2.00	—	—	—	—	2.00	2.00
Leasehold land	54,95.47	92.00	—	55,87.47	44.46	55.00	—	99.46	54,88.01	54,51.01
Freehold buildings (a)	25,05.99	19.58	59.46	24,66.11	42.87	54.51	10.70	86.68	23,79.43	24,63.12
Leasehold buildings	26,28.40	11,28.85	—	37,57.25	1,21.14	1,09.60	—	2,30.74	35,26.51	25,07.26
Plant and equipment	101,59.49	57,37.16	16.32	158,80.33	14,79.75	20,05.59	4.36	34,80.98	123,99.35	86,79.74
Furniture and fixtures	5,82.45	1,06.94	8.50	6,80.89	90.55	1,12.87	2.98	2,00.44	4,80.45	4,91.90
Vehicles	8,04.51	4,33.58	66.28	11,71.81	2,14.73	1,82.95	22.56	3,75.12	7,96.69	5,89.78
Office equipment	3,35.09	32.32	4.69	3,62.72	1,15.58	50.62	1.99	1,64.21	1,98.51	2,19.51
Total (A)	225,13.40	75,50.43	1,55.25	299,08.58	21,09.08	25,71.14	42.59	46,37.63	252,70.95	204,04.32
(B) INTANGIBLE ASSETS										
Distribution rights	3,22.80	—	3,22.80	—	3,22.80	—	3,22.80	—	—	—
Total (B)	3,22.80	—	3,22.80	—	3,22.80	—	3,22.80	—	—	—
TOTAL (A+B)	228,36.20	75,50.43	4,78.05	299,08.58	24,31.88	25,71.14	3,65.39	46,37.63	252,70.95	204,04.32

(₹ in lakhs)

Year ended March 31, 2016	Gross block (at cost)				Depreciation/Amortisation			Net block	
	As at April 1, 2015 (e)	Additions/ Adjustments	Deductions	As at March 31, 2016	For the Year	On Deductions/ Adjustments	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
(A) TANGIBLE ASSETS									
Freehold land	2.00	—	—	2.00	—	—	—	2.00	2.00
Leasehold land (c)	44.27	54,51.20	—	54,95.47	44.46	—	44.46	54,51.01	44.27
Freehold buildings (a)	24,97.42	24.69	16.12	25,05.99	45.02	2.15	42.87	24,63.12	24,97.42
Leasehold buildings	23,91.50	2,38.08	1.18	26,28.40	1,21.17	0.03	1,21.14	25,07.26	23,91.50
Plant and equipment	61,45.41	42,13.00	1,98.92	101,59.49	14,80.93	1.18	14,79.75	86,79.74	61,45.41
Furniture and fixtures	5,09.75	94.93	22.23	5,82.45	92.65	2.10	90.55	4,91.90	5,09.75
Vehicles	5,03.98	4,35.46	1,34.93	8,04.51	2,55.04	40.31	2,14.73	5,89.78	5,03.98
Office equipment	2,11.63	1,34.03	10.57	3,35.09	1,15.58	—	1,15.58	2,19.51	2,11.63
Total (A)	123,05.96	105,91.39	3,83.95	225,13.40	21,54.85	45.77	21,09.08	204,04.32	123,05.96
(B) INTANGIBLE ASSETS									
Distribution rights (b)	—	3,22.80	—	3,22.80	3,22.80	—	3,22.80	—	—
Total (B)	—	3,22.80	—	3,22.80	3,22.80	—	3,22.80	—	—
TOTAL (A+B)	123,05.96	109,14.19	3,83.95	228,36.20	24,77.65	45.77	24,31.88	204,04.32	123,05.96

Notes:

- (a) Freehold buildings include investments representing ownership of residential flats (Refer Note 47).
- (b) Addition of Intangible assets of ₹ 3,22.80 lakhs in previous year is towards Distribution Rights of the vaccines portfolio acquired from Novartis Healthcare Private Limited. (Refer note 51).
- (c) Additions to leasehold land in the previous year pertains to land acquired for the new greenfield manufacturing factory being constructed at Bengaluru (Refer note 54).
- (d) During the previous year, the Company adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013 or re-assessed useful life based on technical evaluation. The impact of the change in useful lives on the profit for the year ended March 31, 2016 was not material.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- (e) The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP.

(₹ in lakhs)

Property, plant and equipment	Gross Block	Accumulated Depreciation	Net Block
Freehold land	2.00	–	2.00
Leasehold land	44.27	–	44.27
Freehold buildings	33,09.53	8,12.11	24,97.42
Leasehold buildings	45,44.19	21,52.69	23,91.50
Plant and equipment	186,63.01	125,17.60	61,45.41
Furniture and fixtures	31,05.13	25,95.38	5,09.75
Vehicles	15,79.00	10,75.02	5,03.98
Office equipment	6,72.22	4,60.59	2,11.63
Total	319,19.35	196,13.39	123,05.96

- (f) Capital work-in-progress Movement (Refer note 54)

(₹ in lakhs)

	FY 2016-17	FY 2015-16
Opening Balance	267,66.84	115,22.44
Additions	383,29.65	258,36.77
Less: Transfers	–	–
Capitalisation	(75,50.43)	(105,91.39)
Assets held for sale	(1,32.82)	–
Write off	(91.56)	(0.98)
Closing Balance	573,21.68	267,66.84

- (g) Intangible assets under development Movement

(₹ in lakhs)

	FY 2016-17	FY 2015-16
Opening Balance	–	–
Additions*	32,24.73	–
Less: Transfers	–	–
Capitalisation	–	–
Closing Balance	32,24.73	–

* Comprises of ERP implementation cost.

- (h) Refer Note 42 (B) (i) for disclosure of contractual commitments for the acquisition of property, plant and equipments.

4 INVESTMENT PROPERTIES

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016
Gross carrying amount		
Opening gross carrying amount/ Deemed cost	6,13.24	6,13.24
Additions	–	–
Deduction	–	–
Closing gross carrying amount	6,13.24	6,13.24
Accumulated Depreciation		
Opening Accumulated Depreciation	17.33	–
Depreciation charge	63.55	17.33
Closing Accumulated Depreciation	80.88	17.33
Net carrying amount	5,32.36	5,95.91

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The Company has availed the deemed cost exemption in relation to the investment property on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP :

	(₹ in lakhs)
	As at April 1, 2015
Gross Block as at April 1, 2015	17,65.90
Accumulated Depreciation as at April 1, 2015	11,52.66
Net Block as at April 1, 2015	6,13.24

(i) Amounts recognised in profit or loss for investment properties

	(₹ in lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Rental Income	68.40	68.40
Depreciation	63.55	17.33
Profit from investment properties	4.85	51.07

(ii) Premises given on operating lease

The Company has an apartment given on operating lease on cancellable terms. The lease arrangement is for the period of 3 years and is renewable for a further period on mutually agreeable terms. Rental income of ₹ 68.40 lakhs is disclosed under Other Income.

(iii) Estimation of fair value

The Company has four properties that have been considered as investment properties. These include three vacant land sites that are not in operational use at present and an apartment that is leased at commercial rates.

In view of management, the fair market value of the land sites is not reliably measurable as there are very few recent transactions of comparable composition of these properties in the market. Further, the fair market value will be subject to numerous municipal deductions dependent upon the current use and intended use of the property. Based on the above, it is not possible to ascertain and disclose the range of fair market value. The estimated Ready Reckoner value at year end, based on latest published data and on current stated use, totals ₹1700,00.00 lakhs. Ready Reckoner rates are the prices of the residential property, land or commercial property for a given area that is published and regulated by the respective State Governments as a guide towards payment of stamp duty at the time of transaction. The Ready Reckoner value is regarded as a gross value and does not represent the underlying fair market value of the properties. The company will further detail the fair value of its investment properties upon entering a committed agreement with a third party, unless an alternative reliable estimate of the fair value is attainable.

The fair value of the leased apartment is estimated at ₹ 24,00.00 lakhs (As at March 31, 2016 : ₹ 25,00.00 lakhs and April 1, 2015 ₹ 26,00.00 lakhs). The fair valuation is based on the recent deal, concluded by the Company, of a comparable property in the same location during the current year. Fair valuation for the comparative years is based on the current deal price of the concluded sale adjusted for the historical property price trend of past two years in the same location. The fair value measurement is categorised in level 3 fair value hierarchy.

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5 INVESTMENTS IN SUBSIDIARY			
In Equity Instruments			
Unquoted			
Biddle Sawyer Limited			
9,60,000 Equity Shares of ₹ 10 each fully paid	47,61.30	47,61.30	47,61.30
	47,61.30	47,61.30	47,61.30
Aggregate of Unquoted Investments – At Book value	47,61.30	47,61.30	47,61.30
6 NON-CURRENT FINANCIAL ASSETS – INVESTMENTS			
In Equity Instruments			
Unquoted			
Biotech Consortium India Limited			
50,000 Equity Shares of ₹ 10 each fully paid	5.00	5.00	5.00
Dinette Exclusive Club Private Limited			
500 Equity Shares of ₹ 100 each fully paid	0.50	0.50	0.50
Other Investments			
Unquoted			
National Savings Certificate (Lodged with Government authorities)	0.17	0.17	0.17
Total	5.67	5.67	5.67
Aggregate of Unquoted Investments – At Book value	5.67	5.67	5.67

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
7 NON CURRENT FINANCIAL ASSETS – LOANS			
(Unsecured considered good)			
Security Deposits	13,27.96	13,84.62	13,57.56
	13,27.96	13,84.62	13,57.56
8 NON-CURRENT FINANCIAL ASSETS – OTHERS			
Margin money/Deposit against bank guarantee	2,42.76	29.67	2,92.21
	2,42.76	29.67	2,92.21
9 OTHER NON-CURRENT ASSETS			
Capital advances	141,25.04	81,11.91	64,22.76
Less : Allowance for doubtful loans and advances	(3,87.93)	(3,87.93)	(3,87.93)
	137,37.11	77,23.98	60,34.83
Balance with Government Authorities	25,88.53	11,83.17	11,83.17
Sundry Deposit	37,83.21	37,94.48	31,10.78
Remittances in transit (Refer Note 44 (iii))	5.92	5.92	5.92
Other Advances	3,98.59	4,43.66	4,52.14
	205,13.36	131,51.21	107,86.84
10 INVENTORIES			
Stores and spares	2,71.47	2,53.13	2,59.31
Raw and Packing materials (includes in-transit as on March 31, 2017 Nil; As on March 31, 2016 ₹ 2,79.88 lakhs; As on April 1, 2015: ₹ 3,05.27 lakhs)	87,44.04	104,31.40	95,93.12
Work-in-progress	33,33.91	36,31.87	31,23.41
Stock-in-trade (includes in-transit as on March 31, 2017 ₹ 8,51.07 lakhs; As on March 31, 2016 ₹ 19,37.90 lakhs; As on April 1, 2015 ₹ 12,01.55 lakhs)	144,48.35	220,02.73	135,73.98
Finished goods	157,50.37	158,47.12	103,35.77
	425,48.14	521,66.25	368,85.59
11 TRADE RECEIVABLES			
Unsecured, Considered good	170,79.67	126,56.50	100,31.79
Unsecured, Considered doubtful	15,01.22	13,29.07	11,27.27
Less : Provision for doubtful debts	(15,01.22)	(13,29.07)	(11,27.27)
	170,79.67	126,56.50	100,31.79
12 CASH AND CASH EQUIVALENTS			
Cash on hand	–	0.12	0.76
Cheques on hand (Refer note 39)	20,95.80	–	–
Current account Balances with Banks	12,24.57	57,49.16	54,30.83
Term deposit with original maturity period of less than three months	106,08.43	56,18.75	60,34.33
	139,28.80	113,68.03	114,65.92
13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Margin money/Deposit against bank guarantee	81.22	2,69.02	66.94
Term deposit with original maturity period of more than three months	750,73.15	1239,04.64	1827,90.93
Unpaid dividend accounts	23,14.76	22,26.12	20,26.22
	774,69.13	1263,99.78	1848,84.09

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
14 CURRENT FINANCIAL ASSETS – LOANS			
(Unsecured considered good)			
Current account balances with group companies	54,42.80	39,48.78	26,13.73
Advances recoverable	14,30.57	15,64.10	15,93.01
	68,73.37	55,12.88	42,06.74
15 OTHER CURRENT ASSETS			
Balance with Government Authorities	27,35.32	19,77.49	14,80.44
Sundry advances	9,25.61	7,01.05	8,94.61
Import advances	14,49.34	16,74.16	36,35.79
Prepayments	2,04.08	1,46.44	45.92
Prepaid expenses	9,26.95	9,51.88	10,13.16
Other current assets	6,81.12	6,50.17	7,14.47
	69,22.42	61,01.19	77,84.39
16 ASSETS CLASSIFIED AS HELD FOR SALE			
Plant and Machinery	1,62.95	5,75.35	14,21.18
	1,62.95	5,75.35	14,21.18
17 SHARE CAPITAL			
Authorised			
9,00,00,000 equity shares of ₹ 10 each	90,00.00	90,00.00	90,00.00
Issued			
8,47,07,710 equity shares of ₹ 10 each	84,70.77	84,70.77	84,70.77
Subscribed And Paid-Up			
8,47,03,017* equity shares of ₹ 10 each, fully paid up	84,70.30	84,70.30	84,70.30
	84,70.30	84,70.30	84,70.30

* excludes 4,693 equity shares of ₹ 10 each of the Company (3,352 equity shares of ₹ 10 each of erstwhile Burroughs Wellcome (India) Limited) held in abeyance.

(₹ in lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
(a) Reconciliation of the number of shares						
Balance at the beginning of the year	84,703,017	84,70.30	84,703,017	84,70.30	84,703,017	84,70.30
Issued during the year	–	–	–	–	–	–
Balance at the end of the year	84,703,017	84,70.30	84,703,017	84,70.30	84,703,017	84,70.30

(b) Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by subsidiaries of ultimate holding company in aggregate

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
Equity shares of ₹10 each (representing 75.00% of total shareholding)	63,527,262	63,52.73	63,527,262	63,52.73	63,527,262	63,52.73

(d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	% Shareholding	Number of Shares	% Shareholding	Number of Shares	% Shareholding
Glaxo Group Limited, U.K.	30,485,250	35.99%	30,485,250	35.99%	30,485,250	35.99%
GlaxoSmithKline Pte Limited, Singapore	23,802,012	28.10%	20,609,774	24.33%	20,609,774	24.33%
Eskaylab Limited, U.K.	5,880,000	6.94%	5,880,000	6.94%	5,880,000	6.94%
Life Insurance Corporation of India	5,488,062	6.48%	5,131,118	6.06%	4,749,658	5.61%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
18 OTHER EQUITY			
Capital redemption reserve	2,61.95	2,61.95	2,61.95
General reserve	875,44.44	875,44.44	875,44.44
Capital reserve	1,65.51	1,65.51	1,65.51
Retained earnings	1063,79.11	1240,22.02	1502,66.30
	1943,51.01	2119,93.92	2382,38.20
19 NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS			
Unsecured			
Interest free sales tax loan from SICOM Limited	98.90	1,59.50	2,62.60
	98.90	1,59.50	2,62.60

Terms of repayment

Interest free Sales Tax Loan from SICOM Limited as at March 31, 2017 of ₹ 1,59.50 lakhs (March 31, 2016 of ₹ 2,37.30 lakhs and April 1, 2015 ₹ 3,11.55 lakhs) availed under the 1993 Sales Tax deferment Scheme repayable in thirteen instalments (March 31, 2016 – seventeen instalments, April 1, 2015 – twenty one instalments) closing on April 30, 2021. The current maturity amount as at March 31, 2017 is ₹ 60.60 lakhs (March 31, 2016 of ₹ 77.80 lakhs and April 1, 2015 ₹ 48.95 lakhs) of the loan has been disclosed under Note 24 – Current financial liabilities – others.

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
20 NON-CURRENT FINANCIAL LIABILITIES – OTHERS			
Security deposits received	2,25.47	2,25.47	2,36.72
Payable to employees	1,23.48	1,25.86	77.14
	3,48.95	3,51.33	3,13.86
21 NON-CURRENT PROVISIONS			
For Pricing matters (Refer Note 43)	122,70.82	122,70.82	122,70.82
For employee benefits			
Gratuity	56,23.60	46,38.06	42,07.25
Leave encashment and compensated absences	30,24.49	41,40.27	40,49.66
Post retirement medical and other benefits	39,74.31	36,58.04	34,63.73
For long term incentive plan	2,01.84	4,92.50	6,22.52
For divestment/restructuring	12,02.83	12,02.83	12,02.83
For expected sales returns	1,14.42	12,84.33	–
For others	6,87.86	7,03.26	12,79.06
	271,00.17	283,90.11	270,95.87
22 OTHER NON-CURRENT LIABILITIES			
Advance received for sale of property	–	2,15.00	2,15.00
	–	2,15.00	2,15.00
23 TRADE PAYABLES			
Due to Micro, Small and Medium Enterprises (Refer Note 46)	2,85.60	4,21.98	2,54.30
Due to others	273,06.63	318,87.10	303,34.33
	275,92.23	323,09.08	305,88.63

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
24 CURRENT FINANCIAL LIABILITIES – OTHERS			
Interest free sales tax loan from SICOM Limited (Refer Note 19)	60.60	77.80	48.95
Subsidiary company	73.14	81.11	1,50.60
Unclaimed dividends *	23,14.76	22,26.12	20,26.22
Salaries, wages, bonus and employee benefits payable	85,43.35	82,48.00	52,79.60
Creditors for capital goods	243,55.29	72,48.75	30,34.15
Rationalisation relating to a manufacturing site	1,30.28	1,30.28	1,32.84
Other Payables	5,13.45	4,55.55	3,77.41
	359,90.87	184,67.61	110,49.77
* There are no amounts due and outstanding to be credited to Investor Education and Protection fund			
25 OTHER CURRENT LIABILITIES			
Statutory dues including provident fund and tax deducted at source	31,26.81	18,81.43	17,27.81
Wealth tax payable	–	10.19	3,77.95
	31,26.81	18,91.62	21,05.76
26 CURRENT PROVISIONS			
For employee benefits			
Leave encashment and compensated absences	1,37.71	2,53.77	2,52.24
Post retirement medical and other benefits	2,07.87	2,14.15	1,99.61
For long term incentive plan	4,01.93	1,75.01	1,08.06
For rationalisation relating to a manufacturing site	47.45	73.80	1,35.43
For expected sales returns	36,53.25	35,86.50	35,90.21
For others	3,76.67	2,07.54	2,88.35
	48,24.88	45,10.77	45,73.90

27 MOVEMENT IN PROVISIONS

(₹ in lakhs)

	Rationalisation relating to a manufacturing site (i)	Pricing matters (ii)	Long term Incentive Plan (iii)	Divestment / Restructuring (ii)	Expected Sales Returns (iv)	Others (ii)
April 2016 – March 2017						
Opening Balance	73.80	122,70.82	6,67.51	12,02.83	48,70.83	9,10.80
Add: Provision during the year	–	–	4,80.23	–	1,26.17	2,27.67
Less: Amounts utilised/reversed during the year	26.35	–	5,43.97	–	12,29.33	73.94
Balance at the year end	47.45	122,70.82	6,03.77	12,02.83	37,67.67	10,64.53
April 2015 – March 2016						
Opening Balance	1,35.43	122,70.82	7,30.58	12,02.83	35,90.21	15,67.41
Add: Provision during the year	–	–	6,94.45	–	14,83.38	2,72.53
Less: Amounts utilised/reversed during the year	61.63	–	7,57.52	–	2,02.76	9,29.14
Balance at the year end	73.80	122,70.82	6,67.51	12,02.83	48,70.83	9,10.80

Notes:

- (i) Rationalisation relating to a manufacturing site: This represents an estimated amount of cost required to be incurred to rationalise closed manufacturing sites of the Company. The Company utilizes the same as and when actual costs are incurred. It is expected to be utilised within 12 months from the end of the year.
- (ii) Pricing matters, Divestment/ Restructuring and other matters: Provision for pricing matters, Divestment/ Restructuring and other matters made for probable liabilities/ claims arising out of pending dispute, litigations/ commercial transactions with statutory authorities/ third parties. The outflow with regard to the said matters depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow. Also refer notes 43, 44 and 45
- (iii) Long term incentive plan: Refer note 60.
- (iv) Provision for expected sales return: This represents provision made for expected sales return. Revenue is adjusted for the expected value of return. It is expected to be utilised within 1 to 2 years from the end of the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
28 REVENUE FROM OPERATIONS		
A. Sale of products (including excise duty)		
Sale of products	2920,78.55	2753,02.48
	2920,78.55	2753,02.48
B. Other operating revenue		
Service income	56,16.13	55,97.02
Consignment sales commission	37.55	75.71
Manufacturing charges recovery	9,98.34	10,64.54
Others	7,19.93	5,81.47
	73,71.95	73,18.74
Total Revenue from operations	2994,50.50	2826,21.22
29 OTHER INCOME		
Interest income		
On deposits with banks	70,69.59	119,79.95
On loans	24.77	26.00
Others	10.63	8.83
Less : Interest expense		
On Security deposits	(23.17)	(23.64)
On Others	(1.83)	(18.49)
	70,79.99	119,72.65
Profit on sale of fixed assets (net)	24.25	30.05
Rent received	72.00	71.59
Others	–	1,08.22
	71,76.24	121,82.51
30 COST OF MATERIALS CONSUMED		
Cost of materials consumed	523,57.63	632,17.06
	523,57.63	632,17.06
31 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS		
Opening stock		
Work-in-progress	36,31.87	31,23.41
Stock-in-trade	220,02.73	135,73.98
Finished goods	158,47.12	103,35.77
	414,81.72	270,33.16
Less: Closing stock		
Work-in-progress	33,33.91	36,31.87
Stock-in-trade	144,48.35	220,02.73
Finished goods	157,50.37	158,47.12
	335,32.63	414,81.72
	79,49.09	(144,48.56)
32 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	433,07.06	394,67.89
Contributions to : Provident and pension funds (Refer Note 40)	22,29.56	21,36.12
Gratuity funds (Refer Note 40)	8,51.02	8,02.19
Staff welfare	19,13.58	19,31.25
	483,01.22	443,37.45

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
33 DEPRECIATION AND AMORTIZATION EXPENSE		
On Investment Properties (Refer Note 4)	63.55	17.33
On Property, Plant and Equipments (Refer Note 3)	25,71.14	24,77.65
	26,34.69	24,94.98
34 OTHER EXPENSES		
Sales promotion	95,84.10	96,77.25
Stock point commission	15,86.33	14,72.85
Freight (net)	67,17.40	52,76.37
Travelling	67,60.65	66,41.04
Manufacturing charges	83,98.64	95,04.61
Repairs :		
– Buildings	3,69.66	2,94.41
– Plant and Machinery	14,17.03	14,27.51
– Others	17.54	10.89
	18,04.23	17,32.81
Consumption of stores and spares	6,22.90	5,29.98
Power, fuel and water	27,81.57	25,96.53
Rent	23,97.80	19,65.17
Rates and taxes	28,44.73	28,86.04
Printing, postage and telephones	16,01.61	12,88.66
Sales training, briefing and conference	20,64.06	18,92.57
Excise duty	91,51.89	9,102.67
Insurance	4,38.23	5,34.69
Remuneration to auditors :		
Statutory audit fees	79.05	79.05
In other capacity in respect of :		
Tax audit fees	6.00	6.00
Other services	25.25	26.25
Reimbursement of expenses	3.61	4.13
	1,13.91	1,15.43
Cost audit fees	5.40	6.58
Corporate social responsibility (Refer Note 38)	11,43.69	14,17.80
Commission to non whole-time Directors	74.00	85.67
Directors' sitting fees	58.50	18.14
Miscellaneous	93,97.62	91,43.13
Reimbursement of expenses (net) (Refer Note 37)	22,32.03	19,58.55
	697,79.29	678,46.54

35 The recurring expenditure on research and development charged off to revenue amounts to ₹ 1,89.62 lakhs (Previous year – ₹ 1,99.57 lakhs)

36 Miscellaneous expenses in Note 34 includes loss on foreign currency transactions (net) ₹ Nil (Previous year – ₹ 8,82.11 lakhs)

37 Reimbursement of expenses (net) in Note 34 are amounts recovered from subsidiary company ₹ 1,60.06 lakhs (Previous year – ₹ 2,26.13 lakhs), from Stiefel India Private Limited ₹ Nil (Previous year – ₹ 19.85 lakhs), from GlaxoSmithKline Pte Limited ₹ Nil (Previous year – ₹ 8.18 lakhs), from GlaxoSmithKline Service Unlimited ₹ 17.81 lakhs (Previous year – ₹ 71.33 lakhs), GlaxoSmithKline Brasil Ltd ₹ 25.96 lakhs (Previous year – ₹ 40.34 lakhs), from GlaxoSmithKline Research & Development Limited ₹ 15.96 lakhs (Previous year – ₹ 98.19 lakhs), from Chiron Behring Vaccines Private Limited ₹ 56.18 lakhs (Previous year – ₹ Nil), from GlaxoSmithKline Inc USA ₹ 86.85 lakhs (Previous year – ₹ Nil), from GlaxoSmithKline Latin America S.A. ₹ 23.91 lakhs (Previous year – ₹ Nil), from GlaxoSmithKline Pharma Nigeria Limited ₹ 50.17 lakhs (Previous year – ₹ Nil) and paid to GlaxoSmithKline Consumer Healthcare Limited ₹ 25,08.76 lakhs (Previous year – ₹ 23,09.5 lakhs) and GlaxoSmithKline Asia Private Limited ₹ 1,60.17 lakhs (Previous year – ₹ 1,13.07 lakhs) towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the companies.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

38 Expense towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 is as under:

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Amount spent		
(i) Construction/ acquisition of the asset	–	–
(ii) On purposes other than (i) above	12,11.06	14,70.27
Total amount spent	12,11.06	14,70.27
The above includes allocation of ₹ 67.37 lakhs (Previous period ₹ 52.47 lakhs) towards Corporate Social Responsibility which are shown under Employee Benefits Expenses in note 32.		
(b) Gross amount required to be spent by the Company	12,10.74	14,13.63

39 EXCEPTIONAL ITEMS

Portfolio and Manufacturing activities rationalisation costs	–	(5,14.97)
Costs for Asset Sale transaction with Novartis (Refer note 51)	–	(7,70.29)
Profit on sale of property (Refer note below)	41,75.88	15,99.57
Write down due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility	(73.50)	(55.97)
Actuarial loss on employee benefits	–	(27.27)
Sale of Brands	6,40.96	–
Redundancy Costs	(1,70.29)	–
	45,73.05	2,31.07

Note: Includes profit on sale of a property sold vide a binding agreement for sale on March 31, 2017, pending adjudication by the transferee. Subsequently, in April 2017, all the formalities relating to stamping and registration were concluded. As at March 31, 2017, the proceeds for this disposal is held as cheques on hand.

40 EMPLOYEE BENEFIT OBLIGATIONS

The Company obtained actuarial reports as required by Ind AS 19 (Employee Benefits) based on which disclosures have been made in the financial statement for the year ended March 31, 2017. The disclosures as required by the Ind AS 19 are as below.

(i) Defined Contribution Plan

The Company's defined contribution plans are superannuation and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

(₹ in lakhs)

Charge to the Statement of Profit and Loss based on contributions:	March 31, 2017	March 31, 2016
Superannuation	5,15.84	5,05.77
Employees' pension scheme	6,31.74	6,53.41

(ii) Defined Benefit Plan

Gratuity

The Company makes annual contributions to an income tax approved irrevocable trust gratuity fund to finance the plan liability, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

- On normal retirement / early retirement / withdrawal / resignation: As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

Post-Retirement medical benefit

The Company earmarks liability towards unfunded Post – Retirement medical benefit and provides for payment to vested employees. The benefits under the plan are in form of a medical benefit paid to employees post their employment with the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**Provident Fund**

The liability of the Company on the exempt Provident Fund managed by the trustees is restricted to the interest shortfall if any.

Leave Encashment and compensated absences

The liability for leave encashment and compensated absences as at year end is ₹ 31,62.20 lakhs. (March 31, 2016 – ₹ 43,94.04 lakhs, April 1, 2015 – ₹ 43,01.90 lakhs).

Based on the actuarial valuation obtained, the following table sets out the status of the gratuity plan, post retirement medical benefits and provident fund and the amounts recognised in the Company's Standalone Financial Statements as at balance sheet date:

(₹ in lakhs)

	March 31, 2017			March 31, 2016		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plan)	(Funded plan)	(Non-funded plan)	(Funded plan)
(i) Change in Defined Benefit Obligation						
Opening defined benefit obligation	69,05.60	38,72.19	383,16.34	67,29.65	36,63.34	337,98.87
<i>Amount recognised in profit and loss</i>						
Current service cost	5,10.12	51.91	11,36.76	5,00.12	47.73	10,12.11
Interest cost	5,31.09	2,93.24	30,73.71	5,13.92	2,79.24	26,77.95
	10,41.21	3,45.15	42,10.47	10,14.04	3,26.97	36,90.06
<i>Amount recognised in other comprehensive income</i>						
Actuarial loss / (gain) arising from:						
Financial assumptions	1,19.82	3,64.21	–	(35.70)	(23.68)	–
Experience adjustment	88.97	(65.46)	12,59.00	(2,26.93)	2,55.85	(6,81.18)
	2,08.79	2,98.75	12,59.00	(2,62.63)	2,32.17	(6,81.18)
Contributions by employee	–	–	29,44.35	–	–	26,80.39
Liabilities assumed on acquisition/ (settled on divestiture)	2.62	–	(2,44.84)	(8.95)	–	6,53.84
Benefits paid	(5,61.68)	(3,33.91)	(15,80.14)	(5,66.51)	(3,50.29)	(18,25.64)
Closing defined benefit obligation	75,96.54	41,82.18	449,05.18	69,05.60	38,72.19	383,16.34
(ii) Change in Fair Value of Assets						
Opening fair value of plan assets	22,67.54		383,16.34	25,22.40		337,98.87
<i>Amount recognised in profit and loss</i>						
Expected return on plan assets	1,90.19		30,73.71	2,11.85		26,77.95
	24,57.73		413,90.05	27,34.25		364,76.82
<i>Amount recognised in other comprehensive income</i>						
Actuarial gain / (loss)	(23.11)		12,59.00	(0.20)		(6,81.18)
	24,34.62		426,49.05	27,34.05		357,95.64
Contributions by employer	1,00.00		11,36.76	1,00.00		10,12.11
Contributions by employee	–		29,44.35	–		26,80.39
Assets Acquired on acquisition/ (settled on divestiture)	–		(2,44.84)	–		6,53.84
Benefits paid	(5,61.68)		(15,80.14)	(5,66.51)		(18,25.64)
Closing fair value of plan assets	19,72.94		449,05.18	22,67.54		383,16.34
Actual return on plan assets	1,67.08		43,32.71	2,11.65		19,96.77

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	March 31, 2017			March 31, 2016			April 1, 2015		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plan)	(Funded plan)	(Non-funded plan)	(Funded plan)	(Funded plan)	(Non-funded plan)	(Funded plan)
(iii) Amount recognised in the Balance Sheet									
Present value of obligations as at year end	75,96.54	41,82.18	449,05.18	69,05.60	38,72.19	383,16.34	67,29.65	36,63.34	337,98.87
Fair value of plan assets as at year end	19,72.94	–	449,05.18	22,67.54	–	383,16.34	25,22.40	–	337,98.87
Net (asset) / liability recognised as at year end	56,23.60	41,82.18	–	46,38.06	38,72.19	–	42,07.25	36,63.34	–
(iv) The major categories of plan assets are as follows:									
Government of India Securities	36%		42%	33%		40%	42%		38%
Corporate Bonds	53%		39%	27%		37%	27%		37%
Special Deposit Scheme	0%		10%	32%		14%	28%		16%
Others	11%		9%	8%		9%	3%		9%
(v) Principal actuarial assumptions used									
Discount rate (p.a.)	7.15%	7.15%	7.15%	7.95%	7.95%	7.95%	7.90%	7.90%	7.90%
Expected rate of return on plan assets (p.a.)	8.00%		9.23%	8.00%		8.50% – 8.93%	8.00%		8.17% – 8.48%
Salary escalation rate	5.00% – 7.00%			7.00%			7.00%		
Annual increase in health care premiums (p.a)		5%			5%			5%	

(vi) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement) – Gratuity	-4.80%	5.21%	-4.94%	5.37%
Future salary growth (0.5% movement) – Gratuity	3.41%	-3.39%	3.27%	-3.38%
Discount rate (0.5% movement) – Post retirement medical benefit	-5.72%	6.36%	-5.42%	5.99%
Health care cost rate (1% movement)	11.79%	-9.64%	11.23%	-9.25%
Life expectancy +/- 1 year	2.44%	-2.53%	2.26%	-2.35%

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

Expected contribution to post employment benefit plans for the year ended March 31, 2017 is ₹ 1,00.00 lakhs (March 31, 2016: ₹ 7,00.00 lakhs)

The weighted average duration of defined benefit obligation is 16.02 years (March 2016 14.12 years)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The expected maturity analysis of un-discounted gratuity and Post employment medical benefits is as below:

(₹ in lakhs)

March 31, 2017	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations (Gratuity)	4,73.26	4,88.04	18,40.04	161,48.56	189,49.90
Post employment medical benefits	2,07.87	2,18.11	7,26.44	128,22.97	139,75.39
Total	6,81.13	7,06.15	25,66.48	289,71.53	329,25.29
March 31, 2016	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations (Gratuity)	4,50.51	3,35.82	15,75.60	178,28.54	201,90.47
Post employment medical benefits	2,14.15	2,26.17	7,52.74	138,23.17	150,16.23
Total	6,64.66	5,61.99	23,28.34	316,51.71	352,06.70

41 NOTE ON SPECIFIED BANK NOTES

The Company did not have any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below.

(₹ in lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	—	—	—
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	—	—
(-) Amount deposited in Banks	—	—	—
Closing cash in hand as on 30.12.2016	—	—	—

For the purpose of this clause, the term "Specified Bank Note" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O. 3407 (E), dated the November 8, 2016.

42 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

	March 31, 2017	March 31, 2016	April 1, 2015
A. Contingent Liabilities not provided for:			
(i) Cheques discounted with banks	2,45.56	1,09.24	3,74.00
(ii) In respect of claims made against the Company not acknowledged as debts by the Company			
— Sales tax matters	350,84.38	278,66.20	34,39.35
— Excise matters	5,93.30	5,93.30	5,93.30
— Service tax matters	1,29.20	1,29.20	1,29.20
— Labour matters	55,59.06	74,60.70	69,31.23
— Other legal matters	89,78.26	82,50.45	22,01.55
which net of current tax amount to -	329,21.07	289,68.56	87,75.79
The increase in contingent liability in respect of 'Sales Tax matters' during the current year as well as previous year pertains to orders passed by the sales tax authorities relating to few assessment years. The orders imposed a demand upon the Company due to non submission of documents for the relevant assessment years. The Company has preferred an appeal against this demand, and is in the process of collating pending documents as required in the assessment orders. The Company's appeal is yet to be heard.			

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	March 31, 2017	March 31, 2016	April 1, 2015
(iii) Income-tax matters in respect of which appeals are pending			
– Tax on matters in dispute	172,50.80	197,88.79	177,46.83
– Other consequential matters	–	–	–
Notes:			
Future cash outflows in respect of (i) above are dependent on the return of cheques by banks.			
Future cash outflows in respect of (ii) and (iii) above are determinable on receipt of decisions / judgements pending with various forums / authorities. Hence it is not practicable for the Company to estimate the timing of cash outflow, if any.			
The Company does not expect any reimbursements in respect of above contingent liabilities.			
B. Commitments			
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for (Refer note 54)	147,84.05	383,37.72	87,40.19
(ii) Uncalled liability on partly paid shares:			
– in Hill Properties Limited	0.10	0.12	0.12
Note:			
Future cash outflow is dependent on the call to be made by Hill Properties Limited.			

43 The demand of ₹ 71,79 lakhs made by the Central Government on the Company in respect of Betamethasone bulk drugs and formulations made therefrom during the period May 1981 to August 1987 has been under litigation for a period spanning nearly 30 years. Pursuant to the special leave petition of the Central Government in the Supreme Court of India against the Delhi High Court's Judgment and Order dated October 19, 2001 which was held in favour of the Company, the Supreme Court has, vide its judgement and order dated March 31, 2011, upheld the demand. The Company had accrued a liability of ₹ 18,68 lakhs in earlier years and a further provision of ₹ 53,11 lakhs was accrued in 2011. Based on a legal advice, the Company has filed an application in the Supreme Court seeking, inter alia, clarifications on some aspects of the judgement and directions for recomputation of the demand. Simultaneously, the Company without prejudice to and subject to the outcome of the application filed in the Supreme Court, has tendered as a further deposit, an amount of ₹ 63,60 lakhs, which together with the amount of ₹ 8,19 lakhs previously deposited with the Government, aggregates to the demand of ₹ 71,79 lakhs made by the Government in November 1990. The Company filed a review petition in the Supreme Court which was rejected in March 2012.

In October 1996, the Government had claimed interest of ₹ 117,66 lakhs for the period May 12, 1981 to October 17, 1996, for which no provision was made in earlier years. The Government has vide letter dated May 4, 2011 called upon the Company to discharge the entire liability, including upto date interest calculated at 15% p.a., and has vide letter dated October 10, 2011, raised a demand on the Company for the interest amount amounting to ₹ 247,44 lakhs. Without prejudice to the position that interest is not payable, the Company has recognized a provision of ₹ 247,44 lakhs in respect of the Government's claim for interest in 2011. The Company has filed a writ petition at Delhi High Court against the above demand which has been admitted. The Company also filed stay applications which have been dismissed and has filed a Special Leave Petition (SLP) before the Supreme Court for stay of the interest demand until final determination of the writ petition filed in the Delhi High Court. The Supreme Court on hearing the above SLP, passed an order on April 3, 2012. The said order stayed the demand notice dated October 10, 2011 during the pendency of the writ petition at the Delhi High Court subject to the Company depositing ₹ 136,82 lakhs in three equal installments within six month's time from the date of order. All three installments have been deposited with the Government as of date. The Supreme Court, vide its order dated October 5, 2012, directed the Delhi High Court to dispose of the writ petition as expeditiously as possible. The Delhi High Court has listed the writ petition for hearing on October 27, 2017.

44 MATTERS IN RESPECT OF ERSTWHILE BURROUGHS WELLCOME (INDIA) LIMITED (BWIL):

(i) The Government of India, Ministry of Chemicals and Fertilisers, New Delhi, passed a final order on July 21, 1993, directing erstwhile BWIL to pay an amount of ₹ 1,91.15 lakhs along with interest due thereon from the date of default into the Drugs Prices Equalisation Account (DPEA) in respect of a bulk drug procured by erstwhile BWIL during the period April 1981 to April 1983.

Erstwhile BWIL filed a writ petition in August 1993 which was admitted by the Bombay High Court. After hearing both the parties, the High Court granted an interim injunction restraining the Government of India from taking any action in furtherance of and/or implementation of the order dated July 21, 1993 or from in any manner seeking to compel erstwhile BWIL to deposit any amount into the DPEA, pending the hearing and final disposal of the petition on the condition that erstwhile BWIL furnishes a bank guarantee for ₹ 2,00 lakhs from a nationalised bank and undertakes to pay the amount demanded with interest at the rate of 20% per annum in case the petition fails.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Erstwhile BWIL had accordingly furnished the required bank guarantee. If calculated on the basis of correct data, taking into account set offs claimable for earlier years for which data has been provided by erstwhile BWIL, no amount will be payable by the Company and accordingly no provision in that respect is considered necessary. The Company's stand that the demand is not sustainable has been confirmed by an eminent counsel. The Government of India's application in the Supreme Court praying that the writ petition be transferred to the the Supreme Court from the Bombay High Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

- (ii) Erstwhile BWIL had made an application to the Government of India for approval under Section 198(4) of the Companies Act, 1956, in respect of payment of the Managing Director and three whole time Directors amounting to ₹ 10.93 lakhs for the year ended August 31, 1986, which was in accordance with the minimum remuneration provided in the agreement entered into with them prior to erstwhile BWIL becoming public, which required such Government of India's sanction. The approval is still awaited.
- (iii) Remittances in transit represent monies deposited by customers in favour of erstwhile BWIL with banks in Zambia – ₹ 0.31 lakhs and in Tanzania – ₹ 5.61 lakhs, the remittance of which is pending clearance of the authorities in those countries.

45 MATTERS IN RESPECT OF ERSTWHILE SMITHKLINE BEECHAM PHARMACEUTICALS (INDIA) LIMITED:

- (i) ₹ 1,44.44 lakhs received from Beckman Instruments International S.A. on account of disputed alleged additional commission has been included under non-current provisions and Income tax paid thereon aggregating to ₹ 64.77 lakhs has been included under other non-current assets. The Company is contesting the matter with the concerned authorities.
- (ii) Refund of surtax ₹ 96.81 lakhs, and interest thereon amounting to ₹ 48.52 lakhs, received during 1994, have not been adjusted against the provision for tax in the books of account and recognised as income respectively, since the Income tax department had filed a reference application against the income tax tribunal's order which was pending before the High Court of Karnataka. The Company has received an order dated April 18, 2007 from the High Court of Karnataka which is partially in the Company's favour. On the basis of the aforesaid order, Income Tax Appellate Tribunal (ITAT), Bangalore will pass an order giving directions. On receipt of the ITAT order, the Company will take appropriate steps in the matter.

46 DISCLOSURES AS REQUIRED BY THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE AS UNDER:

	(₹ in lakhs)		
	March 31, 2017	March 31, 2016	April 1, 2015
(a) The principal amount and the interest due thereon remaining unpaid to suppliers			
(i) Principal	—	—	—
(ii) Interest due thereon	28.20	14.27	8.38
	28.20	14.27	8.38
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	3,38.37	2,13.55	1,83.91
(ii) Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	—	—	—
(c) (i) Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms	—	—	—
(ii) Normal Interest payable for the period of delay in making payment, as per the agreed terms	—	—	—
(d) (i) Total Interest accrued during the year	13.93	5.89	3.61
(ii) Total Interest accrued during the year and remaining unpaid	13.93	5.89	3.61
(e) Included in (d) above is Nil being interest on amounts outstanding as at the beginning of the accounting year	—	—	—
(f) Further interest remaining due and payable for earlier years	14.27	8.38	4.77
The above information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.			

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

47 PROPERTY, PLANT AND EQUIPMENTS INCLUDE THE FOLLOWING INVESTMENTS REPRESENTING OWNERSHIP OF RESIDENTIAL FLATS :

	(₹ in lakhs)		
	March 31, 2017	March 31, 2016	April 1, 2015
4 partly paid 'A' equity shares (As at March 31, 2016 and April 1, 2015: 5 partly paid 'A' equity shares)			
of ₹ 1,20,000 each, ₹ 1,18,000 each paid-up and 1 partly paid 'B' equity share of ₹ 90,000, ₹ 88,500 paid-up in Hill Properties Limited.	6.02	7.22	7.22
10 shares of ₹ 50 each fully paid-up in Prathamesh Co-operative Housing Society Limited.	2.00	2.00	2.00
10 shares of ₹ 50 each fully paid-up in Montreal Olympic Premises Co-operative Housing Society Limited.	48.13	48.13	48.13
5 shares of ₹ 50 each fully paid-up in Poonam Co-operative Housing Society Limited.	23.62	23.62	23.62
Nil shares (As at March 31, 2016 and April 1, 2015 : 10 shares) of ₹ 100 each fully paid-up in Anita Co-operative Housing Society Limited.	—	33.31	33.31
20 shares of ₹ 50 each fully paid-up in Cooprage Woodhouse Co-operative Housing Society Limited.	45.59	45.59	45.59
Nil shares (As at March 31, 2016 : Nil shares, As at April 1, 2015 : 5 shares) of ₹ 50 each fully paid-up in Sea-Face Park Co-operative Housing Society Limited.	—	—	67.00
20 shares of ₹ 50 each fully paid-up in Red Rose Co-operative Housing Society Limited.	19.32	19.32	19.32
1 share of ₹ 100 fully paid-up in The Imperial Condominium	21,52.80	21,52.80	21,52.80

48 TAX EXPENSE

(a) Amounts recognised in profit and loss

	(₹ in lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
Current tax on profits for the year	162,96.98	207,49.43
Total current tax expense	162,96.98	207,49.43
Deferred tax		
Deferred income tax liability / (asset), net		
Decrease (increase) in deferred tax assets	6,00.11	(6,67.92)
Increase in deferred tax liabilities	5,33.31	59.45
Total Deferred tax expense/ (benefit)	11,33.42	(6,08.47)
Income tax expense	174,30.40	201,40.96

The Indian corporate tax rate remains same for financial year ended March 31, 2016 and March 31, 2017 at 34.608%. There is no change in the tax rate compared to last year resulting to any deviation during the year.

(b) Amounts recognised in other comprehensive income

	Year ended March 31, 2017			Year ended March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(5,30.65)	1,83.65	(3,47.00)	30.26	(10.47)	19.79
	(5,30.65)	1,83.65	(3,47.00)	30.26	(10.47)	19.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(c) Reconciliation of effective tax rate**

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax	511,07.91	575,93.67
Tax using the Company's domestic tax rate (Current year 34.608% and Previous Year 34.608%)	160,20.36	199,32.02
Tax using the Company's domestic tax rate in terms of Long Term Capital Gain at 23.072%	11,11.34	—
Total Tax	171,31.70	199,32.02
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	3,95.81	4,29.00
Donations	1.57	77.48
Other items	88.61	(2,97.54)
Tax effect of additional allowance allowed under Income Tax Act, 1961:		
Investment allowance under section 32AC of Income Tax Act, 1961	(1,87.29)	—
Total Income tax	174,30.40	201,40.96

Consequent to the reconciliation items shown above, the effective tax rate is 34.11% (F.Y. 2015-16 : 34.97%)

(d) Movement in deferred tax balances

(₹ in lakhs)

March 31, 2017	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset / (liability)
Deferred tax asset				
Provision for employee benefits	44,10.11	(1,25.68)	1,83.65	44,68.08
Costs of voluntary retirement schemes	4,96.44	(3,97.95)	—	98.49
Provision for doubtful debts, loans and advances	6,38.16	59.59	—	6,97.75
Interest on income tax refund not accounted but considered as taxable under the Income-tax Act, 1961	22,42.11	—	—	22,42.11
Expenses allowable for tax purposes when paid	32,24.12	(1,36.07)	—	30,88.05
Total	110,10.94	(6,00.11)	1,83.65	105,94.48
Depreciation	(9,30.03)	(5,33.31)	—	(14,63.34)
Deferred tax asset (net)	100,80.91	(11,33.42)	1,83.65	91,31.14

(₹ in lakhs)

March 31, 2016	Net balance April 1, 2015	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset / (liability)
Deferred tax asset				
Provision for employee benefits	41,03.35	3,17.23	(10.47)	44,10.11
Costs of voluntary retirement schemes	12,25.25	(7,28.81)	—	4,96.44
Provision for doubtful debts, loans and advances	5,17.12	1,21.04	—	6,38.16
Interest on income tax refund not accounted but considered as taxable under the Income-tax Act, 1961	22,02.07	40.04	—	22,42.11
Expenses allowable for tax purpose when paid	23,05.70	9,18.42	—	32,24.12
Total	103,53.49	6,67.92	(10.47)	110,10.94
Depreciation	(8,70.58)	(59.45)	—	(9,30.03)
Deferred tax asset (net)	94,82.91	6,08.47	(10.47)	100,80.91

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

49 LEASES

(i) The future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)					
Particulars	Lease Rental debited to Statement of Profit and Loss	Future minimum lease payments	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Manufacturing Arrangement with Loan Licensee identified as operating lease	₹ 3,28.88 lakhs (Previous Year: "Nil")	Within one year	13,14.80	—	—
		Later than one year but not later than 5 years	9,86.10	—	—
		Later than 5 years	—	—	—

(ii) The details of cancellable operating leases are as follows:

The Company has taken various residential, office and godown premises under operating lease arrangements. These are cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements. The lease rentals of ₹ 20,68.92 lakhs (Previous year ₹ 19,65.17 lakhs) have been included under the head Rent under Note 34 in the Statement of Profit and Loss.

50 EARNINGS PER SHARE

		As at March 31, 2017	As at March 31, 2016
Profit for the year	(₹ in Lakhs)	336,77.51	374,52.71
Weighted average number of shares	Nos.	8,47,03,017	8,47,03,017
Earnings per share (Basic and Diluted)	₹	39.76	44.22
Face value per share	₹	10	10

51 In April 2014, GlaxoSmithKline Plc (GSK), London, UK, entered into an inter-conditional agreement with Novartis AG (Novartis), Basel, Switzerland where GSK (i) will acquire the Novartis's Vaccines Business and manufacturing capabilities and facilities from Novartis, and (ii) will sell the rights to its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, this transaction with Novartis was completed on March 2, 2015.

In connection to the above transactions, GLAXOSMITHKLINE PHARMACEUTICALS LIMITED ("Company"), concluded the transaction on an Asset Sale basis with Novartis Healthcare Private Limited ("NHPL"), a private unlisted Company incorporated under the Companies Act 1956 on September 30, 2015. The Company terminated its distribution rights with GSK Group for the oncology portfolio in return for accessing the distribution rights of the acquired vaccines portfolio. The Company entered into interim transitional arrangements with NHPL to continue to sell the Oncology portfolio relating to this transaction to meet patient demand and up until the marketing authorisations transferred to NHPL. The transitional arrangement and the transfer of marketing authorizations concluded during the year.

52 (a) Current tax liabilities is net of advance tax and tax deducted at source amounting to ₹ 160,85.90 lakhs (As on March 31, 2016 ₹ 204,42.17 lakhs, As on April 1, 2015 ₹ 251,92.00 lakhs).

(b) Current tax assets (net) represents payment in excess of provisions of ₹ 3455,48.82 lakhs (As on March 31, 2016 ₹ 3247,99.75 lakhs, As on April 1, 2015 ₹ 2980,21.26 lakhs) and includes a net tax refund with interest of ₹ 110,35 lakhs (As on March 31, 2016 and April 1, 2015: ₹ 110,35 lakhs) which has been held as provision pending the final outcome of a litigation.

53 Other non-current assets are net of allowances for doubtful loans and advances aggregating ₹ 29,96.83 lakhs (As at March 31, 2016 and April 1, 2015: ₹ 29,96.83 lakhs).

54 Capital work-in-progress and estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for as at March 31, 2017, March 31, 2016 and April 1, 2015 mainly comprises of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.

55 Pursuant to the Board approval, an amount of ₹ 68.71 lakhs and ₹ 102.98 lakhs have been paid in current year to Dr. Hasit Joshipura, the earlier Managing Director of the Company as performance bonus and performance share plan of 2015.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**56 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels presented below.

	(₹ in lakhs)		
Financial assets at fair value through OCI (FVTOCI)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in Equity instruments	5.50	5.50	5.50
Total Investment in Equity Instruments	5.50	5.50	5.50
Financial assets at amortised cost			
National Savings Certificate	0.17	0.17	0.17
Security Deposits	13,27.96	13,84.62	13,57.56
Margin money/Deposit against bank guarantee	2,42.76	29.67	2,92.21
Cash and cash equivalents	139,28.80	113,68.03	114,65.92
Other bank balance	774,69.13	1263,99.78	1848,84.09
Current account balances with group companies	54,42.80	39,48.78	26,13.73
Advances recoverable	14,30.57	15,64.10	15,93.01
Trade receivables	170,79.67	126,56.50	100,31.79
Total financial assets	1169,21.86	1573,51.65	2122,38.48
Financial liabilities at amortised cost			
Borrowings	1,59.50	2,37.30	3,11.55
Security deposits received	2,25.47	2,25.47	2,36.72
Unclaimed dividends	23,14.76	22,26.12	20,26.22
Trade payables	275,92.23	323,09.08	305,88.63
Dues to Subsidiary company	73.14	81.11	1,50.60
Creditors for capital goods	243,55.29	72,48.75	30,34.15
Other Payables	5,13.45	4,55.55	3,77.41
Total financial liabilities	552,33.84	427,83.38	367,25.28

B. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements.

(a) Financial instruments that are recognised and measured at fair value

	(₹ in lakhs)		
Financial Instruments measured at Fair value (Level 3)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in Equity instruments	5.50	5.50	5.50
	5.50	5.50	5.50

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

The impact of fair valuation of Equity investment is considered as insignificant and hence carrying value and fair value is considered as same.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(b) Fair value of financial assets and liabilities measured at amortised cost**

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
National Savings Certificate			
Carrying value	0.17	0.17	0.17
Fair value	0.17	0.17	0.17
Security Deposits			
Carrying value	13,27.96	13,84.62	13,57.56
Fair value	13,27.96	13,84.62	13,57.56
Margin money/Deposit against bank guarantee			
Carrying value	2,42.76	29.67	2,92.21
Fair value	2,42.76	29.67	2,92.21
Financial liabilities			
Borrowings			
Carrying value	1,59.50	2,37.30	3,11.55
Fair value	1,59.50	2,37.30	3,11.55
Security deposits received			
Carrying value	2,25.47	2,25.47	2,36.72
Fair value	2,25.47	2,25.47	2,36.72

The amount of fair value of the above Financial assets and liabilities is considered to be insignificant in value and hence carrying value and the fair value is considered to be same.

The carrying amounts of cash and cash equivalents, other bank balance, current account balances with group companies, advances recoverable, trade receivables, unclaimed dividends, trade payables, dues to subsidiary company, creditors for capital goods and other payables are considered to be the same as their fair values due to their short term nature.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's trade receivables are largely from sales made to wholesale customers and direct sales to hospital with a smaller proportion of sales to Indian Government Institutions. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer and the default risk of the industry.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The company manages credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Exposures to customers outstanding at the end of each reporting period are reviewed to determine incurred and expected credit losses and the Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade receivables. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. The impairment loss at March 31, 2017 related to customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

In case of receivables from wholesale customers and hospitals, the Company has followed a provision approach consistent with expected credit loss approach as per Ind AS 109.

Receivables from Indian Government Institutions are considered sovereign backed receivables.

Summary of the Company's ageing of outstanding from various customers and impairment for expected credit loss is as follows:

(₹ in lakhs)

As at March 31, 2017	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables (net of expected credit losses)
Not due	157,83.63	15.78	157,67.85
Past due 0-180 days	5,42.05	1.32	5,40.73
Past due 180-360 days	1,96.09	5.30	1,90.79
Past due 360-540 days	2,77.01	11.07	2,65.95
Past due 540-720 days	1,40.35	19.16	1,21.19
Past due 720-1080 days	3,22.72	1,29.55	1,93.17
Past due more than 3 years	13,19.04	13,19.04	—
Total	185,80.89	15,01.22	170,79.67

(₹ in lakhs)

As at March 31, 2016	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables (net of expected credit losses)
Not due	103,01.59	7.39	102,94.20
Past due 0-180 days	13,84.74	5.20	13,79.54
Past due 180-360 days	3,11.33	3.37	3,07.96
Past due 360-540 days	2,45.40	4.92	2,40.48
Past due 540-720 days	2,70.38	13.62	2,56.76
Past due 720-1080 days	3,36.15	1,58.59	1,77.56
Past due more than 3 years	11,35.98	11,35.98	—
Total	139,85.57	13,29.07	126,56.50

(₹ in lakhs)

As at April 1, 2015	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables (net of expected credit losses)
Not due	77,88.39	5.43	77,82.96
Past due 0-180 days	13,02.40	3.33	12,99.07
Past due 180-360 days	4,33.81	8.34	4,25.47
Past due 360-540 days	2,64.31	15.04	2,49.27
Past due 540-720 days	3,22.88	63.10	2,59.78
Past due 720-1080 days	30.78	15.54	15.24
Past due more than 3 years	10,16.49	10,16.49	—
Total	111,59.06	11,27.27	100,31.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as cash and investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

As of March 31, 2017, the Company had working capital of ₹ 932,38.61 lakhs, including cash and cash equivalents of ₹ 139,28.80 lakhs, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 750,73.15 lakhs.

As of March 31, 2016, the Company had working capital of ₹ 1572,93.64 lakhs, including cash and cash equivalents of ₹ 113,68.03 lakhs, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1239,04.64 lakhs.

As of April 1, 2015 the Company had working capital of ₹ 2067,75.15 lakhs, including cash and cash equivalents of ₹ 114,65.92 lakhs, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1827,90.93 lakhs.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

As at March 31, 2017	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	1,59.50	1,59.50	60.60	40.60	58.30	—
Trade Payables and other payables	525,34.11	525,34.11	525,34.11	—	—	—
Unclaimed dividends	23,14.76	23,14.76	23,14.76	—	—	—
Security deposits	2,25.47	2,25.47	—	—	2,25.47	—

(₹ in lakhs)

As at March 31, 2016	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	2,37.30	2,37.30	77.80	60.60	96.50	2.40
Trade Payables and other payables	400,94.49	400,94.49	400,94.49	—	—	—
Unclaimed dividends	22,26.12	22,26.12	22,26.12	—	—	—
Security deposits	2,25.47	2,25.47	—	—	2,25.47	—

(₹ in lakhs)

As at April 1, 2015	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,11.55	3,11.55	74.25	77.80	1,41.80	17.70
Trade Payables and other payables	341,50.79	341,50.79	341,50.79	—	—	—
Unclaimed dividends	20,26.22	20,26.22	20,26.22	—	—	—
Security deposits	2,36.72	2,36.72	—	—	2,36.72	—

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**Currency risk**

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

The Company is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to GBP, USD, EURO and other currencies. The Company has not hedged this foreign currency exposure and strives to achieve asset liability offset of foreign currency exposure.

Exposure to currency risk

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

	March 31, 2017				March 31, 2016				April 1, 2015			
	GBP	USD	EUR	Others	GBP	USD	EUR	Others	GBP	USD	EUR	Others
Current Financial assets	—	5.56	—	—	—	16.62	—	—	—	—	—	—
Trade payables	97.12	26,12.99	6,33.84	1,58.79	28,65.70	53,95.37	98.94	3,10.44	29,48.85	51,91.64	3,17.70	1,04.27
Capital Creditors	30,08.97	13,19.28	78,03.99	—	—	—	28,53.05	—	—	—	—	—
Net statement of financial position exposure	(31,06.09)	(39,26.71)	(84,37.83)	(1,58.79)	(28,65.70)	(53,78.75)	(29,51.99)	(3,10.44)	(29,48.85)	(51,91.64)	(3,17.70)	(1,04.27)

(₹ in lakhs)

Sensitivity analysis

A reasonably possible strengthening / weakening of the respective foreign currencies with respect to functional currency of Company would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in ₹ Lakhs	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2017					
GBP	6%	(186.37)	186.37	—	—
USD	3%	(117.80)	117.80	—	—
EUR	2%	(168.76)	168.76	—	—
Other currencies	10%	(15.88)	15.88	—	—

Effect in ₹ Lakhs	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2016					
GBP	3%	(85.97)	85.97	—	—
USD	3%	(1,61.36)	1,61.36	—	—
EUR	2%	(59.04)	59.04	—	—
Other currencies	10%	(31.04)	31.04	—	—

(Note: The impact is indicated on the profit/loss before tax basis)

57 CAPITAL MANAGEMENT**(a) Risk Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company has adequate cash and bank balances and no interest bearing liabilities. The Company has Interest free Sales Tax Loan from SICOM Limited availed under the 1993 Sales Tax deferment Schemes. The Company monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any interest bearing debt, the maintenance of debt equity ratio etc. may not be of any relevance to the Company.

(b) Dividends

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016
(i) Equity shares		
Final dividend for the year ended March 31, 2016 of ₹ 50 (March 31, 2015 ₹ 62.50) per fully paid share	423,51.50	52939.38
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 30.00 per fully paid equity share (March 31, 2016 ₹ 50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	254,10.91	423,51.50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

58 SEGMENT REPORTING

An operating segment is one whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The Company has identified the chief operating decision maker as its Managing Director. The Chief Operating Decision Maker reviews performance of pharmaceutical business on an overall business. As the Company has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wide disclosures are as under :

	(₹ in lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues		
Revenue from the Country of Domicile – India	2941,72.24	2774,29.83
Revenue from foreign countries	52,78.26	51,91.39
Total	2994,50.50	2826,21.22

	(₹ in lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Details of non current asset			
Non Current asset from the Country of Domicile – India	1216,61.90	760,24.35	519,21.03
Non Current asset from foreign countries	–	–	–
Total	1216,61.90	760,24.35	519,21.03

Information about major customers

The Company did not have any external revenue from a particular customer which exceeded 10% of total revenue.

59 RELATED PARTY DISCLOSURES

Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", notified under Section 133 of the Companies Act, 2013 are given below:

1. Relationships (during the year):

- (i) Shareholders (the GlaxoSmithKline (GSK) Group shareholding) in the Company
 - Glaxo Group Limited, U.K.
 - GlaxoSmithKline Pte Limited, Singapore
 - Eskaylab Limited, U.K.
 - Burroughs Wellcome International Limited, U.K.
 - Castleton Investment Limited, Mauritius (Upto March 30, 2017)
 - Holding company / ultimate holding company of the above shareholders
 - GlaxoSmithKline plc, U.K. *
 - GlaxoSmithKline Finance plc, U.K. *
 - Setfirst Ltd, U.K. *
 - SmithKline Beecham Limited, U.K. *
 - Wellcome Limited, U.K. *
 - The Wellcome Foundation Limited, U.K. *
 - Wellcome Consumer Healthcare Limited, U.K. *
 - * no transactions during the year

- (ii) Subsidiary of the Company
 - Biddle Sawyer Limited, a wholly owned subsidiary of the Company

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- (iii) Other related parties in the GlaxoSmithKline (GSK) Group where common control exists and with whom the Company had transactions during the year:

GlaxoSmithKline Asia Private Limited, India	GlaxoSmithKline Philippines Inc., Philippines
GlaxoSmithKline Brasil Ltda, Brazil	GlaxoSmithKline Australia Pty Limited, Australia
GlaxoSmithKline Consumer Healthcare Limited, India	GlaxoSmithKline Trading Services Limited, Ireland
GlaxoSmithKline Biologicals S.A., Belgium	GlaxoSmithKline Limited, Hong Kong
GlaxoSmithKline Services Unlimited, U.K.	GlaxoSmithKline South Africa (Pty) Ltd, South Africa
Glaxo Operations UK Limited, U.K	GlaxoSmithKline LLC, U.S.A
GlaxoSmithKline Export Limited, U.K.	Stiefel India Private Limited, India
GlaxoSmithKline Latin America S.A	Glaxo Wellcome Ceylon Ltd., Sri Lanka
GlaxoSmithKline Pakistan Limited, Pakistan	US GMS Financial Services, U.S.A.
GlaxoSmithKline Research & Development Ltd, U.K	Chiron Behring Vaccines Private Ltd, India (w.e.f. March 31, 2016)
GlaxoSmithKline Pte Limited, Singapore	

- (iv) Directors and members of GSK India Management Team and their relatives:

Directors:	GSK India Management Team:
Mr. A. Vaidheesh (w.e.f August 3, 2015) #	Mr. A. Nadkarni (w.e.f. April 17, 2017)
Mr. A. Aristidou #	Mr. B. Akshikar (up to December 31, 2016)
Mr. R. C. Sequeira (up to February 11, 2017)	Mr. H. Buch (up to June 15, 2015)
Mr. R. Krishnaswamy #	Mr. K. Hazari
Dr. H. B. Joshipura (up to July 31, 2015)	Mr. Ransom D'souza (w.e.f. April 17, 2017)
Mr. N. Kaviratne	Mr. R. Bartaria
Mr. P. Bhide	Mr. R. C. Sequeira
Mr. P. V. Nayak (up to October 31, 2015)	Mr. S. Khanna (up to November 30, 2016)
Ms. A. Bansal	Mr. S. Dheri
Mr. A. N. Roy	Mr. S. Venkatesh (up to December 31, 2016)
Mr. D. S. Parekh	Ms. S. Choudhary (w.e.f. January 18, 2017)
Mr. D. Sundaram	Mr. S. Webb (w.e.f. April 17, 2017)
Mr. R. R. Bajaaj	Ms. V. Desai
Mr. R. Simard (up to February 11, 2017) *	Mr. V. Balakrishnan (w.e.f. March 20, 2017)
Mr. S. Harford (up to May 18, 2015) *	
Mr. V. Thyagarajan (up to October 31, 2015)	
Mr. S. Williams (w.e.f. April 7, 2017)	
Mr. M. Jones (w.e.f. April 7, 2017)	

Also a member of GSK India Management Team

* No transactions during the year

2. The following transactions were carried out with the related parties in the ordinary course of business.

- (i) Dividend paid to parties referred to in item 1(i) above:

	(₹ in lakhs)	
	2016-17	2015-16
Glaxo Group Limited, U.K.	152,42.63	190,53.28
GlaxoSmithKline Pte Limited, Singapore	103,04.89	128,81.11
Eskaylab Limited, U.K.	29,40.00	36,75.00
Burroughs Wellcome International Limited, U.K.	16,80.00	21,00.00
Castleton Investment Limited, Mauritius	15,96.12	19,95.15

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(ii) Details relating to parties referred to in items 1(ii) and 1(iii) above:

(₹ in lakhs)

	Holding company/ ultimate holding company (i)		Subsidiary of the company (ii)		Other companies in the GSK Group (iii)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1 Purchase of materials/traded goods	—	—	—	—	556,83.20	486,98.76
2 Sale of materials/sale of products	—	—	—	—	74.27	44.48
3 Sale of fixed assets	—	—	—	—	5,66.82	2,36.26
4 Intangible assets under development	—	—	—	—	22,24.96	—
5 Expenses recharged to other companies	—	—	1,60.06	2,26.13	31,97.87	28,31.54
6 Expenses recharged to other companies pursuant to Asset Sale Deal (Refer note 51)	—	12,09.29	—	—	—	—
7 Expenses recharged by other companies	—	—	—	—	39,73.21	42,30.59
8 Manufacturing charges recovered	—	—	—	75.85	9,98.34	9,88.69
9 Consignment sales commission received	—	—	20.01	45.15	14.77	7.05
10 Clinical research and data management recoveries	—	—	—	—	36,81.75	36,23.89
11 Central Value Added Tax credits availed on behalf of a related party (net)	—	—	—	—	4,26.04	4,16.43
12 Employee benefits transferred to a related party	—	—	—	—	(2.92)	17.46
13 Outstanding (payables)/receivables at the period end (net) #	—	12,09.29	(73.14)	(81.11)	(31,96.18)	(75,15.47)

Transactions with the above parties are accounted in the respective current accounts.

(iii) Disclosure in respect of material transactions with parties referred to in item 1 (i) and 1(iii) above:

(₹ in lakhs)

	2016-17	2015-16
(a) Purchase of materials/traded goods		
GlaxoSmithKline Asia Private Limited, India	187,97.67	91,56.12
GlaxoSmithKline Biologicals S.A., Belgium	71,64.77	221,71.80
Chiron Behring Vaccines Private Ltd, India	64,88.42	—
GlaxoSmithKline Export Limited, U.K.	211,19.25	168,35.50
(b) Sale of materials/sale of products		
SmithKline Beecham (Private) Limited	29.66	—
GlaxoSmithKline Trading Services Limited, Ireland	44.61	44.48
(c) Sale of fixed assets		
Glaxo Operations UK Limited, U.K	—	2,36.26
GlaxoSmithKline Pakistan Limited, Pakistan	5,66.82	—
(d) Intangible assets under development		
GlaxoSmithKline Services Unlimited, U.K.	22,24.96	—
(e) Expenses recharged to other companies		
GlaxoSmithKline Asia Private Limited, India	6,74.62	12,08.04
GlaxoSmithKline Biologicals S.A., Belgium	9,80.22	—
GlaxoSmithKline Consumer Healthcare Limited, India	3.45	3,12.63
GlaxoSmithKline Services Unlimited, U.K.	2,20.39	1,92.38
Glaxo Operations UK Limited, U.K	6,21.61	5,05.20
GlaxoSmithKline Trading Services Limited, Ireland	5,83.21	5,72.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

		(₹ in lakhs)	
		2016-17	2015-16
(f)	Expenses recharged to other companies pursuant to Asset Sale Deal		
	GlaxoSmithKline plc, U.K.	—	12,09.29
(g)	Expenses recharged by other companies		
	GlaxoSmithKline Consumer Healthcare Limited, India	27,45.70	25,28.99
	Glaxo Operations UK Limited, U.K	8,25.97	12,20.52
	GlaxoSmithKline Services Unlimited, U.K.	1,46.53	1,69.00
(h)	Manufacturing charges recovered		
	GlaxoSmithKline Asia Private Limited, India	9,98.34	9,88.69
(i)	Consignment sales commission received		
	GlaxoSmithKline Asia Private Limited, India	14.77	7.05
(j)	Clinical research and data management recoveries		
	GlaxoSmithKline Biologicals S.A., Belgium	23,14.26	21,91.56
	GlaxoSmithKline Research & Development Ltd	13,67.49	14,32.33
(k)	Central Value Added Tax credits availed on behalf of a related party (net)		
	GlaxoSmithKline Asia Private Limited, India	4,26.04	4,16.43
(l)	Employee benefits transferred (from)/ to a related party		
	GlaxoSmithKline Asia Private Limited, India	(2.92)	17.46

		(₹ in lakhs)		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(m)	Outstanding (payables)/receivables at the period end (net)			
	GlaxoSmithKline Asia Private Limited, India	(55,00.24)	(29,08.44)	(18,66.63)
	SmithKline Beecham (Private) Limited	28.88	—	—
	GlaxoSmithKline Consumer Healthcare Limited, India	21,59.67	20,06.22	19,63.87
	GlaxoSmithKline Biologicals S.A., Belgium	4,91.22	(26,68.95)	1,03.49
	GlaxoSmithKline Export Limited, U.K.	20,76.63	(34,64.85)	(54,22.00)
	GlaxoSmithKline Research & Development Ltd	1,13.98	4,77.11	1,46.29
	GlaxoSmithKline Trading Services Limited, Ireland	46.92	1,09.71	92.79
	GlaxoSmithKline Services Unlimited, U.K.	(19,30.16)	(66.46)	39.71
	Glaxo Operations UK Limited, U.K.	87.94	87.33	(18,41.15)
	Chiron Behring Vaccines Private Ltd	(6,23.64)	(7,92.87)	—

(iv) Details relating to persons referred to in item 1(iv) above:

		(₹ in lakhs)	
		2016-17	2015-16
1	Remuneration/commission/sitting fees	21,93.92	27,18.16
2	Payments under the long-term incentive plan	1,37.81	5,68.78
3	Interest income on loans given	0.26	0.35
4	Outstanding loans receivable	8.50	8.70

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

		(₹ in lakhs)	
		2016-17	2015-16
(v)	Disclosure in respect of material transactions with persons referred to in item 1(iv) above:		
(a)	Remuneration/commission/sitting fees		
	Mr. A. Vaidheesh	4,06.22	2,33.48
	Mr. A. Aristidou	3,41.26	3,54.23
	Dr. H.B. Joshipura	–	7,58.23
	Mr. S. Venkatesh	3,23.88	3,17.68
(b)	Payments under the long-term incentive plan		
	Dr. H.B. Joshipura	–	3,92.40
	Mr. R. Bartaria	24.96	12.22
	Mr. R.C. Sequeira	24.98	27.55
	Mr. R. Krishnaswamy	24.98	27.55
	Mr. S. Dheri	15.93	15.94
	Mr. S. Khanna	23.60	12.22
(c)	Interest income on loans given		
	Mr. H. Buch	–	0.09
	Mr. S. Dheri	0.26	0.26
(d)	Outstanding loans receivable		
	Mr. S. Dheri	8.50	8.70

60 SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Share Awards (RSAs)

Certain employees of the Company are entitled to receive cash settled stock based awards ('awards') pursuant to employee share schemes ('scheme') administered by GlaxoSmithKline Plc. ('Plc').

Under this plan, certain employees are granted cash settled RSAs at no cost, which entitle them to receive cash equivalent to the stock price of the Plc's shares listed at London stock exchange after two and a half to three year vesting period during which the employee has to remain in continuous employment with the Company. These RSA's do not give any voting rights or the right to accrue dividends.

The fair value of these awards is determined based on the closing share price on the day of grant, after deducting the expected future dividend yield of 4.5% (2015 – 5.7%; 2014 – 5.2%) over the duration of the award.

Reconciliation of RSAs	Number of RSA
As at April 1, 2015	76,444
Granted	38,468
Exercised *	(36,470)
Cancelled	(2,520)
As at March 31, 2016	75,922
Granted	66,174
Exercised *	(35,534)
Cancelled	(5,654)
As at March 31, 2017	100,908

* The weighted average share price at the date of exercise of the awards exercised during the year ended March 31, 2017 was GBP 16.48 (March 31, 2016 GBP 14.00)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

		(₹ in lakhs)	
		2016-17	2015-16
Restricted Share Awards (RSAs)		5,72.66	8,79.71
Carrying amount of liability		(₹ in lakhs)	
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Carrying amount of liability included in long term incentive plan (Notes 21 and 26)	6,03.77	6,67.51	7,30.58

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**61 FIRST-TIME ADOPTION OF IND AS**

These are the company's first financial statements prepared in accordance with Indian Accounting Standards.

The accounting policies set out in note 1 have been applied in preparing Standalone Financial Statements for the year ended March 31, 2017, the comparative information presented in the standalone financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS Balance Sheet as at April 1, 2015 (the company's date of transition).

In preparing its opening Ind AS Balance Sheet, the company has adjusted the amounts reported previously in Standalone Financial statements prepared in accordance with Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP/Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's position and the financial performance is set out in the following tables and notes :

(1) Exemptions and exceptions availed:**(i) Exemptions from retrospective applications**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(a) Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(b) Deemed cost for Property, plant and equipment (PPE) and Intangible assets

Ind AS 101 permits a first time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the Standalone Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for Investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its PPE and Investment property at their previous GAAP carrying value.

(c) Deemed cost for investment in subsidiary

The Company has elected to use the previous GAAP carrying amount of its investment in subsidiary on the date of transition as its deemed cost on that date, in its separate Financial Statements.

The remaining voluntary exemptions as per Ind AS 101 – First time adoption either do not apply or are not relevant to the Company.

(ii) Exceptions from full retrospective application

Sales tax deferral loan

By applying the exception available as per Ind AS 101, the company has used previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet.

The remaining mandatory exceptions either do not apply or are not relevant to the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(2) Reconciliation between previous GAAP and Ind AS

(i) Reconciliation of equity as at date of transition (April 1, 2015)

	Notes to first time adoption	Previous GAAP*	Adjustments	(₹ in lakhs) As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment		123,05.96	–	123,05.96
Capital work in progress		115,22.44	–	115,22.44
Investment properties	C	9,44.56	(3,31.32)	6,13.24
Investments in subsidiary		47,61.30	–	47,61.30
Financial assets				
(i) Investments		5.67	–	5.67
(ii) Loans		13,57.56	–	13,57.56
(iii) Other financial assets		2,92.21	–	2,92.21
Current tax assets (net)		166,92.55	–	166,92.55
Deferred tax assets (net)	D	82,91.43	11,91.48	94,82.91
Other non-current assets		107,86.84	–	107,86.84
		669,60.52	8,60.16	678,20.68
Current assets				
Inventories		368,85.59	–	368,85.59
Financial assets				
(i) Trade receivables		100,31.79	–	100,31.79
(ii) Cash and cash equivalents		114,65.92	–	114,65.92
(iii) Bank balances other than (ii) above		1848,84.09	–	1848,84.09
(iv) Loans		42,06.74	–	42,06.74
Other current assets		77,84.39	–	77,84.39
		2552,58.52	–	2552,58.52
Assets classified as held for sale		14,21.18	–	14,21.18
		2566,79.70	–	2566,79.70
TOTAL ASSETS		3236,40.22	8,60.16	3245,00.38
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		84,70.30	–	84,70.30
Other equity	A,B,C,D	1766,96.51	615,41.69	2382,38.20
Total equity		1851,66.81	615,41.69	2467,08.50
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings		2,62.60	–	2,62.60
(ii) Other financial liabilities		3,13.86	–	3,13.86
Provisions		270,95.87	–	270,95.87
Other non-current liabilities		2,15.00	–	2,15.00
		278,87.33	–	278,87.33
Current liabilities				
Financial liabilities				
(i) Trade payables		305,88.63	–	305,88.63
(ii) Other financial liabilities		110,49.77	–	110,49.77
Other current liabilities		21,05.76	–	21,05.76
Provisions	A,B	652,55.43	(606,81.53)	45,73.90
Current tax liabilities (net)		15,86.49	–	15,86.49
		1105,86.08	(606,81.53)	499,04.55
Total liabilities		1384,73.41	(606,81.53)	777,91.88
TOTAL EQUITY AND LIABILITIES		3236,40.22	8,60.16	3245,00.38

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(2) Reconciliation between previous GAAP and Ind AS****(ii) Reconciliation of equity as at March 31, 2016**

	Notes to first time adoption	Previous GAAP*	Adjustments	(₹ in lakhs) As at March 31, 2016
ASSETS				
Non-current assets				
Property, plant and equipment		204,04.32	–	204,04.32
Capital work in progress		267,66.84	–	267,66.84
Investment properties	C	9,44.56	(3,48.65)	5,95.91
Investments in subsidiary		47,61.30	–	47,61.30
Financial assets				
(i) Investments		5.67	–	5.67
(ii) Loans		13,84.62	–	13,84.62
(iii) Other financial assets		29.67	–	29.67
Current tax assets (net)		151,06.07	–	151,06.07
Deferred tax assets (net)	D	88,60.82	12,20.09	100,80.91
Other non-current assets		131,51.21	–	131,51.21
		914,15.08	8,71.44	922,86.52
Current assets				
Inventories		521,66.25	–	521,66.25
Financial assets				
(i) Trade receivables		126,56.50	–	126,56.50
(ii) Cash and cash equivalents		113,68.03	–	113,68.03
(iii) Bank balances other than (ii) above		1263,99.78	–	1263,99.78
(iv) Loans		55,12.88	–	55,12.88
Other current assets		61,01.19	–	61,01.19
		2142,04.63	–	2142,04.63
Assets classified as held for sale		5,75.35	–	5,75.35
		2147,79.98	–	2147,79.98
TOTAL ASSETS		3061,95.06	8,71.44	3070,66.50
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		84,70.30	–	84,70.30
Other equity	A, B, C, D	1632,44.43	487,49.49	2119,93.92
Total equity		1717,14.73	487,49.49	2204,64.22
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings		1,59.50	–	1,59.50
(ii) Other financial liabilities		351.33	–	351.33
Provisions		283,90.11	–	283,90.11
Other non-current liabilities		2,15.00	–	2,15.00
		291,15.94	–	291,15.94
Current liabilities				
Financial liabilities				
(i) Trade payables		323,09.08	–	323,09.08
(ii) Other financial liabilities		184,67.61	–	184,67.61
Other current liabilities		18,91.62	–	18,91.62
Provisions	A, B	523,88.82	(478,78.05)	45,10.77
Current tax liabilities (net)		3,07.26	–	3,07.26
		1053,64.39	(478,78.05)	574,86.34
Total liabilities		1344,80.33	(478,78.05)	866,02.28
TOTAL EQUITY AND LIABILITIES		3061,95.06	8,71.44	3070,66.50

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(iii) Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP*	Adjustments	(₹ in lakhs) Year ended March 31, 2016
Revenue from operations	B	2826,81.34	(60.12)	2826,21.22
Other Income		121,82.51	–	121,82.51
Total income		2948,63.85	(60.12)	2948,03.73
Expenses				
Cost of materials consumed		632,17.06	–	632,17.06
Purchases of Stock-in-Trade		739,93.66	–	739,93.66
Changes in inventories of work-in-progress, stock-in-trade and finished goods		(144,48.56)	–	(144,48.56)
Employee benefit expenses		443,37.45	–	443,37.45
Depreciation and amortisation expense	C	24,77.65	17.33	24,94.98
Other expenses		678,46.54	–	678,46.54
Total expenses		2374,23.80	17.33	2374,41.13
Profit before exceptional items and tax		574,40.05	(77.45)	573,62.60
Exceptional items	E	2,61.33	(30.26)	2,31.07
Profit before tax		577,01.38	(1,07.71)	575,93.67
Income tax expenses				
Current tax		207,49.43	–	207,49.43
Deferred tax	D	(5,69.39)	(39.08)	(6,08.47)
Total income tax expenses		201,80.04	(39.08)	201,40.96
Profit for the year		375,21.34	(68.63)	374,52.71
Other comprehensive income		–	19.79	19.79
Total comprehensive income for the year		375,21.34	(48.84)	374,72.50

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(iv) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

	Notes to first time adoption	As at March 31, 2016	As at April 1, 2015
Total equity (shareholder's fund) as per previous GAAP		1717,14.73	1851,66.81
Proposed dividend on equity shares reversed to retained earnings	A	509,73.42	637,16.78
Provision for expected sales return	B	(30,95.37)	(30,35.25)
Depreciation on investment property reclassified from asset held for sale	C	(3,48.65)	(3,31.32)
Deferred tax impact on Ind AS adjustments	D	12,20.09	11,91.48
Total adjustments		487,49.49	615,41.69
Total equity as per Ind AS		2204,64.22	2467,08.50

(v) Reconciliation of Total comprehensive income for the year ended March 31, 2016

	Notes to first time adoption	Year ended March 31, 2016
Profit after tax as per previous GAAP		375,21.34
Ind AS adjustments		
Depreciation on investment property reclassified from asset held for sale	C	(17.33)
Provision for expected sales return	B	(30,95.37)
Actual sales return adjusted against provision created	B	30,35.25
Actuarial gains passed through OCI	E	(30.26)
Deferred tax impact on Ind AS adjustments		39.08
Total adjustments		(68.63)
Total Profit as per Ind AS		374,52.71
Other Comprehensive income, net of income tax		19.79
Total Comprehensive income as per Ind AS		374,72.50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(3) Notes to first time adoption of Ind AS****A. Proposed dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of Financial Statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as liability. Under Ind AS, such dividend are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 509,73.42 lakhs as at March 31, 2016 (April 1, 2015 – ₹ 637,16.78 lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

B. Provision for expected sales return

The company has recognised ₹ 30,95.37 lakhs (April 1, 2015 ₹ 30,35.25 lakhs) for the year ended March 31, 2016 for the amount of expected non saleable return.

C. Depreciation on investment property reclassified from asset held for sale

The Company has recognised ₹ 9,44.56 lakhs as investment property which ceased to be classified as asset held for sale on the date of transition. The Company has charged depreciation ₹ 3,31.32 lakhs on the above investment property from the date it was held for sale to date of transition, resulting in the recognition of investment property of ₹ 6,13.24 lakhs after depreciation. The Company has provided for depreciation on the above investment property ₹ 17.33 lakhs during the year ended March 31, 2016.

D. Deferred tax

The Company has recognised deferred tax asset ₹ 12,20.09 lakhs as at March 31, 2016 (April 1, 2015 ₹ 11,91.48 lakhs) on the above Ind AS adjustments.

E. Actuarial gains passed through OCI

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹ 30.26 lakhs. There is no impact on the total equity as at March 31, 2016.

F. Notes to reclassification between Indian GAAP and Ind AS:

Excise duty of ₹ 86,29.43 lakhs has been reclassified from revenue to other expenses. This has resulted in increase of revenue and other expenses by ₹ 86,29.43 lakhs.

Trade Discounts of ₹ 29,30.49 lakhs to customers has been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ 29,30.49 lakhs.

Provision for non saleable return of ₹ 31,38.33 lakhs has been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ 31,38.33 lakhs

Expenses relating to service income of ₹ 44,74.00 lakhs has been reclassified from other operating revenue to other expenses. This has resulted in increase of other operating revenue and other expenses by ₹ 44,74.00 lakhs.

Free samples of ₹ 4,79.66 lakhs to customers has been reclassified from cost of materials consumed to other expenses. This has resulted in decrease of cost of materials consumed and increase of other expenses by ₹ 4,79.66 lakhs.

Penalties of ₹ 48.96 lakhs paid to customers has been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ 48.96 lakhs.

62 EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors has recommended Equity dividend of ₹ 30.00 per share for the year ended March 31, 2017 (March 31, 2016 : ₹ 50.00 per share) (Refer Note 57)

As per our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S / S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman	D. S. Parekh	DIN: 9078
Managing Director	A. Vaidheesh	DIN: 144403
CFO & Executive Director	A. A. Aristidou	DIN: 7034424
Audit Committee Chairman	D. Sundaram	DIN: 16304
Company Secretary	A. A. Nadkarni	

Mumbai, May 19, 2017

FORM NO. AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ lakhs)

1. Name of the subsidiary:	Biddle Sawyer Limited
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	Same Reporting period as of Holding Company
3. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	NA
4. Share capital:	96.00
5. Reserves & surplus:	25,29.55
6. Total assets:	31,02.76
7. Total Liabilities:	4,77.21
8. Investments:	Nil
9. Revenue from operations:	5,71.83
10. Profit before taxation:	10.68
11. Provision for taxation:	6.99
12. Profit after taxation:	3.69
13. Proposed Dividend:	Nil
14. % of shareholding:	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Not Applicable

Part "B": Associates and Joint Ventures Not Applicable

BIDDLE SAWYER LIMITED

Directors' Report to the Members

The Directors have pleasure in submitting their 71st Report for the year ended 31st March 2017.

FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in Lakhs

	Year ended 31 st March 2017	Year ended 31 st March 2016
Revenue from Operations	571.83	1290.99
Profit before Tax	10.68	245.61
Provision for Tax	4.86	83.56
Deferred Tax Charge/(credit)	2.13	0.80
Net Profit for the year	3.69	161.25
Opening Surplus brought forward	2525.86	2364.61
Closing Surplus carried forward	2529.55	2525.86

State of Company Affairs

During the year under review, your Company has generated total revenue from operations of ₹ 571.83 lakhs as against ₹ 1290.99 lakhs during the previous year ended 31st March 2016. Profit after tax was ₹ 3.69 lakhs, as compared to ₹ 161.25 lakhs during the year ended 31st March 2016.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March 2017.

AUDITORS

Members are requested to re-appoint Cornelius and Davar, Chartered Accountants, as the Auditors of the Company for the ensuing year and fix their remuneration.

The notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments and explanations. The Auditors' Report does not contain any qualification, reservation or adverse remark.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Andrew Aristidou retires from the Board of Directors of the Company by rotation and being, eligible, has offered himself for re-appointment at the ensuing Annual General Meeting.

The Notice convening the forthcoming Annual General Meeting includes the proposal for reappointment of aforesaid Director.

None of the Directors are disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2017 and of the profit or loss of the Company for that period;

- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts for the financial year ended 31st March 2017 on a going concern basis;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER MANDATORY DISCLOSURES

- The Board of Directors met 4 (Four) times during the financial year 2016-17.
- As on 31st March 2017, the Company did not have any Subsidiary/Joint Venture/Associate Company.
- In terms of provisions of Section 92(3) of the Companies Act, 2013, an extract of Annual Return in prescribed format is annexed to this Report as Annexure 1.
- The Company has not granted any loans, provided guarantees or made investments pursuant to the provisions of Section 186 of the Companies Act, 2013, during the financial year 2016-17.
- There were no material changes and commitments affecting the financial position of the Company between the end of financial year and the date of this Report.
- Your Company has not accepted any deposits from the public during the year under review.
- There were no materially significant related party transactions made with the Promoters, Directors or Key Managerial Personnel which may have a potential conflict of Interest of the Company at large.
- No details as required under the provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given, as there are no employees drawing remuneration in excess of the prescribed limits.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- The Company is 100% subsidiary of GlaxoSmithKline Pharmaceuticals Limited ("Parent Company") and all policies including Vigil Mechanism, Risk Management Policy and Internal Financial Control have been adopted on lines of parent Company.
- The Company does not have any manufacturing plant or office so Conservation of Energy & Technology Absorption is not applicable and Company does not have any Foreign Exchange earnings and Foreign Exchange outgo for the financial year 2016-17 was at ₹ 0.40 lakhs.

ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude for the assistance and co-operation received from Government, Banks, Authorities, Customers, Vendors and to all its Members for the trust and confidence reposed in the Company.

For and on behalf of the Board

Annaswamy Vaidheesh
Director

Mumbai, 19th May 2017

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	: U51900MH1948PLC006218
Registration Date	: March 13, 1948
Name of the Company	: BIDDLE SAWYER LIMITED
Category/Sub-Category of the Company	: Company Limited By Shares/Indian Non-Government Company
Address of the Registered office and contact details	: 252, Dr. Annie Besant Road, Mumbai 400 030
Whether listed company	: No
Name, Address and Contact details of Registrar and Transfer Agent, if any	: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Pharmaceuticals	21002	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/subsidiary/ associate	% of shares held	Applicable section
1	GLAXOSMITHKLINE PHARMACEUTICALS LIMITED	L24239MH1924PLC001151	Holding	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [as on 1 st April 2016]				No. of Shares held at the end of the year [as on 31 st March 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	960000	960000	100	-	960000	960000	100	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	-	960000	960000	100	-	960000	960000	100	-
(2) Foreign	-	-	-	-	-	-	-	-	-
Sub-total(A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = A1+A2	-	960000	960000	100	-	960000	960000	100	-
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	960000	960000	100	-	960000	960000	100	-

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Glaxo SmithKline Pharmaceuticals Limited	960000	100	0	960000	100	0	NIL
	Total	960000	100	0	960000	100	0	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in promoters holding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Biddle Sawyer Limited

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year 1 st April 2016		Cumulative shareholding during the year 31 st March 2017	
		No. of Shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1.	Glaax SmithKline Pharmaceuticals Limited (Holding Company)				
	At the beginning of the year	959994	99.99		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	Nil	Nil		
	At the End of the year	959994	99.99	959994	99.99
2.	Annaswamy Vaidheesh with Glaax SmithKline Pharmaceuticals Ltd				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	0.00	0.00		
	At the End of the year	1	0.00	1	0.00
3.	Andrew Aristidou jointly with Glaax SmithKline Pharmaceuticals Ltd				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	0.00	0.00		
	At the End of the year	1	0.00	1	0.00
4.	Raju Krishnaswamy jointly with Glaax SmithKline Pharmaceuticals Ltd				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	0.00	0.00		
	At the End of the year	1	0.00	1	0.00
5.	Ronald Sequeira jointly with Glaax SmithKline Pharmaceuticals Ltd				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	0.00	0.00		
	At the End of the year	1	0.00	1	0.00
6.	Nilesh Limaye jointly with Glaax SmithKline Pharmaceuticals Ltd				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	0.00	0.00		
	At the End of the year	1	0.00	1	0.00
7.	Ajay Nadkarni jointly with Glaax SmithKline Pharmaceuticals Ltd				
	At the beginning of the year	1	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease	0.00	0.00		
	At the End of the year	1	0.00	1	0.00

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director/KMP	Shareholding at the beginning of the year 1 st April 2016		Cumulative shareholding during the year 31 st March 2017	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Annaswamy Vaidheesh with Glaax SmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
2	Andrew Aristidou jointly with Glaax SmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
3	Raju Krishnaswamy jointly with Glaax SmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
4	Ronald Sequeira jointly with Glaax SmithKline Pharmaceuticals Ltd	1	0.00	1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL
 B. Remuneration of other directors: NIL
 C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NIL

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2017.

On behalf of the Board of Directors of
Biddle Sawyer Limited

A. Vaidheesh
DIN: 1444303

A. Aristidou
DIN: 7034424

Mumbai, 19th May 2017

Independent Auditors' Report

To the Members of Biddle Sawyer Limited

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **Biddle Sawyer Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position and financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31st March, 2017, and its profit, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the said order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on server physically located in India;
 - c. The Balance Sheet, the Statement of Profit and Loss, the cash flow statement and statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
 - e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 17 to the Ind AS financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosures in Note 32 to these Ind AS financial statements as to holdings of Specified Bank Notes on 8 November, 2016 and 30 December, 2016 as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by and as produced to us by the management.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: Mumbai
Date: 19th May 2017

Biddle Sawyer Limited

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in investment property are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been substantially confirmed by them as at 31 March 2017 and no material discrepancies were noticed in respect of such confirmations;
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provision of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company;
- (iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon;
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013. Therefore, the provisions of paragraph 3(v) of the said Order are not applicable to the Company;
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of the cost records under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the specified accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete;
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it;
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable;
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in '000)	Period to which the amount relates	Forum where dispute is pending
West Bengal, VAT Act, 2003	Sales Tax	19,96.00	Assessment Year 2009-2010	Jt. Commissioner
Income Tax Act, 1961	TDS Default	22.10	Assessment Year 2007-2008	TDS - CPC

- (viii) According to the books of accounts and records of the Company, the Company has not taken any loan either from financial institutions or from the government and has not issued any debentures till 31st March, 2017. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer including debt instruments and term loans during the year. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit;
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided by the company;
- (xii) In our opinion, and to the best of our information and according to the explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable and hence not commented upon;
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable Indian Accounting Standards (Ind AS) 24;
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon;
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable;
- (xvi) According to the information and explanations given to us, the provisions of section 45-1A of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: Mumbai
Date: 19th May 2017

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of **Biddle Sawyer Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: Mumbai
Date: 19th May 2017

Biddle Sawyer Limited

Balance Sheet as at March 31, 2017

		₹ '000		
	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. ASSETS				
1 Non-current assets				
(a) Investment property	2	2,08	2,08	2,08
(b) Financial assets				
(i) Loans	3	40,31	40,31	40,31
(c) Income tax assets (net)		447,68	479,57	410,30
(d) Deferred tax assets (net)		31,50	33,63	34,44
(e) Other non-current assets	4	67,94	34,97	34,97
Non-current assets		589,51	590,56	522,10
2 Current assets				
(a) Inventories	5	31,60	420,41	672,68
(b) Financial assets				
(i) Trade receivables	6	73,14	81,11	150,60
(ii) Cash and cash equivalents	7	163,49	120,59	64,29
(iii) Bank balances other than (ii) above	8	1651,45	1301,45	1201,45
(c) Other current assets	9	593,57	750,27	242,85
Current assets		2513,25	2673,83	2331,87
TOTAL ASSETS		3102,76	3264,39	2853,97
II. EQUITY AND LIABILITIES				
1 Equity				
(a) Equity share capital	10	96,00	96,00	96,00
(b) Other Equity	11	2529,55	2525,86	2364,61
		2625,55	2621,86	2460,61
2 Non-current liabilities				
(a) Financial liabilities				
(i) Other financial liabilities	12	1,35	1,35	1,35
(b) Long-term provisions	13	125,33	125,33	125,33
		126,68	126,68	126,68
3 Current liabilities				
(a) Financial liability				
(i) Trade and other payables	14	300,51	465,08	215,28
(b) Other current liabilities	15	2,71	3,46	4,09
(c) Short term provisions	16	47,31	47,31	47,31
		350,53	515,85	266,68
TOTAL EQUITY AND LIABILITIES		3102,76	3264,39	2853,97

Significant Accounting Policies & Notes on Accounts

As per our report of even date attached

For CORNELIUS & DAVAR
 CHARTERED ACCOUNTANTS

 For and on behalf of the Board
 Annaswamy Vaidheesh Andrew A. Aristidou
 Chairman Director
 DIN: 1444303 DIN: 7034424

 RUSTOM D. DAVAR
 (PROPRIETOR)
 Membership No. F. 10620
 Place : Mumbai
 Date : May 19, 2017

Statement of profit and loss for the year ended March 31, 2017

		₹ '000	
	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I Revenue from operations	19	571,83	1290,99
II Other income	20	105,87	93,03
III Total income (I + II)		677,70	1384,02
IV Expenses			
Cost of materials consumed	21	9,91	546,29
Changes in inventories of Stock-in-Trade	22	387,91	24
Other expenses	23	269,20	591,88
Total expenses (IV)		667,02	1138,41
V Profit/(loss) before exceptional and/or extraordinary items and tax (I - IV)		10,68	245,61
VI Exceptional and/or extraordinary items		—	—
VII Profit/(loss) before tax (V - VI)		10,68	245,61
VIII Tax Expenses:			
Current tax		4,86	83,56
Deferred tax		2,13	80
IX Profit (Loss) for the period		3,69	161,25
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		—	—
Income tax relating to items that will not be reclassified to profit or loss		—	—
XI Total Comprehensive Income for the period (IX + X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		3,69	161,25
Profit attributable to:			
Owners of the Company		3,69	161,25
Total comprehensive income attributable to:			
Owners of the Company		3,69	161,25
XII Earnings per equity share	24	0.38	16.80
Basic and diluted earnings per share			

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For CORNELIUS & DAVAR
 CHARTERED ACCOUNTANTS

 For and on behalf of the Board
 Annaswamy Vaidheesh Andrew A. Aristidou
 Chairman Director
 DIN: 1444303 DIN: 7034424

 RUSTOM D. DAVAR
 (PROPRIETOR)
 Membership No. F. 10620
 Place : Mumbai
 Date : May 19, 2017

Statement of Changes in Equity

₹ '000

(a) Equity share capital	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	960,000	96,00	960,000	96,00	960,000	96,00
Changes in equity share capital during the year	—	—	—	—	—	—
Balance at the end of the reporting period	960,000	96,00	960,000	96,00	960,000	96,00

(b) Other Equity

Particulars	Reserves and Surplus			Items of Other comprehensive income	Total Equity
	Capital reserve	General reserve	Retained Earnings	Remeasurements of the net defined benefit Plans	
Balance at 1 April 2016	2,91	1006,01	1516,94	—	2525,86
Total Comprehensive					
Profit for the year	—	—	3,69	—	3,69
Other Comprehensive Income for the year	—	—	—	—	—
Transactions with owners of the company					
Dividend on Equity Shares	—	—	—	—	—
Dividend Distribution Tax	—	—	—	—	—
Balance at the end of the reporting period Mar-17	2,91	1006,01	1520,63	—	2529,55

Particulars	Reserves and Surplus			Items of Other comprehensive income	Total Equity
	Capital reserve	General reserve	Retained Earnings	Remeasurements of the net defined benefit Plans	
Balance at 1 April 2015	2,91	1006,01	1355,69	—	2364,61
Total Comprehensive					
Profit for the year	—	—	161,25	—	161,25
Other Comprehensive Income for the year	—	—	—	—	—
Transactions with owners of the company					
Dividend on Equity Shares	—	—	—	—	—
Dividend Distribution Tax	—	—	—	—	—
Balance at the end of the reporting period Mar-16	2,91	1006,01	1516,94	—	2525,86

As per our report of even date attached

For and on behalf of the Board

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F. 10620
Place : Mumbai
Date : May 19, 2017

Annaswamy Vaidheesh
Chairman
DIN: 1444303

Andrew A. Aristidou
Director
DIN: 7034424

Biddle Sawyer Limited

Cash Flow Statement for the year ended March 31, 2017

	₹ '000	
	Year Ended March 31, 2017	Year Ended March 31, 2016
a. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,68	245,61
Adjustments for :		
Interest income classified as investing cash flows	(105,87)	(93,03)
Adjustments for :		
Decrease in Inventories	388,81	252,27
Decrease in Trade receivables	7,97	69,49
(Increase) in Other non-current assets	(32,97)	—
Decrease / (Increase) in Other current assets	156,70	(507,42)
(Decrease) / Increase in Trade payables	(164,57)	249,81
(Decrease) in Other current liabilities	(75)	(63)
Cash generated from operations	260,00	216,10
Income taxes paid (net of refunds)	27,03	(152,83)
Net cash inflow from operating activities A	287,03	63,27
b. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / sale of bank deposits with maturity period more than 3 months	(350,00)	(100,00)
Interest received	105,87	93,03
Net cash outflow from investing activities B	(244,13)	(6,97)
Net increase in cash and cash equivalents (A + B)	42,90	56,30
Cash and cash equivalents as at April 1, 2016 (opening balance)	120,59	64,29
Cash and cash equivalents as at March 31, 2017 (closing balance)	163,49	120,59
Net increase in cash and cash equivalents	42,90	56,30
NOTES:		
1. Cash and cash equivalents include:		
Cash and bank balances	163,49	120,59
Total cash and cash equivalents	163,49	120,59

2. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

For and on behalf of the Board

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F. 10620
Place : Mumbai
Date : May 19, 2017

Annaswamy Vaidheesh
Chairman
DIN: 1444303

Andrew A. Aristidou
Director
DIN: 7034424

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the years presented.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended March 31, 2017 are the first financial statements which the Company has prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance including reconciliations and descriptions of the effect of the transition are provided in note 29.

b) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS - On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets as per the rates prescribed under

Schedule II to the Companies Act, 2013 or re-assessed useful life based on technical evaluation as under:

Factory Building	30 years
Other Buildings	60 years
Plant and Equipment	10 years
Personal Computers and Laptops	3 years
Other Computer Equipment	4 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	4 years

Depreciation is provided pro-rata for the number of months availability for use. Depreciation on sale / disposal of assets is provided pro-rata up to the end of the month of sale / disposal.

An asset purchased where the actual cost does not exceed ₹ 5,000 is depreciated at the rate of 100%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

c) Investments and other financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

d) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on first-in first-out basis. The cost of work-in-progress (other than those lying at third party manufacturing sites which is valued at material cost) and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable:

a) Revenue from sale of goods is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Amounts disclosed as revenue are inclusive of excise duty and net of returns, applicable trade discounts and allowances, value added taxes and amounts collected on behalf of third parties. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.

f) Foreign Currency transactions

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses/ other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

g) Research and Development

Capital expenditure on Research and Development is treated in the same way as expenditure on Fixed Assets. The revenue expenditure on Research and Development is written off in the year in which it is incurred.

h) Provision for Retirement Benefits

The Company has its own Gratuity Fund recognised by the Income Tax authorities and the fund is administered through Trustees. The Superannuation fund benefits is administered by a trust formed for this purpose through the Group Schemes of the Life Insurance Corporation of India, and the liability towards Superannuation is provided according to the rules of the Fund.

i) Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of Central Value Added Tax (CENVAT) credits in respect of materials consumed for sales is deducted from cost of materials consumed. The excise duty related to the difference between the closing stock

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and opening stock of finished goods has been recognised separately under 'other expenses'.

j) Taxes on Income

Income tax expense represents the sum of the current tax and deferred tax.

Current tax charge is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit and Loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

k) Other Accounting Policies

These are consistent with the generally accepted accounting principles.

2 INVESTMENT PROPERTY - AS AT MARCH 31, 2017

	₹ '000	
	As at March 31, 2017	As at March 31, 2016
Gross carrying amount		
Opening gross carrying amount/Deemed cost	2,08	2,08
Additions	—	—
Deduction	—	—
Closing gross carrying amount	2,08	2,08
Accumulated Depreciation		
Opening Accumulated Depreciation	—	—
Depreciation charge	—	—
Closing Accumulated Depreciation	—	—
Net carrying amount	2,08	2,08

The Company has availed the deemed cost exemption in relation to the investment property on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP:

Investment property	April 1, 2015
Gross Block as at April 1, 2015	2,08
Accumulated Depreciation as at April 1, 2015	—
Net Block as at April 1, 2015	2,08

(ii) Fair value

	₹ '000		
	March 31, 2017	March 31, 2016	April 1, 2015
Investment properties	2357,35	2159,91	2000,50

Estimation of fair value

The company obtains independent valuations for its investment properties at least annually. The main inputs used for determining fair values of investment properties are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

Description of valuation method used

The Company has a land site that have been considered as Investment Property as it is not currently operational at present. In view of management, the fair market value of the land site is not reliably measurable as there are very few recent transactions of comparable composition of these properties in the market. Further, the fair market value will be subject to numerous municipal deductions dependent upon the current use and intended use of the property. Consequently, it is not possible to ascertain and disclose the range of fair market value. The estimated Ready Reckoner at year end, based on latest published data and current stated use, totals ₹ 23 Crs for current year. Ready Reckoner rates are the prices of the residential property, land or commercial property for a given area that is published and regulated by the respective State Governments as a guide towards payment of stamp duty at the time of transaction. The Ready Reckoner is regarded as a gross value and does not represent the underlying fair market value to the company.

	₹ '000		
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended April 1, 2015
3 NON-CURRENT FINANCIAL ASSETS – LOANS			
Sundry Deposits	13,63	13,63	13,63
Advances recoverable	26,68	26,68	26,68
	40,31	40,31	40,31
4 OTHER NON-CURRENT ASSETS			
Balance with Government Authorities	67,94	34,97	34,97
	67,94	34,97	34,97
5 INVENTORIES			
Raw materials	28,32	28,48	235,21
Packing materials	2,01	2,75	48,05
Work-in-progress	—	—	51,07
Finished goods	1,27	388,94	338,03
Stock-in-trade	—	24	32
	31,60	420,41	672,68
6 TRADE RECEIVABLES			
(Unsecured considered good unless otherwise stated)			
Considered good	73,14	81,11	150,60
	73,14	81,11	150,60
7 CASH AND CASH EQUIVALENTS			
Current account Balances with Banks	85,70	115,98	58,89
Interest accrued on investments/deposits	77,79	4,61	5,40
	163,49	120,59	64,29

₹ '000

	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended April 1, 2015
8 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Term deposit with original maturity period of more than three months but less than twelve months	1650,00	1300,00	1200,00
Term deposit with original maturity period of more than twelve months but maturing within next twelve	1,45	1,45	1,45
	1651,45	1301,45	1201,45
9 OTHER CURRENT ASSETS			
Balance with Government Authorities	8	8	8
Sundry advances	593,49	750,19	242,77
	593,57	750,27	242,85
10 SHARE CAPITAL			
Equity share capital	96,00	96,00	96,00
	96,00	96,00	96,00
11 OTHER EQUITY			
General reserve	1006,01	1006,01	1006,01
Capital reserve	2,91	2,91	2,91
Retained earnings	1520,63	1516,94	1355,69
	2529,55	2525,86	2364,61
12 OTHER NON-CURRENT FINANCIAL LIABILITIES			
Security deposits received	63	63	63
Other non-current financial liabilities	72	72	72
	1,35	1,35	1,35
13 NON-CURRENT PROVISIONS			
Drugs Prices Equalisation Account [refer note 17(ii)]	71,24	71,24	71,24
Provision for pricing of formulation	54,09	54,09	54,09
	125,33	125,33	125,33
14 TRADE AND OTHER PAYABLES			
Due to Micro, Small and Medium Enterprises	—	—	4,95
Due to others	300,51	465,08	210,33
	300,51	465,08	215,28
15 OTHER CURRENT LIABILITIES			
Statutory dues	2,71	3,46	4,09
	2,71	3,46	4,09
16 SHORT TERM PROVISIONS			
For others	47,31	47,31	47,31
	47,31	47,31	47,31

17 (i) CONTINGENT LIABILITIES

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Claims against the Company not acknowledged as debts	1638,95	1532,40
Income-tax matters	22	22
Sales tax matters	19,96	19,96
Guarantee given by the Company to the Customs Authorities	200,00	200,00
Based on the data obtained by Government, it had directed the Company to pay a tentative amount along with interest due thereon into the Drugs Prices Equalisation Account (DPEA) under Drugs (Price Control) Order 1979, in respect of Bulk Drug Amoxicillin Trihydrate, on account of alleged unintended benefit enjoyed by the Company. The Company had filed its reply contending that no amount is payable into DPEA.	49,29	49,29

17 (ii) DRUGS PRICES EQUALISATION ACCOUNT

The Company received a letter dated 20th/24th August, 1998 from the Central Government demanding an amount of ₹ 4,40,79,918 comprising ₹ 1,42,74,110 in respect of prices relating to Salbutamol formulations during the period April, 1979 to December, 1983 with interest thereon amounting to ₹ 2,98,05,808 upto 31st July, 1998. The Company had been legally advised that the demand of ₹ 1,42,74,110 is not sustainable and it, therefore follows that the interest demand also cannot be sustained. The total demand has been challenged by the Company in a Writ Petition filed in the Bombay High Court. The Bombay High Court has granted an interim stay of the demand, subject to the Company depositing 50% of the principal amount. Accordingly, the Company has deposited an amount of ₹ 71,50,000 with the Government on 3rd May, 1999. This is a normal interim order passed by the High court in such matters and does not in any way reflect upon the merits or otherwise of the case. The amount will be refunded if the Company succeeds at the final hearing of the matter. The Government's application in the Supreme Court praying that this writ petition be transferred to the Supreme Court from the Bombay High Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

18 SHARE CAPITAL

₹ '000

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
1,500,000 (Previous year : 1,500,000) Equity Shares of ₹ 10 each	150,00	150,00	150,00
ISSUED, SUBSCRIBED & PAID-UP:			
960,000 (Previous year : 960,000) Equity Shares of ₹ 10 each fully paid up (of the above 750,000 ordinary shares have been allotted as fully paid-up Bonus shares by capitalisation of General Reserve)	96,00	96,00	96,00
TOTAL	96,00	96,00	96,00
(a) Shares held by holding company			
Equity Shares of ₹ 10 each			
960,000 (Previous year : 960,000) held by GlaxoSmithKline Pharmaceuticals Limited, the Holding Company	96,00	96,00	96,00

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(b) Reconciliation of the number of shares

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	₹ '000	Number of Shares	₹ '000	Number of Shares	₹ '000
Balance at the beginning of the year	960,000	96,00	960,000	96,00	960,000	96,00
Issued during the year	—	—	—	—	—	—
Balance at the end of the year	960,000	96,00	960,000	96,00	960,000	96,00

(c) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each share holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shareholders holding more than 5% shares in the company:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Number of Shares	Number of Shares	Number of Shares
GlaxoSmithKline Pharmaceuticals Limited, the Holding Company	960,000 {100%}	960,000 {100%}	960,000 {100%}

Particulars	₹ '000	
	For the year ended March 31, 2017	For the year ended March 31, 2016
19 REVENUE FROM OPERATIONS		
A. Sale of products (gross)		
Sale of products	571,82	1290,08
	571,82	1290,08
B. Other operating revenue		
Others	1	91
	1	91
Total Revenue from operations	571,83	1290,99
20 OTHER INCOME		
Interest income	105,87	93,03
	105,87	93,03
21 COST OF MATERIALS CONSUMED		
Raw materials consumed	9,16	462,71
Packing materials consumed	75	83,58
Cost of materials consumed	9,91	546,29

₹ '000

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening stock		
Work-in-progress	—	51,07
Finished goods	388,94	338,03
Traded goods	24	32
Less: Closing stock		
Work-in-progress	—	—
Finished goods	(1,27)	(388,94)
Traded goods	—	(24)
	387,91	24
23 OTHER EXPENSES		
Selling & Distribution Expenses	80,62	198,16
Manufacturing charges	—	117,43
Repairs – Buildings	—	9
Rent	5,30	7,99
Rates and taxes	30,56	42,88
Excise duty	—	78,32
Remuneration to auditors:		
Statutory audit fees	3,11	2,70
Tax audit fees	70	70
Other services	10	—
Reimbursement of expenses	51	47
Cost audit fees	—	33
Corporate social responsibility (Refer Note 31)	9,15	13,85
Exchange loss (net)	3,54	3,96
Reimbursement of expenses to GlaxoSmithKline Pharmaceuticals Limited	102,88	97,12
Miscellaneous expenses	32,73	27,88
	269,20	591,88
24 EARNINGS PER SHARE		
Earnings per share		
Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below:		
Profit after taxation (₹ '000)	3,69	161,25
Weighted average number of shares (Nos)	9600,00	9600,00
Earnings per share (Basic and Diluted) – ₹	0.38	16.80
Face value per share – ₹	10.00	10.00

25 SEGMENT REPORTING

The Company has only one segment namely pharmaceuticals; hence no separate disclosure of segment-wise information has been made.

Particulars	₹ '000	
	For the year ended March 31, 2017	For the year ended March 31, 2016
26 TAX EXPENSE		
(a) Amounts recognised in profit and loss		
Current income tax	4,86	83,56
Deferred tax		
Decrease (increase) in deferred tax assets	2,13	80
(Decrease) increase in deferred tax liabilities	—	—
Deferred tax expense	2,13	80
Tax expense for the year	6,99	84,36
(b) Reconciliation of effective tax rate		
Profit before tax	10,68	245,61
Tax using the Company's domestic tax rate (Current year 30.90% and Previous Year 33.063%)	3,30	81,21
Tax effect of:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Donation	1,41	2,29
Other items	2,28	87
	6,99	84,36

The Company's weighted average tax rates for the years ended March 31, 2017 and 2016 were 30.90% and 33.063%, respectively. Income tax expense was ₹ 6,99 ('000) for the year ended March 31, 2017, as compared to income tax expense of ₹ 84,36 ('000) for the year ended March 31, 2016. The effective tax rate for the year ended March 31, 2017 was lower primarily as a result of a no surcharge applicable as the taxable profit is lower than threshold limit of 1 crore for surcharge applicability.

(c) Movement in deferred tax balances

	₹ '000		
	March 31, 2017		
	Net balance April 1, 2016	Recognised in profit or loss	Net Deferred tax asset / (liability)
Deferred tax asset			
Expenses allowable for tax purpose when paid	15,97	(97)	15,00
Provision for pricing matters	17,66	(1,16)	16,50
Tax assets/(Liabilities)	33,63	(2,13)	31,50

(d) Movement in deferred tax balances

	₹ '000		
	March 31, 2016		
	Net balance April 1, 2015	Recognised in profit or loss	Net Deferred tax asset / (liability)
Deferred tax asset			
Expenses allowable for tax purpose when paid	16,29	(32)	15,97
Provision for pricing matters	18,15	(49)	17,66
Tax assets/(Liabilities)	34,44	(81)	33,63

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

27 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels presented below:

	₹ '000		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets at amortised cost			
Security Deposits	13,63	13,63	13,63
Advances recoverable	26,68	26,68	26,68
Cash and cash equivalents	163,49	120,59	64,29
Other bank balance	1651,45	1301,45	1201,45
Trade receivables	73,14	81,11	150,60
Total financial assets	1928,39	1543,46	1456,65
Financial liabilities at amortised cost			
Security deposits received	63	63	63
Other non-current financial liabilities	72	72	72
Trade payables	300,51	465,08	215,28
Total financial liabilities	301,86	466,43	216,63

B. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements.

Fair value of financial assets and liabilities measured at amortised cost

	₹ '000		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
Security Deposits			
Carrying value	13,63	13,63	13,63
Fair value	13,63	13,63	13,63
Advances recoverable			
Carrying value	26,68	26,68	26,68
Fair value	26,68	26,68	26,68
Financial liabilities			
Security deposits received			
Carrying value	63	63	63
Fair value	63	63	63
Other non-current liabilities			
Carrying value	72	72	72
Fair value	72	72	72

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The amount of fair value of the above Financial assets and liabilities is considered to be insignificant in value and hence carrying value and the fair value is considered to be same.

The carrying amounts of Cash and cash equivalents, other bank balance, Trade receivables, Trade payables are considered to be the same as their fair values due to their short term nature.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Liquidity risk
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

As of March 31, 2017, the Company had working capital of ₹ 2162,72 (000), including cash and cash equivalents of ₹ 163,49 (000), investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1651,45 (000).

As of March 31, 2016, the Company had working capital of ₹ 2157,97 (000), including cash and cash equivalents of ₹ 120,59 (000), investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1301,45 (000).

As of April 1, 2015 the Company had working capital of ₹ 2065,18 (000), including cash and cash equivalents of ₹ 64,29 (000), investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1201,45 (000)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

₹ '000

As at March 31, 2017	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Trade Payables and other payables	300,51	300,51	300,51	—	—	—
Security deposits	63	63	—	—	63	—
Other non-current liabilities	72	72	—	—	72	—

₹ '000

As at March 31, 2016	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Trade Payables and other payables	465,08	465,08	465,08	—	—	—
Security deposits	63	63	—	—	63	—
Other non-current liabilities	72	72	—	—	72	—

₹ '000

As at April 1, 2015	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Trade Payables and other payables	215,28	215,28	215,28	—	—	—
Security deposits	63	63	—	—	63	—
Other non-current liabilities	72	72	—	—	72	—

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk.

Currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

The Company is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to USD. The Company has not hedged this foreign currency exposure and strives to achieve asset liability offset of foreign currency exposure.

Exposure to currency risk

The Company's exposure to foreign currency risk at the end of the reporting period is as follows:

₹ '000

	March 31, 2017	March 31, 2016	April 1, 2015
	USD	USD	USD
Trade payables	88,28	124,86	305,90
Net statement of financial position exposure	(88,28)	(124,86)	(305,90)

Sensitivity analysis

A reasonably possible strengthening / weakening of the respective foreign currencies with respect to functional currency of Company would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in ₹ Thousands	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2017					
USD	3%	(2,65)	2,65	—	—
March 31, 2016					
USD	3%	(3,75)	3,75	—	—

(Note: The impact is indicated on the profit/loss before tax basis)

28. CAPITAL MANAGEMENT

(a) Risk Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company has adequate cash and bank balances and no interest bearing liabilities. The company monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any interest bearing debt, the maintenance of debt equity ratio etc. may not be of any relevance to the Company.

29 RECONCILIATIONS UNDER IND AS 101

(i) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

		₹ '000	
	Notes reference	March 31, 2016	April 1, 2015
Total equity (shareholder's fund) as per previous GAAP		2653,53	2492,28
Provision for expected sales return	1	(47,31)	(47,31)
Deferred tax impact on Ind AS adjustments	2	15,64	15,64
Total adjustments		(31,67)	(31,67)
Total equity as per Ind AS		2621,86	2460,61

Note 1. Provision for expected sales return

The Company has recognised ₹ 47,31 (000's) for the amount of expected non saleable return.

Note 2. Deferred tax

The Company has recognised deferred tax asset ₹ 15,64 (000's) on the above Ind AS adjustments.

30 RELATED PARTY DISCLOSURES

1 Related parties with whom there were transactions during the year are listed below:

Holding Company:

The Company is a wholly owned subsidiary of GlaxoSmithKline Pharmaceuticals Limited.

2 The following transactions were carried out with the related parties at normal commercial terms in the ordinary course of business.

₹ '000		
Holding Company		
	Year Ended March 31, 2017	Year Ended March 31, 2016
1 Payment of manufacturing charges	—	75,85
2 Payment of common costs	118,22	110,55
3 Payment of CSA commission	22,98	51,36
4 Payment of marketing commission	65,66	146,76
5 Outstanding payable/(receivable) by the Company (net) @	(73,14)	(81,11)

@ Transactions with the above parties are accounted in the respective current accounts.

31 CORPORATE SOCIAL RESPONSIBILITY

Expense towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 recognised in the Statement of Profit and Loss under 'Corporate social responsibility' in Note 23:

₹ '000		
	Year ended March 31, 2017	Year ended March 31, 2016
(a) Amount spent		
Particulars		
(i) Construction/acquisition of the asset	—	—
(ii) On purposes other than (i) above	9,15	13,85
	9,15	13,85
(b) Gross amount required to be spent by the Company	9,15	13,85

32 NOTE ON SPECIFIED BANK NOTES

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	—	—	—
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	—	—
(-) Amount deposited in Banks	—	—	—
Closing cash in hand as on 30.12.2016	—	—	—

33 In view to make financial statements comparable, previous period's figures have been regrouped wherever necessary.

As per our report of even date attached
For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

For and on behalf of the Board
Annaswamy Vaidheesh Andrew A. Aristidou
Chairman Director
DIN: 1444303 DIN: 7034424

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F. 10620
Place : Mumbai
Date : May 19, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of GlaxoSmithKline Pharmaceuticals Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), (refer Note 1A to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 3,029.62 lakhs and net assets of ₹ 2,552.41 lakhs as at March 31, 2017, total revenue of ₹ 677.70 lakhs, net profit of ₹ 23.70 lakhs and net cash flows amounting to ₹ 404.94 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.
9. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and May 18, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group, including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary including relevant records relating to the preparation of the consolidated Ind AS financial statements.
 - In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group – Refer Note 40 (A), 41, 42 and 43 to the consolidated Ind AS financial statements.
 - The group has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The group did not have any derivative contracts as at March 31, 2017.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended March 31, 2017.
 - The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company and its subsidiary company incorporated in India and as produced to us by the Management – Refer Note 39.

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Asha Ramanathan
Partner

Membership Number: 202660

Mumbai
May 19, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Pharmaceuticals Limited on the consolidated financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of GlaxoSmithKline Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is the company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary company which are Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which is the company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which is the Company incorporated in India, is based on the corresponding reports of the auditors of such Company incorporated in India. Our opinion is not qualified in respect of this matter.

Mumbai
May 19, 2017

For Price Waterhouse & Co Bangalore LLP
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Asha Ramanathan
Partner
Membership Number: 202660

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakhs)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	252,70.95	204,04.32	123,05.96
Capital work in progress	3	573,21.68	267,66.84	115,22.44
Intangible assets under development	3	32,24.73	—	—
Investment properties	4	5,34.44	5,97.99	6,15.32
Financial assets				
(i) Investments	5	5.67	5.67	5.67
(ii) Loans	6	13,68.28	14,24.94	13,97.88
(iii) Other financial assets	7	2,42.76	29.67	2,92.21
Current tax assets (net)	51 (b)	152,46.49	155,85.64	171,02.85
Deferred tax assets (net)	47 (d)	91,62.64	101,14.54	95,17.34
Other non-current assets	8	205,81.30	131,86.18	108,21.81
		1329,58.94	881,15.79	635,81.48
Current assets				
Inventories	9	425,79.74	525,86.66	375,58.27
Financial assets				
(i) Trade receivables	10	170,79.67	126,56.50	100,31.79
(ii) Cash and cash equivalents	11	140,92.29	114,88.62	115,30.21
(iii) Bank balances other than (ii) above	12	791,20.58	1277,01.23	1860,85.54
(iv) Loans	13	68,73.37	55,12.88	42,06.74
Other current assets	14	75,15.99	68,51.46	80,27.24
		1672,61.64	2167,97.35	2574,39.79
Assets classified as held for sale	15	1,62.95	5,75.35	14,21.19
		1674,24.59	2173,72.70	2588,60.98
TOTAL ASSETS		3003,83.53	3054,88.49	3224,42.46
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	16	84,70.30	84,70.30	84,70.30
Other equity	17	1922,15.28	2098,54.50	2359,37.53
		2006,85.58	2183,24.80	2444,07.83
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	18	98.90	1,59.50	2,62.60
(ii) Other financial liabilities	19	3,50.30	3,52.68	3,15.21
Provisions	20 & 26	272,25.50	285,15.44	272,21.20
Other non-current liabilities	21	—	2,15.00	2,15.00
		276,74.70	292,42.62	280,14.01
Current liabilities				
Financial liabilities				
(i) Trade payables	22	278,92.73	327,74.15	308,03.90
(ii) Other financial liabilities	23	359,17.73	183,86.50	108,99.17
Other current liabilities	24	31,29.52	18,95.08	21,09.85
Provisions	25 & 26	48,72.19	45,58.08	46,21.21
Current tax liabilities (net)	51 (a)	2,11.08	3,07.26	15,86.49
		720,23.25	579,21.07	500,20.62
		996,97.95	871,63.69	780,34.63
TOTAL EQUITY AND LIABILITIES		3003,83.53	3054,88.49	3224,42.46

The above consolidated balance sheet should be read in conjunction with the accompanying notes

As per our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Registration No. 007567S/S-200012

Chartered Accountants

Asha Ramanathan

Partner

Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

Managing Director

CFO & Executive Director

Audit Committee Chairman

Company Secretary

Mumbai, May 19, 2017

D. S. Parekh

A. Vaidheesh

A. A. Aristidou

D. Sundaram

A. A. Nadkarni

DIN: 9078

DIN: 1444303

DIN: 7034424

DIN: 16304

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations	27	2999,98.77	2837,91.21
Other Income	28	72,82.11	122,75.54
Total income		3072,80.88	2960,66.75
EXPENSES			
Cost of materials consumed	29	523,67.54	637,63.35
Purchases of stock-in-trade		790,69.96	739,93.66
Changes in inventories of work-in-progress, stock-in-trade and finished goods	30	83,37.00	(144,48.32)
Employee benefit expenses	31	483,01.22	443,37.45
Depreciation and amortization expense	32	26,34.69	24,94.98
Other expenses	33	700,24.93	683,17.42
Total expenses		2607,35.34	2384,58.54
Profit before exceptional items and tax		465,45.54	576,08.21
Exceptional items	38	45,73.05	2,31.07
Profit before tax		511,18.59	578,39.28
Income tax expenses			
Current tax	47	163,01.84	208,32.99
Deferred tax	47	11,35.55	(6,07.67)
Total income tax expenses		174,37.39	202,25.32
Profit for the year		336,81.20	376,13.96
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(5,30.65)	30.26
Income tax relating to items that will not be reclassified to profit or loss		1,83.65	(10.47)
Other comprehensive income for the year, net of tax		(3,47.00)	19.79
Total comprehensive income for the year		333,34.20	376,33.75
Profit attributable to:			
Owners of the GlaxoSmithKline Pharmaceuticals Limited		336,81.20	376,13.96
Other comprehensive income attributable to:			
Owners of the GlaxoSmithKline Pharmaceuticals Limited		(3,47.00)	19.79
Total comprehensive income attributable to:			
Owners of the GlaxoSmithKline Pharmaceuticals Limited		333,34.20	376,33.75
Earnings per equity share			
Basic and diluted earnings per share	49	39.76	44.41

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes

As per our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Registration No. 007567S/S-200012

Chartered Accountants

Asha Ramanathan

Partner

Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

Managing Director

CFO & Executive Director

Audit Committee Chairman

Company Secretary

Mumbai, May 19, 2017

D. S. Parekh

A. Vaidheesh

A. A. Aristidou

D. Sundaram

A. A. Nadkarni

DIN: 9078

DIN: 1444303

DIN: 7034424

DIN: 16304

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) Equity share capital

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the reporting period	84,70.30	84,70.30	84,70.30
Changes in equity share capital during the year	—	—	—
Balance at the end of the reporting period	84,70.30	84,70.30	84,70.30

(b) Other Equity

(₹ in lakhs)

As at March 31, 2017	Reserves and Surplus				Items of Other comprehensive income	Other Equity
	Capital reserve (i)	General reserve (ii)	Retained earnings	Capital redemption reserve (iii)	Remeasurements of the net defined benefit Plans	
Balance at April 1, 2016	1,70.97	863,20.59	1230,81.15	2,62.00	19.79	2098,54.50
Total Comprehensive						
Profit for the year	—	—	336,81.20	—	—	336,81.20
Other Comprehensive Income for the year	—	—	—	—	(3,47.00)	(3,47.00)
Transactions with owners of the company						
Dividend on Equity Shares (₹ 50 Per Share)	—	—	(423,51.50)	—	—	(423,51.50)
Dividend Distribution Tax	—	—	(86,21.92)	—	—	(86,21.92)
Balance at the end of the reporting period	1,70.97	863,20.59	1057,88.93	2,62.00	(3,27.21)	1922,15.28

(₹ in lakhs)

As at March 31, 2016	Reserves and Surplus				Items of Other comprehensive income	Other Equity
	Capital reserve (i)	General reserve (ii)	Retained earnings	Capital redemption reserve (iii)	Remeasurements of the net defined benefit Plans	
Balance at April 1, 2015	1,70.97	863,20.59	1491,83.97	2,62.00	—	2359,37.53
Total Comprehensive						
Profit for the year	—	—	376,13.96	—	—	376,13.96
Other Comprehensive Income for the year	—	—	—	—	19.79	19.79
Transactions with owners of the company						
Dividend on Equity Shares (₹ 62.50 Per Share)	—	—	(529,39.38)	—	—	(529,39.38)
Dividend Distribution Tax	—	—	(107,77.40)	—	—	(107,77.40)
Balance at the end of the reporting period	1,70.97	863,20.59	1230,81.15	2,62.00	19.79	2098,54.50

(i) Includes Central Government subsidy ₹ 15.00 lakhs and capital profit on reissue of shares forfeited of erstwhile Burroughs Wellcome (India) Limited ₹ 0.51 lakhs.

(ii) It represents the transfer of profits from retained earnings.

(iii) On account of buy back of equity shares and it is not available for distribution.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Registration No. 007567S/S-200012

Chartered Accountants

Asha Ramanathan

Partner

Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

Managing Director

CFO & Executive Director

Audit Committee Chairman

Company Secretary

Mumbai, May 19, 2017

D. S. Parekh

A. Vaidheesh

A. A. Aristidou

D. Sundaram

A. A. Nadkarni

DIN: 9078

DIN: 1444303

DIN: 7034424

DIN: 16304

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax and exceptional items	465,45.54	576,08.21
<i>Adjustments for:</i>		
Gain on disposal of property, plant and equipment	(24.25)	(30.05)
Interest income classified as investing cash flows	(72,10.86)	(121,07.81)
Interest expense	25.00	42.13
Depreciation and amortisation expense	26,34.69	24,94.98
Change in operating assets and liabilities		
Decrease/(Increase) in Inventories	100,06.92	(150,28.39)
(Increase) in Trade Receivables	(44,23.17)	(26,24.71)
(Increase) in Financial Asset – Loans	(13,03.82)	(13,33.20)
(Increase)/Decrease in Other current assets	(6,64.53)	11,75.78
(Increase)/Decrease in Financial asset – Others	(2,13.09)	2,62.54
(Increase) in Other non-current assets	(13,81.99)	(6,75.22)
(Decrease)/Increase in Trade payables	(46,78.06)	19,70.25
(Decrease)/Increase in Provisions	(15,06.48)	9,44.51
Increase/(Decrease) in Other current liabilities	12,34.44	(2,14.77)
Increase in Financial liabilities – Others	3,50.88	30,82.55
Cash generated from operations	393,91.20	355,66.81
Income taxes paid (net of refunds)	(160,58.87)	(205,95.00)
Cash flow before exceptional items	233,32.33	149,71.81
<i>Exceptional items:</i>		
Portfolio and Manufacturing activities rationalisation costs	–	(5,14.97)
Sale of brands	6,40.96	–
Costs for Asset Sale transaction with Novartis	(2,03.36)	(5,66.93)
Redundancy costs	(1,70.29)	–
Net cash inflow from operating activities A	235,99.64	138,89.91
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(304,42.91)	(232,32.03)
Proceeds from sale of property, plant and equipment including assets held for sale	6,25.25	7,98.99
Proceeds from sale of property (Exceptional item)	40,17.76	16,13.53
Investment in bank deposits (having original maturity more than 3 months)	(786,50.00)	(1955,00.00)
Margin money deposits	1,87.80	(2,02.08)
Redemption/Maturity of bank deposits (having original maturity more than 3 months)	1258,00.00	2521,75.00
Interest received	85,42.35	142,48.26
Net cash inflow from investing activities B	300,80.25	499,01.67

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings	(77.80)	(74.25)
Interest paid	(25.00)	(42.13)
Dividend paid to company's shareholders	(423,51.50)	(529,39.39)
Tax on distributed profit	(86,21.92)	(107,77.40)
Net cash outflow from financing activities C	(510,76.22)	(638,33.17)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	26,03.67	(41.59)
Cash and cash equivalents at the beginning of the financial year	114,88.62	115,30.21
Cash and cash equivalents at end of the financial year	140,92.29	114,88.62
Net Increase/(Decrease) in cash and cash equivalents	26,03.67	(41.59)
NOTES:		
Cash and cash equivalents include:		
Cash on hand	–	0.12
Cheques on hand	20,95.80	–
Term deposits with original maturity period of less than 3 months	106,86.22	56,23.36
Balances with banks	13,10.27	58,65.14
Total	140,92.29	114,88.62

The above consolidated cashflow statement should be read in conjunction with the accompanying notes

As per our report of even date

For Price Waterhouse & Co Bangalore LLP

Firm Registration No. 007567S/S-200012

Chartered Accountants

Asha Ramanathan

Partner

Membership No. 202660

Mumbai, May 19, 2017

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES

A GENERAL INFORMATION

GLAXOSMITHKLINE PHARMACEUTICALS LIMITED ('the Company') is a public limited Company and is listed on the BSE Ltd (Bombay Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company and its subsidiary (jointly referred to as the 'Group' hereunder) are engaged inter alia, in the business of manufacturing, distributing and trading in pharmaceuticals.

The subsidiary considered in these consolidated financial statements is :

Name of the Company	Country of incorporation	% voting power held as at March 31, 2017	% voting power held as at March 31, 2016	% voting power held as at April 1, 2015
Biddle Sawyer Limited (BSL)	India	100	100	100

B STATEMENT OF ACCOUNTING POLICIES

(a) Basis for preparation of accounts

(i) Compliance with Ind AS

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Group's first Ind AS consolidated financial statements and Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the years presented.

For all periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position and financial performance including reconciliations and descriptions of the effect of the transition are provided in Note 60.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value;
- assets held for sale measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and
- share-based payments.

(b) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The Group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The excess of cost to the Company of its investment in the subsidiary is recognised in the financial statements as goodwill, which has been amortised over a period of ten years.

(c) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS: On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Depreciation is provided on the straight-line method over the estimated useful lives of the assets as per the rates prescribed under Schedule II to the Companies Act, 2013 or re-assessed useful life based on technical evaluation as under:

Factory Buildings	30 years
Other Buildings	60 years
Plant and Equipment	10 years
Personal Computers and Laptops	3 years
Other Computer Equipment	4 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	4 years

Depreciation is provided pro-rata for the number of months availability for use. Depreciation on sale/disposal of assets is provided pro-rata up to the end of the month of sale/disposal.

An asset purchased where the actual cost does not exceed ₹ 5,000 is depreciated at the rate of 100%.

Leasehold improvements are amortised over the period of the lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date is disclosed as capital work in progress. Advances given towards acquisition of Property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non current assets.

(d) Intangible Assets and Amortisation

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised as income or expense in the statement of profit and loss.

Cost of Items of Intangible assets not ready for intended use as on the balance sheet date is disclosed as intangible assets under development.

Amortisation method and periods

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Distribution rights are amortised over the agreement/contract period.

(e) Impairment of Non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) LeasesOperating lease

Assets taken/given on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments/receipts under operating leases are recognised as expenses/income on straight line basis over the primary period of lease unless the payments/receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease (as lessee)

Leases of land where the Group, as lessee, has substantially retained all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

(g) Trade Receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(h) Investments and other financial assets**(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where assets cash flow represents solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other expenses/other income. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other expenses/other income in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss statement are recognised in other income/expense in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) **Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 55 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) **Derecognition of financial assets**

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(v) Income recognition**Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss statement only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(i) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(j) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Trade and other payable

These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These payable are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and payables are subsequently measured at amortised cost using the effective interest method.

(l) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on first-in first-out basis. The cost of work-in-progress (other than those lying at third party manufacturing sites which is valued at material cost) and finished goods comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(m) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable: a) Revenue from sale of goods is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Amounts disclosed as revenue are inclusive of excise duty and net of returns, applicable trade discounts and allowances, value added taxes and amounts collected on behalf of third parties. Sales are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns. b) Income from clinical research and data management services is recognised in the accounting period in which the services are rendered based on actual spends.

(o) Foreign Currency Transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is GlaxoSmithKline Pharmaceuticals Limited's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other expenses/other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(p) Taxes on Income:

Income tax expense represents the sum of the current tax and deferred tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Current tax charge is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit and Loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The current tax liability of GlaxoSmithKline Pharmaceuticals Limited and its subsidiary is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the entity currently has a legally enforceable right to set-off the current income tax assets and liabilities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

(q) Employee Benefits

(a) Short Term Employee Benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Post Employment Benefits:

(i) Defined Contribution Plans:

The Group's defined contribution plans are superannuation and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Group has no further obligation beyond making the contributions. The Group's contributions to these plans are charged to the Statement of Profit and Loss as incurred.

(ii) Defined Benefits Plans:

Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

Gratuity and Post Retirement Medical:

The actuarial valuation method used for measuring the liability for Gratuity and Post Retirement Medical is Projected Unit Credit method. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses. The obligations for Gratuity and Post Retirement Medical are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the Group's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

Provident Fund:

Provident Fund contributions are made to a Trust administered by the Group. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. The actuarial valuation method, carried out by an independent actuary, used for measuring the liability for Provided Fund is Projected Accrued Benefit method. This approach determines the present value of the interest rate guarantee under three interest rate scenarios: base case scenario, rising interest rate scenario and falling interest rate scenario. The Defined Benefit Obligation of the interest rate guarantee is set equal to the average of the present values determined under these scenarios in respect of accumulated provident fund contributions as at the valuation date.

(c) Other Long Term Benefit Plans:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(d) The expenditure on voluntary retirement schemes is charged to the Statement of Profit and Loss in the year in which it is incurred.

(e) **Share Based Payment Arrangements:**

In terms of a long-term incentive plan, the eligible members of the senior management are entitled to receive cash settled awards at the end of a three year 'restricted period', provided they remain in continuous employment with the Group for the aforesaid period. The value of such incentive is based on the price of shares of GlaxoSmithKline plc, U.K.

The fair value of the amount payable to employees in respect of long term incentive plan, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the shares of GlaxoSmithKline plc, U.K. Any changes in the liability are recognised in profit or loss.

(r) **Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Based on technical evaluation the following is the best estimate of period over which investment property is depreciated on a straight-line basis.

<u>Asset</u>	<u>Management estimate of useful life</u>
Factory Building	30 Years
Freehold land	—

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

(s) **Earnings Per Share**

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the profit for the period attributable to the owners of the Group and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(t) **Non current assets held for sale**

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non current assets are not depreciated or amortised while they are classified as held for sale.

Non current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(u) **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) **Exceptional Items**

When items of income or expense are of such nature, size and incidence that their disclosure is necessary to explain the performance of the Group for the year, the Group makes a disclosure of the nature and amount of such items separately under the head "exceptional items".

(w) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Managing Director of the GlaxoSmithKline Pharmaceuticals Limited has been identified as CODM and he is responsible for allocating the resources, assess the financial performance and position of the Group and makes strategic decisions.

The Group has identified one reportable segment "Pharmaceuticals" based on the information reviewed by the CODM. Refer note 57 for segment information presented.

(x) **Provision and contingent liabilities**

A provision is recognised if as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as an interest expense.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(y) Research and Development

Expenditure on research is recognised as expense in the year in which it is incurred.

(z) Excise Duty

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of Central Value Added Tax (CENVAT) credits in respect of materials consumed for sales is deducted from cost of materials consumed. The excise duty related to the difference between the closing stock and opening stock of finished goods has been recognised separately under 'other expenses'.

(aa) Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 (the 'Amendment Rules') on March 17, 2017 notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment' effective for annual periods beginning on or after April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group does not expect a significant impact on its consolidated financial statements on initial application of these 'Amendment Rules'.

(ab) Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

a Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

b Estimation of useful life

Useful lives of tangible assets and intangible assets are based on the estimate by the management. The useful lives as estimated are same as prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management estimate, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, when the Group assesses, whether an asset may be capitalized and which components of the cost of the asset may be capitalised.

The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

c Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**3 PROPERTY, PLANT AND EQUIPMENT**

(₹ in lakhs)

Year ended March 31, 2017	Gross block (at cost)				Depreciation/Amortisation			Net block		
	As at April 1, 2016	Additions/ Adjustments	Deductions	As at March 31, 2017	As at April 1, 2016	For the Year	On Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
(A) TANGIBLE ASSETS										
Freehold land	2.00	–	–	2.00	–	–	–	–	2.00	2.00
Leasehold land	54,95.47	92.00	–	55,87.47	44.46	55.00	–	99.46	54,88.01	54,51.01
Freehold buildings (a)	25,05.99	19.58	59.46	24,66.11	42.87	54.51	10.70	86.68	23,79.43	24,63.12
Leasehold buildings	26,28.40	11,28.85	–	37,57.25	1,21.14	1,09.60	–	2,30.74	35,26.51	25,07.26
Plant and equipment	101,59.49	57,37.16	16.32	158,80.33	14,79.75	20,05.59	4.36	34,80.98	123,99.35	86,79.74
Furniture and fixtures	5,82.45	1,06.94	8.50	6,80.89	90.55	1,12.87	2.98	2,00.44	4,80.45	4,91.90
Vehicles	8,04.51	4,33.58	66.28	11,71.81	2,14.73	1,82.95	22.56	3,75.12	7,96.69	5,89.78
Office Equipment	3,35.09	32.32	4.69	3,62.72	1,15.58	50.62	1.99	1,64.21	1,98.51	2,19.51
Total (A)	225,13.40	75,50.43	1,55.25	299,08.58	21,09.08	25,71.14	42.59	46,37.63	252,70.95	204,04.32
(B) INTANGIBLE ASSETS										
Distribution Rights	3,22.80	–	3,22.80	–	3,22.80	–	3,22.80	–	–	–
Total (B)	3,22.80	–	3,22.80	–	3,22.80	–	3,22.80	–	–	–
TOTAL (A+B)	228,36.20	75,50.43	4,78.05	299,08.58	24,31.88	25,71.14	3,65.39	46,37.63	252,70.95	204,04.32

(₹ in lakhs)

Year ended March 31, 2016	Gross block (at cost)				Depreciation/Amortisation			Net block	
	As at April 1, 2015 (e)	Additions/ Adjustments	Deductions	As at March 31, 2016	For the Year	On Deductions/ Adjustments	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
(A) TANGIBLE ASSETS									
Freehold land	2.00	–	–	2.00	–	–	–	2.00	2.00
Leasehold land (c)	44.27	54,51.20	–	54,95.47	44.46	–	44.46	54,51.01	44.27
Freehold buildings (a)	24,97.42	24.69	16.12	25,05.99	45.02	2.15	42.87	24,63.12	24,97.42
Leasehold buildings	23,91.50	2,38.08	1.18	26,28.40	1,21.17	0.03	1,21.14	25,07.26	23,91.50
Plant and equipment	61,45.41	42,13.00	1,98.92	101,59.49	14,80.93	1.18	14,79.75	86,79.74	61,45.41
Furniture and fixtures	5,09.75	94.93	22.23	5,82.45	92.65	2.10	90.55	4,91.90	5,09.75
Vehicles	5,03.98	4,35.46	1,34.93	8,04.51	2,55.04	40.31	2,14.73	5,89.78	5,03.98
Office Equipment	2,11.63	1,34.03	10.57	3,35.09	1,15.58	–	1,15.58	2,19.51	2,11.63
Total (A)	123,05.96	105,91.39	3,83.95	225,13.40	21,54.85	45.77	21,09.08	204,04.32	123,05.96
(B) INTANGIBLE ASSETS									
Distribution Rights (b)	–	3,22.80	–	3,22.80	3,22.80	–	3,22.80	–	–
Total (B)	–	3,22.80	–	3,22.80	3,22.80	–	3,22.80	–	–
TOTAL (A+B)	123,05.96	109,14.19	3,83.95	228,36.20	24,77.65	45.77	24,31.88	204,04.32	123,05.96

Note:

- Freehold buildings include investments representing ownership of residential flats (Refer Note 45).
- Addition of Intangible assets of ₹ 3,22.80 lakhs in previous year is towards Distribution Rights of the vaccines portfolio acquired from Novartis Healthcare Private Limited. (Refer note 50).
- Additions to leasehold land in the previous year pertains to land acquired for the new greenfield manufacturing factory being constructed at Bengaluru (Refer note 53).
- During the previous year ended March 31, 2016, the Group adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013 or re-assessed useful life based on technical evaluation. The impact of the change in useful lives on the profit for the year ended March 31, 2016 was not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- (e) The Group has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP.

(₹ in lakhs)

Tangible Assets	Gross Block	Accumulated Depreciation	Net Block
Freehold land	2.00	–	2.00
Leasehold land	44.27	–	44.27
Freehold buildings	33,26.51	8,29.09	24,97.42
Leasehold buildings	45,44.19	21,52.69	23,91.50
Plant and equipment	188,29.74	126,84.33	61,45.41
Furniture and fixtures	31,18.61	26,08.86	5,09.75
Vehicles	15,79.05	10,75.07	5,03.98
Office Equipment	6,72.22	4,60.59	2,11.63
Total	321,16.59	198,10.63	123,05.96

- (f) Capital work-in-progress Movement (Refer note 53)

(₹ in lakhs)

	FY 2016-17	FY 2015-16
Opening Balance	267,66.84	115,22.44
Additions	383,29.65	258,36.77
Less: Transfers	–	–
Capitalisation	(75,50.43)	(105,91.39)
Assets held for sale	(1,32.82)	–
Write off	(91.56)	(0.98)
Closing Balance	573,21.68	267,66.84

- (g) Intangible assets under development Movement

(₹ in lakhs)

	FY 2016-17	FY 2015-16
Opening Balance	–	–
Additions*	32,24.73	–
Less: Transfers	–	–
Capitalisation	–	–
Closing Balance	32,24.73	–

* Comprises of ERP implementation cost.

- (h) Refer note 40 (B) (i) for disclosure of contractual commitments for the acquisition of property, plant and equipments.

4 INVESTMENT PROPERTIES

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016
Gross carrying amount		
Opening gross carrying amount/Deemed cost	6,15.32	6,15.32
Additions	–	–
Deduction	–	–
Closing gross carrying amount	6,15.32	6,15.32
Accumulated Depreciation		
Opening Accumulated Depreciation	17.33	–
Depreciation charge	63.55	17.33
Closing Accumulated Depreciation	80.88	17.33
Net carrying amount	5,34.44	5,97.99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The Group has availed the deemed cost exemption in relation to the investment property on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP:

	(₹ in lakhs)
Investment property	As at April 1, 2015
Gross Block as at April 1, 2015	17,67.98
Accumulated Depreciation as at April 1, 2015	11,52.66
Net Block as at April 1, 2015	6,15.32

(i) Amounts recognised in profit or loss for investment properties

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Rental Income	68.40	68.40
Depreciation	63.55	17.33
Profit from investment properties	4.85	51.07

(ii) Premises given on operating lease

The Group has an apartment given on operating lease on cancellable terms. The lease arrangement is for the period of 3 years and is renewable for a further period on mutually agreeable terms. Rental income of ₹ 68.40 lakhs has been disclosed under other income.

(iii) Estimation of fair value

The Group has five properties that have been considered as investment properties. These include four vacant land sites that are not in operational use at present and an apartment that is leased at commercial rates.

In view of management, the fair market value of the land sites is not reliably measurable as there are very few recent transactions of comparable composition of these properties in the market. Further, the fair market value will be subject to numerous municipal deductions dependent upon the current use and intended use of the property. Based on the above, it is not possible to ascertain and disclose the range of fair market value. The estimated Ready Reckoner value at year end, based on latest published data and on current stated use, totals ₹ 1723,00.00 lakhs. Ready Reckoner rates are the prices of the residential property, land or commercial property for a given area that is published and regulated by the respective State Governments as a guide towards payment of stamp duty at the time of transaction. The Ready Reckoner value is regarded as a gross value and does not represent the underlying fair market value of the properties. The Group will further detail the fair value of its investment properties upon entering a committed agreement with a third party, unless an alternative reliable estimate of the fair value is attainable.

Fair value of the leased apartment is estimated at ₹ 24,00.00 lakhs (As at March 31, 2016: ₹ 25,00.00 lakhs and April 1, 2015: ₹ 26,00.00 lakhs). The fair valuation is based on the recent deal, concluded by the Group, of a comparable property in the same location during the current year. Fair valuation for the comparative years is based on the current deal price of the concluded sale adjusted for the historical property price trend of past two years in the same location. The fair value measurement is categorised in level 3 fair value hierarchy.

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5 NON-CURRENT FINANCIAL ASSETS – INVESTMENTS			
In Equity Instruments			
Unquoted			
Biotech Consortium India Limited			
50,000 Equity Shares of ₹ 10 each fully paid	5.00	5.00	5.00
Dinette Exclusive Club Private Limited			
500 Equity Shares of ₹ 100 each fully paid	0.50	0.50	0.50
Other Investments			
Unquoted			
National Savings Certificate (Lodged with Government authorities)	0.17	0.17	0.17
Total	5.67	5.67	5.67
Aggregate of Unquoted Investments – At Book value	5.67	5.67	5.67
6 NON-CURRENT FINANCIAL ASSETS – LOANS			
(Unsecured considered good)			
Security Deposits	13,41.59	13,98.25	13,71.19
Advances recoverable	26.69	26.69	26.69
	13,68.28	14,24.94	13,97.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
7 NON-CURRENT FINANCIAL ASSETS – OTHERS			
Margin money/Deposit against bank guarantee	2,42.76	29.67	2,92.21
	2,42.76	29.67	2,92.21
8 OTHER NON-CURRENT ASSETS			
Capital advances	141,25.04	81,11.91	64,22.76
Less : Allowance for doubtful loans and advances	(3,87.93)	(3,87.93)	(3,87.93)
	137,37.11	77,23.98	60,34.83
Balance with Government Authorities	26,56.47	12,18.14	12,18.14
Sundry Deposit	37,83.21	37,94.48	31,10.78
Remittances in transit (Refer Note 42 (iii))	5.92	5.92	5.92
Other Advances	3,98.59	4,43.66	4,52.14
	205,81.30	131,86.18	108,21.81
9 INVENTORIES			
Stores and spares	2,71.47	2,53.13	2,59.31
Raw and Packing materials (includes in-transit as on March 31, 2017 Nil; As on March 31, 2016 ₹ 2,79.88 lakhs; As on April 1, 2015: ₹ 3,05.27 lakhs)	87,74.37	104,62.63	98,76.38
Work-in-progress	33,33.91	36,31.87	31,74.48
Stock-in-trade (includes in-transit as on March 31, 2017 ₹ 8,51.07 lakhs; As on March 31, 2016 ₹ 19,37.90 lakhs; As on April 1, 2015 ₹ 12,01.55 lakhs)	144,48.35	220,02.97	135,74.30
Finished goods	157,51.64	162,36.06	106,73.80
	425,79.74	525,86.66	375,58.27
10 TRADE RECEIVABLES			
Unsecured, Considered good	170,79.67	126,56.50	100,31.79
Unsecured, Considered doubtful	15,01.22	13,29.07	11,27.27
Less : Provision for doubtful debts	(15,01.22)	(13,29.07)	(11,27.27)
	170,79.67	126,56.50	100,31.79
11 CASH AND CASH EQUIVALENTS			
Cash on hand	–	0.12	0.76
Cheques on hand (Refer note 38)	20,95.80	–	–
Current account Balances with Banks	13,10.27	58,65.14	54,89.72
Term deposit with original maturity period of less than three months	106,86.22	56,23.36	60,39.73
	140,92.29	114,88.62	115,30.21
12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Margin money/Deposit against bank guarantee	81.22	2,69.02	66.94
Term deposit with original maturity period of more than three months	767,24.60	1252,06.09	1839,92.38
Unpaid dividend accounts	23,14.76	22,26.12	20,26.22
	791,20.58	1277,01.23	1860,85.54
13 CURRENT FINANCIAL ASSETS – LOANS			
(Unsecured considered good)			
Current account balances with group companies	54,42.80	39,48.78	26,13.73
Advances recoverable	14,30.57	15,64.10	15,93.01
	68,73.37	55,12.88	42,06.74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
14 OTHER CURRENT ASSETS			
Balance with Government Authorities	27,35.40	19,77.57	14,80.53
Sundry advances	15,19.10	14,51.24	11,37.38
Import advances	14,49.34	16,74.16	36,35.79
Prepayments	2,04.08	1,46.44	45.92
Prepaid expenses	9,26.95	9,51.88	10,13.16
Other current assets	6,81.12	6,50.17	7,14.46
	75,15.99	68,51.46	80,27.24
15 ASSETS CLASSIFIED AS HELD FOR SALE			
Plant and Machinery	1,62.95	5,75.35	14,21.19
	1,62.95	5,75.35	14,21.19
16 SHARE CAPITAL			
Authorised			
9,00,00,000 equity shares of ₹ 10 each	90,00.00	90,00.00	90,00.00
Issued			
8,47,07,710 equity shares of ₹ 10 each	84,70.77	84,70.77	84,70.77
Subscribed and Paid-Up			
8,47,03,017* equity shares of ₹ 10 each, fully paid up	84,70.30	84,70.30	84,70.30
	84,70.30	84,70.30	84,70.30

* excludes 4,693 equity shares of ₹ 10 each of the Group (3,352 equity shares of ₹ 10 each of erstwhile Burroughs Wellcome (India) Limited) held in abeyance.

(₹ in lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
(a) Reconciliation of the number of shares						
Balance at the beginning of the year	84,703,017	84,70.30	84,703,017	84,70.30	84,703,017	84,70.30
Issued during the year	—	—	—	—	—	—
Balance at the end of the year	84,703,017	84,70.30	84,703,017	84,70.30	84,703,017	84,70.30

(b) Rights, preferences and restrictions attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by subsidiaries of ultimate holding company in aggregate

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
Equity shares of ₹ 10 each (representing 75.00% of total shareholding)	63,527,262	63,52.73	63,527,262	63,52.73	63,527,262	63,52.73

(d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	% Shareholding	Number of Shares	% Shareholding	Number of Shares	% Shareholding
Glaxo Group Limited, U.K.	30,485,250	35.99%	30,485,250	35.99%	30,485,250	35.99%
GlaxoSmithKline Pte Limited, Singapore	23,802,012	28.10%	20,609,774	24.33%	20,609,774	24.33%
Eskaylab Limited, U.K.	5,880,000	6.94%	5,880,000	6.94%	5,880,000	6.94%
Life Insurance Corporation of India	5,488,062	6.48%	5,131,118	6.06%	4,749,658	5.61%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
17 OTHER EQUITY			
Capital redemption reserve	2,62.00	2,62.00	2,62.00
General reserve	863,20.59	863,20.59	863,20.59
Capital reserve	1,70.97	1,70.97	1,70.97
Retained earnings	1054,61.72	1231,00.94	1491,83.97
	1922,15.28	2098,54.50	2359,37.53
18 NON-CURRENT FINANCIAL LIABILITIES – BORROWINGS			
Unsecured			
Interest free sales tax loan from SICOM Limited	98.90	1,59.50	2,62.60
	98.90	1,59.50	2,62.60

Terms of repayment

Interest free Sales Tax Loan from SICOM Limited as at March 31, 2017 of ₹ 1,59.50 lakhs (March 31, 2016 of ₹ 2,37.30 lakhs and April 1, 2015 ₹ 3,11.55 lakhs) availed under the 1993 Sales Tax deferment Scheme repayable in thirteen instalments (March 31, 2016 – seventeen instalments, April 1, 2015 – twenty one instalments) closing on April 30, 2021. The current maturity amount as at March 31, 2017 is ₹ 60.60 lakhs (March 31, 2016 of ₹ 77.80 lakhs and April 1, 2015 ₹ 48.95 lakhs) of the loan has been disclosed under Note 23 – Current financial liabilities – others.

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
19 NON-CURRENT FINANCIAL LIABILITIES – OTHERS			
Security deposits received	2,26.10	2,26.10	2,37.35
Payable to employees	1,23.48	1,25.86	77.14
Other non-current financial liabilities	0.72	0.72	0.72
	3,50.30	3,52.68	3,15.21
20 NON-CURRENT PROVISIONS			
For Pricing matters (Refer Note 41 and 43)	123,96.15	123,96.15	123,96.15
For employee benefits			
Gratuity	56,23.60	46,38.06	42,07.25
Leave encashment and compensated absences	30,24.49	41,40.27	40,49.66
Post retirement medical and other benefits	39,74.31	36,58.04	34,63.73
For long term incentive plan	2,01.84	4,92.50	6,22.52
For divestment/restructuring	12,02.83	12,02.83	12,02.83
For expected sales returns	1,14.42	12,84.33	–
For others	6,87.86	7,03.26	12,79.06
	272,25.50	285,15.44	272,21.20
21 OTHER NON-CURRENT LIABILITIES			
Advance received for sale of property	–	2,15.00	2,15.00
	–	2,15.00	2,15.00
22 TRADE PAYABLES			
Due to Micro, Small and Medium Enterprises	2,85.60	4,21.98	2,59.25
Due to others	276,07.13	323,52.17	305,44.65
	278,92.73	327,74.15	308,03.90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
23 CURRENT FINANCIAL LIABILITIES – OTHERS			
Interest free sales tax loan from SICOM Limited (Refer Note 18)	60.60	77.80	48.95
Unclaimed dividends *	23,14.76	22,26.12	20,26.22
Salaries, wages, bonus and employee benefits payable	85,43.35	82,48.00	52,79.60
Creditors for capital goods	243,55.29	72,48.75	30,34.15
Rationalisation relating to a manufacturing site	1,30.28	1,30.28	1,32.84
Other Payables	5,13.45	4,55.55	3,77.41
	359,17.73	183,86.50	108,99.17
* There are no amounts due and outstanding to be credited to Investor Education and Protection fund			
24 OTHER CURRENT LIABILITIES			
Statutory dues including provident fund and tax deducted at source	31,29.52	18,84.89	17,31.90
Wealth tax payable	–	10.19	3,77.95
	31,29.52	18,95.08	21,09.85
25 CURRENT PROVISIONS			
For employee benefits			
Leave encashment and compensated absences	1,37.71	2,53.77	2,52.24
Post retirement medical and other benefits	2,07.87	2,14.15	1,99.61
For long term incentive plan	4,01.93	1,75.01	1,08.06
For rationalisation relating to a manufacturing site	47.45	73.80	1,35.43
For expected sales returns	37,00.56	36,33.81	36,37.52
For others	3,76.67	2,07.54	2,88.35
	48,72.19	45,58.08	46,21.21

26 MOVEMENT IN PROVISIONS

(₹ in lakhs)

	Rationalisation relating to a manufacturing site (i)	Pricing matters (ii)	Long term Incentive Plan (iii)	Divestment / Restructuring (ii)	Expected Sales Returns (iv)	Others (ii)
April 2016 – March 2017						
Opening Balance	73.80	123,96.15	6,67.51	12,02.83	49,18.14	9,10.80
Add: Provision during the year	–	–	4,80.23	–	1,26.17	2,27.67
Less: Amounts utilised/reversed during the year	26.35	–	5,43.97	–	12,29.33	73.94
Balance at the year end	47.45	123,96.15	6,03.77	12,02.83	38,14.98	10,64.53
April 2015 – March 2016						
Opening Balance	1,35.43	123,96.15	7,30.58	12,02.83	36,37.52	15,67.41
Add: Provision during the year	–	–	6,94.45	–	14,83.38	2,72.53
Less: Amounts utilised/reversed during the year	61.63	–	7,57.52	–	2,02.76	9,29.14
Balance at the year end	73.80	123,96.15	6,67.51	12,02.83	49,18.14	9,10.80

Notes:

- Rationalisation relating to a manufacturing site: This represents an estimated amount of cost required to be incurred to rationalise closed manufacturing sites of the Group. The Group utilizes the same as and when actual costs are incurred. It is expected to be utilised within 12 months from the end of the year.
- Pricing matters, Divestment/ Restructuring and other matters: Provision for pricing matters, Divestment/ Restructuring and other matters made for probable liabilities/ claims arising out of pending dispute, litigations/ commercial transactions with statutory authorities/ third parties. The outflow with regard to the said matters depends on the exhaustion of remedies available to the Group under the law and hence the Group is not able to reasonably ascertain the timing of the outflow. Also refer to notes 41, 42, 43 and 44.
- Long term incentive plan: Refer to note 59.
- Provision for expected sales returns: This represents a provision made for expected sales returns. Revenue is adjusted for the expected value of return. It is expected to be utilised within 1 to 2 years from the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
27 REVENUE FROM OPERATIONS		
A. Sale of products (including excise duty)		
Sale of products	2926,50.37	2765,92.56
	2926,50.37	2765,92.56
B. Other operating revenue		
Service income	56,16.13	55,97.02
Consignment sales commission	17.53	30.56
Manufacturing charges recovery	9,98.34	9,88.69
Others	7,16.40	5,82.38
	73,48.40	71,98.65
Total Revenue from operations	2999,98.77	2837,91.21
28 OTHER INCOME		
Interest income		
On deposits with banks	71,75.46	120,72.98
On loans	24.77	26.00
Others	10.63	8.83
Less : Interest expense		
On Security deposits	(23.17)	(23.64)
On Others	(1.83)	(18.49)
	71,85.86	120,65.68
Profit on sale of fixed assets (net)	24.25	30.05
Rent received	72.00	71.59
Others	–	1,08.22
	72,82.11	122,75.54
29 COST OF MATERIALS CONSUMED		
Cost of materials consumed	523,67.54	637,63.35
	523,67.54	637,63.35
30 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS		
Opening stock		
Work-in-progress	36,31.87	31,74.48
Stock-in-trade	220,02.97	135,74.30
Finished goods	162,36.06	106,73.80
	418,70.90	274,22.58
Less: Closing stock		
Work-in-progress	33,33.91	36,31.87
Stock-in-trade	144,48.35	220,02.97
Finished goods	157,51.64	162,36.06
	335,33.90	418,70.90
	83,37.00	(144,48.32)
31 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	433,07.06	394,67.89
Contributions to : Provident and pension funds (Refer Note 46)	22,29.56	21,36.12
Gratuity funds (Refer Note 46)	8,51.02	8,02.19
Staff welfare	19,13.58	19,31.25
	483,01.22	443,37.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
32 DEPRECIATION AND AMORTIZATION EXPENSE		
On Investment Property (Refer note 4)	63.55	17.33
On Property, Plant and Equipment (Refer Note 3)	25,71.14	24,77.65
	26,34.69	24,94.98
33 OTHER EXPENSES		
Sales promotion	95,87.52	96,97.32
Stock point commission	15,86.33	14,72.85
Freight (net)	67,17.40	52,76.37
Travelling	67,60.65	66,41.04
Manufacturing charges	83,98.64	95,46.19
Repairs :		
– Buildings	3,69.66	2,94.50
– Plant and Machinery	14,17.03	14,27.51
– Others	17.54	10.89
	18,04.23	17,32.90
Consumption of stores and spares	6,22.90	5,29.98
Power, fuel and water	27,81.57	25,96.53
Rent	24,03.10	19,73.16
Rates and taxes	28,75.29	29,28.92
Printing, postage and telephones	16,01.61	12,88.66
Sales training, briefing and conference	20,64.06	18,92.71
Excise duty	91,51.89	91,80.99
Insurance	4,38.23	5,34.95
Remuneration to auditors :		
Statutory audit fees	79.05	79.05
In other capacity in respect of :		
Tax audit fees	6.00	6.00
Other services	25.25	26.25
Reimbursement of expenses	3.61	4.13
	1,13.91	1,15.43
Cost audit fees	5.40	6.58
Corporate social responsibility (Refer Note 37)	11,52.84	14,31.65
Commission to non whole-time Directors	74.00	85.67
Directors' sitting fees	58.50	18.14
Miscellaneous	94,34.77	91,82.70
Reimbursement of expenses (net) (Refer Note 36)	23,92.09	21,84.68
	700,24.93	683,17.42

34 The recurring expenditure on research and development charged off to revenue amounts to ₹ 1,89.62 lakhs (Previous year – ₹ 1,99.57 lakhs).

35 Miscellaneous expenses in Note 33 includes loss on foreign currency transactions (net) ₹ Nil (Previous year – ₹ 8,82.11 lakhs).

36 Reimbursement of expenses (net) in Note 33 are amounts recovered from subsidiary company ₹ 1,60.06 lakhs (Previous year – ₹ 2,26.13 lakhs), from Stiefel India Private Limited ₹ Nil (Previous year – ₹ 19.85 lakhs), from GlaxoSmithKline Pte Limited ₹ Nil (Previous year – ₹ 8.18 lakhs), from GlaxoSmithKline Service Unlimited ₹ 17.81 lakhs (Previous year – ₹ 71.33 lakhs), GlaxoSmithKline Brasil Ltd ₹ 25.96 lakhs (Previous year – ₹ 40.34 lakhs), from GlaxoSmithKline Research & Development Limited ₹ 15.96 lakhs (Previous year – ₹ 98.19 lakhs), from Chiron Behring Vaccines Private Limited ₹ 56.18 lakhs (Previous year – ₹ Nil), from GlaxoSmithKline Inc USA ₹ 86.85 lakhs (Previous year – ₹ Nil), from GlaxoSmithKline Latin America S.A. ₹ 23.91 lakhs (Previous year – ₹ Nil), from GlaxoSmithKline Pharma Nigeria Ltd ₹ 50.17 lakhs (Previous year – ₹ Nil) and paid to GlaxoSmithKline Consumer Healthcare Limited ₹ 25,08.76 lakhs (Previous year – ₹ 23,09.5 lakhs) and GlaxoSmithKline Asia Private Limited ₹ 1,60.17 lakhs (Previous year – ₹ 1,13.07 lakhs) towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

37 Expense towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 is as under:

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Amount spent		
(i) Construction/acquisition of the asset	—	—
(ii) On purposes other than (i) above	12,20.21	14,84.12
Total amount spent	12,20.21	14,84.12
The above includes allocation of ₹ 67.37 lakhs (Previous year ₹ 52.47 lakhs) towards Corporate Social Responsibility which are shown under Employee Benefits Expenses in note 31.		
(b) Gross amount required to be spent by the Group	12,19.89	14,27.48

38 EXCEPTIONAL ITEMS

Portfolio and Manufacturing activities rationalisation costs	—	(5,14.97)
Costs for Asset Sale transaction with Novartis (Refer note 50)	—	(7,70.29)
Profit on sale of property (Refer note below)	41,75.88	15,99.57
Write down due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility	(73.50)	(55.97)
Actuarial loss on employee benefits	—	(27.27)
Sale of Brands	6,40.96	—
Redundancy Costs	(1,70.29)	—
	45,73.05	2,31.07

Note: Includes profit on sale of a property sold vide a binding agreement for sale on March 31, 2017, pending adjudication by the transferee. Subsequently, in April 2017, all the formalities relating to stamping and registration were concluded. As at March 31, 2017, the proceeds for this disposal is held as cheques on hand.

39 NOTE ON SPECIFIED BANK NOTES

The Group did not have any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308 (E) Dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below.

(₹ in lakhs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	—	—	—
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	—	—
(-) Amount deposited in Banks	—	—	—
Closing cash in hand as on 30.12.2016	—	—	—

For the purpose of this clause, the term "Specified Bank Note" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O. 3407 (E), dated the November 8, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**40 CONTINGENT LIABILITIES AND COMMITMENTS**

	(₹ in lakhs)		
	March 31, 2017	March 31, 2016	April 1, 2015
A. Contingent Liabilities not provided for			
(i) Cheques discounted with banks	2,45.56	1,09.24	3,74.00
(ii) In respect of claims made against the Group not acknowledged as debts by the Group			
– Sales tax matters	351,04.34	278,86.16	34,59.31
– Excise matters	5,93.30	5,93.30	5,93.30
– Service tax matters	1,29.20	1,29.20	1,29.20
– Labour matters	71,98.01	89,93.10	83,57.08
– Other legal matters	90,27.55	82,99.74	22,50.84
which net of current tax amount to –	340,38.10	300,15.91	97,62.70
The increase in contingent liability in respect of 'Sales Tax matters' during the current year as well as previous year pertains to Orders passed by the sales tax authorities relating to few assessment years. The orders imposed a demand upon the Company due to non submission of documents for the relevant assessment years. The Company has preferred an appeal against this demand, and is in the process of collating pending documents as required in the assessment orders. The Company's appeal is yet to be heard.			
(iii) Income-tax matters in respect of which appeals are pending			
– Tax on matters in dispute	172,51.02	197,89.01	177,46.83
(iv) Guarantee given by the BSL to the Custom Authorities	2,00.00	2,00.00	2,00.00
Notes: Future cash outflows in respect of (i) above are dependent on the return of cheques by banks. Future cash outflows in respect of (ii) and (iii) above are determinable on receipt of decisions/judgements pending with various forums/authorities. Hence it is not practicable for the Group to estimate the timing of cash outflow, if any. The Group does not expect any reimbursements in respect of above contingent liabilities. Future cash outflows in respect of (iv) above are dependent on the future performance of the obligation by BSL.			
B. Commitments			
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for (Refer note 53)	147,84.05	383,37.72	87,40.19
(ii) Uncalled liability on partly paid shares:			
– in Hill Properties Limited	0.10	0.12	0.12
Note: Future cash outflow is dependent on the call to be made by Hill Properties Limited.			

41 The demand of ₹ 71,79 lakhs made by the Central Government on the GlaxoSmithKline Pharmaceuticals Limited ("the Company") in respect of Betamethasone bulk drugs and formulations made therefrom during the period May 1981 to August 1987 has been under litigation for a period spanning nearly 30 years. Pursuant to the special leave petition of the Central Government in the Supreme Court of India against the Delhi High Court's Judgment and Order dated October 19, 2001 which was held in favour of the Company, the Supreme Court has, vide its Judgment and Order dated March 31, 2011, upheld the demand. The Company had accrued a liability of ₹ 18,68 lakhs in earlier years and a further provision of ₹ 53,11 lakhs was accrued in 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Based on a legal advice, the Company has filed an Application in the Supreme Court seeking, inter alia, clarifications on some aspects of the Judgement and directions for recomputation of the demand. Simultaneously, the Company without prejudice to and subject to the outcome of the Application filed in the Supreme Court, has tendered as a further deposit, an amount of ₹ 63,60 lakhs, which together with the amount of ₹ 8,19 lakhs previously deposited with the Government, aggregates to the demand of ₹ 71,79 lakhs made by the Government in November 1990. The Company filed a Review Petition in the Supreme Court which was rejected in March 2012.

In October 1996, the Government had claimed interest of ₹ 117,66 lakhs for the period May 21, 1981 to October 17, 1996, for which no provision was made in earlier years. The Government has vide letter dated 4th May 2011 called upon the Company to discharge the entire liability, including upto date interest calculated at 15% p.a., and has vide letter dated October 10, 2011, raised a demand on the Company for the interest amount amounting to ₹ 247,44 lakhs. Without prejudice to the position that interest is not payable, the Company has recognized a provision of ₹ 247,44 lakhs in respect of the Government's claim for interest in 2011. The Company has filed a Writ Petition at Delhi High Court against the above demand which has been admitted. The Company also filed stay applications which have been dismissed and has filed a Special Leave Petition (SLP) before the Supreme Court for stay of the interest demand until final determination of the Writ Petition filed in the Delhi High Court. The Supreme Court on hearing the above SLP, passed an order on 3rd April 2012. The said order stayed the Demand Notice dated October 10, 2011 during the pendency of the Writ Petition at the Delhi High Court subject to the Company depositing ₹ 136,82 lakhs in three equal installments within six month's time from the date of order. All three installments have been deposited with the Government as of date. The Supreme Court, vide its order dated October 5, 2012, directed the Delhi High Court to dispose of the Writ Petition as expeditiously as possible. The Delhi High Court has listed the Writ Petition for hearing on October 27, 2017.

42 MATTERS IN RESPECT OF ERSTWHILE BURROUGHS WELLCOME (INDIA) LIMITED (BWIL):

- (i) The Government of India, Ministry of Chemicals and Fertilisers, New Delhi, passed a final order on July 21, 1993, directing erstwhile BWIL to pay an amount of ₹ 1,91.15 lakhs along with interest due thereon from the date of default into the Drugs Prices Equalisation Account (DPEA) in respect of a bulk drug procured by erstwhile BWIL during the period April 1981 to April 1983.

Erstwhile BWIL filed a writ petition in August 1993 which was admitted by the Bombay High Court. After hearing both the parties, the High Court granted an interim injunction restraining the Government of India from taking any action in furtherance of and/or implementation of the order dated July 21, 1993 or from in any manner seeking to compel erstwhile BWIL to deposit any amount into the DPEA, pending the hearing and final disposal of the petition on the condition that erstwhile BWIL furnishes a bank guarantee for ₹ 2,00 lakhs from a nationalised bank and undertakes to pay the amount demanded with interest at the rate of 20% per annum in case the petition fails.

Erstwhile BWIL had accordingly furnished the required bank guarantee. If calculated on the basis of correct data, taking into account set offs claimable for earlier years for which data has been provided by erstwhile BWIL, no amount will be payable by the Company and accordingly no provision in that respect is considered necessary. The Company's stand that the demand is not sustainable has been confirmed by an eminent counsel. The Government of India's application in the Supreme Court praying that the writ petition be transferred to the Supreme Court from the Bombay High Court was not allowed and the Company's writ petition will now be heard by the Bombay High Court.

- (ii) Erstwhile BWIL had made an application to the Government of India for approval under Section 198(4) of the Companies Act, 1956, in respect of payment of the Managing Director and three whole time Directors amounting to ₹ 10.93 lakhs for the year ended August 31, 1986, which was in accordance with the minimum remuneration provided in the agreement entered into with them prior to erstwhile BWIL becoming public, which required such Government of India's sanction. The approval is still awaited.
- (iii) Remittances in transit represent monies deposited by customers in favour of erstwhile BWIL with banks in Zambia – ₹ 0.31 lakhs and in Tanzania – ₹ 5.61 lakhs, the remittance of which is pending clearance of the authorities in those countries.

- 43 Biddle Sawyer Limited (BSL) received a letter dated 20th/24th August, 1998 from the Central Government demanding an amount of ₹ 4,40.80 lakhs comprising ₹ 1,42.74 lakhs in respect of prices relating to Salbutamol formulations during the period April, 1979 to December 1983 with interest thereon amounting to ₹ 2,98.05 lakhs upto July 31, 1998. BSL had been legally advised that the demand of ₹ 1,42.74 lakhs is not sustainable and it, therefore follows that the interest demand also cannot be sustained. The total demand has been challenged by BSL in a Writ Petition filed in the Bombay High Court. The Bombay High Court has granted an interim stay of the demand, subject to BSL depositing 50% of the principal amount. Accordingly, BSL has deposited an amount of ₹ 71.50 lakhs with the Government on May 3, 1999. This is a normal interim order passed by the High court in such matters and does not in any way reflect upon the merits or otherwise of the case. The amount will be refunded if BSL succeeds at the final hearing of the matter. The Government's application in the Supreme Court praying that this writ petition be transferred to the Supreme Court from the Bombay High Court was not allowed and BSL's writ petition will now be heard by the Bombay High Court.

44 MATTERS IN RESPECT OF ERSTWHILE SMITHKLINE BEECHAM PHARMACEUTICALS (INDIA) LIMITED:

- (i) ₹ 1,44.44 lakhs received from Beckman Instruments International S.A. on account of disputed alleged additional commission has been included under non current provisions and Income tax paid thereon aggregating to ₹ 64.77 lakhs has been included under other non current assets. The Company is contesting the matter with the concerned authorities.
- (ii) Refund of surtax ₹ 96.81 lakhs, and interest thereon amounting to ₹ 48.52 lakhs, received during 1994, have not been adjusted against the provision for tax in the books of account and recognised as income respectively, since the Income tax department had filed a reference application against the income tax tribunal's order which was pending before the High Court of Karnataka. The Company has received an order dated 18th April, 2007 from the High Court of Karnataka which is partially in the Company's favour. On the basis of the aforesaid order, Income Tax Appellate Tribunal (ITAT), Bangalore will pass an order giving directions. On receipt of the ITAT order, the Company will take appropriate steps in the matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**45 PROPERTY, PLANT AND EQUIPMENTS INCLUDE THE FOLLOWING INVESTMENTS REPRESENTING OWNERSHIP OF RESIDENTIAL FLATS:**

	(₹ in lakhs)		
	March 31, 2017	March 31, 2016	April 1, 2015
4 partly paid 'A' equity shares (As at March 31, 2016 and April 1, 2015: 5 partly paid 'A' equity shares) of ₹ 1,20,000 each, ₹ 1,18,000 each paid-up and 1 partly paid 'B' equity share of ₹ 90,000, ₹ 88,500 paid-up in Hill Properties Limited.	6.02	7.22	7.22
10 shares of ₹ 50 each fully paid-up in Prathamesh Co-operative Housing Society Limited.	2.00	2.00	2.00
10 shares of ₹ 50 each fully paid-up in Montreal Olympic Premises Co-operative Housing Society Limited.	48.13	48.13	48.13
5 shares of ₹ 50 each fully paid-up in Poonam Co-operative Housing Society Limited.	23.62	23.62	23.62
Nil shares (As at March 31, 2016 and April 1, 2015 : 10 shares) of ₹ 100 each fully paid-up in Anita Co-operative Housing Society Limited.	—	33.31	33.31
20 shares of ₹ 50 each fully paid-up in Cooprage Woodhouse Co-operative Housing Society Limited.	45.59	45.59	45.59
Nil shares (As at March 31, 2016 : Nil shares, As at April 1, 2015: 5 shares) of ₹ 50 each fully paid-up in Sea-Face Park Co-operative Housing Society Limited.	—	—	67.00
20 shares of ₹ 50 each fully paid-up in Red Rose Co-operative Housing Society Limited.	19.32	19.32	19.32
1 share of ₹ 100 fully paid-up in The Imperial Condominium	21,52.80	21,52.80	21,52.80

46 EMPLOYEE BENEFIT OBLIGATIONS

The Group obtained actuarial reports as required by Ind AS 19 (Employee Benefits) based on which disclosures have been made in the financial statement for the year ended March 31, 2017. The disclosures as required by the Ind AS 19 are as below.

(i) Defined Contribution Plan

The Group's defined contribution plans are superannuation and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

	(₹ in lakhs)	
Charge to the Statement of Profit and Loss based on contributions:	March 31, 2017	March 31, 2016
Superannuation	5,15.84	5,05.77
Employees' pension scheme	6,31.74	6,53.41

(ii) Defined Benefit Plan**Gratuity**

The Group makes annual contributions to an income tax approved irrevocable trust gratuity fund to finance the plan liability, a funded defined benefit plan for qualifying employees. The scheme provides for payment as under:

- On normal retirement/early retirement/withdrawal/resignation: As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- On death in service: As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

Post-Retirement medical benefit

The Group earmarks liability towards unfunded Post – Retirement medical benefit and provides for payment to vested employees. The benefits under the plan are in form of a medical benefit paid to employees post their employment with the Group.

Provident Fund

The liability of the Group on the exempt Provident Fund managed by the trustees is restricted to the interest shortfall if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Leave Encashment and compensated absences

The liability for leave encashment and compensated absences as at year end is ₹ 31,62.20 lakhs. (March 31, 2016 – ₹ 43,94.04 lakhs, April 1, 2015 – ₹ 43,01.90 lakhs).

Based on the actuarial valuation obtained, the following table sets out the status of the gratuity plan, post retirement medical benefits and provident fund and the amounts recognised in the Financial Statements as at balance sheet date:

(₹ in lakhs)

	March 31, 2017			March 31, 2016		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plan)	(Funded plan)	(Non-funded plan)	(Funded plan)
(i) Change in Defined Benefit Obligation						
Opening defined benefit obligation	69,05.60	38,72.19	383,16.34	67,29.65	36,63.34	337,98.87
<i>Amount recognised in profit and loss</i>						
Current service cost	5,10.12	51.91	11,36.76	5,00.12	47.73	10,12.11
Interest cost	5,31.09	2,93.24	30,73.71	5,13.92	2,79.24	26,77.95
	10,41.21	3,45.15	42,10.47	10,14.04	3,26.97	36,90.06
<i>Amount recognised in other comprehensive income</i>						
Actuarial loss/(gain) arising from:						
Financial assumptions	1,19.82	3,64.21	–	(35.70)	(23.68)	–
Experience adjustment	88.97	(65.46)	12,59.00	(2,26.93)	2,55.85	(6,81.18)
	2,08.79	2,98.75	12,59.00	(2,62.63)	2,32.17	(6,81.18)
Contributions by employee	–	–	29,44.35	–	–	26,80.39
Liabilities assumed on acquisition/ (settled on divestiture)	2.62	–	(2,44.84)	(8.95)	–	6,53.84
Benefits paid	(5,61.68)	(3,33.91)	(15,80.14)	(5,66.51)	(3,50.29)	(18,25.64)
Closing defined benefit obligation	75,96.54	41,82.18	449,05.18	69,05.60	38,72.19	383,16.34
(ii) Change in Fair Value of Assets						
Opening fair value of plan assets	22,67.54		383,16.34	25,22.40		337,98.87
<i>Amount recognised in profit and loss</i>						
Expected return on plan assets	1,90.19		30,73.71	2,11.85		26,77.95
	24,57.73		413,90.05	27,34.25		364,76.82
<i>Amount recognised in other comprehensive income</i>						
Actuarial gain/(loss)	(23.11)		12,59.00	(0.20)		(6,81.18)
	24,34.62		426,49.05	27,34.05		357,95.64
Contributions by employer	1,00.00		11,36.76	1,00.00		10,12.11
Contributions by employee	–		29,44.35	–		26,80.39
Assets Acquired on acquisition/ (settled on divestiture)	–		(2,44.84)	–		6,53.84
Benefits paid	(5,61.68)		(15,80.14)	(5,66.51)		(18,25.64)
Closing fair value of plan assets	19,72.94		449,05.18	22,67.54		383,16.34
Actual return on Plan Assets	1,67.08		43,32.71	2,11.65		19,96.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

	March 31, 2017			March 31, 2016			April 01, 2015		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plan)	(Funded plan)	(Non-funded plan)	(Funded plan)	(Funded plan)	(Non-funded plan)	(Funded plan)
(iii) Amount recognised in the Balance Sheet									
Present value of obligations as at year end	75,96.54	41,82.18	449,05.18	69,05.60	38,72.19	383,16.34	67,29.65	36,63.34	337,98.87
Fair value of plan assets as at year end	19,72.94	–	449,05.18	22,67.54	–	383,16.34	25,22.40	–	337,98.87
Net (asset)/liability recognised as at year end	56,23.60	41,82.18	–	46,38.06	38,72.19	–	42,07.25	36,63.34	–
(iv) The major categories of plan assets are as follows:									
Government of India Securities	36%		42%	33%		40%	42%		38%
Corporate Bonds	53%		39%	27%		37%	27%		37%
Special Deposit Scheme	0%		10%	32%		14%	28%		16%
Others	11%		9%	8%		9%	3%		9%
(v) Principal actuarial assumptions used									
Discount rate (p.a.)	7.15%	7.15%	7.15%	7.95%	7.95%	7.95%	7.90%	7.90%	7.90%
Expected rate of return on plan assets (p.a.)	8.00%		9.23%	8.00%		8.50% – 8.93%	8.00%		8.17% – 8.48%
Salary escalation rate	5.00% – 7.00%			7.00%			7.00%		
Annual increase in health care premiums (p.a)		5%			5%			5%	

(vi) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement) – Gratuity	-4.80%	5.21%	-4.94%	5.37%
Future salary growth (0.5% movement) – Gratuity	3.41%	-3.39%	3.27%	-3.38%
Discount rate (0.5% movement) – Post retirement medical benefit	-5.72%	6.36%	-5.42%	5.99%
Health care cost rate (1% movement)	11.79%	-9.64%	11.23%	-9.25%
Life expectancy +/- 1 year	2.44%	-2.53%	2.26%	-2.35%

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

Expected contribution to post employment benefit plans for the year ended March 31, 2017 is ₹ 1,00.00 lakhs (March 31, 2016: ₹ 7,00.00 lakhs).

The weighted average duration of defined benefit obligation is 16.02 years (March 2016 14.12 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The expected maturity analysis of un-discounted gratuity and Post employment medical benefits is as below:

(₹ in lakhs)

March 31, 2017	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations (Gratuity)	4,73.26	4,88.04	18,40.04	161,48.56	189,49.90
Post employment medical benefits	2,07.87	2,18.11	7,26.44	128,22.97	139,75.39
Total	6,81.13	7,06.15	25,66.48	289,71.53	329,25.29

March 31, 2016	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations (Gratuity)	4,50.51	3,35.82	15,75.60	178,28.54	201,90.47
Post employment medical benefits	2,14.15	2,26.17	7,52.74	138,23.17	150,16.23
Total	6,64.66	5,61.99	23,28.34	316,51.71	352,06.70

47 TAX EXPENSE

(a) Amounts recognised in profit and loss

(₹ in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
Current tax on profits for the year	163,01.84	208,32.99
Total current tax expense	163,01.84	208,32.99
Deferred tax		
Deferred income tax liability/(asset), net		
Decrease (increase) in deferred tax assets	6,02.24	(6,67.12)
Increase in deferred tax liabilities	5,33.31	59.45
Total Deferred tax expense/(benefit)	11,35.55	(6,07.67)
Income tax expense	174,37.39	202,25.32

The Indian corporate tax rate remains same for GlaxoSmithKline Pharmaceuticals Limited for the year ended March 31, 2016 and March 31, 2017 at 34.608%. For Biddle Sawyer Limited the tax rate for year ended March 31, 2017 is 30.90% and March 31, 2016 is 33.063%.

(b) Amounts recognised in other comprehensive income

	Year ended March 31, 2017			Year ended March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(5,30.65)	1,83.65	(3,47.00)	30.26	(10.47)	19.79
	(5,30.65)	1,83.65	(3,47.00)	30.26	(10.47)	19.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(c) Reconciliation of effective tax rate**

	Year ended March 31, 2017	Year ended March 31, 2016
	(₹ in lakhs)	
Profit before tax	511,18.59	578,39.28
Tax using the GlaxoSmithKline Pharmaceuticals Limited's domestic tax rate (Current Year 34.608% and Previous year 34.608%)	160,20.36	199,32.01
Tax using the GlaxoSmithKline Pharmaceuticals Limited's domestic tax rate in terms of Long term capital gain at 23.072%	11,11.34	—
Tax using the Subsidiary's domestic tax rate at 30.9% on Profit of ₹ 10.68 lakhs (Previous Year: 33.063% on ₹ 2,45.61 lakhs)	3.30	81.21
Total Tax	171,35.00	200,13.22
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	3,95.81	4,29.00
Donations	2.98	79.77
Other items	90.89	(2,96.67)
Tax effect of additional allowance allowed under Income Tax Act, 1961:		
Investment allowance under section 32AC of Income Tax Act, 1961	(1,87.29)	—
Total Income tax	174,37.39	202,25.32

Consequent to the reconciliation items shown above, the effective tax rate is 34.11% (Financial year 2015-16 : 34.97%)

(d) Movement in deferred tax balances

March 31, 2017	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset/(liability)
	(₹ in lakhs)			
Deferred tax asset				
Provision for employee benefits	44,10.11	(1,25.68)	1,83.65	44,68.08
Costs of voluntary retirement schemes	4,96.44	(3,97.95)	—	98.49
Provision for doubtful debts, loans and advances	6,38.16	59.59	—	6,97.75
Provision for pricing matters	17.66	(1.16)	—	16.50
Interest on income tax refund not accounted but considered as taxable under the Income-tax Act, 1961	22,42.11	—	—	22,42.11
Expenses allowable for tax purpose when paid	32,40.09	(1,37.04)	—	31,03.05
Total	110,44.57	(6,02.24)	1,83.65	106,25.98
Depreciation	(9,30.03)	(5,33.31)	—	(14,63.34)
Deferred tax asset (net)	101,14.54	(11,35.55)	1,83.65	91,62.64

March 31, 2016	Net balance April 1, 2015	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset/(liability)
	(₹ in lakhs)			
Deferred tax asset				
Provision for employee benefits	41,03.35	3,17.23	(10.47)	44,10.11
Costs of voluntary retirement schemes	12,25.25	(728.81)	—	4,96.44
Provision for doubtful debts, loans and advances	5,17.12	1,21.04	—	6,38.16
Provision for pricing matters	18.15	(0.49)	—	17.66
Interest on income tax refund not accounted but considered as taxable under the Income-tax Act, 1961	22,02.07	40.04	—	22,42.11
Expenses allowable for tax purpose when paid	23,21.98	9,18.11	—	32,40.09
Total	103,87.92	6,67.12	(10.47)	110,44.57
Depreciation	(8,70.58)	(59.45)	—	(9,30.03)
Deferred tax asset (net)	95,17.34	6,07.67	(10.47)	101,14.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

48 LEASES

(i) The future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in Lakhs)					
Particulars	Lease rental debited to Statement of Profit and Loss	Future minimum lease payments	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Manufacturing Arrangement with Loan Licensee identified as operating lease	₹ 3,28.88 lakhs (Previous Year: "Nil")	Within one year	13,14.80	—	—
		Later than one year but not later than 5 years	9,86.10	—	—
		Later than 5 years	—	—	—

(ii) The details of cancellable operating leases are as follows:

The Group has taken various residential, office and godown premises under operating lease arrangements. These are cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest free security deposits under certain agreements. The lease rentals of ₹ 20,74.22 lakhs (Previous year ₹ 19,73.16 lakhs) have been included under the head Rent under Note 33 in the Statement of Profit and Loss.

49 EARNINGS PER SHARE

(₹ in Lakhs)			
		As at March 31, 2017	As at March 31, 2016
Profit for the year	(₹ in Lakhs)	336,81.20	376,13.96
Weighted average number of shares	Nos.	8,47,03,017	8,47,03,017
Earnings per share (Basic and Diluted)	₹	39.76	44.41
Face value per share	₹	10	10

50 In April 2014, GlaxoSmithKline Plc (GSK), London, UK, entered into an inter-conditional agreement with Novartis AG (Novartis), Basel, Switzerland where GSK (i) will acquire the Novartis's Vaccines Business and manufacturing capabilities and facilities from Novartis, and (ii) will sell the rights to its Marketed Oncology Portfolio, related R&D activities and AKT Inhibitors currently in development to Novartis. Globally, this transaction with Novartis was completed on March 2, 2015.

In connection to the above transactions, GLAXOSMITHKLINE PHARMACEUTICALS LIMITED ("Company"), concluded the transaction on an Asset Sale basis with Novartis Healthcare Private Limited ("NHPL"), a private unlisted Company incorporated under the Companies Act 1956 on September 30, 2015. The Company terminated its distribution rights with GSK Group for the oncology portfolio in return for accessing the distribution rights of the acquired vaccines portfolio. The Company entered into interim transitional arrangements with NHPL to continue to sell the Oncology portfolio relating to this transaction to meet patient demand and up until the marketing authorisations transferred to NHPL. The transitional arrangement and the transfer of marketing authorizations concluded during the year.

51 (a) Current tax liabilities is net of advance tax and tax deducted at source amounting to ₹ 160,85.90 lakhs (As on March 31, 2016 ₹ 204,42.17 lakhs, As on April 1, 2015 ₹ 251,92.00 lakhs).

(b) Current tax assets (net) represents payment in excess of provisions of ₹ 3514,57.67 lakhs (As on March 31, 2016 ₹ 3307,03.74 lakhs, As on April 1, 2015 ₹ 3038,41.68 lakhs) and includes a net tax refund with interest of ₹ 110,35 lakhs (As on March 31, 2016 and As on April 1, 2015 : ₹ 110,35 lakhs) which has been held as provision pending the final outcome of a litigation.

52 Other non current assets are net of allowances for doubtful loans and advances aggregating ₹ 29,96.83 lakhs (As at March 31, 2016 and April 1, 2015: ₹ 29,96.83 lakhs).

53 Capital work-in-progress and estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for as at March 31, 2017, March 31, 2016 and April 1, 2015 mainly comprises of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.

54 Pursuant to the Board approval of GlaxoSmithKline Pharmaceuticals Limited, an amount of ₹ 68.71 lakhs and ₹ 102.98 lakhs have been paid in current year to Dr. Hasit Joshipura, the earlier Managing Director of the Group as performance bonus and performance share plan of 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**55 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels presented below.

	(₹ in lakhs)		
Financial assets at fair value through OCI (FVTOCI)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in Equity instruments	5.50	5.50	5.50
Total Investment in Equity Instruments	5.50	5.50	5.50
Financial assets at amortised cost			
National Savings Certificate	0.17	0.17	0.17
Security Deposits	13,41.59	13,98.25	13,71.19
Advances recoverable	14,57.26	15,90.79	16,19.70
Margin money/ Deposit against bank guarantee	2,42.76	29.67	2,92.21
Cash and cash equivalents	140,92.29	114,88.62	115,30.21
Other bank balance	791,20.58	1277,01.23	1860,85.54
Current account balances with group companies	54,42.80	39,48.78	26,13.73
Trade receivables	170,79.67	126,56.50	100,31.79
Total financial assets	1187,77.12	1588,14.01	2135,44.54
Financial liabilities at amortised cost			
Borrowings	1,59.50	2,37.30	3,11.55
Security deposits received	2,26.10	2,26.10	2,37.35
Other non-current liabilities	0.72	0.72	0.72
Unclaimed dividends	23,14.76	22,26.12	20,26.22
Trade payables	278,92.73	327,74.15	308,03.90
Creditors for capital goods	243,55.29	72,48.75	30,34.15
Other Payables	5,13.45	4,55.55	3,77.41
Total financial liabilities	554,62.55	431,68.69	367,91.30

B. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Consolidated financial statements.

(a) Financial instruments that are recognised and measured at fair value

	(₹ in lakhs)		
Financial Instruments measured at Fair value (Level 3)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investment in Equity instruments	5.50	5.50	5.50
	5.50	5.50	5.50

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

The impact of fair valuation of Equity investment is considered as insignificant and hence carrying value and fair value is considered as same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(b) Fair value of financial assets and liabilities measured at amortised cost

(₹ in lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets			
National Savings Certificate			
Carrying value	0.17	0.17	0.17
Fair value	0.17	0.17	0.17
Security Deposits			
Carrying value	13,41.59	13,98.25	13,71.19
Fair value	13,41.59	13,98.25	13,71.19
Advances Recoverable (non-current)			
Carrying value	1,457.26	1,590.79	1,619.70
Fair value	1,457.26	1,590.79	1,619.70
Margin money/Deposit against bank guarantee			
Carrying value	2,42.76	29.67	2,92.21
Fair value	2,42.76	29.67	2,92.21
Financial liabilities			
Borrowings			
Carrying value	1,59.50	2,37.30	3,11.55
Fair value	1,59.50	2,37.30	3,11.55
Security deposits received			
Carrying value	2,26.10	2,26.10	2,37.35
Fair value	2,26.10	2,26.10	2,37.35
Other non-current liabilities			
Carrying value	0.72	0.72	0.72
Fair value	0.72	0.72	0.72

The amount of fair value of the above Financial assets and liabilities is considered to be insignificant in value and hence carrying value and the fair value is considered to be same.

The carrying amounts of cash and cash equivalents, other bank balance, current account balances with group companies, advances recoverable (current), trade receivables, unclaimed dividends, trade payables, creditors for capital goods and other payables are considered to be the same as their fair values due to their short term nature.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

Risk management framework

The GlaxoSmithKline Pharmaceutical Limited's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of GlaxoSmithKline Pharmaceutical Limited oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's trade receivables are largely from sales made to wholesale customers and direct sales to hospital with a smaller proportion of sales to Indian Government Institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, demographics of the customer and the default risk of the industry.

The Group manages credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Exposures to customers outstanding at the end of each reporting period are reviewed to determine incurred and expected credit losses and the Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade receivables. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. The impairment loss at March 31, 2017 related to customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

In case of receivables from wholesale customers and hospitals, the Group has followed a provision approach consistent with expected credit loss approach as per Ind AS 109.

Receivables from Indian Government Institutions are considered sovereign backed receivables.

Summary of the Group's ageing of outstanding from various customers and impairment for expected credit loss is as follows:

(₹ in lakhs)

As at March 31, 2017	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables (net of expected credit losses)
Not due	157,83.63	15.78	157,67.85
Past due 0-180 days	5,42.05	1.32	5,40.73
Past due 180-360 days	1,96.09	5.30	1,90.79
Past due 360-540 days	2,77.01	11.07	2,65.94
Past due 540-720 days	1,40.35	19.16	1,21.19
Past due 720-1080 days	3,22.72	1,29.55	1,93.17
Past due more than 3 years	13,19.04	13,19.04	–
Total	185,80.89	15,01.22	170,79.67

(₹ in lakhs)

As at March 31, 2016	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables (net of expected credit losses)
Not due	103,01.59	7.39	102,94.20
Past due 0-180 days	13,84.74	5.20	13,79.54
Past due 180-360 days	3,11.33	3.37	3,07.96
Past due 360-540 days	2,45.40	4.92	2,40.48
Past due 540-720 days	2,70.38	13.62	2,56.76
Past due 720-1080 days	3,36.15	1,58.59	1,77.56
Past due more than 3 years	11,35.98	11,35.98	–
Total	139,85.57	13,29.07	126,56.50

(₹ in lakhs)

As at April 1, 2015	Gross carrying amount	Expected credit losses	Carrying amount of trade receivables (net of expected credit losses)
Not due	77,88.39	5.43	77,82.96
Past due 0-180 days	13,02.40	3.33	12,99.07
Past due 180-360 days	4,33.81	8.34	4,25.47
Past due 360-540 days	2,64.31	15.04	2,49.27
Past due 540-720 days	3,22.88	63.10	2,59.78
Past due 720-1080 days	30.78	15.54	15.24
Past due more than 3 years	10,16.49	10,16.49	–
Total	111,59.06	11,27.27	100,31.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as cash and investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

As of March 31, 2017, the Group had working capital of ₹ 954,01.34 lakhs, including cash and cash equivalents of ₹ 140,92.29 lakhs, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 767,24.60 lakhs.

As of March 31, 2016, the Group had working capital of ₹ 1594,51.63 lakhs, including cash and cash equivalents of ₹ 114,88.62 lakhs, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1252,06.09 lakhs.

As of April 1, 2015 the Group had working capital of ₹ 2088,40.35 lakhs, including cash and cash equivalents of ₹ 115,30.21 lakhs, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ₹ 1839,92.38 lakhs.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in lakhs)

As at March 31, 2017	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	1,59.50	1,59.50	60.60	40.60	58.30	—
Trade Payables and other payables	527,61.47	527,61.47	527,61.47	—	—	—
Unclaimed dividends	23,14.76	23,14.76	23,14.76	—	—	—
Security deposits	2,26.10	2,26.10	—	—	2,26.10	—
Other non-current liabilities	0.72	0.72	—	—	0.72	—

(₹ in lakhs)

As at March 31, 2016	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	2,37.30	2,37.30	77.80	60.60	96.50	2.40
Trade Payables and other payables	404,78.45	404,78.45	404,78.45	—	—	—
Unclaimed dividends	22,26.12	22,26.12	22,26.12	—	—	—
Security deposits	2,26.10	2,26.10	—	—	2,26.10	—
Other non-current liabilities	0.72	0.72	—	—	0.72	—

(₹ in lakhs)

As at April 1, 2015	Carrying amount	Contractual cash flows				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,11.55	3,11.55	74.25	77.80	1,41.80	17.70
Trade Payables and other payables	342,15.46	342,15.46	342,15.46	—	—	—
Unclaimed dividends	20,26.22	20,26.22	20,26.22	—	—	—
Security deposits	2,37.35	2,37.35	—	—	2,37.35	—
Other non-current liabilities	0.72	0.72	—	—	0.72	—

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables. The Group is exposed to market risk primarily related to foreign exchange rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**Currency risk**

The fluctuation in foreign currency exchange rates may have potential impact on the profit and loss account, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the entity.

The Group is exposed to currency risk on account of its receivables and payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group has exposure to GBP, USD, EURO and other currencies. The Group has not hedged this foreign currency exposure and strives to achieve asset liability offset of foreign currency exposure.

Exposure to currency risk

The Group exposure to foreign currency risk at the end of the reporting period is as follows:

	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	GBP	USD	EUR	Others	GBP	USD	EUR	Others	GBP	USD	EUR	Others
Current Financial assets - Loans	—	5.56	—	—	—	16.62	—	—	—	—	—	—
Trade payables	97.12	27,01.27	6,33.84	1,58.79	28,65.70	55,20.23	98.94	3,10.44	29,48.85	54,97.54	3,21.79	1,04.27
Capital Creditors	30,08.97	13,19.28	78,03.99	—	—	—	28,53.05	—	—	—	—	—
Net statement of financial position exposure	(31,06.09)	(40,14.99)	(84,37.83)	(1,58.79)	(28,65.70)	(55,03.61)	(29,51.99)	(3,10.44)	(29,48.85)	(54,97.54)	(3,21.79)	(1,04.27)

(₹ in lakhs)

Sensitivity analysis

A reasonably possible strengthening / weakening of the respective foreign currencies with respect to functional currency of Group would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in ₹ Lakhs	Strengthening/ Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
As at March 31, 2017					
GBP	6%	(186.37)	186.37	—	—
USD	3%	(120.45)	120.45	—	—
EUR	2%	(168.76)	168.76	—	—
Other currencies	10%	(15.88)	15.88	—	—

Effect in ₹ Lakhs	Strengthening/ Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
As at March 31, 2016					
GBP	3%	(85.97)	85.97	—	—
USD	3%	(1,65.11)	1,65.11	—	—
EUR	2%	(59.04)	59.04	—	—
Other currencies	10%	(31.04)	31.04	—	—

(Note: The impact is indicated on the profit/loss before tax basis)

56 CAPITAL MANAGEMENT**(a) Risk Management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group has adequate cash and bank balances and no interest bearing liabilities. The Group has Interest free Sales Tax Loan from SICOM Limited availed under the 1993 Sales Tax deferment Schemes. The Group monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any interest bearing debt, the maintenance of debt equity ratio etc. may not be of any relevance to the Group.

(b) Dividends

	As at	
	March 31, 2017	March 31, 2016
(i) Equity shares		
Final dividend for the year ended March 31, 2016 of ₹ 50 (March 31, 2015 ₹ 62.50) per fully paid share	423,51.50	529,39.38
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors of GlaxoSmithKline Pharmaceuticals Limited have recommended the payment of a final dividend of ₹ 30 per fully paid equity share (March 31, 2016 ₹ 50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	254,10.91	423,51.50

(₹ in lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

57 SEGMENT REPORTING

An operating segment is one whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. The Managing Director of GlaxoSmithKline Pharmaceuticals Limited has been identified as Chief Operating Decision Maker. The Chief Operating Decision Maker reviews performance of pharmaceutical business on an overall business. As the Group has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wide disclosures are as under :

	(₹ in lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues		
Revenue from the Country of Domicile – India	2947,20.51	2785,99.82
Revenue from foreign countries	52,78.26	51,91.39
Total	2999,98.77	2837,91.21

	(₹ in lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Details of non current asset			
Non Current asset from the Country of Domicile – India	1221,79.59	765,40.97	523,68.38
Non Current asset from foreign countries	–	–	–
Total	1221,79.59	765,40.97	523,68.38

Information about major customers

The Group did not have any external revenue from a particular customer which exceeded 10% of total revenue.

58 RELATED PARTY DISCLOSURES

Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", notified under Section 133 of the Companies Act, 2013 are given below:

1. Relationships (during the year):

- (i) Shareholders (the GlaxoSmithKline (GSK) Group shareholding) in the Company

Glaxo Group Limited, U.K.

GlaxoSmithKline Pte Limited, Singapore

Eskaylab Limited, U.K.

Burroughs Wellcome International Limited, U.K.

Castleton Investment Limited, Mauritius (Upto March 30, 2017)

Holding company/ultimate holding company of the above shareholders

GlaxoSmithKline plc, U.K. *

GlaxoSmithKline Finance plc, U.K. *

Setfirst Ltd, U.K. *

SmithKline Beecham Limited, U.K. *

Wellcome Limited, U.K. *

The Wellcome Foundation Limited, U.K. *

Wellcome Consumer Healthcare Limited, U.K. *

* no transactions during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- (ii) Other related parties in the GlaxoSmithKline (GSK) Group where common control exists and with whom the Company had transactions during the year:

GlaxoSmithKline Asia Private Limited, India	GlaxoSmithKline Philippines Inc., Philippines
GlaxoSmithKline Brasil Ltda, Brazil	GlaxoSmithKline Australia Pty Limited, Australia
GlaxoSmithKline Consumer Healthcare Limited, India	GlaxoSmithKline Trading Services Limited, Ireland
GlaxoSmithKline Biologicals S.A., Belgium	GlaxoSmithKline Limited, Hong Kong
GlaxoSmithKline Services Unlimited, U.K.	GlaxoSmithKline South Africa (Pty) Ltd, South Africa
Glaxo Operations UK Limited, U.K.	GlaxoSmithKline LLC, U.S.A
GlaxoSmithKline Export Limited, U.K.	Stiefel India Private Limited, India
GlaxoSmithKline Latin America S.A	Glaxo Wellcome Ceylon Ltd., Sri Lanka
GlaxoSmithKline Pakistan Limited, Pakistan	US GMS Financial Services, U.S.A.
GlaxoSmithKline Research & Development Ltd, U.K	Chiron Behring Vaccines Private Ltd, India (w.e.f. March 31, 2016)
GlaxoSmithKline Pte Limited, Singapore	

- (iii) Directors and members of GSK India Management Team and their relatives:

Directors:	GSK India Management Team:
Mr. A. Vaidheesh (w.e.f August 3, 2015) #	Mr. A. Nadkarni (w.e.f. April 17, 2017)
Mr. A. Aristidou #	Mr. B. Akshikar (up to December 31, 2016)
Mr. R. C. Sequeira (up to February 11, 2017)	Mr. H. Buch (up to June 15, 2015)
Mr. R. Krishnaswamy #	Mr. K. Hazari
Dr. H. B. Joshipura (up to July 31, 2015)	Mr. Ransom D'souza (w.e.f. April 17, 2017)
Mr. N. Kaviratne	Mr. R. Bartaria
Mr. P. Bhide	Mr. R. C. Sequeira
Mr. P. V. Nayak (up to October 31, 2015)	Mr. S. Khanna (up to November 30, 2016)
Ms. A. Bansal	Mr. S. Dheri
Mr. A. N. Roy	Mr. S. Venkatesh (up to December 31, 2016)
Mr. D. S. Parekh	Ms. S. Choudhary (w.e.f. January 18, 2017)
Mr. D. Sundaram	Mr. S. Webb (w.e.f. April 17, 2017)
Mr. R. R. Bajaan	Ms. V. Desai
Mr. R. Simard (up to February 11, 2017) *	Mr. V. Balakrishnan (w.e.f. March 20, 2017)
Mr. S. Harford (up to May 18, 2015) *	
Mr. V. Thyagarajan (up to October 31, 2015)	
Mr. S. Williams (w.e.f. April 7, 2017)	
Mr. M. Jones (w.e.f. April 7, 2017)	

Also a member of GSK India Management Team

* No transactions during the year

2. The following transactions were carried out with the related parties in the ordinary course of business.

- (i) Dividend paid to parties referred to in item 1(i) above:

	(₹ in lakhs)	
	2016-17	2015-16
Glaxo Group Limited, U.K.	152,42.63	190,53.28
GlaxoSmithKline Pte Limited, Singapore	103,04.89	128,81.11
Eskaylab Limited, U.K.	29,40.00	36,75.00
Burroughs Wellcome International Limited, U.K.	16,80.00	21,00.00
Castleton Investment Limited, Mauritius	15,96.12	19,95.15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(ii) Details relating to parties referred to in items 1(i) and 1(ii) above:

(₹ in lakhs)

	Holding company/ultimate holding company (i)		Other companies in the GSK Group (ii)	
	2016-17	2015-16	2016-17	2015-16
1 Purchase of materials/traded goods	—	—	556,83.20	486,98.76
2 Sale of materials/sale of products	—	—	74.27	44.48
3 Sale of fixed assets	—	—	5,66.82	2,36.26
4 Intangible assets under development	—	—	22,24.96	—
5 Expenses recharged to other companies	—	—	31,97.87	28,31.54
6 Expenses recharged to other companies pursuant to Asset Sale Deal (Refer note 50)	—	12,09.29	—	—
7 Expenses recharged by other companies	—	—	39,73.21	42,30.59
8 Manufacturing charges recovered	—	—	9,98.34	9,88.69
9 Consignment sales commission received	—	—	14.77	7.05
10 Clinical research and data management recoveries	—	—	36,81.75	36,23.89
11 Central Value Added Tax credits availed on behalf of a related party (net)	—	—	4,26.04	4,16.43
12 Employee benefits transferred to a related party	—	—	(2.92)	17.46
13 Outstanding (payables)/receivables at the period end (net) #	—	12,09.29	(31,96.18)	(75,15.47)

Transactions with the above parties are accounted in the respective current accounts.

(iii) Disclosure in respect of material transactions with parties referred to in item 1 (i) and 1(ii) above:

(₹ in lakhs)

	2016-17	2015-16
(a) Purchase of materials/traded goods		
GlaxoSmithKline Asia Private Limited, India	187,97.67	91,56.12
GlaxoSmithKline Biologicals S.A., Belgium	71,64.77	221,71.80
Chiron Behring Vaccines Private Ltd, India	64,88.42	—
GlaxoSmithKline Export Limited, U.K.	211,19.25	168,35.50
(b) Sale of materials/sale of products		
SmithKline Beecham (Private) Limited	29.66	—
GlaxoSmithKline Trading Services Limited, Ireland	44.61	44.48
(c) Sale of fixed assets		
Glaxo Operations UK Limited, U.K	—	2,36.26
GlaxoSmithKline Pakistan Limited, Pakistan	5,66.82	—
(d) Intangible assets under development		
GlaxoSmithKline Services Unlimited, U.K.	22,24.96	—
(e) Expenses recharged to other companies		
GlaxoSmithKline Asia Private Limited, India	6,74.62	12,08.04
GlaxoSmithKline Biologicals S.A., Belgium	9,80.22	—
GlaxoSmithKline Consumer Healthcare Limited, India	3.45	3,12.63
GlaxoSmithKline Services Unlimited, U.K.	2,20.39	1,92.38
Glaxo Operations UK Limited, U.K	6,21.61	5,05.20
GlaxoSmithKline Trading Services Limited, Ireland	5,83.21	5,72.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

		(₹ in lakhs)	
		2016-17	2015-16
(f)	Expenses recharged to other companies pursuant to Asset Sale Deal		
	GlaxoSmithKline plc, U.K.	—	12,09.29
(g)	Expenses recharged by other companies		
	GlaxoSmithKline Consumer Healthcare Limited, India	27,45.70	25,28.99
	Glaxo Operations UK Limited, U.K	8,25.97	12,20.52
	GlaxoSmithKline Services Unlimited, U.K.	1,46.53	1,69.00
(h)	Manufacturing charges recovered		
	GlaxoSmithKline Asia Private Limited, India	9,98.34	9,88.69
(i)	Consignment sales commission received		
	GlaxoSmithKline Asia Private Limited, India	14.77	7.05
(j)	Clinical research and data management recoveries		
	GlaxoSmithKline Biologicals S.A., Belgium	23,14.26	21,91.56
	GlaxoSmithKline Research & Development Ltd	13,67.49	14,32.33
(k)	Central Value Added Tax credits availed on behalf of a related party (net)		
	GlaxoSmithKline Asia Private Limited, India	4,26.04	4,16.43
(l)	Employee benefits transferred (from)/to a related party		
	GlaxoSmithKline Asia Private Limited, India	(2.92)	17.46

		(₹ in lakhs)		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(m)	Outstanding (payables)/receivables at the period end (net)			
	GlaxoSmithKline Asia Private Limited, India	(55,00.24)	(29,08.44)	(18,66.63)
	SmithKline Beecham (Private) Limited	28.88	—	—
	GlaxoSmithKline Consumer Healthcare Limited, India	21,59.67	20,06.22	19,63.87
	GlaxoSmithKline Biologicals S.A., Belgium	4,91.22	(26,68.95)	1,03.49
	GlaxoSmithKline Export Limited, U.K.	20,76.63	(34,64.85)	(54,22.00)
	GlaxoSmithKline Research & Development Ltd	1,13.98	4,77.11	1,46.29
	GlaxoSmithKline Trading Services Limited, Ireland	46.92	1,09.71	92.79
	GlaxoSmithKline Services Unlimited, U.K.	(19,30.16)	(66.46)	39.71
	Glaxo Operations UK Limited, U.K.	87.94	87.33	(18,41.15)
	Chiron Behring Vaccines Private Ltd	(6,23.64)	(7,92.87)	—

(iv) Details relating to persons referred to in item 1(iii) above:

		(₹ in lakhs)	
		2016-17	2015-16
1	Remuneration/commission/sitting fees	21,93.92	27,18.16
2	Payments under the long-term incentive plan	1,37.81	5,68.78
3	Interest income on loans given	0.26	0.35
4	Outstanding loans receivable	8.50	8.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

		(₹ in lakhs)	
		2016-17	2015-16
(v)	Disclosure in respect of material transactions with persons referred to in item 1(iii) above:		
(a)	Remuneration/commission/sitting fees		
	Mr. A. Vaidheesh	4,06.22	2,33.48
	Mr. A. Aristidou	3,41.26	3,54.23
	Dr. H.B. Joshipura	–	7,58.23
	Mr. S. Venkatesh	3,23.88	3,17.68
(b)	Payments under the long-term incentive plan		
	Dr. H.B. Joshipura	–	3,92.40
	Mr. R. Bartaria	24.96	12.22
	Mr. R.C. Sequeira	24.98	27.55
	Mr. R. Krishnaswamy	24.98	27.55
	Mr. S. Dheri	15.93	15.94
	Mr. S. Khanna	23.60	12.22
(c)	Interest income on loans given		
	Mr. H. Buch	–	0.09
	Mr. S. Dheri	0.26	0.26
(d)	Outstanding loans receivable		
	Mr. S. Dheri	8.50	8.70

59 SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Share Awards (RSAs)

Certain employees of the Group are entitled to receive cash settled stock based awards ('awards') pursuant to employee share schemes ('scheme') administered by GlaxoSmithKline Plc. ('Plc').

Under this plan, certain employees are granted cash settled RSAs at no cost, which entitle them to receive cash equivalent to the stock price of the Plc's shares listed at London stock exchange after two and a half to three year vesting period during which the employee has to remain in continuous employment with the Group. These RSA's do not give any voting rights or the right to accrue dividends.

The fair value of these awards is determined based on the closing share price on the day of grant, after deducting the expected future dividend yield of 4.5% (2015 – 5.7%; 2014 – 5.2%) over the duration of the award.

Reconciliation of RSAs	Number of RSAs
As at April 1, 2015	76,444
Granted	38,468
Exercised *	(36,470)
Cancelled	(2,520)
As at March 31, 2016	75,922
Granted	66,174
Exercised *	(35,534)
Cancelled	(5,654)
As at March 31, 2017	100,908

* The weighted average share price at the date of exercise of the awards exercised during the year ended March 31, 2017 was GBP 16.48 (March 31, 2016 GBP 14.00)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

		(₹ in lakhs)	
		2016-17	2015-16
Restricted Share Awards (RSAs)		5,72.66	8,79.71

Carrying amount of liability	(₹ in lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Carrying amount of liability – included in long term incentive plan (Notes 20 and 25)	6,03.77	6,67.51	7,30.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**60 FIRST-TIME ADOPTION OF IND AS**

These are the Group's first Consolidated financial statements prepared in accordance with Indian Accounting Standards.

The accounting policies set out in note 1 have been applied in preparing consolidated financial statements for the year ended March 31, 2017, the comparative information presented in the consolidated financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS Balance Sheet as at April 1, 2015 (the Group's date of transition).

In preparing its opening Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP/Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's position and the financial performance is set out in the following tables and notes:

(1) Exemptions and exceptions availed:**(i) Exemptions from retrospective applications**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

(a) Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

(b) Deemed cost for Property, plant and equipment (PPE) and Investment Property

Ind AS 101 permits a first time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Group has elected to measure all of its PPE and Investment property at their previous GAAP carrying value.

The remaining voluntary exemptions as per Ind AS 101 – First time adoption either do not apply or are not relevant to the Group.

(ii) Exceptions from full retrospective application**Sales tax deferral loan**

By applying the exception available as per Ind AS 101, the Group has used previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet.

The remaining mandatory exceptions either do not apply or are not relevant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(2) Reconciliation between previous GAAP and Ind AS

(i) Reconciliation of equity as at date of transition (April 1, 2015)

	Notes to first time adoption	Previous GAAP*	Adjustments	(₹ in lakhs) As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment		123,05.96	–	123,05.96
Capital work in progress		115,22.44	–	115,22.44
Investment properties	C	9,46.64	(3,31.32)	6,15.32
Financial assets				
(i) Investments		5.67	–	5.67
(ii) Loans		13,97.88	–	13,97.88
(iii) Other financial assets		2,92.21	–	2,92.21
Current tax assets (net)		171,02.85	–	171,02.85
Deferred tax assets (net)	D	83,10.22	12,07.12	95,17.34
Other non-current assets		108,21.81	–	108,21.81
		627,05.68	8,75.80	635,81.48
Current assets				
Inventories		375,58.27	–	375,58.27
Financial assets				
(i) Trade receivables		100,31.79	–	100,31.79
(ii) Cash and cash equivalents		115,30.21	–	115,30.21
(iii) Bank balances other than (ii) above		1860,85.54	–	1860,85.54
(iv) Loans		42,06.74	–	42,06.74
Other current assets		80,27.24	–	80,27.24
		2574,39.79	–	2574,39.79
Assets classified as held for sale		14,21.19	–	14,21.19
		2588,60.98	–	2588,60.98
TOTAL ASSETS		3215,66.66	8,75.80	3224,42.46
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		84,70.30	–	84,70.30
Other equity	A,B,C,D	1744,27.51	615,10.02	2359,37.53
Total equity		1828,97.81	615,10.02	2444,07.83
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings		2,62.60	–	2,62.60
(ii) Other financial liabilities		3,15.21	–	3,15.21
Provisions		272,21.20	–	272,21.20
Other non-current liabilities		2,15.00	–	2,15.00
		280,14.01	–	280,14.01
Current liabilities				
Financial liabilities				
(i) Trade payables		308,03.90	–	308,03.90
(ii) Other financial liabilities		108,99.17	–	108,99.17
Other current liabilities		21,09.85	–	21,09.85
Provisions	A,B	652,55.43	(606,34.22)	46,21.21
Current tax liabilities (net)		15,86.49	–	15,86.49
		1106,54.84	(606,34.22)	500,20.62
Total liabilities		1386,68.85	(606,34.22)	780,34.63
TOTAL EQUITY AND LIABILITIES		3215,66.66	8,75.80	3224,42.46

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(2) Reconciliation between previous GAAP and Ind AS****(ii) Reconciliation of equity as at March 31, 2016**

	Notes to first time adoption	Previous GAAP*	Adjustments	(₹ in lakhs) As at March 31, 2016
ASSETS				
Non-current assets				
Property, plant and equipment		204,04.32	–	204,04.32
Capital work in progress		267,66.84	–	267,66.84
Investment properties	C	9,46.64	(3,48.65)	5,97.99
Financial assets				
(i) Investments		5.67	–	5.67
(ii) Loans		14,24.94	–	14,24.94
(iii) Other financial assets		29.67	–	29.67
Current tax assets (net)		155,85.64	–	155,85.64
Deferred tax assets (net)	D	88,78.81	12,35.73	101,14.54
Other non-current assets		131,86.18	–	131,86.18
		872,28.71	8,87.08	881,15.79
Current assets				
Inventories		525,86.66	–	525,86.66
Financial assets				
(i) Trade receivables		126,56.50	–	126,56.50
(ii) Cash and cash equivalents		114,88.62	–	114,88.62
(iii) Bank balances other than (ii) above		1277,01.23	–	1277,01.23
(iv) Loans		55,12.88	–	55,12.88
Other current assets		68,51.46	–	68,51.46
		2167,97.35	–	2167,97.35
Assets classified as held for sale		5,75.35	–	5,75.35
		2173,72.70	–	2173,72.70
TOTAL ASSETS		3046,01.41	8,87.08	3054,88.49
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		84,70.30	–	84,70.30
Other equity	A,B,C,D	1611,36.68	487,17.82	2098,54.50
Total equity		1696,06.98	487,17.82	2183,24.80
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings		1,59.50	–	1,59.50
(ii) Other financial liabilities		352.68	–	352.68
Provisions		285,15.44	–	285,15.44
Other non-current liabilities		2,15.00	–	2,15.00
		292,42.62	–	292,42.62
Current liabilities				
Financial liabilities				
(i) Trade payables		327,74.15	–	327,74.15
(ii) Other financial liabilities		183,86.50	–	183,86.50
Other current liabilities		18,95.08	–	18,95.08
Provisions	A,B	523,88.82	(478,30.74)	45,58.08
Current tax liabilities (net)		3,07.26	–	3,07.26
		1057,51.81	(478,30.74)	579,21.07
Total liabilities		1349,94.43	(478,30.74)	871,63.69
TOTAL EQUITY AND LIABILITIES		3046,01.41	8,87.08	3054,88.49

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(iii) Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first time adoption	Previous GAAP*	Adjustments	(₹ in lakhs) Year ended March 31, 2016
Revenue from operations	B	2838,51.33	(60.12)	2837,91.21
Other Income		122,75.54	–	122,75.54
Total income		2961,26.87	(60.12)	2960,66.75
Expenses				
Cost of materials consumed		637,63.35	–	637,63.35
Purchases of Stock-in-Trade		739,93.66	–	739,93.66
Changes in inventories of work-in-progress, stock-in-trade and finished goods		(144,48.32)	–	(144,48.32)
Employee benefit expenses		443,37.45	–	443,37.45
Depreciation and amortization expense	C	24,77.65	17.33	24,94.98
Other expenses		683,17.42	–	683,17.42
Total expenses		2384,41.21	17.33	2384,58.54
Profit before exceptional items and tax		576,85.66	(77.45)	576,08.21
Exceptional items	E	2,61.33	(30.26)	2,31.07
Profit before tax		579,46.99	(1,07.71)	578,39.28
Income tax expenses				
Current tax		208,32.99	–	208,32.99
Deferred tax	D	(5,68.59)	(39.08)	(6,07.67)
Total income tax expenses		202,64.40	(39.08)	202,25.32
Profit for the year		376,82.59	(68.63)	376,13.96
Other comprehensive income		–	19.79	19.79
Total comprehensive income for the year		376,82.59	(48.84)	376,33.75

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(iv) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015

	Notes to first time adoption	As at March 31, 2016	As at April 1, 2015
Total equity (shareholder's fund) as per previous GAAP		1696,06.98	1828,97.81
Proposed dividend on equity shares reversed to retained earnings	A	509,73.42	637,16.78
Provision for expected sales return	B	(31,42.68)	(30,82.56)
Depreciation on investment property reclassified from asset held for sale	C	(3,48.65)	(3,31.32)
Deferred tax impact on Ind AS adjustments	D	12,35.73	12,07.12
Total adjustments		487,17.82	615,10.02
Total equity as per Ind AS		2183,24.80	2444,07.83

(v) Reconciliation of Total comprehensive income for the year ended 31 March 2016

	Notes to first time adoption	(₹ in lakhs) Year ended March 31, 2016
Profit after tax as per previous GAAP		376,82.59
Ind AS adjustments		
Depreciation on investment property reclassified from asset held for sale	C	(17.33)
Provision for expected sales return	B	(30,95.37)
Actual sales return adjusted against provision created	B	30,35.25
Actuarial gains passed through OCI	E	(30.26)
Deferred tax impact on Ind AS adjustments		39.08
Total adjustments		(68.63)
Total Profit as per Ind AS		376,13.96
Other Comprehensive income, net of income tax		19.79
Total Comprehensive income as per Ind AS		376,33.75

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**(3) Notes to first time adoption of Ind AS:****A. Proposed dividend**

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of Financial Statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as liability. Under Ind AS, such dividend are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 509,73.42 lakhs as at March 31, 2016 (April 1, 2015 ₹ 637,16.78 lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

B. Provision for expected sales return

The Group has recognised ₹ 31,42.68 lakhs (April 1, 2015 ₹ 30,82.56 lakhs) for the year ended March 31, 2016 for the amount of expected non saleable return.

C. Depreciation on investment property reclassified from asset held for sale

The Group has recognised ₹ 9,46.64 lakhs as investment property which ceased to be classified as asset held for sale on the date of transition. The Group has charged depreciation ₹ 3,31.32 lakhs on the above investment property from the date it was held for sale to date of transition, resulting in the recognition of investment property of ₹ 6,15.32 lakhs after depreciation. The Group has provided for depreciation on the above investment property ₹ 17.33 lakhs during the year ended March 31, 2016.

D. Deferred tax

The Group has recognised deferred tax asset ₹ 12,35.73 lakhs as at March 31, 2016 (April 1, 2015 ₹ 12,07.12 lakhs) on the above Ind AS adjustments.

E. Actuarial gains passed through OCI

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹ 30.26 lakhs. There is no impact on the total equity as at March 31, 2016.

F. Notes to reclassification between Indian GAAP and Ind-AS:

Excise duty of ₹ 86,96.00 lakhs has been reclassified from revenue to other expenses. This has resulted in increase of revenue and other expenses by ₹ 86,96.00 lakhs.

Trade Discounts of ₹ 29,30.56 lakhs to customers has been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ 29,30.56 lakhs.

Provision for non saleable return of ₹ 31,74.27 lakhs has been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ 31,74.27 lakhs.

Expenses relating to service income of ₹ 44,74.00 lakhs has been reclassified from other operating revenue to other expenses. This has resulted in increase of other operating revenue and other expenses by ₹ 44,74.00 lakhs.

Free samples of ₹ 4,88.48 lakhs to customers has been reclassified from cost of materials consumed to other expenses. This has resulted in decrease of cost of materials consumed and increase in other expenses by ₹ 4,88.48 lakhs.

Penalties of ₹ 48.96 lakhs paid to customers has been reclassified from other expenses to revenue. This has resulted in decrease of revenue and other expenses by ₹ 48.96 lakhs.

61 EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors of GlaxoSmithKline Pharmaceuticals Limited has recommended equity dividend of ₹ 30.00 per share for the year ended March 31, 2017 (March 31, 2016: ₹ 50.00 per share) (Refer note 56).

As per our report of even date

For Price Waterhouse & Co Bangalore LLP
Firm Registration No. 007567S/S-200012
Chartered Accountants

Asha Ramanathan
Partner

Membership No. 202660

Mumbai, May 19, 2017

For and on behalf of the Board

Chairman

Managing Director

CFO & Executive Director

Audit Committee Chairman

Company Secretary

Mumbai, May 19, 2017

D. S. Parekh

A. Vaidheesh

A. A. Aristidou

D. Sundaram

A. A. Nadkarni

DIN: 9078

DIN: 1444303

DIN: 7034424

DIN: 16304

NOTES

NOTES

THYROID DISEASES
are common in **India**,
one of them is Hypothyroidism.

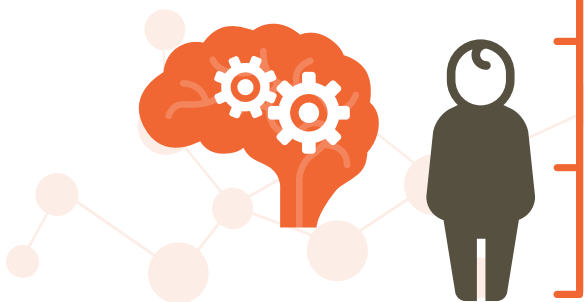
**CONGENITAL
HYPOTHYROIDISM
(CH)**
#knowCHnoCH



1 out of
1,172

new-born children, experiences
THYROID DEFICIENCY.

Congenital hypothyroidism (CH)
is a lack of thyroid hormones
present from birth leading to
POOR GROWTH and
BRAIN DEVELOPMENT
in the child.



Early diagnosis by a
simple **BLOOD TEST**
and timely treatment can
prevent this serious situation.





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