gsk do more feel better live longer

Accelerating a Healthy India

Energy where it matters

GlaxoSmithKline Pharmaceuticals Limited

Annual Report 2017-18

Our DNA

Our strategy
Bring quality, needed healthcare products to as many people as possible, with our specific and technical know-how and talented people.

Our values and expectations

- Patient focus
- Transparency
- Respect
- Integrity
- Courage
- Accountability
- Development
- Teamwork

We are committed to meet the unmet and underserved healthcare needs of the next billion Indians. We will be accelerating growth with sharp focus on three new priorities - Innovation, Performance, Trust. With an emphasis on effectiveness and efficiency, we will bring a stronger business first mindset. We look ahead with confidence and conviction, committed and prepared for...

Accelerating a healthy India with Energy where it matters.

Contents

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

Annual General Meeting
Tuesday, 24th July, 2018 at 2:30pm
Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg,
Mumbai 400020

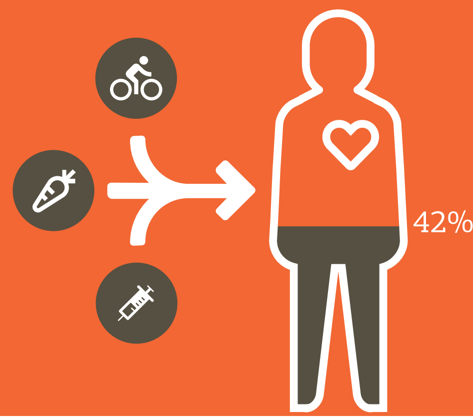
Adult vaccination in India

Findings from a general survey conducted by Ipsos MORI and sponsored by GSK among 2,002 adults aged 18 years and over across 6 cities (Mumbai, Delhi, Kolkata, Bangalore, Hyderabad and Chennai). This is part of a larger multi-country survey of 6,002 adults across 5 markets (Brazil, India, United States, Germany and Italy).

OVERALL GENERAL PUBLIC RESULTS - INDIA

although 42%

of adults consider staying in good physical health as their primary goal, staying up to date with adult vaccines is typically less important compared with other ways of staying healthy such as not smoking, eating healthy and keeping active[1,2]



34%

believe adult vaccines are needed only for travel purposes, although the majority of adults surveyed believe they are an effective way to prevent serious illnesses[3,4]

38%

believe vaccinations are only recommended to children and/or babies[5]

43%

consider themselves to be 'not very' or 'not at all' knowledgeable about adult vaccines[6]

28%

only are aware of the vaccines recommended for adults of their age and have received all of these recommended vaccines[7,8]

1. Vaccinate for Life General Public Survey. Exploration based on Q1. From the following list, please select the three goals which are most important to you? Staying in good physical health. Total base India respondents n=2002.
2. Vaccinate for Life General Public Survey. Exploration based on Q2. Thinking about the different things you may try to do in order to keep fit and healthy, how important is each of the following? Staying up-to-date with vaccinations appropriate to you. Eating healthily. Keeping active/ exercising daily. Not smoking. Total base India respondents n=2002.
3. Vaccinate for Life General Public Survey. Exploration based on Q4. Looking at the following statements about vaccinations, also referred to as immunisations, please select whether you think each one is true or false. For adults aged 18 years or over, immunisations are only needed for travel purposes. Total base India respondents n=2002.
4. Vaccinate for Life General Public Survey. Exploration based on Q4. Looking at the following statements about vaccinations, also referred to as immunisations, please select whether you think each one is true or false. Adult vaccines are an effective way of helping to prevent serious illness. Total base India respondents n=2002.
5. Vaccinate for Life General Public Survey. Exploration based on Q4. Looking at the following statements about vaccinations, also referred to as immunisations, please select whether you think each one is true or false. Vaccinations or immunisations are only recommended to children and/or babies. Total base India respondents n=2002.
6. Vaccinate for Life General Public Survey. Exploration based on Q4a. How knowledgeable do you consider yourself to be on adult vaccinations, also referred to as immunisations? Are you …Very knowledgeable. Quite knowledgeable. Not very knowledgeable. Not at all knowledgeable. Total base India respondents n=2002.
7. Vaccinate for Life General Public Survey. Exploration based on Q9. Which of the following statements best describes how up-to-date you consider yourself to be on vaccinations. I am aware of the vaccines recommended to adults of my age and have received all of these recommended vaccinations. Total base India respondents n=2002.
8. Vaccinate for Life General Public Survey. Exploration based on Q10. Thinking about the reason or reasons why you are not fully up-to-date on vaccinations to what extent do you agree or disagree with the statements below. I am not fully up-to-date on vaccinations because … I don't know which vaccines are available to me… my doctor or nurse has never mentioned the need for vaccines in adult life to me. Total base India respondents n=2002.

GlaxoSmithKline Pharmaceuticals Limited

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www.gsk-india.com

WyattPrism Communications

Message from the Managing Director

"At GSK too, we believe that we are at the cusp of a new era. The new direction provided by our Global CEO, Emma Walmsley has seen the emergence of three clear priorities – Innovation, Performance, Trust."

Dear Shareholders,

I am proud to report that in 2017-18, we continued to keep our customers at the forefront of all our endeavours with our initiatives for reach, quality and reliable supply of our medicines. Your Company is firmly committed to serving the unmet and underserved needs of patients in the country. The Indian healthcare sector continues to undergo rapid changes, with the Government driving policies for more access and affordability of medicines. Technology has enabled us to create fresh avenues to reach our patients and doctors in the remotest parts of the country, through multiple-location scientific webinars to create awareness on diseases. We have also made inroads with our unique initiative of driving our internal doctors in a modified van into remote areas to conduct scientific meetings for rural doctors.

One of the highlights of our year has been that our employees are among the most engaged in the entire GSK global network. Two global GSK surveys, held at six-month intervals, have revealed engagement scores as high as 94%, with a majority extremely proud to work for GSK.

Our Corporate Social Responsibility initiatives, including our signature initiative to eliminate Lymphatic Filariasis (LF) in India continues with a donation of 40 million albendazole tablets during the year to the World Health Organisation. GSK India, along with GSK UK, are in the top quartile in an internal Global Reputation Research survey conducted among informed public across 13 markets, with comparable peers. Corporate reputation is the sum of all the views and beliefs held about a company based on its history and confidence in its future.

Our reputation hinges on the trust of our customers - the faith that they have in the quality and efficacy of our medicines. During the year, we were audited for quality standards internally by two groups and were rated 'Acceptable' on A&A and Good Manufacturing Practices (GMP). Our manufacturing facility in Nashik has been upgraded with significant investment and the supply that had been impacted during this period has now been restored. This secures reliable supply in our medicines, and increases trust with our customers.

We have also taken giant strides in innovation with the launch of our hexavalent DTap vaccine, Infanrix Hexa, that has been well received by paediatricians. Through an in-licensing deal, we also made a foray into infection prevention with Biopatch, which protects critical care patients at hospitals from hospital-acquired infections, CRBSI (catheter-related blood stream infection).

During the year, we also saw the implementation of a landmark indirect tax reform - the Goods & Services Tax (GST), creating a single and unified market with one-nation, one-tax principle, that is expected to usher in a new era.

At GSK too, we believe that we are at the cusp of a new era. The new direction provided by our Global CEO, Emma Walmsley has seen the emergence of three clear priorities – Innovation, Performance, Trust. Our goal is to be one of the most innovative, best performing and trusted healthcare companies in the world. All our group level and business unit goals, objectives, strategies, plans emanate from these three priorities, resulting in better integrated alignment. It will enable all of us to be more efficient and effective internally and sharply focus our time and energy on delivering externally. These new changes, along with our unchanged purpose and values, now form a crucial part of our DNA.

India is a key growth market in the Emerging Markets region and we have committed to accelerating sustained profitable growth to create enduring value for our shareholders. We will be driving this performance with fewer, but more focussed priorities. This will help us become more competitive, win in the market, and serve our patients better. This new approach is strongly aligned to our Innovation Performance Trust priorities.

With drive and direction, we continue with a renewed zeal in our purpose - to enable people to do more, feel better and live longer. We are confident that the energy will unlock potential and performance, delivering consistent value to our shareholders.

Accelerating a healthy India with Energy where it matters.

A. Vaidheesh

Innovation

A strong patient-focussed pipeline, with the most competitive claims and labels, and brilliant execution of our launches.

We aim to be one of the most innovative companies in the world. As a science-based entity, we assimilate technical know-how with deep consumer and patient understanding to develop new and differentiated healthcare products.

In India, we are bringing innovative products from our strong global pipeline. These products are affordable and conform to the highest levels of compliance in the industry. Through these innovative products from GSK's global pipeline, or through line extensions of existing products and business development, we continue with our commitment to meet the unmet and underserved healthcare needs of the country.

Brilliant execution of new launches

Infanrix Hexa - World's No. 1 hexavalent DTaP vaccine

In April 2018, the Company launched the world's No. 1 hexavalent DTaP vaccine in India - Infanrix Hexa. This is an innovative product from GSK plc, and is aimed at the ` 275 crore DTP (Diphtheria, Tetanus, Pertussis) vaccine market in India. The DTP market in India is growing at an annual rate of 135%, according to IMS MAT (March 2018).

Biopatch

GSK Pharmaceuticals India entered the infection prevention segment with the launch of Biopatch. GSK has in-licensed Biopatch from Johnson & Johnson and is the legal marketer and distributor of Biopatch in India. Biopatch (containing Chlorhexidine Gluconate) is a hydrophilic wound dressing and is intended to reduce local infections, Catheter-related bloodstream infection (CRBSI) in patients with central venous or arterial catheters. This would help the patients in reducing their length of stay and lower the costs incurred from longer hospital stays due to hospital-acquired infection, CRBSI.

Innovation Sales - Priorix Tetra and EnteroPlus

Priorix Tetra and EnteroPlus were launched in late 2016 and 2017, respectively. During the year, they have touched the lives of several patients and shown remarkable growth, both in terms of volume and value. They have been well received by healthcare professionals who are keen to recommend it.

In a short span of just two years, Priorix Tetra, the Company's MMRV (Measles, Mumps, Rubella & Varicella) vaccine, has ensured GSK India maintains its leadership position in the vaccines market.

The re-launch of Neosporin, our wound-care topical antibiotic, has also been a great success. It has steadily regained lost market share during the year.

With Innovation being a key priority, we will continue to launch more innovative products from our strong global pipeline, in alignment with our strategy to accelerate growth, as we look ahead for new opportunities and avenues towards Accelerating a Healthy India.

Performance

Sustained industry-leading growth with competitive costs, margin and cash flow.

GSK aspires to be amongst the best performing companies in the world. Performance, as one of the three priorities, requires us to focus our energy where it matters, with a strong business first mindset. It involves flawless execution and deep customer engagement, simplicity and synergising right talent and technology to drive high levels of performance.

Superior scientific healthcare professional engagement

At GSK, we engage healthcare professionals (HCPs) on superior scientific knowledge in our chosen therapy areas. Some years ago, we stopped paying doctors to speak on our behalf and de-linked our sales force's incentives from sales targets. Our focus was instead engagement of HCPs through the dissemination of high-quality scientific education on our medicines, through multiple integrated channels. Our sales force is equipped with iPads and customer relationship management tools that deliver best-in-class customer engagement by aligning all customer-facing resources and interactions to deliver a personalised, coordinated customer experience.

Our multi-channel focus

Digitisation in the pharmaceutical industry has re-drawn the contours of healthcare companies' engagement with Healthcare Professionals (HCPs). The proactive strategy of mapping this massive shift early has enabled us to holistically harness and leverage our reach in the past two years. During the year, we increased our digital touchpoints significantly - with a contribution of 27% to overall touchpoints created with our HCPs in 2017. Our digital interventions, whether it be meaningful digital detailing content on our CRM tool, webinars, or others, have allowed us to reach and engage more than 20,000 HCPs, over and above our coverage from our current field force. It has also contributed to notable growth in several lead indicators of HCP engagement.

CERPS

GSK Pharmaceuticals India went live, a year ago, with the Commercial Enterprise Resource Planning Solution (CERPS), the SAP ERP portal. This is a major achievement and in alignment with our priority of performance. With CERPS, over 4,500 employees will now be able to access information, seamlessly and in real-time, track products, pay vendors, raise invoices and procure goods and services.

Developing the right talent

We have always believed that it is ultimately the right talent that unlocks opportunities. At GSK India, we have always nurtured talent with a strategic view. We have a workforce that is a mix of experience and youth. Diversity at the workplace always leads to enhanced performance. Women form an integral part of our workforce and we continue to reap rich gender dividends.

No. 1

Vaccines self-pay market

No. 3

Indian Pharma Market (Volume terms)

7

GSK brands feature in the Top-50 of the IPM

IMS MAT, March 2018

The self-pay vaccines market is valued at around ` 1,992 crore and growing at around 16%. Seven of the top-20 vaccines belong to GSK India, making it the No. 1 vaccines company with almost 28% market share in value terms. (IMS MAT, March 2018)

Trust

Maximising our social impact, ensuring the reliable supply of our high-quality products to as many people as possible, and having highly engaged employees.

Healthcare is a business that has trust at its core. Everyday, countless patients and consumers put their health and that of their families in our hands because they trust us. GSK is committed to becoming one of the most trusted companies in the world.

At GSK India, we constantly focus on ensuring a reliable supply of high-quality medicines to provide better and more affordable healthcare to more people in the country. Quality is paramount to GSK and comes from the quality culture that is deeply embedded within our DNA.

Reliable supply

To ensure timely secure supply of medicines to our patients, our Supply Chain team has worked on a series of measures over the last couple of years. We analysed the statistical forecast and built market intelligence through a robust demand review process, that has resulted in our demand forecast accuracy moving from 69%-79%. With better visibility on demand, and a robust distribution planning process, we have been able to increase our supply efficiency, resulting in an OTIF (On Time In Full, a measure of timely fulfilment of customer demand) of 90% (from 70%, two years ago). We have also developed alternate sources for our key products as well as raw materials to minimise disruptions due to unavailability of input materials.

We have invested in expansion at our Nashik manufacturing site and contract manufacturing sites to secure long-term supply. Our upcoming state-of-the-art manufacturing facility at Vemgal, Karnataka, will be ready in mid-2019, to further secure supply of our medicines, with a capacity of 9 billion tablets a year.

Quality of our products

The culture of quality is ingrained in GSK - we work as One global company with our parent to ensure that we sustain the same standard of quality and efficacy of our medicines across the globe. During the year, our manufacturing sites were audited by GSK's global audit teams against our global standards. All our sites (Nashik and the External Supply Virtual Organisation) have been successful in giving confidence to GSK's global management that they are not only compliant, but also on a continued path for improvement.

The increased awareness on our Quality system and continued emphasis on the performance of our products has been a winning story, leading to continued and reliable supply of compliant, safe and efficacious medicines in the market, restoring the trust of patients, regulators and healthcare professionals.

In an endeavour to continue upgrading our manufacturing standards, GSK has invested in a state-of-the-art 'Respirator-Free' facility at our Nashik site for the manufacture of our thyroid hormone, Eltroxin.

In addition to this investment, as mentioned earlier, we have also invested in a state-of-the-art facility at Vemgal for oral solid dosage forms, which will enhance the quality, service and compliance of our medicines.

Employee engagement

Apart from all the activities and initiatives to increase the well-being and engagement of employees, during the year, two GSK Culture Surveys were conducted across the globe. In the most recent survey of 2018, our integrated GSK Pharmaceuticals India overall engagement score remained high at 93% with a 95% response rate. With this score, we managed to build on our record response and engagement score from the previous survey.

The survey included questions of various aspects of GSK's Culture, Strategy and Innovation, Performance, Trust priorities and solicited employees' views on the same.

Going ahead, this survey will be conducted twice a year as it helps understand more about what's working well, what we can improve and what we should do now to make those changes.

Improving our corporate reputation

A strong corporate reputation will help us drive our priorities of Innovation, Performance and Trust, which is why it's been made one of our 10 global Key Performance Indicators (KPIs) at GSK.

During the year, a GSK Global Reputation Research study was conducted across 13 GSK markets globally, as against comparable external peers in each country. GSK India's corporate reputation is ranked in the top quartile, along with GSK UK.

Corporate Social Responsibility

Healthy communities are the backbone of strong, sustainable societies. But there are still millions of people without access to basic healthcare. Our CSR projects are designed to be sustainable in the long term. In 2017-18, GlaxoSmithKline Pharmaceuticals Limited has invested ` 11.25 crore in communities that positively impacted over a million people.

Partnering India to Eliminate Lymphatic Filariasis

In January 2012, we joined other global pharmaceutical companies and leading organisations, including the World Health Organization (WHO) and the World Bank, in a new united effort to support countries to defeat Neglected Tropical Diseases (NTDs). Together, this coalition supports the goals set out by WHO to control or eliminate 10 of the 17 NTDs by 2020.

India is also focussed on tackling the NTDs. In the Union Budget presentation in March 2017, the Finance Minister said that the Government has prepared action plans towards elimination of leading NTDs, including lymphatic filariasis.

We are a vital part of the country-wide fight against one prioritised NTD - Lymphatic Filariasis. Our contribution focusses on our large-scale donation of albendazole, efficient forecasting, manufacturing and shipping of donated products. LF is transmitted by mosquitoes.

Saving our newborns

Of every 4 newborns who die in the world, 1 dies in India. We lose over 7,50,000 newborns within the first 28 days of their lives. 75% of these deaths are preventable. India has committed to reducing Infant Mortality Rate (IMR) from 39 in 2014 to 28 by 2019.

Our CSR project on 'saving our newborns' is closely linked to the Government's India Newborn Action Plan and is working through a continuum of care approach in the districts of Rajasthan and Madhya Pradesh (where the IMR is 49 and 61 respectively, which is much higher than the national average of 39).

Evidence-based interventions carried out at the level of the health facility and community can reduce child mortality. Our project design has planned strategies to bring about improvements in public health facilities, providing delivery and newborn care services and generate awareness and demand for essential care of mother and newborns in communities under the programme intervention .

We have reached out to more than 8,000 newborns and 800 skilled birth attendants across Rajasthan and Madhya Pradesh, covering 3 districts and 6 blocks in 2017-18. A total of 860 community meeting sessions were conducted. Over 250 mother group meetings were held, which were attended by more than 15,000 community members, including 4,000 mothers.

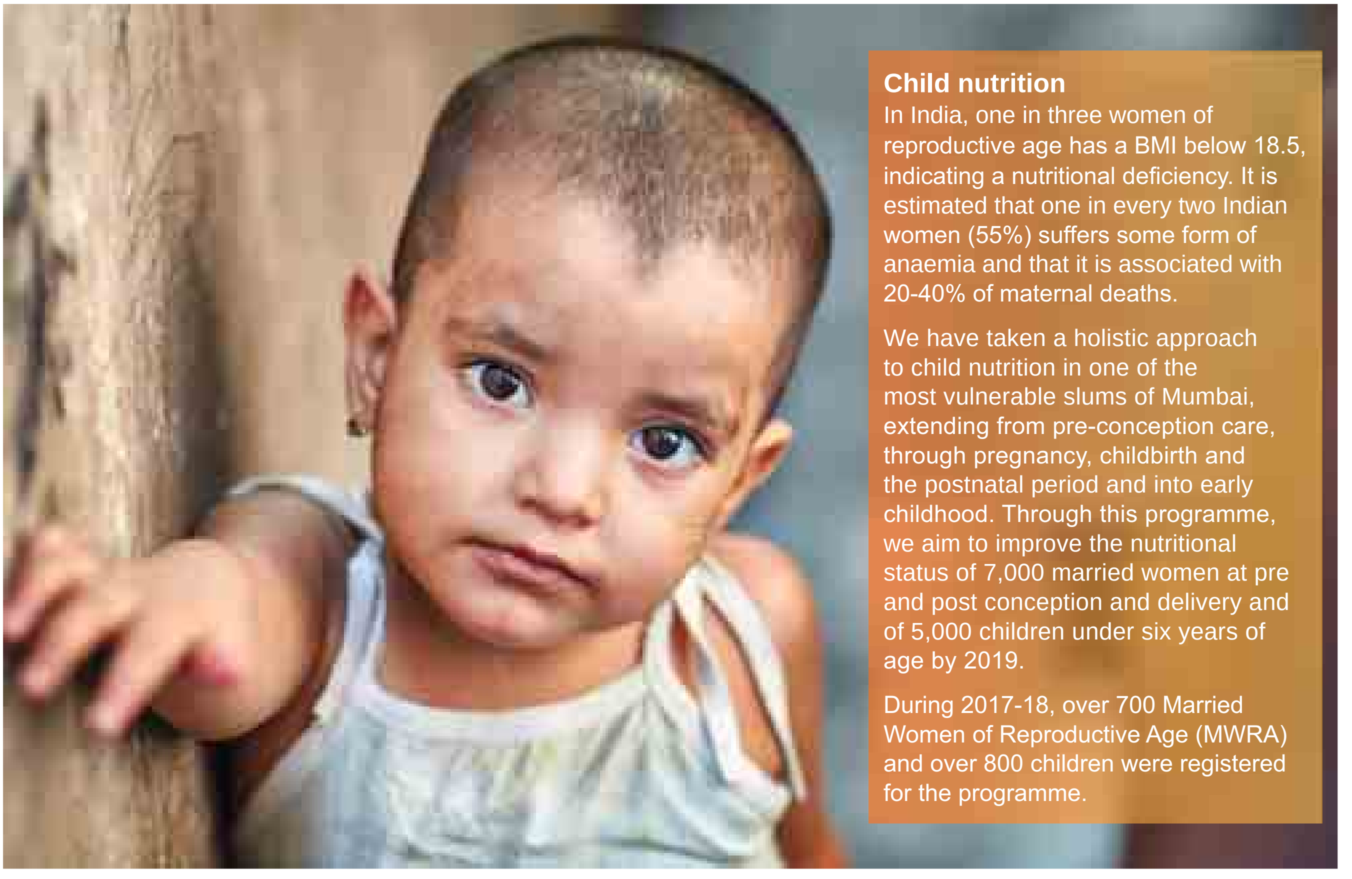
School sanitation

Schools are important for the cognitive, creative and social development of children. 'Swachh Bharat: Swachh Vidyalaya' is the national campaign to ensure that every school in India has a set of functioning and well-maintained water, sanitation and hygiene facilities.

We are working towards providing school sanitation in government and government-aided schools in Nashik.

Holistic care for the vulnerable

GSK supports 70 vulnerable girls in Bihar by providing them with residential formal school education, co-curricular activities and vocational training. Thirty per cent of the girls we care for are homeless, while others hail from ragpicker and slum-dwelling *mahadalit* families.



Child nutrition

In India, one in three women of reproductive age has a BMI below 18.5, indicating a nutritional deficiency. It is estimated that one in every two Indian women (55%) suffers some form of anaemia and that it is associated with 20-40% of maternal deaths.

We have taken a holistic approach to child nutrition in one of the most vulnerable slums of Mumbai, extending from pre-conception care, through pregnancy, childbirth and the postnatal period and into early childhood. Through this programme, we aim to improve the nutritional status of 7,000 married women at pre and post conception and delivery and of 5,000 children under six years of age by 2019.

During 2017-18, over 700 Married Women of Reproductive Age (MWRA) and over 800 children were registered for the programme.

GSK's goodwill profile

40
million tablets donated to WHO for preventing LF

20,000
community members reached through health awareness sessions

10,000
children provided access to school sanitation

8,000
newborns saved

300
youth made employable

100
vulnerable children provided holistic care

The basic infrastructure is required for a healthy country. And here is where GSK comes in with residential, educational, nutritional and transportation support to children affected with cancer and their parents.

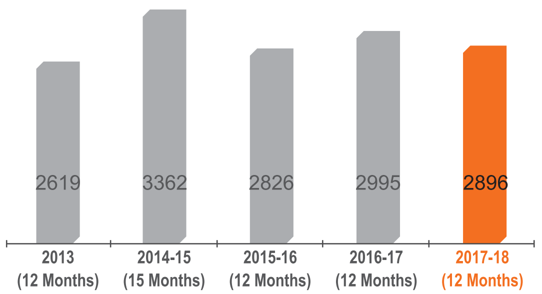
Skilling our youth

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 by this demographic advantage. While the country presents potential, we are persistently constrained by tardy progress in education and skill-building initiatives.

We have partnered to promote entrepreneurship amongst women and have trained them to set up a manufacturing unit for sanitary pads, supplemented with awareness building on menstrual hygiene in communities and schools.

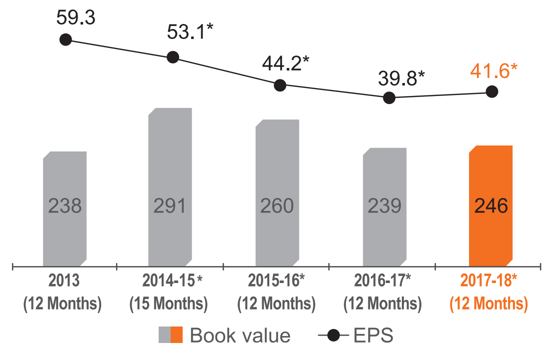
Financial Highlights

Revenue from Operations*
(₹ Crores)



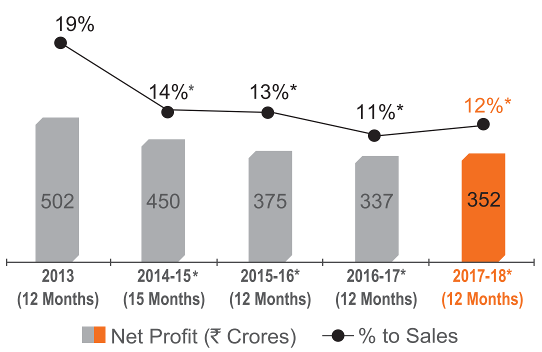
*Revenue from operations includes excise duty as per Ind AS 18. However, consequent to the introduction of Goods & Service Tax w.e.f. 1st July 2017, Central excise duties, VAT etc. have been subsumed under GST. In accordance with Ind AS and Schedule III of Companies Act, 2013, GST is not part of Revenue. Accordingly the revenue from operations for the period 2017-18 are not comparable with the previous periods.

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



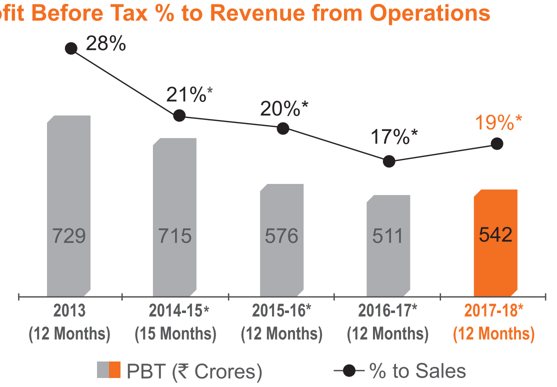
*The EPS and Book Value for the year 2017-18, year 2016-17, year 2015-16 and 15 months ended March 2015 are as per Ind AS. Prior year 2013 is as per IGAAP.

Net Profit for the Period % to Revenue from Operations



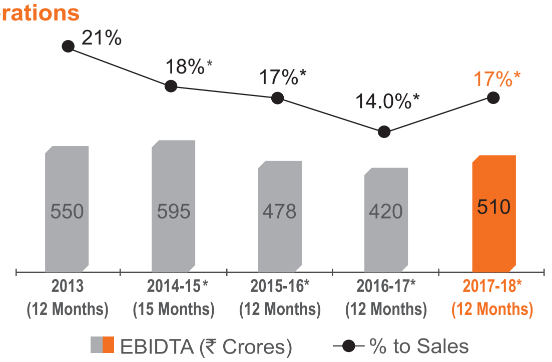
* The Net Profit for the year 2015-16, year 2016-17 and year 2017-18 are as per Ind AS. Prior year 2013 and 15 Months Ended March 2015 are as per IGAAP.

Profit Before Tax % to Revenue from Operations



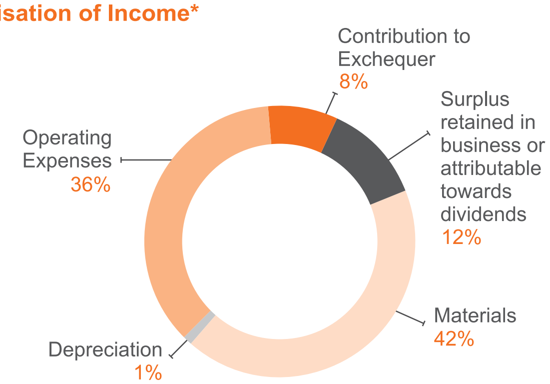
* Profit Before Tax and Revenue from Operations for the year 2017-18, year 2016-17, year 2015-16 and 15 months ended March 2015 are as per Ind AS. Prior year 2013 is as per IGAAP.

EBIDTA (Excl Exceptional Items) % to Revenue from Operations



*Earnings Before Interest, Depreciation, Exceptional Items and Tax and Revenue from Operations for the year 2017-18, year 2016-17, year 2015-16 and 15 months ended March 2015 are as per Ind AS. Prior year 2013 is as per IGAAP.

Utilisation of Income*



* % Utilisation of Income excludes Exceptional Income

Performance Summary

(Amount in ` lakhs)

	2017-18#	2016-17#	2015-16#	15 Months Ended March 2015#	2013	2012	2011	2010	2009	2008
PROFIT AND LOSS ACCOUNT										
Revenue from Operations	**2895,88**	**2994,51**	**2826,21**	**3362,36**	**2619,37**	**2700,34**	**2429,58**	**2187,48**	**1933,09**	**1771,83**
Profit before exceptional items and tax	523,79	465,35	573,63	766,84	703,17	994,78	921,60	867,27	758,48	679,90
Exceptional items	17,80	45,73	2,31	(51,88)	26,15	148,22	(322,54)	(26,50)	14,79	122,37
Profit Before Tax	541,58	511,08	575,94	714,96	729,32	1143,00	599,06	840,77	773,27	802,27
Profit for the Period	351,99	336,78	374,53	449,90	501,88	577,26	430,60	563,69	512,29	576,57
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	1995,25	1943,51	2119,94	2382,38	1932,49	1925,31	1835,23	1846,11	1674,45	1456,39
Borrowings	99	1,60	2,37	2,48	4,14	4,59	4,91	5,16	5,42	5,65
	2080,94	**2029,81**	**2207,02**	**2469,57**	**2021,33**	**2014,60**	**1924,84**	**1935,97**	**1764,57**	**1546,74**
Property, Plant and Equipment, Intangible Assets and CWIP	1245,71	858,17	471,71	238,28	161,93	133,19	115,32	117,65	114,17	100,35
Investments including investment properties	49,43	52,99	53,63	53,80	57,67	102,58	159,80	160,35	190,91	751,87
Deferred tax assets (net)	103,05	91,31	100,81	94,83	92,11	86,54	61,47	56,40	44,69	29,60
Net Assets (Current and Non-Current)	682,75	1027,33	1580,87	2082,65	1709,62	1692,29	1588,25	1601,57	1414,80	664,92
	2080,94	**2029,81**	**2207,02**	**2469,57**	**2021,33**	**2014,60**	**1924,84**	**1935,97**	**1764,57**	**1546,74**
OTHER KEY DATA										
Rupees per `10/- Equity Share										
Dividend	35.00	30.00	50.00	62.50	50.00	50.00	45.00	40.00	30.00	22.00
Special Additional Dividend	-	-	-	-	-	-	-	-	-	18.00
Total Dividend	35.00	30.00	50.00	62.50	50.00	50.00	45.00	40.00	30.00	40.00
Earnings per equity share	41.56	39.76	44.22	53.11	59.25	68.15	50.84	66.55	60.48	68.07
Book Value	245.56	239.45	260.28	291.26	238.16	237.31	226.67	227.96	207.69	181.95
Number of employees	4620	4697	4611	4657	5034	4706	5055	4338	4006	3722

Period 15 Months Ended March 2015, Year 2015-16, 2016-17 and 2017-18 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. Figures have been adjusted/regrouped wherever necessary in line with the financial statements, to facilitate comparison.
2. The accounting year of the company has been changed from January - December to April - March with effect from March 2015. Consequently, financial statements from 1st January, 2014 to 31st March, 2015 are for 15 months.

Board of Directors

(As on 01.06.2018)

Chairman
D. S. Parekh

Managing Director
A. Vaidheesh

Directors
A. Aristidou (upto 31.12.17)
R. R. Bajaaj
Ms. A. Bansal
P. V. Bhide
M. Jones
N. Kaviratne CBE
R. Krishnaswamy
A. N. Roy
D. Sundaram
Ms. P. Thakur (w.e.f. 01.01.18)
S. Williams

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. Bajaaj
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
P. Thakur
- *Chief Financial Officer*
R. Krishnaswamy
- *Technical*

Chief Commercial Officer
A. Iyer
- *Pharmaceuticals*

Executive Vice-Presidents
R. Bartaria
- *Pharmaceuticals*
S. Dheri
- *Vaccines*
N. Hindia
- *Legal*
B. Kotak
- *Medical*
Ms. M. Priyam
- *Human Resources*

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

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CIN: L24239MH1924PLC001151

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Ambad, Nashik

Share Department
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Auditors
Deloitte Haskins and Sells LLP

Cost Auditors
R. Nanabhoy & Co.

Solicitors
Gagrat & Co.

Bankers
Deutsche Bank

Hongkong and Shanghai Banking

Corporation Limited

HDFC Bank Limited

Citibank N.A.

State Bank of India

Registrars & Share Transfer Agents
Karvy Computershare Private Limited
Unit: GlaxoSmithKline
Pharmaceuticals Limited
Karvy Selenium Tower B,
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Financial District Nanakramguda,
Serilingampally, Hyderabad,
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Directors' Report

The Directors have pleasure in submitting their Report for the year ended 31st March 2018.

1. FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

` in lakhs

	Year ended 31st March 2018	Year ended 31st March 2017
Revenue from operations	2895,88.02	2994,50.50
Other Income	53,52.01	72,01.24
Total Income	2949,40.03	3066,51.74
Profit before Exceptional items and Tax	523,78.50	465,34.86
Add: Exceptional Items	17,79.85	45,73.05
Profit before Tax	541,58.35	511,07.91
Less: Income tax expenses	189,59.58	174,30.40
Profit for the year	351,98.77	336,77.51
Add: Opening balance of Retained earnings from the previous year	1067,06.32	1240,02.23
Less: Transactions with owners of the company:		
Dividend paid on Equity Shares (including tax on distributed Profits) (` 30 Per Share for FY 2016-17 and ` 50 Per Share for FY 2015-16)	305,83.97	509,73.42
Balance of Retained earnings at the end of the reporting period	1113,21.12	1067,06.32

2. DIVIDEND

Your Directors are pleased to recommend a Dividend of ` 35 per Equity share for the year (previous year ` 30 per Equity share). The Dividend for the year ended 31st March 2018 is subject to the approval of shareholders at the Annual General Meeting on 24th July 2018 and will be paid on or after 25th July 2018. If approved by the shareholders at the Annual General Meeting, the Dividend will absorb ` 357 crores inclusive of the Dividend Distribution Tax of ` 61 crores to be 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 http://www.gsk-india.com/investor-Policies/.

3. MANAGEMENT DISCUSSION & ANALYSIS

Economic Scenario

The upswing in global investment and notable rebound in global trade contributed to a global growth rate of 3.8% in 2017, the fastest since 2011, according to the World Economic Outlook, April 2018, International Monetary Fund (IMF WEO).

Emerging Markets and Developing Economies grew by 4.8% in 2017. This growth is projected to increase further to 4.9% in 2018 and 5.1% in 2019. The high growth rate reflects continued strong economic performance in emerging Asia, (IMF WEO).

Gross Domestic Product (GDP) in India grew 7.1% in 2017 and is projected to increase to 7.4 percent in 2018 and 7.8% in 2019, expected to be lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax (IMF WEO). Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivise private investment. The OECD has pegged GDP growth in India at 7.0% in 2018, before picking up to 7.4% in 2019, thanks to reforms that are expected to boost investment, productivity and growth, according to the OECD Economic Outlook, November 2017.

In the Union Budget 2018, the government demonstrated its commitment to increase healthcare spending. In another path-breaking move, the government unveiled the National Health Protection Scheme under which an annual health insurance cover of ` 5 lakh will be provided to nearly 100 million under-privileged households in the country. In addition, the National Health Policy (approved in 2017) proposes to increase government spending on healthcare from the current 1.1% of GDP to 2.5% over the next 5-7 years, predominantly through levying the health cess. As proposed, Government would provide free primary care supplemented by public/private hospital care for roughly 70% of the population. The proposed policy references the importance of "a dynamic regulatory regime" to ensure the safety, efficacy, and quality of drugs and medical devices that are manufactured, imported, or sold in the country to safeguard the public from sub-standard or unsafe drugs and to ensure the Indian pharmaceutical industry's global and domestic reputation and leadership."

Overview of the Indian Pharmaceutical Market

In this economic scenario, the Indian Pharmaceuticals Market (IPM) has seen value growth in line with the market for the last one year. The IPM is forecasted to grow at a compounded annual growth rate (CAGR) 9.2% (±3.0%) over the period 2016-2021, reaching a total value of ` 1833.6 billion by 2021. (Source: IMS Market Prognosis 2016-2021)

Business Performance

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'18), namely Augmentin, Calpol, Synflorix, Zinetac, Betnovate - N, and Betnovate - C. Your Company will continue to witness tangible outcomes from 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 ` 2896 crores decreased by 3% in value terms for the year ended 31st March 2018 as compared with the previous year. The Revenue is deflated; arising from impact of divestments and discontinuations to the portfolio and the impact of GST rates effective 1st July 2017. Our underlying financial performance for the year, excluding the impact of GST and prior year product disposals is a high single-digit growth with strong volume growth.

Our revised strategy of focused brands and portfolio led to an improved product mix and a sustainable improvement in EBITDA margins to 18% (compared to 14% in the previous financial year).

Profit Before Exceptional Items and Tax amounted to ` 524 crores and margins were at 18% of Revenue from operations for the year as compared to 16% in prior year. Exceptional income for the year of ` 17.80 crores is mainly driven by proceeds from sale of property. Profit before Tax and exceptional items grew by 13% versus the previous year, reflecting strong core performance delivery.

Cash generation from Operations continued to remain favourable this year and is in line with business performance. Your Company spent ` 403 crores as capital expenditure, mainly for the new manufacturing facility at Vemgal, Bengaluru. During the year, the Company has received ` 552 crores in advance towards disposal of Thane Land. The transfer of the said land will happen upon obtaining all relevant statutory and other permissions. The amount received has been accounted as advance against sale of land. Your Company continues to look for ways and means of deploying accumulated cash balances as at 31st March 2018 which remain invested largely in bank deposits.

During the year, your Company further strengthened its finance operating model through successful implementation of its new Enterprise Resource Planning (ERP) systems which has created value to both internal and external stakeholders by bringing in process efficiencies, reduction in human efforts, stronger financial governance across the organization and better reporting.

Furthermore, your Company has successfully adopted the requirements under the new Goods and Services Tax (GST) Laws and integrated it with the ERP system. Your Company also focused its attention towards resolution of old tax litigations and has been successful in securing a favourable outcome in some of those cases.

There are no loan, 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 outstanding towards unclaimed deposits payable to depositors as on 31st March 2018.

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.

(b) Pharmaceuticals Business Performance and Outlook

Your Company continued to focus on increasing access to its medicines to serve Indian patients better. Around 68% of 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 informing HCPs on your Company's portfolio for appropriate therapy areas. Your Company earlier pioneered 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. During the year, your Company expanded this unique initiative to seven states and conducted ninety SPMs. A robust pharmacists' engagement campaign was conducted by bringing select pan-India and regional chemists together on a common platform to increase awareness on their role and responsibility in guiding patients on treatment adherence, right ways of dispensing medicines and inventory management to ensure the high quality of our medicines till it reaches patients. During the year, your Company also enhanced engagement of rural HCPs through increased digital touchpoints, disseminating scientific knowledge through SMS, emails, webinars and even online Continuing Medical Education (CME) certifications for rural HCPs. Through these multi-channel initiatives, your Company could reach 10x more HCPs than the previous year, primarily through webinars. An SMS hypothyroidism awareness campaign created 30,000 rural patient touchpoints. Your Company also contributed to the continuing medical education of rural HCPs by aiding 3800 of them to participate in an online course, approved by the Royal College of Physicians.

Your Company's flagship brand in the Mass Specialty segment, Augmentin, had faced mandatory price reductions in 2016. The team used this opportunity to increase access of the drug to more patients. The results continue to show that Augmentin achieved its all-time high sales in 2017, reaching even more patients. It is the No. 1 antibiotic brand in the country by value. It registered 11% value growth and 26% unit growth (IMS MAT Mar'18). Augmentin solids is No.1 by value in the Amoxyclav solids market. With your Company's patient-focused initiatives, 6 strips of Augmentin 625 mg were sold per second in 2017. One of the key efforts during the year are the 'India Inspiration' webcast series conducted during the World Antibiotic Awareness week (observed by the World Health Organisation, WHO) to curb the rising challenge of anti-microbial resistance due to inappropriate prescribing of antibiotics.

In the Primary Care (PC) segment, during the year, your Company focused on effective execution to drive value and these efforts led to improved performance across indicators like prescription growth, prescriptions per doctor, the number of increased digital touchpoints for HCP engagement, and innovation in such engagement. During the year, the PC portfolio grew by 8%, driven mainly by brands like Eltroxin, Ceftum, Supacef, Zyloric, and Betnovate with an Evolution Index (EI) more than 100 for these brands.

Your Company maintained its leadership in the Dermatology segment during the year. Even internally, within the GSK global dermatology franchise, your Company continued to maintain its lead with the maximum HCP engagement for the year under consideration. Your Company gained a share in the Indian topical antibiotic market with resumption of supply of T - bact, which now is the No.1 prescribed brand in the market. It was a year of furthering scientific leadership in the dermatology segment with the initiation of the BRIDGE (Bringing Insights from Dermatology Group of Experts) forum. BRIDGE is now active in 14 key cities and scientifically engages 450 dermatologists. The purpose of this forum is to encourage a dialogue on improving disease outcomes by using a multi-disciplinary approach while managing "difficult to treat or challenging cases". The forum has received appreciation amongst the dermatologists. The team continues its endeavour to increase awareness amongst patients on the dangers of self-medication and the appropriate use of topical corticosteroids through posters, educational material, both in clinic and at pharmacies and through SMS & email campaigns.

Your Company has been instrumental in the dissemination of scientific knowledge in engaging HCPs and in addition, with pharmacists as well. With pharmacists, your Company has been emphasizing the role of the pharmacist, when dispensing topical corticosteroids. During the year, your Company touched 40,000 retailers / pharmacists with a one-minute video on the appropriate use of topical corticosteroids. STEP, a Topical Steroid Education Programme, is one such initiative to enhance the Primary Care physician's understanding of appropriate use of topical steroids in their patients with steroid-responsive skin conditions. This programme has been specifically designed for general practitioners (GPs). As a part of STEP, your Company rolled out a series of educational programmes for 10,000 GPs through internal dermatologists, including a monthly webcast series on topical corticosteroids. Your Company has collaborated with the Royal College of Physicians for a one-year certification programme on the appropriate use of topical steroids. To aid rapid and early diagnosis of Thyroid disorders, your Company undertook several digital SPMs on maternal hypothyroidism and American Thyroid Association's ATA 2017 Guidelines, engaging more than 25,000 HCPs during the year.

In the Mass Markets segment, your Company's brands have been performing well. Zinetac has been a pioneer in acid peptic disorders (APD) management for more than 30 years and the No.1 in the Ranitidine market (TSA MAT Mar 2018). Zinetac also led the prescription growth for the Ranitidine

Market at 21%, accounting for 44% (IMS MAT Feb 2018) of the incremental prescriptions added to the Ranitidine market. This robust prescription growth stands testament to the strong and deep-rooted foundation of the brand in the medical fraternity. During the year, Zinetac's unit share gain was 1% (TSA MAT Mar 2018) in the proton pump inhibitors (PPI) market which comprises of 2009 brands.

During the year, Neosporin was re-launched in the market and within six months of the launch, Neosporin ranks No. 3 in the topical antibiotic market with a value share of 8.9%. Calpol continues its legacy of leadership in Fever, generating two prescriptions per second and being the No. 1 prescribed brand in the IPM. Your Company launched a series of scientific webinar programmes on Fever ('Fever Pitch') with elite panelists as a platform for dissemination of scientific knowledge. Your Company was also the first in launching the LGG probiotic strain, Entero Plus, in the form of a capsule and sachet in India. The response to this innovative brand in the market has been encouraging.

In the Respiratory segment, your Company initiated 'RespiTalk', a campaign aimed at disseminating recent advances and practical guidance for better management of patients suffering from Chronic Obstructive Pulmonary Disorder (COPD) and asthma through webcasts. During the year, your Company conducted three webcasts, as part of the RespiTalk series, which was attended by more than 1800 HCPs. Keeping patients in mind and to improve the gap in perception of asthma control, your Company also initiated www.asthmacontroltest.com, a simple intuitive test available to patients, online and offline, to assess their asthma control and approach the HCPs for better treatment options. Seretide continues to outgrow competition and has an EI of 100 (IMS MAT – Mar 2018) with a value market share of 13%. On the prescription front Seretide increased its share in the Salmeterol Fluticasone market from 9% to 12% from the corresponding period last year (IMS MAT Feb 2018) with a growth of 66% in prescriptions and 37% in prescriber base.

Your Company's Hospital Business Team (HBT) continues to deliver high double-digit growth with a compounded annual growth rate (CAGR) of 23% over 2015-2017 and your Company emerged as the fastest growing company among the Top 10 companies in the HSA Audit (IMS Dataset for hospitals, Mar 2018), on a MAT basis, with an EI of 109. During the year, HBT fortified its presence in Infection control and management space with the launch of an in-licensed product, Biopatch. BioPatch is a specialised skin sterilisation product, for critical care patients on central line catheters. With its continued focus, HBT continued to lead scientific dissemination of knowledge, especially in the area of appropriate use of antibiotics through SPMs, webcasts/webinars and symposiums and engaged around 5000+ HCPs during the last 12 months. Building partnerships with healthcare organisations and service providers remain a pivotal focus for your HBT Team. To achieve greater sustainability and contribute towards improvement in public and environmental health, the team embarked on the Green and Clean Hospitals' Accreditation Programme, launched in 5 major hospitals in India.

Preventive healthcare - Vaccines

In the area of preventive healthcare, your Company continues to be the No. 1 vaccines company in the self-pay segment with a 28% value market share. Your Company began marketing vaccines in India more than 25 years ago and currently markets 12 vaccines for varied age groups - infants, adolescents and adults. The vaccines self-pay market is currently estimated to be `1992 crore (IMS MAT Mar 2018) and is growing at around 15%. Seven of your company's vaccines feature in the Top-20 list of vaccines in the self-pay market (IMS MAT Mar 2018).

Innovation is our top global priority and in alignment with this, your Company launched the World No.1 hexavalent DTaP vaccine, Infanrix Hexa in April 2018. The DTP (diphtheria, tetanus, pertussis) vaccines market is currently valued at around ` 275 crores and is growing at 135% (IMS MAT Feb 2018). It has been five years since the launch of Synflorix, your Company's pneumococcal vaccine. Since then, your Company has distributed more than seven million (75 lakh) doses, vaccinating around 2.5 million (25 lakh) Indian kids, to help protect them against pneumococcal disease. Pneumococcal disease is the No. 1 cause of vaccine-preventable deaths, according to 2008 estimates of the WHO (World Health Organisation.) During the year, to increase public awareness on the dangers of this disease among parents, your company conducted a mass TV and digital campaign.

Since its launch in 2016, Priorix Tetra, your Company's MMRV (Measles, Mumps, Rubella & Varicella) vaccine, has helped regain leadership in the Varicella vaccines market. This was driven through increased focus on scientific engagement with healthcare professionals (HCPs) during the year. During the year, your Company was granted regulatory approval for maternal immunisation against pertussis with Boostrix. With this new indication, your Company now has a better presence in the vaccines segment for women. Your Company is also partnering with FOGSI (Federation of Obstetric and Gynaecological Societies of India), a professional organisation representing practitioners of obstetrics and gynecology in India, to drive awareness among women, for vaccination against maternal & neonatal pertussis and human papillomavirus (HPV).

(c) Opportunities, Risks, Concerns & Threats

The Indian pharmaceutical sector can be divided into two major segments, namely, Active Pharmaceutical Ingredients (API) or bulk drugs and formulations. The API can be branded or generic and these ingredients will form a part of formulations, which will be used to treat acute or chronic diseases.

The first draft of the pharmaceutical policy was released in mid-2017 and reflects the government's commitment to address issues surrounding drug quality and availability in the Indian pharmaceutical market. The policy states: "The quality assurance of indigenously manufactured drugs is another area of concern. While the drugs that get exported have a stringent quality assurance system, put in place and insisted upon by the importing countries' internal requirements; concerns have been raised on the quality surveillance of the indigenously manufactured drugs for domestic consumption." Availability and pricing of APIs also finds mention in the policy and it includes provisions to encourage indigenous API manufacturing through increase of import duties. Also, in India, the monitoring of pharmaceutical quality is the responsibility of the Ministry of Health and Family Welfare, Government of India (MoH) and is governed by the provisions of the Drugs and Cosmetics Act, 1940. Pharmaceutical companies that manufacture for the domestic market are required to strictly comply with the requirements of Good Manufacturing Practices (GMP) as codified in Schedule M of the Drugs and Cosmetic Rules, 1945.

In addition, the National Health Policy 2017 proposes to increase government spending on healthcare from the current 1.1% of GDP to 2.5% over the next 5-7 years predominantly through levying health cess. As proposed, the government would provide free primary care supplemented by public / private hospital care for roughly 70% of the population. The proposed policy references the importance of "a dynamic regulatory regime" to ensure the safety, efficacy, and quality of drugs and medical devices that are manufactured, imported, or sold in the country to safeguard the public from sub-standard or unsafe drugs and to ensure the Indian pharmaceutical industry's global and domestic reputation and leadership.

(d) Regulatory Affairs

During the year under review, to support the commercial availability of new drugs and vaccines 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 Organisation), Ministry of Health and Family Welfare, Government of India.

Some of the applications made were to register a humanised monoclonal antibody, Mepolizumab (Nucala) for the treatment of severe refractory eosinophilic asthma. In addition, applications were made to register a new formulation of the already registered pneumococcal polysaccharide conjugate vaccine (Synflorix) as a 4-dose vial presentation with preservative, an expansion of indication for the Human Papillomavirus Vaccine (Cervarix) for prevention of anal premalignant lesions and cancers causally related to certain oncogenic Human Papillomavirus (HPV) and also for obtaining approval for Fixed dose combination of Calcium and Vitamin D3 Tablets (Ostocalcium Plus).

After a thorough review of its applications, your Company has received approval of the following products and new indications-a hexavalent vaccine for diphtheria, tetanus, pertussis, hepatitis B, haemophilus influenza type B and inactivated polio vaccine (Infanrix hexa), a fixed dose combination of Fluticasone Furoate and Vilanterol Trifenate (Relvar) for COPD, Fixed dose combination of Calcium and Vitamin D3 tablets (Ostocalcium Plus), the 4-dose vial presentation with preservative of pneumococcal polysaccharide conjugate vaccine (Synflorix) and expansion of indication for the Human Papillomavirus Vaccine (Cervarix) for prevention of anal premalignant lesions and cancers causally related to certain oncogenic Human Papillomavirus (HPV) and use of Diphtheria, Tetanus and Pertussis (Acellular Component) Vaccine (Adsorbed, reduced antigens content) [Boostrix] for maternal immunisation. These approvals will enable timely access to new and innovative therapeutic options to patients in our country.

Medical Affairs & Medical Governance

Your Company's Medical Team, including disease area experts and the field-based Medical team, have had a robust external engagement during the year by delivering more than 600 scientific presentations through the GSK standalone SPMs, reaching close to 20,000 HCPs. To address the infrastructural challenges to conduct SPMs in rural areas, your company has also conducted ten rural Van SPMs, as mentioned earlier in the Report, with the internal medical team in a modified bus and provided scientific education to close to 1000 HCPs. The rural Van SPMs initiative has also won an internal Gold Global Medical Excellence Award. 96% of the 3000 HCPs attending the Medical Team-led meetings have shared feedback that the interaction with your Company's Medical Team has helped them to take a more informed decision that benefits patient care.

Global and regional medical experts were selected to speak at the 'India Inspiration' webcast on anti-microbial resistance and RespiTalk webcasts, garnering excellent feedback from participating HCPs. BRIDGE meetings provided a good platform for the Medical Team to engage with multi-disciplinary scientific experts to discuss the various aspects in the field of dermatology. The team led the Topical Steroid Education program (STEP) webcasts to enhance the understanding of topical steroids and their use amongst GPs. The team also provided valuable contribution towards the launch of our two new products, Enteroplus (LGG) and Biopatch, and displayed strategic alignment to deliver products of value. Insights related to COPD, pediatric asthma, probiotic usage and catheter-related blood stream infection (CRBSI) were obtained by the internal Medical Team through conducting Advisory Board meetings with chest physicians, pediatricians, gastroenterologists and infectious disease specialists.

(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 best practices in the field of risk management and controls by drawing on global standards designed by GSK Plc group. In addition to the external statutory audit, the financial and operating controls of your company at various locations are reviewed periodically by the 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 the 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 has an active tracking of all agreed remedial actions and ensures that corrective actions are addressing 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 always. 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.

During the year, your company rolled out a new third party due diligence programme, 'Third Party Oversight' (TPO) which is used for risk assessment of all new vendors and third parties. As part of the due diligence activities, vendors are required to confirm adherence to our corporate values and third-party Code of Conduct. As an annual exercise, your Company's senior executives review and confirm adherence to GSK's Internal Control Framework. 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 any conflicts of interest and report all unethical and illegal conduct. During the year, Part 1 of the enterprise-wide 'Living our Values' training was issued to your employees and complementary workers. The training included scenarios which explored our values and their application to the company's ways of working, including the awareness of our enterprise risks and Speak Up mechanism. Part 2 of the training focused on several critical risks, including Privacy and Anti-bribery & Corruption (ABAC). Employees are also required to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violate our 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 pre-laid 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 to enhance their relevance. The Risk Management Framework covering business, operational and financial risks is reviewed annually 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 encourages 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.audicomitteechairmangskindiarx@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, aligned its Human Resources practices to reflect the new business strategy which focuses on Innovation, Performance and Trust (IPT), while renewing its commitment to partner with the businesses. This year, the team focused on gathering real time feedback from customers and identifying new strategic priorities, leading to a changed approach to leadership and talent development, capability building, talent acquisition, employee engagement and wellness & wellbeing.

Organisational Development and Culture

Your Company ensured that the IPT strategy was clearly embedded in the organisation through extensive communication with the clear message to put 'Energy where it Matters'. The communication clearly articulated the DNA of your Company showing our purpose, goal and strategy, values and expectations connected to our IPT priorities. Our values (patient focus, transparency, respect and integrity) have now been strengthened by defining our new expectations (courage, accountability, development and teamwork). Our values and expectations work hand in hand to guide our everyday actions and decision-making.

This was followed by administering the GSK Culture Survey where over 90% of employees responded, sharing their thoughts about IPT priorities, new expectations, values and ways of working in GSK. The GSK India survey results revealed that India's Engagement Index moved to 94% in 2017 from 80% in 2015 with 97% feeling proud to work in GSK and 95% believing the way we work at GSK places patients, consumers and customers at the heart of our business.

During the year, your company also launched a new performance system, which included the introduction of 'My Plan' to track our 2018 IPT objectives and connect how all employees will contribute to the company's success. Your Company also decided to move away from a rating system, but instead focus on performance through a system of monthly 'check-in conversations' between managers and employees. IPT, new expectations, objectives and values will form the basis of these conversations. This lays emphasis and responsibility on the line manager.

Capability Building

During the year, your Company leveraged the global programmes for building capable Asian leaders through the Asia Leadership Programme for Emerging Leaders, the CEO Future Strategy Group and the Espirit programme. Towards building capability in our women managers-identified high-potential women managers were also put through the Accelerating Difference Programme. Other programmes included the First Line Leaders programme, Practical Coaching at the Workplace, Personal Resilience, Energy for Performance, Implementing Strategy, Cross Cultural Skills, Business Acumen and Project Experience. A "Hi Pot Programme" was also implemented and completed for the front-line sales force. This talent development programme followed the 70:20:10 principle focusing on 'on-the-job' training, projects and classroom knowledge sessions.

Your Company has invested significantly in building the sales capability of its large and distributed field-based workforce. Your Company saw significant improvement across the capabilities of Scientific Knowledge, Business Planning and Selling Skills. This was achieved through consistent improvements in sales enablement, sales coaching and targeted training. Technology played a key role and a mobile learning solution used for sales training has now been adopted as a global best practice across various international markets within GSK. Your company won two Gold awards. The 'Best in technology for learning' category by TISS and CLO forum and the Gold award for leveraging technology for learning by CIPD and UK's Training Journal, London for its innovation in building sales capabilities.

Leadership and Talent Development

During the year, your Company's sustained focus on leadership and talent management reaped rich dividends with employees being selected for key roles in the global organisation, towards enhancing their development to take on future leadership roles on their return. Your Company has made significant investments in developing First Line Leaders (FLL) at its Nashik site. 18 FLLs were sponsored for a Post Graduate Diploma in Operations Management to a leading institution in Operations Management. Your Company has also hired over 100 skilled managerial and supervisory staff for its new site at Vemgal, Bangalore.

Energy for Performance is a flagship programme offered by GSK which helps in developing healthy, high-performing teams and individuals and is aligned to your Company's mission to help people do more, feel better, live longer. Six employees participated in the E4P Train the Trainer workshop and they then collaborated and planned the roll-out of the programme across India. Your company also launched the 'Learning at Work Week' for the first time in India. It is a week-long campaign to place a spotlight on the importance and benefits of Learning and Development (L&D) at work.

Employee Engagement and Wellness & Wellbeing

The year was another good year for employee engagement initiatives and corporate volunteering. Your company also participated in 'Stepathalon' and ranked No. 1 in the pharmaceutical sector & No. 4 among 80 other industries. Ten employees participated in the PULSE programme, contributing their skills to solve healthcare challenges in India and abroad, through our NGO non-profit partners. Wellness and wellbeing of employees and their families continued to be a top priority. The Partnership for Prevention (P4P) (a preventive healthcare programme) for all employees and their families has seen a good utilisation. A number of new initiatives have been launched to ensure that employees are made aware on the need to use defensive driving techniques to ensure their safety through the GSK Driver Safety Programme 'Every Journey Counts'. The programme has now been implemented across India and is well accepted and appreciated by employees.

Diversity and Inclusion

Your Company's Women's Leadership Board (WLB) has made strides to help reap the gender divide. The aim of this Board is to develop women talent across all levels and build a pipeline of senior women leaders. Your Company has moved from 15% to 20% at the women leadership level and 30% of workforce at your upcoming manufacturing facility at Vemgal, Karnataka are women. While there is a continued focus in hiring women across all levels, your Company is also focusing on policy changes supporting women to build an enabling environment, besides also providing a coaching and mentoring programme by senior leaders to enhance their development.

Employee Relations

There are four recognised unions based on the Selling Area (zonal), that is, North, East, West and South to address the grievances of employees in the sales force. The Union in the West selling area also represents the workers at Nashik site. 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. Similarly, we have also signed long-term settlement for Nashik - based employees for four years, increase in efficiency, optimum utilisation of manpower and cost reduction are some of the highlights. Your Company thanks its Unions for its contributions and maintenance of cordial relations.

Your Company's sales force is also compensated through a variable pay component that is linked to process parameters, such as disease product knowledge, on-the-job coaching, business planning, digital calls etc. Your Company continues to no longer incentivise 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 year. Your Company continues to put a huge emphasis on values and compliance with many programmes to ensure that employees ensure that its values are at the heart of everything it does.

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 (India) and the Rules made there under. Your Company has established an Internal Committee, across its commercial offices and manufacturing sites. Your Company has implemented an e-learning module which includes all aspects of the Sexual Harassment Act, to create awareness on the Act amongst all employees. During the year, the Company received one complaint which was investigated and closed after taking appropriate action.

During the year, your company was featured as one of the top 50 companies in India for a high degree of employee satisfaction for its talent development efforts by People Capital Index (A Jombay Initiative along with BSI their standards & audit partner). The year started with your company being certified as a 'Great Place to Work' by GTPW Institute, India. As on 31st March 2018, your company had 4620 employees on its rolls.

(g) Supply Chain

Manufacturing Excellence

Manufacturing operations in India are being progressively upscaled and strengthened. The Nashik manufacturing site has continued to deliver on its overall strategic intent and has invested heavily in Safety and Quality in the past year, while further securing supplies and capability to serve the patient. The new Eltroxin facility with highest safety standards will be fully operational in 2018. Continuous improvement on the shop floor, led by the first line leaders group has yielded `12.7 crores in operation expense saving in 2017. Also, DCGI (Drug Controller of Government of India) certification is completed for all shop floor employees, which means that all shop floor employees are re-assessed and certified to work in the Pharmaceutical industry. The Nashik site has embarked a journey on the GSK Production System (GPS) which is based upon lean working principles. This year, the site has also launched the Regional GPS Awards program to encourage employees to embrace GPS ways of working.

Employee Health & Safety and Environment

At the Nashik site, an environmental, health, safety and sustainability strategy has been implemented across the entire value chain – from raw materials to product disposal. As your Company grows business to bring innovative medicines to people across the world, environment sustainability continues to be a priority and we remain committed to reducing any adverse impact to our environment. The policy on EHSS conforms to local laws as well as GSK's global standards. Various initiatives for Environment, Health, Safety & Sustainability were undertaken at our Nashik site. Key highlights were: A green gym & play garden welfare facility with water fountain was built and inaugurated at an NGO called ADHAR. 50 employees spent time at local schools in Nashik as part of a sanitation and hygiene programme. The Engagement Index in Nashik rose from 58% in 2014 to 93% in 2017. This was due to a robust action plan to improve on opportunities for employees. Energy conservation was a key success in 2017 with the commissioning of Biomass Boiler reducing carbon footprint by 270 tons in the year. Nashik site has also implemented biometric registration to control entry at the Nashik site, linked to Aadhar-enhanced security and verification of all people entering the site. This will ensure further security measures at site.

At the greenfield manufacturing site at Vemgal, Karnataka, environmental considerations have been at the forefront of the factory design and future operation. Your Company is aiming to achieve LEED (Leadership in Energy and Environmental Design) Gold standard which is 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 Site

Your company has invested in a new greenfield manufacturing site at Vemgal, Karnataka. This location has been identified for many reasons, including amongst others; Bengaluru is a recognised pharmaceutical/biotechnology hub, availability of skilled staff, located close to the Southern Distribution hub, moderate climate, easy accessibility, availability of state-based investment incentives, 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 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 site, which represents up to a thousand crores in investment, will be the first greenfield pharmaceutical site that GSK has built across the globe over the past ten 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 focus has been to ensure that we employ a diverse workforce, as such, the design ensures easy access and support for those with disabilities, externally recognised as 'best in class'. 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 ablution facilities. The site has been designed with the future in mind; an innovative design will support easy expansion well into the future as the need arises. Initially, the site will supply a range of solid dose form products. Start-up of production is planned later in 2018 with validation batches then followed by commercial supplies in 2019. Focusing on "Make in India", the factory will produce 8 billion tablets and 1 billion capsules per year for the Indian market.

End-to-End Supply Chain & Logistics

For the sustainable supply chain network, your Company has initiated warehouse network optimisation framework which will ensure cost-effective and enhanced services. Opportunities are explored to move material from site to destination through a single movement, reducing the number of transits, thereby reducing costs and also fuel usage. Your Company is taking steps to reduce overall energy consumption for storage and handling equipment's. To move the supply chain closer to the customer, your Company has launched a customer relations programme, which will track the progress of our relationship with customers, thereby ensuring enhanced business. This will streamline understanding of the business potential, trends in purchases and enable alignment of supplies to meet market demand. End-to-end supply chain has upgraded its ERP system to SAP in 2017 through the CERPS programme, which will ensure better visibility of the product in the network and increase efficiency. By implementing tracking through GPS, inter locking systems, the supply chain has ensured movement of products only through authorised supply channels.

(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 programmes. During the last year, the CSR programme touched the lives of over 40 million people across India, based on our lead 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: http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/. The CSR report on the activities undertaken during the year, given in Annexure 'A', forms a part of this Report.

4. DIRECTORS

Mr. A. Aristidou, Whole- time Director and Chief Financial Officer (CFO) resigned as Director from 31st December 2017. The Board places on record its appreciation of the valuable services rendered by Mr. A. Aristidou during his tenure and for his contribution to the deliberations of the Board. The Board of Directors has appointed Ms. P. Thakur as Whole-time Director and Chief Financial Officer (CFO) with effect from 1st January 2018.

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 viz; 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 2018, seven 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 during the year ended were on arm's length basis and were in 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 of the Company at large. The Policy of related party transactions can be access 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 an annual 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 2018 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 'B', 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 'C', which forms a part of this Report.

8. AUDITORS

As per the provisions of Section 139 of the Companies Act 2013, Deloitte Haskins and Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for the period of five years.

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" which 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 2018-2019. The Committee recommended ratification of remuneration for year 2017-18 to the Shareholders of the Company at the ensuing Annual General Meeting. As required by 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 "E" also 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 "F" which 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 "G" which 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 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 Act, the said report is open for inspection at registered office of the Company during the business on any working day of the Company up to the 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 organization, 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, 24th May 2018

Annexure "A" 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 its Corporate Social Responsibility (CSR) programmes. In 2017-18, 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:

` in lakhs

	2016-17	2015-16	12 M Mar 2015
Profit before tax and after exceptional items	511,07.91	575,93.67	600,39.15
Average net profit of three years			562,46.91
CSR @ 2% of average net profit			11,24.94

Accordingly, the CSR Budget for financial year 2017-18 was ` 11.25 crores. Against this budget, your company has spent ` 11.25 crores on CSR projects, including overheads. This spend 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 healthcare, including preventive healthcare and education.

Details of the CSR spend in financial year 2017-18 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**	Implementation 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	Lucknow, Uttar Pradesh; Kolkata, West Bengal;	50,00,00,000	6,45,14,499	26,94,51,606	World Health Organisation
Mother and child healthcare						
2	Facility and community based care for saving our newborns	Rajasmand and Udaipur, Rajasthan and Panna, Madhya Pradesh	3,62,00,000	1,54,00,000	3,56,00,000	Action Research and Training for Health and CARE India Solutions for Sustainable Development
3	Addressing child nutrition through a holistic approach, extending from pre-conception care, through pregnancy, childbirth and the postnatal period, into early childhood	Mumbai, Maharashtra	1,37,00,000	53,00,000	53,00,000	Society for Nutrition, Education and Health Action

(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**	Implementation agencies called 'CSR Partners'
4	Awareness building on ante and post-natal care; child and maternal nutrition and newborn care	Kolkata, West Bengal	30,00,000	10,00,000	24,50,000	BITAN Institute for Training, Awareness and Networking
Skilling our youth						
5	Employability enhancement through skills training	Vemgal, Kolar district, Karnataka	4,58,55,000	1,50,49,000	2,43,15,000	Bal Raksha Bharat (Save the Children) and Don Bosco Tech Society
School sanitation						
6	WASH facilities in schools with behaviour change communication	Nashik, Maharashtra	1,20,67,000	31,40,000	84,32,000	Bal Raksha Bharat (Save the Children)
Holistic care for the vulnerable						
7	Holistic care for vulnerable underserved girls	Patna, Bihar	26,29,000	10,00,000	26,29,000	Nai Dharti
Product donation						
8	Product donations for disaster relief and towards mass health camp for the underserved	Assam and Aurangabad, Maharashtra	2,06,851			Americares India Foundation and Food & Drug Administration
	Total project expense on CSR in FY17-18, including monitoring and evaluation		10,68,90,011			
	Total administrative expense on CSR FY17-18		56,24,700			
	Total CSR expense in FY17-18		11,25,14,711			

**Programme budgets and cumulative spends date back furthest to FY14 -15 or as applicable.

CSR committee responsibility statement

Your CSR committee confirms that the implementation and monitoring of CSR Policy, is compliant with CSR objectives and policy of your company.

A. Vaidheesh
Managing Director

D. S. Parekh
Chairman, CSR Committee

Mumbai, 24th May 2018

Annexure "B" to 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**

Seven Board meetings were held during the year ended 31st March 2018 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.	7th April 2017	12	10
2.	19th May 2017	12	10
3.	25th July 2017	12	11
4.	22nd September 2017	12	8
5.	25th October 2017	12	11
6.	19th December 2017	12	12
7.	2nd February 2018	12	11

- **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 25th July 2017	*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	7	Yes	9	2	4
Mr. A. Aristidou (Resigned w.e.f 31.12 2017)	Executive	6	Yes	2	Nil	Nil
Mr. R. R. Bajaaj	Non-Executive & Independent	6	Yes	3	Nil	1
Ms. A. Bansal	Non-Executive & Independent	6	Yes	5	Nil	1
Mr. P. V. Bhide	Non-Executive & Independent	5	No	7	2	7
Mr. N. Kaviratne	Non-Executive & Independent	7	Yes	1	Nil	1
Mr. R. Krishnaswamy	Executive	7	Yes	2	Nil	Nil
Mr. A. N. Roy	Non-Executive & Independent	6	Yes	3	Nil	Nil
Mr. D. Sundaram	Non-Executive & Independent	7	Yes	5	4	3
Mr. A. Vaidheesh Managing Director	Executive	7	Yes	2	Nil	1
Mr. M. Jones (Appointed w.e.f 07.04.2017)	Non-Executive	3	Yes	1	Nil	Nil
Mr. S. Williams (Appointed w.e.f 07.04.2017)	Non-Executive	5	Yes	1	Nil	Nil
Ms. P. Thakur (Appointed w.e.f 01.01.2018)	Executive	1	NA	2	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 meetings were held on 19th May 2017 and 22nd February 2018 where all the Independent Directors were present, including Mr. D.S. Parekh as an invitee, except Mr. Nihal Kaviratne who did not attend the 22nd February 2018 meeting.

- **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 2018 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 on 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/.

- None of the Directors are related to each other.

- **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 Induction 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.

  Ms. Puja Thakur was appointed as additional Director till the upcoming Annual General Meeting and she is eligible for appointment as Director. Mr. Raju Krishnaswamy and Mr. Subesh Williams retire by rotation at the ensuing Annual General Meeting and being eligible, 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:

  Ms. Puja Thakur

  Ms. Puja Thakur, aged, 42 years, is a Chartered Accountant and joined GSK in February 2004 from PWC. She has handled various roles and has an all round experience of managing an integrated business between Commercial and GMS. Prior to joining the Company, she was Finance Director for GSK Consumer, MEA Region. She does not hold any shares in the Company. She attended one Board Meeting. She is a Director of Biddle Sawyer Limited. Ms. Puja Thakur is not related to any Directors of the Company.

  Mr. Raju Krishnaswamy

  Mr. Raju Krishnaswamy, aged, 52 years, has completed his B. Pharm from JSS College of Pharmacy, Ooty and has done MBA from ICFAI. Prior to joining the Company, Raju worked as Senior Vice–President, Global Manufacturing with Wockhardt Limited. In this capacity, he was leading the manufacturing operations of Wockhardt in India, U.S.A. and Ireland. He also headed the contract manufacturing services and the R&D formulation for India and rest of the world countries. Earlier, Raju has also had successful stints with organizations like Cipla Limited and Ranbaxy Laboratories Limited. He was also actively working on the Boards of Wockhardt Infrastructure Development Limited and Wockhardt Biopharm Limited. He does not hold any shares in the Company. He is a Director of Biddle Sawyer Limited. Mr. Raju Krishnaswamy is not related to any Directors of the Company.

  Mr. Subesh Williams

  Mr. Subesh Williams, aged, 56 years, is a 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. Mr. Subesh Williams is not related to any Directors of the 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 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:**

Seven Audit Committee meetings were held during the year ended 31st March 2018. The Committee comprises of Independent and Non-Executive Directors and their meetings were held on 7th April 2017, 19th May 2017, 25th July 2017, 25th October 2017, 21st November 2017, 19th December 2017 and 2nd February 2018.

Name of the Members	Designation	Category of Directorship	Attendance out of seven meetings held
Mr. D. Sundaram	Chairman	Non-Executive & Independent	7
Mr. D.S. Parekh	Member	Non-Executive	7
Mr. N. Kaviratne	Member	Non-Executive & Independent	7
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 25th July 2017.

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 under Section 178 of the Companies Act, 2013 and Clause 19 of the 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 October 2017 and 2nd February 2018 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 adopted remuneration policy and the same has been posted on Company website http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/.

Performance Evaluation of the 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 the 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 in 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 2018 are given below:

(` in lakhs)

Executive Directors	Salary	Performance Bonus	Perquisites and Allowances	GSK Plc Share Value Plan	Contribution to Provident Fund and Superannuation Fund	Total
Mr. A. Vaidheesh	254.10	122.86	155.59	0.00	68.61	601.16
Mr. R. Krishnaswamy	71.86	30.08	53.41	24.96	19.40	199.71
Mr. A. Aristidou (up to 31.12.2017)	76.34	37.83	245.42	0.00	12.18	371.77
Ms. P. Thakur (w.e.f 01.01.2018)	22.50	0.00	31.02	0.00	6.08	59.60

(` in lakhs)

Independent Directors and Non-Executive Directors	Commission#	Sitting Fees	Total
Mr. D. S. Parekh*	14.00	25.50	39.50
Mr. R. R. Bajaaj	10.00	5.50	15.00
Ms. A. Bansal*	10.00	6.00	16.00
Mr. P. V. Bhide	10.00	7.00	17.00
Mr. N. Kaviratne*	10.00	8.50	18.50
Mr. A. N. Roy	10.00	4.50	14.50
Mr. D. Sundaram	10.00	8.50	18.50

payable in 2018

*sitting fees of meetings held in March 2017 were paid in April 2017.

Notes:

a) The agreement between the Company and Executive Directors is;

- 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
- Ms. P. Thakur for period from 1st January 2018 to 31st December 2020

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) The above figures do not include provision for encashable leave, gratuity and premium paid for health insurance.

d) There is no separate provision for payment of severance fees.

e) None of the Directors other than those listed above are paid remuneration.

f) None of the other 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 8th August 2017 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. Bajaaj	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 25th October 2017 and all the members 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:

Sr. No	Particulars	No. of Complaints
1	At the beginning of the year	NIL
2	Received during the year	35
3	Resolved during the year	34
4	Pending at the end of the year	01

During the year under review, the above complaints regarding non-receipt of shares sent for transfer, demat queries, non-receipt of dividend warrants and annual reports were received from the shareholders, and one pending complaint was resolved in the month of April 2018. 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
25th July 2017	1st April 2016 to 31st March 2017	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai – 400 020	3.00 p.m.	None
28th July 2016	1st April 2015 to 31st March 2016		3.00 p.m.	Commission to Independent Directors
31st July 2015	1st January 2014 to 31st March 2015 (15 months)		3.00 p.m.	Amendment to the Articles of Association

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 five meetings 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, Day, Time and Venue	24th July 2018, Tuesday at 2.30 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 2018 iii) Half-Yearly Results – Last week of October 2018 iv) Third Quarter Results – Second week of February 2019 v) Results for the year ending 31st March 2019 - May 2019
Date of Book Closure	17th July 2018 to 24th July 2018 (both days inclusive)
Dividend Payment date(s)	after 24th July 2018

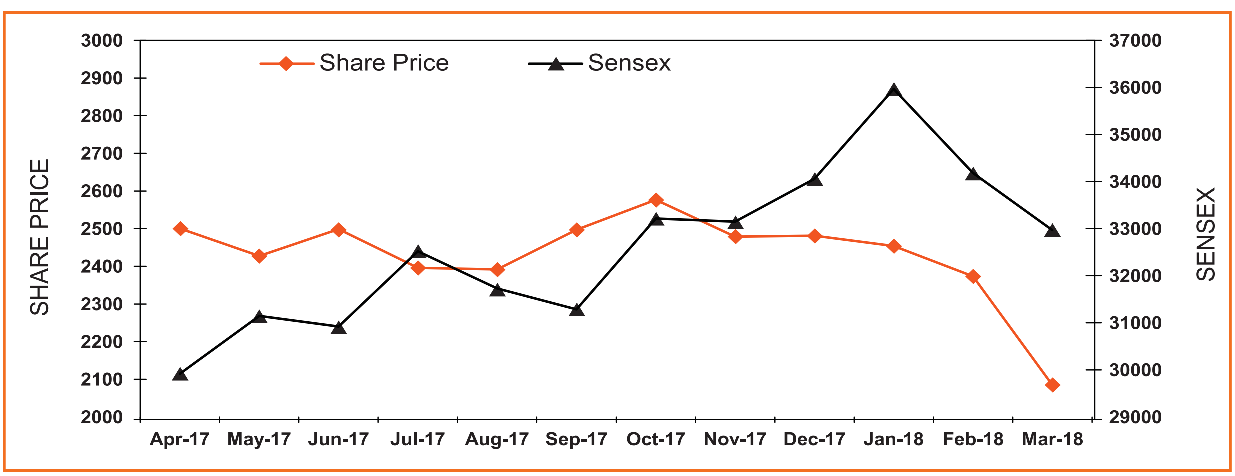
Listing on Stock Exchange	The BSE Limited, Mumbai and the National Stock Exchange of India Limited. The Company has paid the listing fees for the year 1st April 2017 to 31st March 2018 and from 1st April 2018 to 31st March 2019.
Stock Code	500660 on BSE GLAXO on The National Stock Exchange (NSE)
Demat 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 2017 to March 2018 is furnished below:

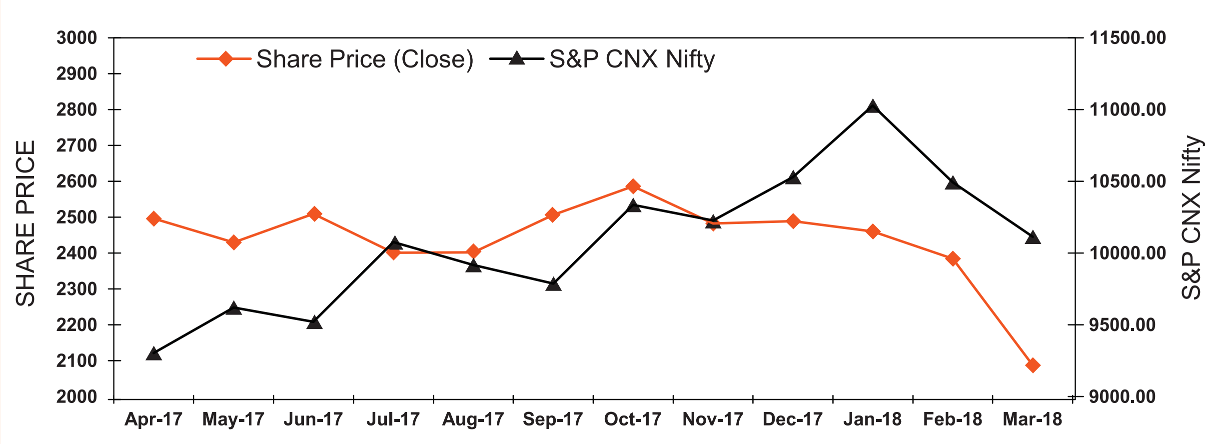
Year	BSE			NSE		
	High (Rupees)	Low (Rupees)	Volume (No. of Shares)	High (Rupees)	Low (Rupees)	Volume (No. of Shares)
April 2017	2760	2496	28789	2775	2490	204024
May 2017	2545	2309	46191	2519	2301	248119
June 2017	2530	2331	85558	2545	2201	176704
July 2017	2660	2389	31840	2666	2383	198956
August 2017	2474	2320	22567	2511	2316	171252
September 2017	2550	2370	19194	2590	2370	178548
October 2017	2597	2375	30029	2598	2371	203663
November 2017	2700	2436	25059	2700	2435	212595
December 2017	2519	2345	34686	2535	2333	249651
January 2018	2542	2425	40167	2534	2413	303632
February 2018	2485	2326	27812	2501	2365	213706
March 2018	2420	2040	32370	2430	2042	245527

Note: Share price is rounded off to nearest rupee

- **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 30th 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 29th 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	6.40
2.	Birla Sun Life Trustee Company Private Limited	2.29
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.	Investor Education and Protection Fund Authority	0.39
7.	Vanguard Emerging Markets Stock Index Fund	0.30
8.	The India Fund Inc	0.22
9.	The New India Assurance Company Limited	0.17
10.	UTI Nifty Next 50 Exchange Traded Fund	0.14

- The distribution of shareholding as on 31st March 2018 is as follows:

No. of Equity Shares held	Folios	%	Shares	%
Up to 25	32808	34.83	356812	0.42
26 to 50	14575	15.48	622346	0.73
51 to 100	17797	18.90	1445801	1.71
101 to 500	26629	28.28	5216589	6.16
501 to 1000	1662	1.76	1167258	1.38
1001 to 10000	657	0.70	1353807	1.60
10001 and above	47	0.05	74540404	88.00
Grand Total	**94175**	**100.00**	**84703017**	**100.00**

- Shareholding pattern as on 31st March 2018 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	20,89,838	2.47
Financial Institutions / Banks/ Insurance Companies	70,65,456	8.34
Foreign Institutional Investors/ NRI/ OCB	17,05,822	2.01
Bodies Corporates	4,17,850	0.49
Foreign Nationals	2,875	0.00
Individuals	93,85,920	11.09
Others	5,07,994	0.60
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	98.02% of the paid-up capital has been dematerialised as on 31st March 2018. 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. 022- 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, M I D C Area - Ambad, Nashik, Maharashtra 422001

10. OTHER DISCLOSURES

- Transactions with related parties are disclosed in Note 52 to the standalone financial statements in the Annual Report.
- Policy for related party transactions has been uploaded on the Company's website http://india-pharma.gsk.com/en-in/investors/shareholder-information/policies/.
- 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, 24th May 2018

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated September 05, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of GlaxoSmithKline Pharmaceuticals Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

9. 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm 's Registration No. 117366W / W - 100018)

B. P. Shroff
Partner
(Membership No. 034382)

Mumbai, 24th May 2018

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 2018.

For GlaxoSmithKline Pharmaceuticals Limited

Annaswamy Vaidheesh
Managing Director

Mumbai, 24th May 2018

Annexure “C” to 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 2017 to 31st March 2018
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 : One 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 (` in lakhs) : 8470.30
2. Total turnover (` in lakhs) : 2895,88.02
3. Total profit after taxes (` in lakhs) : 351,98.77
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 ‘A’ 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	N.A.	Y	N.A.	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/ https://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 emphasizes 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 specialized 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 (Organization 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 whistle blowing 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.

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 the Nashik site, an environmental, health, safety and sustainability strategy has been 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 any adverse impact to our environment.

Our policy on EHSS conforms to local laws as well as GSK's global standards. Various initiatives for Environment, Health, Safety & Sustainability were undertaken at our Nashik site. The sites key highlights of 2017-18 are as below:

A green gym & play garden welfare facility with water fountain was built (from the GSK GMS President award charity donation) and inaugurated at an NGO called ADHAR. 50 employees spent time at local schools in Nashik as part of a sanitation and hygiene programme. The Engagement Index in Nashik (percentage) rose from 58% in 2014 to 93% in 2017. This was made possible with a robust action plan to improve on opportunities for employees. Energy conservation was a key success in 2017 with the commissioning of Biomass at Boiler reducing carbon footprint by 270 tons in the year. Nashik has also implemented biometric registration to control entry at the Nashik site, linked to Aadhar-enhanced security and verification of all people entering the site. This will ensure further security measures at site. Nashik has shown best safety performance over the last 5 years.

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

At the greenfield manufacturing site at Vemgal, Karnataka, environmental considerations have been at the forefront of the factory design and future operation. Your Company is aiming to achieve LEED (Leadership in Energy and Environmental Design) Gold standard which is 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.

Employees' wellbeing

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, internal surveys, 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 employees with disabilities as also making the environment safe and nurturing for women to be part of our talent force. Towards this end, we conduct a programme for women called 'Accelerating Difference' for selected mid - to senior women talent. 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/working-at-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' and safe riding have also been organised to promote employee health, wellbeing 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 checkups and immunisation towards preventive healthcare.

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, has been implemented successfully for employees and their dependents. This initiative reiterates our commitment to supporting the health and wellbeing 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' 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 had earlier undertaken a Values Maturity Assessment to understand whether leaders and employees walk the talk. Based on the results, specific action plans were implemented to improve the scores and further embed values within the organisation. A GSK Culture Survey conducted during the year, saw high participation from employees and also revealed high engagement scores.

Emotional and mental health and the ability to cope with stress are just as important as physical wellbeing. Our Employee Assistance Programme (implemented through our partner, Optum) provides GSK employees and their family members with access to counselling, mental health and guidance. We have a total of 4620 permanent employees working with GSK, of which 640 are women employees. We have a total of 208 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 on our positions online including: Our Human Rights Statement; GSK on the Convention on Biological Diversity (Search for public policies on www.gsk.com Principle 5: Businesses should respect and promote human rights).

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 during the year.

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.

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. 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

GSK India has a long legacy of giving and partnering with the communities in which we live and operate. We focus on making life-changing, long-term differences in human health by addressing some of the major health-related concerns. We work to fulfill this and other philanthropic efforts, through community-based partnerships. 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.

Among the various CSR projects implemented, we have identified to address the healthcare need of newborn survival. In India, every year over 7.5 lakh children die within the first 28 days. This translates to 27% of world's newborn deaths. What is even more heart breaking, is that four out of five newborn deaths result from treatable conditions. At GSK, we have partnered with ARTH and CARE to address the entire continuum of care for newborn survival in the high burden districts in Rajasthan and Madhya Pradesh. We have partnered to build capacity of the ASHA workers, train the skilled birth attendants, generate awareness and ensure improved facility in home-based newborn care. Our commitment for the project on newborn survival is over ` 3.5 crore to be spent over two years.

We also encourage employee volunteering through programmes, such as Orange Day and the PULSE initiatives. Orange Day is a day-long employee volunteering initiative wherein our employees volunteer their time with the less privileged, spreading awareness of personal hygiene in slums, spending time with elderly at old age homes, with children at orphanages, with the youth and with the differently abled. PULSE is a global volunteering initiative that gives an employee a chance to work full-time for a period of 3 - 6 months with an NGO.

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 by adopting a flexible pricing approval to pricing our medicines and vaccines 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 2018, from a quality perspective, 33 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 2018, there are 4 consumer complaints, in relation to product quality pending in different consumer forums.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 24th May 2018

Annexure "D" to Directors Report

Secretarial Audit Report for the Financial year ended 31St March 2018

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 2018, 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 2018 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.

The Company has filed an application dated September 27, 2017 with the Central Government for their approval to the appointment of and payment of remuneration to Mr. A. Aristidou upon his reappointment as Wholetime Director & CFO w.e.f 01.07.2017 upto 31.03.2018. The said approval is yet to be received.

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 : 24.05.2018

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. Wherever 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 : 24.05.2018

Annexure "E" to Directors Report

Extract of Annual Return

FORM MGT - 9

As on financial year ended on 31st March 2018

[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, Serillingampally 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. 1st April 2017				No. of Shares held at the end of the year 31st March 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(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	1550654	11236	1561890	1.84	2079017	10821	2089838	2.47	0.62
b) Banks / FI	7116157	16361	7132518	8.42	7050110	15346	7065456	8.34	-0.08
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	1539844	2000	1541844	1.82	1375816	1640	1377456	1.63	-0.19
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):	10206655	29597	10236252	12.08	10504943	27807	10532750	12.43	0.35
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	422241	17703	439944	0.52	403411	14439	417850	0.49	-0.03
ii) Overseas	0	0	0	0.00	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ` 1 lakh	7935128	2065125	10000253	11.81	7770788	1624781	9395569	11.09	-0.71
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	198280	0	198280	0.23	138622	0	138622	0.16	-0.07
c) Others (specify)									

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 1st April 2017				No. of Shares held at the end of the year 31st March 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
NBFCs Registered with RBI	6265	0	6265	0.01	7728	0	7728	0.01	0.00
Non- Resident Indian Repatriable	0	2065	2065	0.00	0	1434	1434	0	0.00
Trusts	18191	0	18191	0.02	15929	0	15929	0.02	0.00
Non- Resident Indians	91471	0	91471	0.11	67617	0	67617	0.08	-0.03
Clearing Members	11441	0	11441	0.01	12726	0	12726	0.02	0.00
Non- Resident Companies	0	294	294	0.00	0	0	0	0.00	0.00
Non- Resident Indian Non Repatriable	161046	6766	167812	0.20	255659	3656	259315	0.31	0.11
Directors	612	0	612	0.00	612	0	612	0.00	0.00
Foreign Nationals	2875	0	2875	0.00	2875	0	2875	0.00	0.00
IEPF	0	0	0	0.00	322728	0	322728	0.38	0.38
Sub-total(B)(2):	8847550	2091953	10939503	12.92	8998695	1644310	10643005	12.57	-0.35
Total Public Shareholding (B)=(B)(1)+(B)(2)	**19054205**	**2121550**	**21175755**	**25.00**	**19503638**	**1672117**	**21175755**	**25.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	**82581467**	**2121550**	**84703017**	**100**	**83030900**	**1672117**	**84703017**	**100**	**0.00**

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	GlaxoSmithKline Pte Limited	23802012	28.10	0	23802012	28.10	0	0
	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 1st April 2017		Cumulative Shareholding during the year 31st March 2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment, transfer, bonus sweat equity etc.) At the end of the year	There is no change in Promoters Shareholding.			

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						
		01/04/2017	At the beginning of the year	5488062	6.48	5488062	6.48
		02/06/2017	Purchase	21572	0.02	5509634	6.50
		09/06/2017	Purchase	2196	0.01	5511830	6.51
		16/06/2017	Purchase	100	0.00	5511930	6.51
		23/06/2017	Purchase	82518	0.09	5594448	6.60
		30/06/2017	Purchase	2732	0.01	5597180	6.61
		10/11/2017	Sale	-1000	0.01	5596180	6.61
		17/11/2017	Sale	-1200	0.00	5594980	6.61
		24/11/2017	Sale	-9542	0.02	5585438	6.59
		01/12/2017	Sale	-5079	0.00	5580359	6.59
		08/12/2017	Sale	-786	0.00	5579573	6.59
		15/12/2017	Sale	-3469	0.01	5576104	6.58
		29/12/2017	Sale	-1210	0.00	5574894	6.58
		05/01/2018	Sale	-16300	0.02	5558594	6.56
		12/01/2018	Sale	-28691	0.03	5529903	6.53
		19/01/2018	Sale	-27227	0.03	5502676	6.50
		26/01/2018	Sale	-20526	0.03	5482150	6.47
		02/02/2018	Sale	-5502	0.00	5476648	6.47
		09/02/2018	Sale	-1200	0.01	5475448	6.46
		16/02/2018	Sale	-7144	0.00	5468304	6.46
		23/02/2018	Sale	-5980	0.01	5462324	6.45
		02/03/2018	Sale	-13458	0.02	5448866	6.43
		09/03/2018	Sale	-14913	0.01	5433953	6.42
		16/03/2018	Sale	-2153	0.01	5431800	6.41
		23/03/2018	Sale	-2787	0.00	5429013	6.41
		30/03/2018	Purchase	3350	0.00	5432363	6.41
		30/03/2018	Sale	-7423	0.01	5424940	6.40
		31/03/2018	At the end of the year	5424940	6.40	5424940	6.40
2	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED						
		01/04/2017	At the beginning of the year	1264373	1.49	1264373	1.49
		07/04/2017	Purchase	17315	0.02	1281688	1.51
		14/04/2017	Purchase	10395	0.02	1292083	1.53
		21/04/2017	Purchase	13500	0.01	1305583	1.54
		28/04/2017	Purchase	3375	0.01	1308958	1.55
		05/05/2017	Purchase	3870	0.00	1312828	1.55
		12/05/2017	Purchase	7560	0.01	1320388	1.56
		19/05/2017	Purchase	5760	0.01	1326148	1.57
		26/05/2017	Purchase	9630	0.01	1335778	1.58
		02/06/2017	Purchase	10495	0.01	1346273	1.59

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
		09/06/2017	Purchase	3960	0.00	1350233	1.59
		16/06/2017	Purchase	6480	0.01	1356713	1.60
		23/06/2017	Purchase	18675	0.02	1375388	1.62
		30/06/2017	Purchase	10998	0.02	1386386	1.64
		07/07/2017	Purchase	13410	0.01	1399796	1.65
		14/07/2017	Purchase	12175	0.02	1411971	1.67
		21/07/2017	Purchase	8280	0.01	1420251	1.68
		28/07/2017	Purchase	12942	0.01	1433193	1.69
		04/08/2017	Purchase	10116	0.01	1443309	1.70
		11/08/2017	Purchase	10676	0.02	1453985	1.72
		18/08/2017	Purchase	10008	0.01	1463993	1.73
		25/08/2017	Purchase	14040	0.01	1478033	1.74
		01/09/2017	Purchase	14940	0.02	1492973	1.76
		08/09/2017	Purchase	9720	0.01	1502693	1.77
		15/09/2017	Purchase	7560	0.01	1510253	1.78
		22/09/2017	Purchase	10260	0.02	1520513	1.80
		29/09/2017	Purchase	14490	0.01	1535003	1.81
		06/10/2017	Purchase	13050	0.02	1548053	1.83
		13/10/2017	Purchase	4950	0.00	1553003	1.83
		20/10/2017	Purchase	9000	0.01	1562003	1.84
		27/10/2017	Purchase	14130	0.02	1576133	1.86
		31/10/2017	Purchase	5850	0.01	1581983	1.87
		03/11/2017	Purchase	6300	0.01	1588283	1.88
		10/11/2017	Purchase	13082	0.01	1601365	1.89
		17/11/2017	Purchase	9900	0.01	1611265	1.90
		24/11/2017	Purchase	15300	0.02	1626565	1.92
		01/12/2017	Purchase	6750	0.01	1633315	1.93
		08/12/2017	Purchase	11097	0.01	1644412	1.94
		15/12/2017	Purchase	9000	0.01	1653412	1.95
		22/12/2017	Purchase	16020	0.02	1669432	1.97
		29/12/2017	Purchase	11628	0.01	1681060	1.98
		05/01/2018	Purchase	28688	0.04	1709748	2.02
		12/01/2018	Purchase	21600	0.02	1731348	2.04
		19/01/2018	Purchase	27540	0.04	1758888	2.08
		26/01/2018	Purchase	20520	0.02	1779408	2.10
		02/02/2018	Purchase	24948	0.03	1804356	2.13
		09/02/2018	Purchase	20520	0.02	1824876	2.15
		16/02/2018	Purchase	12780	0.02	1837656	2.17
		23/02/2018	Purchase	19350	0.02	1857006	2.19
		02/03/2018	Purchase	18720	0.02	1875726	2.21
		09/03/2018	Purchase	19080	0.03	1894806	2.24
		16/03/2018	Purchase	16281	0.02	1911087	2.26
		23/03/2018	Purchase	17100	0.02	1928187	2.28
		30/03/2018	Purchase	8100	0.01	1936287	2.29
		31/03/2018	At the end of the year	1936287	2.29	1936287	2.29

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
3	**GENERAL INSURANCE CORPORATION OF INDIA**						
		01/04/2017	At the beginning of the year	965718	1.14	965718	1.14
		31/03/2018	At the end of the year	965718	1.14	965718	1.14
4	**ABERDEEN GLOBAL INDIAN EQUITY LIMITED**						
		01/04/2017	At the beginning of the year	626279	0.74	626279	0.74
		31/03/2018	At the end of the year	626279	0.74	626279	0.74
5	**THE ORIENTAL INSURANCE COMPANY LIMITED**						
		01/04/2017	At the beginning of the year	405109	0.48	405109	0.48
		31/03/2018	At the end of the year	405109	0.48	405109	0.48
6	**INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY**						
		01/04/2017	At the beginning of the year	0	0	0	0
		08/12/2017	Transfer	322698	0.39	322698	0.39
		22/12/2017	Transfer	30	0.00	30	0.00
		31/03/2018	At the end of the year	322728	0.39	322728	0.39
7	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIES**						
		01/04/2017	At the beginning of the year	275755	0.33	275755	0.33
		26/05/2017	Sale	-3757	0.01	271998	0.32
		02/06/2017	Sale	-1209	0.00	270789	0.32
		23/06/2017	Sale	-1316	0.00	269473	0.32
		22/09/2017	Sale	-1182	0.00	268291	0.32
		13/10/2017	Sale	-382	0.00	267909	0.32
		27/10/2017	Sale	-933	0.00	266976	0.32
		22/12/2017	Sale	-7278	0.01	259698	0.31
		19/01/2018	Sale	-1182	0.00	258516	0.31
		23/03/2018	Purchase	250303	0.29	508819	0.60
		23/03/2018	Sale	-258516	0.30	250303	0.30
		31/03/2018	At the end of the year	250303	0.30	250303	0.30
8	**UTI NIFTY NEXT 50 EXCHANGE TRADED FUND**						
		01/04/2017	At the beginning of the year	226483	0.27	226483	0.27
		28/04/2017	Sale	-1585	0.00	224898	0.27
		05/05/2017	Sale	-22969	0.03	201929	0.24
		23/06/2017	Sale	-63000	0.08	138929	0.16
		11/08/2017	Purchase	1792	0.01	140721	0.17
		01/09/2017	Sale	-3563	0.01	137158	0.16
		08/09/2017	Sale	-24	0.00	137134	0.16
		15/09/2017	Sale	-16	0.00	137118	0.16

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
		22/09/2017	Sale	-446	0.00	136672	0.16
		29/09/2017	Sale	-4461	0.00	132211	0.16
		06/10/2017	Purchase	110	0.00	132321	0.16
		13/10/2017	Sale	-4555	0.01	127766	0.15
		20/10/2017	Sale	-9	0.00	127757	0.15
		27/10/2017	Sale	-27	0.00	127730	0.15
		03/11/2017	Sale	-63	0.00	127667	0.15
		10/11/2017	Sale	-18	0.00	127649	0.15
		24/11/2017	Sale	-9027	0.01	118622	0.14
		01/12/2017	Sale	-27	0.00	118595	0.14
		08/12/2017	Sale	-9	0.00	118586	0.14
		22/12/2017	Sale	-18	0.00	118568	0.14
		29/12/2017	Sale	-37	0.00	118531	0.14
		05/01/2018	Sale	-9	0.00	118522	0.14
		12/01/2018	Sale	-45	0.00	118477	0.14
		19/01/2018	Sale	-9	0.00	118468	0.14
		09/02/2018	Sale	-288	0.00	118180	0.14
		30/03/2018	Purchase	306	0.00	118486	0.14
		31/03/2018	At the end of the year	118486	0.14	118486	0.14
9	**THE INDIA FUND INC**						
		01/04/2017	At the beginning of the year	194107	0.23	194107	0.23
		29/12/2017	Transfer	-7000	0.01	187107	0.22
		31/03/2018	At the end of the year	187107	0.22	187107	0.22
10	**THE NEW INDIA ASSURANCE COMPANY LIMITED**						
		01/04/2017	At the beginning of the year	141093	0.17	141093	0.17
		31/03/2018	At the end of the year	141093	0.17	141093	0.17

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 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	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
Change in Indebtedness during the financial year				
• Addition	0	0	0	0
• Reduction	0	60.60	0	60.60
Net Change	0	60.60	0	60.60
Indebtedness at the end of the financial year				
i) Principal Amount	0	98.90	0	98.90
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	98.90	0	98.90

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 (up to 31.12.2017)	Mr. R. Krishnaswamy	Ms. P. Thakur (w.e.f 01.01.2018)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	322.71	88.52	91.26	28.58	531.07
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	155.59	245.42	53.41	31.02	485.44
	(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		Nil			
	- as % of profit	Nil	Nil	Nil	Nil	Nil
	- others, specify GSK Plc Share Value plan	Nil	Nil	24.96	Nil	24.96
5	Others Performance Bonus	122.86	37.83	30.08	0.00	190.77
	Total (A)	601.16	371.77	199.71	59.60	1232.24
	Ceiling as per the Act (@10 % of profits calculated under section 198 of the Companies Act, 2013)					5,459.00

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. P. V. Bhide	7.00	10.00	-	17.00
	Mr. N. Kaviratne	8.50	10.00	-	18.50
	Mr. D. Sundaram	8.50	10.00	-	18.50
	Mr. A. N. Roy	4.50	10.00	-	14.50
	Ms. A. P. Bansal	6.00	10.00	-	16.00
	Mr. R. R. Bajaaj	5.00	10.00	-	15.00
	Total (1)	39.50	60.00	-	99.50
2	Other Non-Executive Director				
	Mr. D. S. Parekh	25.50	14.00	-	39.50
	Total (2)	25.50	14.00	-	39.50
	Total Managerial Remuneration (1+2)	65.00	74.00		139.00
	Overall Ceiling as per the Act (@1 % of profits calculated under section 198 of the Companies Act, 2013)				546.00

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

(` 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	39.22	39.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26.11	26.11
	(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 - GSK Plc Share Value plan	8.17	8.17
5	Others – Performance Bonus	7.11	7.11
	Total	80.61	80.61

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2018.

On behalf of the Board of Directors

D. S. Parekh
Chairman

Mumbai, 24th May 2018

Annexure "F" to Director's 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 2017 to reduce energy consumption at site. These include energy consumption initiatives like upgradation and modification of one boiler to operate on briquette biomass, installation of Energy efficient air compressors, Utility monitoring systems. The Biomass system commissioned in February 2018 has given benefit of about 270 T of CO_2. There is also work under progress to reduce the energy consumption and costs further in 2018 and beyond, including Vapour Absorption Chiller and usage of Solar Energy. This will result in major CO_2 emission reduction at site in the next year and beyond.

In the year 2017, the site had additional load of New Eltroxin building (by 700k electrical units) and additional production volumes, significantly higher from 6873 Mn units in the previous year to 7994 Mn units this year for the same period. In overall terms, this has reduced the consumption of CO_2 from 2.16 Tons/mn units to 1.96 Tons/mn units, which is a reduction by 9%. Similarly, the water consumption has also reduced from 19.54 kl/mn units to 17.58 kl/mn units, which is a reduction by 10%.

The emissions generated by the Company are within limits specified by 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

(b) Technology absorption

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

- One Boiler at site, that operated originally on Furnace Oil, has been modified to operate on Biomass briquette and has been commissioned. This is estimated to reduce the CO_2 emission impact of the site by about 10% in the coming years.
- Installation of 2 New Energy Efficient Air compressors of 500 cfm each, Air cooled, with variable speed drive with Air Dryer.
- Operational improvement of Utilities by Installation of Controlling System for Air Handling Units at site for monitoring and controlling consumptions. Along with this, a centralized monitoring system has been installed for online monitoring of various utility equipment by installation of 168 Meters for application including water, chiller, steam, temperature, vacuum etc. to improve operational monitoring, productivity and efficiency.
- Access Control System installed at all 3 site entry gates, with feature for Biometric registration, Aadhar linkage, enhancing security and verification of all people entering site.
- New Cold Wax transfer system installed for direct wax transfer in Ointments section, eliminating wax melting and manual transfer for most products.
- Reduction of Ergonomic risks at site by providing 1 Mobile motorized equipment for transfer of Ointment bowls and Lifter for shifting DFCs.
- Effluent Treatment plant process modified and upgraded to aerobic type with diffused aeration, eliminating surface aerators, installation of additional holding tanks of 200 kl, sludge thickener, centrifuge and decanter for better sludge handling, thereby enhancing overall capacity to 480 kl per day.
- Electrical upgrades including Installation of 1 x 380 kVA new Emergency Generator and Replacement of 1 x 1600 kVA Transformer, 3200A ACB.
- Installation of 2x 20 kVA UPS for Emergency Lighting.
- Upgradation of Site Fuel Yard to meet requirements of all latest Global Engineering standards, upgrading Bund Wall by RCC Construction.
- Installation of 1 New Fume Hood in QC Lab for handling raw material chemicals.

(c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings for the year ended 31st March 2018 was ` 56,37 lakhs and foreign exchange outgo for the year ended 31st March 2018 was ` 742,89 lakhs. The foreign exchange earnings for the period ended 31st March 2017 was ` 52,78 lakhs and foreign exchange outgo for the period ended 31st March 2017 was ` 719,28 lakhs.

On behalf of the Board of Directors

D.S. Parekh
Chairman

Mumbai, 24th May 2018

Annexure "G" to 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

1. Ratio of Remuneration of Non-Executive Directors to the median remuneration of the employees of the Company for the financial year ended 31st March 2018.

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	39.50	4.04
2	Mr. R. R. Bajaaj	Independent Director	15.00	1.54
3	Ms. A. Bansal	Independent Director	16.00	1.64
4	Mr. P. V. Bhide	Independent Director	17.00	1.74
5	Mr. N. Kaviratne	Independent Director	18.50	1.89
6	Mr. A.N Roy	Independent Director	14.50	1.48
7	Mr. D Sundaram	Independent Director	18.50	1.89

*Remuneration includes Commission paid.

2. 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 (` in lakh)	Ratio to median Remuneration	(%) Increase in remuneration in the financial year
1	A. Vaidheesh	Managing Director	601.16	61.59	11
2	A. Aristidou (till 31.12.2017)	Whole-time Director & CFO	371.77	38.09	11
3	R. Krishanaswamy	Whole-time Director	199.71	20.46	11
4	P. Thakur (w.e.f 01.01.2018)	Whole-time Director & CFO	59.60	6.10	11
5	Ajay Nadkarni	Company Secretary	80.61	8.26	11

3. There was 11% increase in the median remuneration of employees.

4. There were 4620 permanent employees on the rolls of the Company as on 31st March 2018.

5. 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 percentile increase in salaries of employees and managerial personnel was same at 11 % for financial year 2017-18.

6. 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, 24th May 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Standalone Ind As Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **GlaxoSmithKline Pharmaceuticals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and 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

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 that 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

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. Those Standards 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.

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 auditor's 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.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone 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 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, 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 Section 143(3) of the Act, based on our audit, we report to the extent applicable 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 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 prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    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, as amended, 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 standalone Ind AS financial statements.

        ii. The Company has long term contracts as of March 31, 2018 for which there were no material foreseeable losses.

            The Company did not have any derivative contracts as at March 31, 2018.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

B. P. SHROFF
Partner
Membership No. 34382

Place: Mumbai
Date: May 24, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **GlaxoSmithKline Pharmaceuticals Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind AS 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company’s 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 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

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, to the best of our information and according to the explanations given to us, 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, 2018, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

B. P. SHROFF
Partner
Membership No. 34382

Place: Mumbai
Date: May 24, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings that are freehold/leasehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of arrangements/ amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(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 Companies Act, 2013.

(iv) The Company has not granted any loans, made investments, provided guarantees or security and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (cost records and audit) Rules, 2014 and amended Companies (cost records and audit) Amendment Rules, 2016 as prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statue	Nature of Dues	Forum where dispute is pending	Period to which the amount relates#	Amount (` in Lakhs)
Income - tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	2006-07, 2007-08, 2011-12 to 2013-14	62,25.53
		Income Tax Appellate Tribunal	1989-90	36.92
		High Court	1993-94	20.43
Sub-total				**62,82.88***
The Central Excise Act, 1944	Excise Duty	Appellate Authority - up to Commissioners / Revisional authorities Level	1991-92 to 1993-94, 1995-96 to 1997-98	14.89
		Customs, Excise and Service Tax Appellate Tribunal	1996-97 to 2002-03, 2007-08, 2010-11 to 2012-13	4,77.37
		High Court	1976-77 to 1980-81, 1987-88 to 1991-1992	1,60.83
Sub-total				**6,53.09**
Custom Act, 1962	Custom Duty	Appellate Authority - up to Commissioners / Revisional authorities Level	1992-93, 1993-94	10.71
		Customs, Excise and Service Tax Appellate Tribunal	1994-95	66.53
Sub-total				**77.24**
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	2000-01, 2002-03	1,29.20
Sub-total				**1,29.20**
Sales Tax and Laws as per statues applicable in various states	Sales Tax and VAT	Appellate Authority - up to Commissioners / Revisional authorities Level	1983-84, 1987-88 to 1994-95, 1996-97 to 2006-07, 2008-09 to 2015-16	35,30.72
		Appellate Authority - Tribunal	1990-91, 1998-99, 1999-2000, 2001-02, 2002-03, 2005-06 to 2010-11, 2012-13	107,61.77
		High Court	1990-91, 1999-2000, 2001-02 to 2005-06	1,20.12
		Supreme Court	1993-94, 1994-95	42.14
Sub-total				**144,54.75**
Total				**215,97.16**

generally, the year refers to financial year i.e. April to March

* Net of `12,04.16 Lakhs paid under protest

^ Net of `21,46.38 Lakhs paid under protest

Out of the total disputed amounts of `215,97.16 Lakhs as above, `52,18.20 Lakhs has not been deposited due to stay orders.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary company or persons connected with them and hence the provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

B. P. SHROFF
Partner
Membership No. 34382

Place: Mumbai
Date: May 24, 2018

Standalone Balance Sheet

as at March 31, 2018

(` in lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	250,12.67	252,70.95
Capital work-in-progress	3	922,89.71	573,21.68
Investment Property	4	1,76.01	5,32.36
Intangible assets	5	72,68.18	-
Intangible assets under development	5	-	32,24.73
Financial Assets			
(i) Investments	6	47,66.97	47,66.97
(ii) Loans	7	14,58.05	13,27.96
(iii) Other financial assets	8	27.76	2,42.76
Current Tax Assets (net)	48	297,43.98	147,98.81
Deferred Tax Assets (net)	45	103,05.28	91,31.14
Other non-current assets	9	91,47.76	205,13.36
		1801,96.37	**1371,30.72**
Current assets			
Inventories	10	500,18.33	425,48.14
Financial Assets			
(i) Trade receivables	11	146,95.89	170,79.67
(ii) Cash and cash equivalents	12	199,39.66	138,27.38
(iii) Bank balances other than (ii) above	13	1080,29.43	743,95.98
(iv) Other financial assets	14	57,91.44	100,47.94
Other current assets	15	173,36.67	69,22.42
		2158,11.42	**1648,21.53**
Assets held for sale	16	4,93.74	1,62.95
		2163,05.16	**1649,84.48**
TOTAL ASSETS		**3965,01.53**	**3021,15.20**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	84,70.30	84,70.30
Other Equity	18	1995,24.51	1943,51.01
		2079,94.81	**2028,21.31**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	19	58.30	98.90
(ii) Other financial liabilities	20	2,24.47	3,48.95
Provisions	21 & 26	286,19.56	271,00.17
		289,02.33	**275,48.02**
Current liabilities			
Financial Liabilities			
(i) Trade payables	22	502,52.60	275,92.23
(ii) Other financial liabilities	23	267,10.69	359,90.87
Other current liabilities	24	575,22.75	31,26.81
Provisions	25 & 26	97,10.07	48,24.88
Current Tax Liabilities (net)	48	154,08.28	2,11.08
		1596,04.39	**717,45.87**
Total liabilities		**1885,06.72**	**992,93.89**
TOTAL EQUITY AND LIABILITIES		**3965,01.53**	**3021,15.20**

The accompanying notes 1 - 56 are an integral part of the standalone financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

(` in lakhs)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue From Operations	27	2895,88.02	2994,50.50
Other Income	28	53,52.01	72,01.24
Total Income		**2949,40.03**	**3066,51.74**
Expenses			
Cost of materials consumed	29	510,26.96	523,57.63
Purchases of Stock-In-Trade		788,42.22	790,69.96
Changes in inventories of Finished Goods, Stock-in-Trade and Work-In-Progress	30	(57,93.99)	79,49.09
Excise Duty		24,19.48	91,51.89
Employee benefits expense	31	523,39.85	483,01.22
Finance Costs	32	18.91	25.00
Depreciation and amortisation expense	33	37,98.58	26,34.69
Other expenses	34	599,09.52	606,27.40
Total expenses		**2425,61.53**	**2601,16.88**
Profit before exceptional items and tax		**523,78.50**	**465,34.86**
Exceptional items	38	17,79.85	45,73.05
Profit before tax		**541,58.35**	**511,07.91**
Tax expense:			
Current tax	45	204,33.82	162,96.98
Deferred tax	45	(14,74.24)	11,33.42
		189,59.58	**174,30.40**
Profit for the year		**351,98.77**	**336,77.51**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	45	8,58.80	(5,30.65)
Income tax relating to items that will not be reclassified to profit or loss	45	(3,00.10)	1,83.65
		5,58.70	**(3,47.00)**
Total Comprehensive Income for the year		**357,57.47**	**333,30.51**
Profit for the year attributable to Owners of the Company		351,98.77	336,77.51
Other Comprehensive Income attributable to Owners of the Company		5,58.70	(3,47.00)
Total Comprehensive Income for the year attributable to Owners of the Company		357,57.47	333,30.51
Earnings per equity share			
Basic and diluted earnings per share	47	41.56	39.76

The accompanying notes 1 - 56 are an integral part of the standalone financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
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D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Standalone Cash Flow Statement

for the year ended March 31, 2018

(` in lakhs)

			Year ended March 31, 2018	Year ended March 31, 2017
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before exceptional items and tax		523,78.50	465,34.86
	Adjustments for :			
	Loss / (Gain) on disposal of Property, Plant and Equipment (Net)		2,42.50	(24.25)
	Interest Income		(51,56.99)	(71,04.99)
	Rental Income		(71.97)	(72.00)
	Finance Costs		18.91	25.00
	Depreciation and amortisation expense		37,98.58	26,34.69
	Allowance for Doubtful Debts		54.06	-
	Change in operating assets and liabilities			
	(Increase) / Decrease in Inventories		(74,70.19)	96,18.11
	Decrease / (Increase) in Trade receivables		23,16.03	(44,23.17)
	(Increase) in Other assets		(85,27.56)	(36,99.95)
	Increase / (Decrease) in Trade payables		226,60.37	(45,13.49)
	Increase / (Decrease) in Provisions		72,63.38	(15,06.48)
	Increase in Other liabilities		1,27.41	15,78.10
	Cash generated from operations		**676,33.03**	**390,46.43**
	Income taxes paid (net of refunds)		(201,81.79)	(160,85.90)
	Cash flow before exceptional items		**474,51.24**	**229,60.53**
	Exceptional items:			
	Sale of brands		3.79	6,40.96
	Others		21.58	-
	Redundancy costs		-	(1,70.29)
	Costs for Asset Sale transaction with Novartis		-	(2,03.36)
	Net cash inflow from operating activities	**A**	**474,76.61**	**232,27.84**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payments to acquire Property, Plant and Equipment and Other Intangible assets		(403,38.41)	(304,42.91)
	Advance received towards disposal of Land		552,00.00	-
	Proceeds from sale of Property, Plant and Equipment		47.23	6,25.25
	Proceeds from sale of property (Exceptional item)		17,60.18	40,17.75
	Investment in bank deposits (having original maturity more than 3 months but less than 12 months)		(1069,00.00)	(783,00.00)
	Margin money deposits		(2,13.52)	1,87.80
	Redemption / Maturity of bank deposits (having original maturity more than 3 months but less than 12 months)		735,00.00	1258,00.00
	Rent received		71.97	72.00
	Interest received		61,91.63	84,36.48
	Changes in earmarked balances		(19.93)	(88.64)
	Net cash (outflow) / inflow from investing activities	**B**	**(107,00.85)**	**303,07.73**

Standalone Cash Flow Statement

for the year ended March 31, 2018 (Contd.)

(` in lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of borrowings		(60.60)	(77.80)
Interest paid		(18.91)	(25.00)
Dividend paid to company's shareholders		(254,10.91)	(423,51.50)
Tax on distributed profit		(51,73.06)	(86,21.92)
Net cash outflow from financing activities	**C**	**(306,63.48)**	**(510,76.22)**
Net increase in cash and cash equivalents	**(A + B + C)**	**61,12.28**	**24,59.35**
Cash and cash equivalents at the beginning of the financial year		138,27.38	113,68.03
Cash and cash equivalents at the end of the financial year		199,39.66	138,27.38
Net Increase in cash and cash equivalents		**61,12.28**	24,59.35
NOTES:			
Cash and cash equivalents include:			
Balances with banks			
Current accounts		89,38.66	12,24.57
Term deposits with original maturity period of less than three months		110,01.00	105,07.01
Cheques on hand		-	20,95.80
Total		**199,39.66**	**138,27.38**

The above Standalone Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 'Statement of Cash Flows'.

The accompanying notes 1 - 56 are an integral part of the standalone financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

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A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Standalone Statement of Changes in Equity

for the year ended March 31, 2018

(a) Equity share capital

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the reporting period	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**

(b) Other Equity

(` in lakhs)

	Reserves and Surplus				Items of Other comprehensive income	Total Other Equity
	Capital reserve (i)	General reserve (ii)	Retained earnings (iii)	Capital redemption reserve (iv)	Remeasurements of the net defined benefit Plans	
Balance as at April 1, 2017	1,65.51	875,44.44	1067,06.32	2,61.95	(3,27.21)	1943,51.01
Total Comprehensive						
Profit for the year	-	-	351,98.77	-	-	351,98.77
Other Comprehensive Income for the year	-	-	-	-	5,58.70	5,58.70
Transactions with owners of the company						
Dividend on Equity Shares (` 30 Per Share)	-	-	(254,10.91)	-	-	(254,10.91)
Dividend Distribution Tax	-	-	(51,73.06)	-	-	(51,73.06)
Balance as at March 31, 2018	**1,65.51**	**875,44.44**	**1113,21.12**	**2,61.95**	**2,31.49**	**1995,24.51**
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 as at March 31, 2017	**1,65.51**	**875,44.44**	**1067,06.32**	**2,61.95**	**(3,27.21)**	**1943,51.01**

(i) Capital reserve includes Central Government subsidy and capital profit on reissue of shares forfeited of erstwhile Burroughs Wellcome (India) Limited.

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

(iii) Retained earnings represents the cumulative profits of the company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Capital redemption reserve is on account of buy back of equity shares and it is not available for distribution.

The accompanying notes 1 - 56 are an integral part of the standalone financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

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Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Notes to the Standalone Financial Statements
for the year ended March 31, 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A GENERAL INFORMATION:

GLAXOSMITHKLINE PHARMACEUTICALS LIMITED ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the BSE Ltd. (Bombay Stock Exchange) and the National Stock Exchange of India Ltd. (NSE). The registered office of the Company is located at Dr. Annie Besant Road, Worli, Mumbai 400 030.

The Company is engaged interalia, in the business of manufacturing, distributing and trading in pharmaceuticals.

B SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation:

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") (as amended from time to time).

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

- certain financial assets and liabilities that are 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.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except where otherwise indicated.

Amounts for the year ended and as at March 31, 2017 were audited by previous auditors Price Waterhouse & Co Bangalore LLP.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer as per the contractual terms. Revenue from sale of goods are inclusive of excise duty and net of returns, applicable trade discounts and allowances, value added taxes, Goods and Service Tax (GST) 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 based on the historical data of such returns.

Rendering of services

Income from clinical research and data management services is recognised in the accounting period in which the services are rendered based on terms of the agreement.

Dividends

Dividend is recognised when the Company's right to receive the payment is established, it is probable that economic benefit associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

Interest Income

Interest income is recorded using the Effective Interest Rate (EIR). Interest income is included in other income in the statement of profit and loss.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

(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, net of accumulated depreciation and accumulated impairment losses, if any. 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 the statement of profit and loss during the reporting period in which they are incurred.

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 to 5 years
• Other Computer Equipment	4 years
• Furniture and Fixtures	10 years
• Office Equipment	5 years
• Vehicles	5 years

Depreciation is provided pro-rata for the number of months available 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 Rs. 5,000 is depreciated at the rate of 100%.

Leasehold building, leasehold land and 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Intangible Assets

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

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

Amortisation method and periods

Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization 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.

Software expenditure have been amortised over a period from 8 to 10 years. Distribution rights are amortised over the agreement / contract period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(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 cost of disposal and value in use. For the purpose 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 group 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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

(f) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as Operating lease.

Company as a lessee:

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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 the statement of profit and 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 the statement of profit and 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. 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 the statement of profit and 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 the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

- 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 the statement of profit and 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 and loss. Dividends from such investments are recognised in the statement of profit and loss 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.

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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Financial liabilities subsequently measured at amortised cost

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

Financial liabilities that are not held-for-trading and are not designated as at fair value through profit or loss are measured at amortised cost at the end of the subsequent accounting period. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance costs" line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount in initial recognition.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(h) 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.

(i) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on weighted average cost 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.

(j) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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.

(k) 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 the statement of profit and loss.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

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 the statement of profit and 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.

(l) Taxes:

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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Current and deferred tax is recognised in the statement of profit and 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.

(m) 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(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 the statement of profit and 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 the statement of profit and loss.

(n) 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, 2018 (contd.)

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

Asset	Management estimate of useful life
Factory Building	30 Years
Freehold land	-

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

(o) Investment in subsidiary

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

(p) 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.

(q) 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.

(r) Exceptional Items

When items of income or expense are of such nature, size or 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”.

(s) 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 51 for segment information presented

(t) 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 cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the standalone financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018. The Company plans to adopt the new standard on the required effective date. The Company is currently evaluating the impact of the new revenue standard.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. The Company is currently evaluating the impact of these amendments.

Transfers of Investment Property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply the amendments when they become effective. The Company is currently evaluating the impact of these amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i. The beginning of the reporting period in which the entity first applies the Appendix, or

ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

NOTE 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 Company'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 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, 2018 (contd.)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

(` in lakhs)

Year ended March 31, 2018	Gross block				Accumulated Depreciation / Amortisation				Net block
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the Year	On Disposals	As at March 31, 2018	As at March 31, 2018
Freehold land	2.00	-	-	2.00	-	-	-	-	2.00
Leasehold land	55,87.47	-	-	55,87.47	99.46	56.02	-	1,55.48	54,31.99
Freehold buildings	24,66.11	77.10	6.05	25,37.16	86.68	43.98	0.24	1,30.42	24,06.74
Leasehold buildings	37,57.25	2,19.60	0.04	39,76.81	2,30.74	2,10.24	0.01	4,40.97	35,35.84
Plant and equipment (Refer Note (a) below)	158,80.33	23,70.51	30.22	182,20.62	34,80.98	26,37.81	29.07	60,89.72	121,30.90
Furniture and fixtures	6,80.89	27.67	12.02	6,96.54	2,00.44	1,08.99	4.12	3,05.31	3,91.23
Vehicles	11,71.81	4,60.71	1,27.40	15,05.12	3,75.12	2,71.96	67.28	5,79.80	9,25.32
Office equipment	3,62.72	47.35	3.90	4,06.17	1,64.21	55.09	1.78	2,17.52	1,88.65
Total	**299,08.58**	**32,02.94**	**1,79.63**	**329,31.89**	**46,37.63**	**33,84.09**	**1,02.50**	**79,19.22**	**250,12.67**

Year ended March 31, 2017	Gross block				Accumulated Depreciation / Amortisation				Net block
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the Year	On Disposals	As at March 31, 2017	As at March 31, 2017
Freehold land	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
Freehold buildings	25,05.99	19.58	59.46	24,66.11	42.87	54.51	10.70	86.68	23,79.43
Leasehold buildings	26,28.40	11,28.85	-	37,57.25	1,21.14	1,09.60	-	2,30.74	35,26.51
Plant and equipment (Refer Note (a) below)	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
Furniture and fixtures	5,82.45	106.94	8.50	6,80.89	90.55	1,12.87	2.98	2,00.44	4,80.45
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
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
Total	**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**

Note:-

(a) Plant and equipment includes computers

Capital work-in-progress:

(` in lakhs)

	FY 2017-18	FY 2016-17
Opening Balance	573,21.68	267,66.84
Additions	383,83.57	383,29.65
Less:		
Capitalisation	(32,02.94)	(75,50.43)
Assets held for sale	-	(1,32.82)
Write off	(2,12.60)	(91.56)
Closing Balance	**922,89.71**	**573,21.68**

Capital work-in-progress as at March 31, 2018 and March 31, 2017 mainly comprise of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 4 : INVESTMENT PROPERTY

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Gross carrying amount		
Opening gross carrying amount/ Deemed cost	6,13.24	6,13.24
Additions	-	-
Transfer*	(3,88.91)	-
Closing gross carrying amount	2,24.33	6,13.24
Accumulated Depreciation		
Opening Accumulated Depreciation	80.88	17.33
Depreciation	25.27	63.55
Transfer*	(57.83)	-
Closing Accumulated Depreciation	48.32	80.88
Net carrying amount	**1,76.01**	**5,32.36**

* Freehold Land and Building at Thane has been transferred to assets held for sale (Refer Note 16).

(i) Amounts recognised in the Statement of Profit and Loss for investment property

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Rental Income	71.10	68.40
Depreciation	25.27	63.55
Amount recognised in the Statement of Profit and Loss	45.83	4.85

(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 ` 71.10 lakhs (March 31, 2017: ` 68.40 lakhs) is disclosed under Other Income.

(iii) Estimation of fair value

The Company has three properties (March 31, 2017: four properties) that have been considered as Investment Properties. These include two vacant land sites (March 31, 2017: three vacant land sites) that are not in operational use at present and an apartment that is leased at commercial rates.

In the view of the 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 ` 312,04.00 lakhs (March 31, 2017: ` 1700,00.00 Lakhs). Ready Reckoner rates are the prices of 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 (March 31, 2017 : ` 24,00.00 lakhs). The fair valuation is based on a deal, concluded by the Company, of a comparable property in the same location during the previous year. The Fair Value has not been adjusted for any trends for change in property rates over the year as the management expects the change to be insignificant in value and has decided to rely on the value derived in the previous year. The fair value measurement is categorised in level 3 fair value hierarchy.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 5 : INTANGIBLE ASSETS

(` in lakhs)

Year ended March 31, 2018	Gross block				Accumulated Amortisation				Net block
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the Year	On Disposals	As at March 31, 2018	As at March 31, 2018
Intangible Assets									
Software	-	76,57.40	-	76,57.40	-	3,89.22	-	3,89.22	72,68.18
Total	**-**	**76,57.40**	**-**	**76,57.40**	**-**	**3,89.22**	**-**	**3,89.22**	**72,68.18**

Year ended March 31, 2017	Gross block				Accumulated Amortisation				Net block
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the Year	On Disposals	As at March 31, 2017	As at March 31, 2017
Intangible Assets									
Distribution Rights	3,22.80	-	-	3,22.80	3,22.80	-	-	3,22.80	-
Total	**3,22.80**	**-**	**-**	**3,22.80**	**3,22.80**	**-**	**-**	**3,22.80**	**-**

Intangible assets under development:

(` in lakhs)

	FY 2017-18	FY 2016-17
Opening Balance	32,24.73	-
Additions	44,32.67	32,24.73
Less:		
Capitalisation	(76,57.40)	-
Closing Balance	**-**	**32,24.73**

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 6 : INVESTMENTS		
In Unquoted Equity Instruments		
In Subsidiary		
Biddle Sawyer Limited	47,61.30	47,61.30
9,60,000 Equity Shares of ` 10 each fully paid		
In Others		
Biotech Consortium India Limited	5.00	5.00
50,000 Equity Shares of ` 10 each fully paid		
Dinette Exclusive Club Private Limited	0.50	0.50
500 Equity Shares of ` 100 each fully paid		
Other Unquoted Investments		
National Savings Certificate (Lodged with Government authorities)	0.17	0.17
	47,66.97	**47,66.97**
Aggregate of Unquoted Investments - At Book value	**47,66.97**	**47,66.97**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 7 : NON-CURRENT FINANCIAL ASSETS - LOANS		
(Unsecured considered good)		
Security Deposits	14,58.05	13,27.96
	14,58.05	**13,27.96**
NOTE 8 : NON-CURRENT FINANCIAL ASSETS - OTHERS		
Margin money/ Deposit against bank guarantee	27.76	2,42.76
	27.76	**2,42.76**
NOTE 9 : OTHER NON-CURRENT ASSETS		
Capital advances	13,25.67	141,25.04
Less : Allowance for doubtful debts	(3,74.24)	(3,87.93)
	9,51.43	**137,37.11**
Balances with Government Authorities	35,41.48	25,88.53
Sundry Deposit	42,07.69	37,83.21
Remittances in transit (Refer Note 42 (iii))	5.92	5.92
Others	441.24	3,98.59
	91,47.76	**205,13.36**
NOTE 10 : INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)		
Raw and Packing materials	103,21.08	87,44.04
Work-in-progress	22,77.40	33,33.91
Finished goods	148,18.01	157,50.37
Stock-in-trade (includes in-transit as on March 31, 2018: 8,43.61 lakhs; March 31, 2017 ` 8,51.07 lakhs)	222,31.21	144,48.35
Stores and spares	3,70.63	2,71.47
	500,18.33	**425,48.14**

The cost of inventories recognised as an expense during the year ended March 31, 2018 includes ` 1,43.17 lakhs in respect of write-downs of inventory to net realisable value.

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 11 : TRADE RECEIVABLES		
Unsecured, Considered good	146,95.89	170,79.67
Unsecured, Considered doubtful	15,68.97	15,01.22
Less : Allowance for doubtful debts (Refer Note (a) below)	(15,68.97)	(15,01.22)
	146,95.89	**170,79.67**

Note:-

(a) During the year ended March 31, 2018 the Company has created an additional allowance for doubtful debts of ` 67.75 lakhs.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 12 : CASH AND CASH EQUIVALENTS		
Balances with Banks:		
Current account	89,38.66	12,24.57
Term deposit with original maturity period of less than three months	110,01.00	105,07.01
Cheques on hand (Refer Note 38)	-	20,95.80
	199,39.66	**138,27.38**
NOTE13:BANKBALANCESOTHERTHANCASHANDCASHEQUIVALENTS		
Earmarked Balances:		
Unpaid dividend accounts	23,34.69	23,14.76
Term deposit with original maturity period of more than three months but less than twelve months	1054,00.00	720,00.00
Margin money/ Deposit against bank guarantee	294.74	81.22
	1080,29.43	**743,95.98**
NOTE 14 : CURRENT FINANCIAL ASSETS - OTHERS		
(Unsecured considered good)		
Receivable from group companies	35,65.70	54,42.80
Interest accrued on deposits with banks	21,39.93	31,74.57
Advances recoverable	85.81	14,30.57
	57,91.44	**100,47.94**
NOTE 15 : OTHER CURRENT ASSETS		
Balances with Government Authorities	126,84.94	27,35.32
Advance to Creditors	28,71.31	-
Sundry advances	15.75	9,25.61
Import advances	1,12.84	14,49.34
Prepayments and Prepaid Expenses	10,66.07	11,31.03
Others	5,85.76	6,81.12
	173,36.67	**69,22.42**
NOTE 16 : ASSETS HELD FOR SALE		
Freehold Land and Building (Refer Note (a) below)	3,31.08	-
Plant and Machinery (Refer Note (b) below)	1,62.66	1,62.95
	4,93.74	**1,62.95**

Notes:-

(a) The amount is the Written Down Value of the property at Thane which is being sold and advance received against such has been classified as Current Liability, as documents for sale of property are yet to be executed. The transfer will conclude after obtaining all relevant statutory and other approvals / consents / permissions as required in law (Refer Note 24).

(b) The amount includes Plant and Machinery from Mysore and Bangalore site held for sale.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 17 : EQUITY SHARE CAPITAL		
Authorised		
9,00,00,000 equity shares of `10 each	90,00.00	90,00.00
Issued		
8,47,07,710 equity shares of `10 each	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**

* 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.

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees 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
Issued during the year	-	-	-	-
Balance at the end of the year	**84,703,017**	**84,70.30**	**84,703,017**	**8,470.30**

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, 2018		As at March 31, 2017	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees 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

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

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees in lakhs
Glaxo Group Limited, U.K.	30,485,250	35.99%	30,485,250	35.99%
GlaxoSmithKline Pte Limited, Singapore	23,802,012	28.10%	23,802,012	28.10%
Eskaylab Limited, U.K.	5,880,000	6.94%	5,880,000	6.94%
Life Insurance Corporation of India	5,424,940	6.40%	5,488,062	6.48%

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 18 : OTHER EQUITY		
Capital redemption reserve	2,61.95	2,61.95
General reserve	875,44.44	875,44.44
Capital reserve	1,65.51	1,65.51
Retained earnings (Including Other Comprehensive Income)	1115,52.61	1063,79.11
	1995,24.51	**1943,51.01**
NOTE 19 : NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Unsecured		
Interest free deferred sales tax incentive	58.30	98.90
	58.30	**98.90**

Terms of repayment

Interest free deferred sales tax incentive as at March 31, 2018 of ` 98.90 lakhs (March 31, 2017: ` 1,59.50 lakhs) availed under the 1993 Sales Tax Deferment Scheme which is repayable in nine instalments as at March 31, 2018 (March 31, 2017 - thirteen instalments) and closing on April 30, 2021. The current maturity amount as at March 31, 2018 is ` 40.60 lakhs (March 31, 2017: ` 60.60 lakhs) of the loan has been disclosed under Note 23.

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 20 : NON-CURRENT FINANCIAL LIABILITIES - OTHERS		
Security deposits received	2,24.47	2,25.47
Payable to employees	-	1,23.48
	2,24.47	**3,48.95**
NOTE 21 : NON-CURRENT PROVISIONS		
For Pricing matters (Refer Note 41 and 26)	122,70.82	122,70.82
For employee benefits		
Gratuity (Refer Note 39)	72,87.84	56,23.60
Leave encashment and compensated absences (Refer Note 39)	24,19.06	30,24.49
Post retirement medical and other benefits (Refer Note 39)	35,48.37	39,74.31
For long term incentive plan (Refer Note 26 and 53)	1,70.95	2,01.84
For divestment / restructuring (Refer Note 26)	12,02.83	12,02.83
For expected sales returns (Refer Note 26)	-	1,14.42
For others (Refer Note 26)	17,19.69	6,87.86
	286,19.56	**271,00.17**
NOTE 22 : TRADE PAYABLES		
Due to Micro, Small and Medium Enterprises (Refer Note 44)	7,30.78	2,85.60
Due to others	495,21.82	273,06.63
	502,52.60	**275,92.23**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 23 : CURRENT FINANCIAL LIABILITIES - OTHERS		
Current Maturity of Interest free deferred sales tax incentive (Refer Note 19)	40.60	60.60
Unclaimed dividends *	23,34.70	23,14.76
Salaries, Wages, Bonus and employee benefits payable	93,41.84	85,43.35
Creditors for capital goods	140,39.16	243,55.29
Rationalisation relating to a manufacturing site	1,30.28	1,30.28
Payable to subsidiary company	-	73.14
Other Payables	8,24.11	5,13.45
	267,10.69	**359,90.87**
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
NOTE 24 : OTHER CURRENT LIABILITIES		
Statutory dues including provident fund and tax deducted at source	19,89.82	31,26.81
Advance from Customers	3,32.93	-
Advance received towards disposal of land (Refer Note (a) below)	552,00.00	-
	575,22.75	**31,26.81**

Note:-

(a) During the year, the company has received the money in advance towards disposal of Thane Land. The transfer will conclude after obtaining all relevant statutory and other approvals / consents / permissions as required in law (Refer Note 16).

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 25 : CURRENT PROVISIONS		
For employee benefits (Refer Note 39)		
Leave encashment and compensated absences	3,22.68	1,37.71
Post retirement medical and other benefits	2,02.83	2,07.87
For long term incentive plan (Refer Note 26 and 53)	8,15.41	4,01.93
For rationalisation relating to a manufacturing site (Refer Note 26)	31.43	47.45
For expected sales returns (Refer Note 26)	41,35.97	36,53.25
For others (Refer Note 26)	42,01.75	3,76.67
	97,10.07	**48,24.88**

NOTE 26 : MOVEMENT IN PROVISIONS

(` in lakhs)

	Rationalisation relating to a manufacturing site (i)	Pricing matters (ii)	Long term Incentive Plan (iii)	Divestment / Restructuring (iv)	Expected Sales Returns (v)	Others (vi)
	April 2017- March 2018					
Opening Balance	47.45	122,70.82	6,03.77	12,02.83	37,67.67	10,64.53
Add: Provision during the year	-	-	7,35.04	-	38,04.89	50,83.11
Less: Amounts utilised/reversed during the year	16.02	-	3,52.45	-	34,36.59	2,26.20
Balance at the year end	31.43	122,70.82	9,86.36	12,02.83	41,35.97	59,21.44
	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

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Notes:

(i) Rationalisation relating to a manufacturing site: This represents an estimated amount of cost required to be incurred to rationalise closed manufacturing site 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 41, 42 and 43.

(iii) Long term incentive plan: Refer note 53.

(iv) Expected sales returns: This represents provision made for expected sales returns. Revenue is adjusted for the expected value of returns. It is expected to be utilised within 12 months from the end of the year.

(` in lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
NOTE 27 : REVENUE FROM OPERATIONS			
A.	**Sale of products (including excise duty)**		
	Sale of products	2820,03.24	2920,78.55
		2820,03.24	**2920,78.55**
	Consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed under GST. In accordance with Ind AS 18 on Revenue and Schedule III of the Companies Act 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the year ended March 31, 2018 are not comparable with the previous year.		
B.	**Other operating revenue**		
	Service income	62,05.80	56,16.13
	Exchange gain (net)	-	3,35.45
	Consignment sales commission	13.17	37.55
	Manufacturing charges recovery	10,38.19	9,98.34
	Others	3,27.62	3,84.48
		75,84.78	**73,71.95**
	Total Revenue from operations (A + B)	**2895,88.02**	**2994,50.50**
NOTE 28 : OTHER INCOME			
Interest income on:			
	Deposits with banks	51,13.54	70,69.59
	Loans	24.08	24.77
	Others	19.37	10.63
Gain on disposal of Property, Plant and Equipment (net)		-	24.25
Rental Income		71.97	72.00
Other		1,23.05	-
		53,52.01	**72,01.24**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
NOTE 29 : COST OF MATERIALS CONSUMED		
Cost of materials consumed	510,26.96	523,57.63
	510,26.96	**523,57.63**
NOTE 30 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Opening stock		
Finished goods	157,50.37	158,47.12
Stock-in-trade	144,48.35	220,02.73
Work-in-progress	33,33.91	36,31.87
	335,32.63	**414,81.72**
Less: Closing stock		
Finished goods	148,18.01	157,50.37
Stock-in-trade	222,31.21	144,48.35
Work-in-progress	22,77.40	33,33.91
	393,26.62	**335,32.63**
	(57,93.99)	**79,49.09**
NOTE 31 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	458,88.58	433,07.06
Contributions to : Provident and pension funds (Refer Note 39)	23,75.18	22,29.56
Gratuity funds (Refer Note 39)	22,69.11	8,51.02
Staff welfare	18,06.98	19,13.58
	523,39.85	**483,01.22**
NOTE 32 : FINANCE COSTS		
On Security deposits	14.83	23.17
Others	4.08	1.83
	18.91	**25.00**
NOTE 33 : DEPRECIATION AND AMORTIZATION EXPENSE		
On Investment Properties (Refer Note 4)	25.27	63.55
On Property, Plant and Equipment (Refer Note 3)	3,384.09	2,571.14
On Other Intangible assets (Refer Note 5)	3,89.22	-
	37,98.58	**26,34.69**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
NOTE 34 : OTHER EXPENSES		
Sales promotion	81,71.34	95,84.10
Stock point commission	17,61.34	15,86.33
Freight	55,05.50	67,17.40
Travelling	68,40.66	67,60.65
Loss on disposal of Property, Plant and Equipment (net)	2,42.50	-
Exchange loss (net)	6,32.01	-
Manufacturing charges	86,52.84	83,98.64
Repairs:		
- Buildings	4,46.32	3,69.66
- Plant and Machinery	13,43.60	14,17.03
- Others	-	17.54
	17,89.92	**18,04.23**
Consumption of stores and spares	6,11.87	6,22.90
Power, fuel and water	26,43.85	27,81.57
Rent	35,10.37	23,97.80
Rates and taxes	35,00.21	28,44.73
Printing, postage and telephones	9,12.70	16,01.61
Sales training, briefing and conference	17,56.83	20,64.06
Insurance	3,74.96	4,38.23
Remuneration to auditors :		
Statutory audit fees (Refer Note (a) below)	79.00	79.05
In other capacity in respect of :		
Tax audit fees	6.00	6.00
Other services (Refer Note (b) below)	8.95	25.25
Reimbursement of expenses (Refer Note (c) below)	2.55	3.61
	96.50	**1,13.91**
Cost audit fees	6.87	5.40
Corporate social responsibility (Refer Note 37)	10,69.90	11,43.69
Commission to non whole-time Directors	73.96	74.00
Directors' sitting fees	65.00	58.50
Legal and professional fees	32,05.33	31,12.83
Miscellaneous	61,23.30	62,84.79
Reimbursement of expenses (net) (Refer Note 36)	23,61.76	22,32.03
	599,09.52	**606,27.40**

Notes:-

(a) For the year ended March 31, 2018, this amount includes ` 5.50 lakhs towards remuneration of previous auditor Price Waterhouse & Co Bangalore LLP.

(b) For the year ended March 31, 2018, this amount includes ` 8.25 lakhs towards other services of previous auditor Price Waterhouse & Co Bangalore LLP.

(c) For the year ended March 31, 2018, this amount of ` 2.55 lakhs is towards reimbursement of expenses of previous auditor Price Waterhouse & Co Bangalore LLP.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

35 The recurring expenditure on research and development charged off to revenue amounts to ` 225.22 lakhs (Previous year - ` 1,89.62 lakhs)

36 Reimbursement of expenses (net) are towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the group companies.

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, 2018	Year ended March 31, 2017
a) Amount spent		
(i) Construction/ acquisition of the asset	-	-
(ii) On purposes other than (i) above	11,26.15	12,11.06
Total amount spent	**11,26.15**	**12,11.06**
The above includes allocation of `56.25 lakhs (Previous Year ` 67.37 lakhs) towards Corporate Social Responsibility which are shown under Employee Benefits Expenses in note 31.		
(b) Gross amount required to be spent by the Company	11,24.94	12,10.74

NOTE 38 : EXCEPTIONAL ITEMS

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit on sale of property (Refer note below)	17,54.48	41,75.88
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)
Sale of Brands	3.79	640.96
Others	21.58	-
Redundancy Costs	-	(170.29)
	17,79.85	**45,73.05**

Note: Profit on sale of a property for the year ended March 31, 2017 includes a property sold vide a binding agreement for the 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 the year ended March 31, 2017, the proceeds for this disposal were held as cheques on hand which have been realised in the current year.

NOTE 39 : 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, 2018. 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)

	Year ended March 31, 2018	Year ended March 31, 2017
Charge to the Statement of Profit and Loss based on contributions:		
Superannuation	5,45.56	5,15.84
Employees' pension scheme	6,20.29	6,31.74

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(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:

i) 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.

ii) 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.

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 scheme is a non-contributory defined benefit arrangement providing benefits expressed in terms of a multiple of final monthly salary. The liability for leave encashment and compensated absences as at year end is ` 27,41.74 lakhs. (March 31, 2017: ` 31,62.20 lakhs).

Based on the actuarial valuations 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)

		Year ended March 31, 2018			Year ended March 31, 2017		
		Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
		(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(i)	**Change in Defined Benefit Obligation**						
	Opening defined benefit obligation	75,96.54	41,82.18	449,05.18	69,05.60	38,72.19	383,16.34
	Amount recognised in Statement of profit and loss/Capitalised						
	Current service cost	5,27.44	62.06	12,83.13	5,10.12	51.91	11,36.76
	Past service cost	13,43.16	-	-	-	-	-
	Interest cost	5,26.23	2,85.55	32,19.89	5,31.09	2,93.24	30,73.71
		23,96.83	3,47.61	45,03.02	10,41.21	3,45.15	42,10.47
	**Amount recognised in other comprehensive income*						
	Actuarial loss / (gain) arising from:						
	Financial assumptions	(3,47.19)	(2,36.17)	-	1,19.82	3,64.21	-
	Demographic assumptions	1,69.15	(38.78)	-	-	-	-
	Experience adjustment	(93.30)	(180.11)	(4,47.87)	88.97	(65.46)	12,59.00
		(2,71.34)	(4,55.06)	(4,47.87)	2,08.79	2,98.75	12,59.00
	Contributions by employee	-	-	31,61.73	-	-	29,44.35
	Liabilities assumed on acquisition/(settled on divestiture)	(1.13)	-	3,04.79	2.62	-	(2,44.84)
	Benefits paid	(4,53.69)	(3,23.53)	(23,09.87)	(5,61.68)	(3,33.91)	(15,80.14)
	Closing defined benefit obligation	**92,67.21**	**37,51.20**	**501,16.98**	**75,96.54**	**41,82.18**	**449,05.18**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		Year ended March 31, 2018			Year ended March 31, 2017		
		Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
		(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(ii)	**Change in Fair Value of Assets**						
	Opening fair value of plan assets	19,72.94	-	449,05.17	22,67.54	-	383,16.34
	Amount recognised in the statement of profit and loss / capitalised	-	-	-	-	-	-
	Expected return on plan assets	1,27.72	-	32,19.89	1,90.19	-	30,73.71
	Amount recognised in other comprehensive income						
	Actuarial gain / (loss)	1,32.40	-	(4,47.87)	(23.11)	-	12,59.00
	Contributions by employer	2,00.00	-	12,83.13	1,00.00	-	11,36.76
	Contributions by employee	-	-	31,61.73	-	-	29,44.35
	Assets Acquired on acquisition/(settled on divestiture)	-	-	3,04.80	-	-	(2,44.84)
	Benefits paid	(4,53.69)	-	(23,09.87)	(5,61.68)	-	(15,80.14)
	Closing fair value of plan assets	19,79.37	-	501,16.98	19,72.94	-	449,05.18
	Actual return on Plan Assets	2,60.12	-	27,72.02	1,67.08	-	43,32.71
(iii)	**Amount recognised in the Statement of Profit and Loss**						
	Service Cost:						
	Current service cost	5,27.44	62.06	12,83.13	5,10.12	51.91	11,36.76
	Past service cost	13,43.16	-	-	-	-	-
	Net interest expense	3,98.51	2,85.55	-	3,40.90	2,93.24	-
	Less : Employee Cost Capitalised for Vemgal	-	-	(73.80)	-	-	(54.78)
	Components of defined benefit costs recognised in the statement of profit and loss	22,69.11	3,47.61	12,09.33	8,51.02	3,45.15	10,81.98
(iv)	**Amount recognised in Other comprehensive income**						
	Remeasurement on the net defined benefit liability:						
	Return on plan assets (excluding amounts included in net interest expense)	1,32.40	-	4,47.87	(23.11)	-	(12,59.00)
	Acturial gain / (losses) arising from changes in demographic assumptions	(1,69.15)	38.78	-	-	-	-
	Acturial gain / (losses) arising from changes in financial assumptions	3,47.19	2,36.17	-	(1,19.82)	(3,64.21)	-
	Acturial gain / (losses) arising from changes in experience adjustments	93.30	1,80.11	(4,47.87)	(88.97)	65.46	12,59.00
	Components of defined benefit costs recognised in Other Comprehensive Income	4,03.74	4,55.06	-	(2,31.90)	(2,98.75)	-
(v)	**Amount recognised in the Balance Sheet**						
	Present value of obligations as at year end	92,67.21	37,51.20	501,16.98	75,96.54	41,82.18	449,05.18
	Fair value of plan assets as at year end	19,79.37	-	501,16.98	19,72.94	-	449,05.18
	Net (asset) / liability recognised as at year end	72,87.84	37,51.20	-	56,23.60	41,82.18	-
(vi)	**The major categories of plan assets are as follows:**						
	Government of India Securities	52%		46%	36%		42%
	Corporate Bonds	36%		46%	53%		39%
	Special Deposit Scheme	0%		0%	0%		10%
	Others	12%		8%	11%		9%

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		Year ended March 31, 2018			Year ended March 31, 2017		
		Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
		(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(vii)	**Principal actuarial assumptions used**						
	Discount rate (p.a.)	7.70%	7.70%	7.70%	7.15%	7.15%	7.15%
	Expected rate of return on plan assets (p.a.)	13.00%		9.02%	8.00%		9.23%
	Salary escalation rate	5.00% - 7.00%			5.00% - 7.00%		
	Annual increase in health care premiums (p.a.)		5%			5%	

(viii) 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.

	As at March 31, 2018		As at March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement) - Gratuity	-3.94%	4.23%	-4.80%	5.21%
Future salary growth (0.5% movement) - Gratuity	3.84%	-3.67%	3.41%	-3.39%
Discount rate (0.5% movement) - Post retirement medical benefit	-5.30%	5.85%	-5.72%	6.36%
Health care cost rate (1% movement)	10.74%	-8.89%	11.79%	-9.64%
Life expectancy +/- 1 year	2.37%	-2.46%	2.44%	-2.53%

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 one variable is changed, it affects 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, 2019 is ` 2,00.00 lakhs (March 31, 2018: ` 1,00.00 lakhs)

The weighted average duration of defined benefit obligation is 8.17 years (March 31, 2017 16.02 years)

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

(` in lakhs)

March 31, 2018	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations (Gratuity)	9,06.38	7,91.98	28,53.64	163,41.47	208,93.47
Post employment medical benefits	2,02.83	2,14.63	7,17.29	115,10.63	126,45.38
Total	**11,09.21**	**10,06.61**	**35,70.93**	**278,52.10**	**335,38.85**

(` 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**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 40 : CONTINGENT LIABILITIES AND COMMITMENTS

(` in lakhs)

			March 31, 2018	March 31, 2017
A.	**Contingent Liabilities not provided for:**			
	(i)	Cheques discounted with banks	4,70.84	2,45.56
	(ii)	In respect of claims made against the Company not acknowledged as debts by the Company		
		- Sales tax matters	146,75.95	350,84.38
		- Excise and custom matters	7,30.36	5,93.30
		- Service tax matters	1,29.20	1,29.20
		- Labour matters	57,57.80	55,59.06
		- Other legal matters	25,08.23	89,78.26
		which net of current tax amount to -	154,84.33	329,21.07
		- Income-tax matters in respect of which appeals are pending		
		Tax on matters in dispute	240,27.97	172,50.80
		Notes: Future cash outflows in respect of (i) above are dependant on the return of cheques by banks. Future cash outflows in respect of (ii) 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 reimbursement 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 below)	67,06.83	147,84.05
	(ii)	Uncalled liability on partly paid shares:		
		- in Hill Properties Limited	0.08	0.10
		Note:		
		Future cash outflow is dependent on the call to be made by Hill Properties Limited.		

Note: Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for as at March 31, 2018 and March 31, 2017 mainly comprises of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.

41 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 19th October 2001 which was held in favour of the Company, the Supreme Court has, vide its Judgement and Order dated 31st March 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 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 12th May 1981 to 17th October 1996, for which no provision was made in earlier years. The Government has vide letter dated 4th May 2011 called upon

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

the Company to discharge the entire liability, including upto date interest calculated at 15% p.a., and has vide letter dated 10th October 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 10th October 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 instalments have been deposited with the Government as of date. The Supreme Court, vide its order dated 5th October 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 6th July, 2018.

NOTE 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 21st July, 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 21st July, 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 to the Managing Director and three whole time Directors amounting to ` 10.93 lakhs for the year ended 31st August, 1986, which was in accordance with the minimum remuneration provided in the agreements 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.

NOTE 43 : MATTERS IN RESPECT OF ERSTWHILE SMITHKLINE BEECHAM (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 accounts 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 Standalone Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 44: DISCLOSURES AS REQUIRED BY MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE AS UNDER:

(` in lakhs)

			March 31, 2018	March 31, 2017
(a)	The principal amount and the interest due thereon remaining unpaid to suppliers			
	(i)	Principal	7,30.78	2,85.60
	(ii)	Interest due thereon	1.33	14.27
			7,32.11	2,99.87
(b)	(i)	The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	18,88.40	3,38.37
	(ii)	Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	14.27	-
(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	1.33	13.93
	(ii)	Total Interest accrued during the year and remaining unpaid	1.33	13.93
(e)	Amount of estimated interest due and payable for the period from April 1, 2018 to actual date of payment or May 23, 2018, whichever is earlier		-	-
	The above information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.			

NOTE 45 : TAX EXPENSE

(a) Amounts recognised in the Statement of Profit and Loss

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
Current tax on profits for the year	204,33.82	162,96.98
Total current tax expense	204,33.82	162,96.98
Deferred tax		
In respect of current year	(14,53.77)	11,33.42
In respect of prior years	79.74	-
Adjustment to deferred tax attributable to change in income tax rate	(1,00.21)	-
Total Deferred tax (benefit) / expense	(14,74.24)	11,33.42
Total tax expense	**189,59.58**	**174,30.40**

(b) Amounts recognised in Other Comprehensive Income (OCI)

(` in lakhs)

	Year ended March 31, 2018			Year ended March 31, 2017		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to the Statement of Profit and Loss						
Remeasurements of the defined benefit plans	8,58.80	(3,00.10)	5,58.70	(5,30.65)	1,83.65	(3,47.00)
	8,58.80	**(3,00.10)**	**5,58.70**	**(5,30.65)**	**1,83.65**	**(3,47.00)**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(c) Reconciliation of effective tax rate

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax	541,58.35	511,07.91
Tax using the Company's domestic tax rate at 34.608%	181,34.62	160,20.36
Tax using the Company's domestic tax rate in terms of Long Term Capital Gain at 23.072%	4,05.67	11,11.34
Total Tax	**185,40.29**	**171,31.70**
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	2,48.71	3,95.81
Donations	70.51	1.57
Due to change in income tax rate from 34.608% to 34.944%.	(1,00.21)	-
Other items	2,00.28	88.61
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 tax Expense	**189,59.58**	**174,30.40**

Consequent to the reconciliation items shown above, the effective tax rate is 35.01% (Financial Year 2016-17: 34.11%)

(d) Movement in deferred tax balances

(` in lakhs)

March 31, 2018	Opening balance April 01, 2017	Recognised in the Statement of Profit and Loss	Recognised in OCI	Net Deferred tax asset / (liability)
	INR	INR	INR	INR
Deferred tax asset				
Provision for Employee Benefits	44,68.08	6,45.68	(3,00.10)	48,13.66
Voluntary retirement schemes	98.49	(93.50)	-	4.99
Allowance for doubtful debts	6,97.75	(21.65)	-	6,76.10
Interest on Income Tax refund not accounted but considered as taxable under the Income Tax Act,1961	22,42.11	21.77	-	22,63.88
Expenses allowable for tax Purposes when paid	30,88.05	10,78.94	-	41,66.99
Total Deferred tax asset	**105,94.48**	**16,31.24**	**(3,00.10)**	**119,25.62**
Deferred tax liabilities				
Fiscal allowance on Property, Plant and Equipment and Other Intangible assets	(14,63.34)	(1,57.00)	-	(16,20.34)
Deferred tax asset (net)	**91,31.14**	**14,74.24**	**(3,00.10)**	**103,05.28**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(d) Movement in deferred tax balances

(` in lakhs)

March 31, 2017	Opening balance April 01, 2016	Recognised in the Statement of Profit and Loss	Recognised in OCI	Net Deferred tax asset / (liability)
	INR	INR	INR	INR
Deferred tax asset				
Provision for Employee Benefits	44,10.11	(1,25.68)	1,83.65	44,68.08
Voluntary retirement schemes	4,96.44	(3,97.95)	-	98.49
Allowance for doubtful debts	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 purpose when paid	32,24.12	(1,36.07)	-	30,88.05
Total Deferred tax asset	**110,10.94**	**(6,00.11)**	**1,83.65**	**105,94.48**
Deferred tax liabilities				
Fiscal allowance on Property, Plant and Equipment and Other Intangible assets	(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**

NOTE 46 : LEASES

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

(` in lakhs)

	Lease Rental debited to Statement of Profit and Loss	Future Minimum lease Payments	As at March 31, 2018	As at March 31, 2017
Manufacturing Arrangement with Loan Licensee identified as operating lease	` 11,75.55 lakhs (Previous Year: `3,28.88 lakhs)	Within one year	9,86.10	1,314.80
		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 ` 23,34.82 lakhs (Previous Year `20,68.92 lakhs) have been included under the head Rent under Note 34 in the Statement of Profit and Loss.

NOTE 47 : EARNINGS PER SHARE

		Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year	Rupees in lakhs	351,98.77	336,77.51
Weighted average number of shares	Nos.	84,703,017	84,703,017
Earnings per share (Basic and Diluted)	`	41.56	39.76
Face value per share	`	10	10

48 (a) Current tax liabilities are net of taxes paid amounting to ` 1,349,11.61 lakhs (March 31, 2017 ` 160,85.90 lakhs).

(b) Current tax assets (net) represents payments in excess of provisions of ` 2386,81.91 lakhs (March 31, 2017 ` 3455,48.82 lakhs)

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 49 : FINANCIAL INSTRUMENTS - FAIR VALUE 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)

	As at March 31, 2018	As at March 31, 2017
Financial assets at fair value through OCI (FVTOCI)		
Investment in Equity instruments	5.50	5.50
Total Investment in Equity Instruments	**5.50**	**5.50**
Financial assets at amortised cost		
Investment in Subsidiary	47,61.30	47,61.30
National Savings Certificate	0.17	0.17
Security Deposits	14,58.05	13,27.96
Margin money/ Deposit against bank guarantee	27.76	2,42.76
Trade receivables	146,95.89	170,79.67
Cash and cash equivalents	199,39.66	138,27.38
Bank balances other than Cash and cash equivalents	1080,29.43	743,95.98
Interest accrued on deposits with bank	21,39.93	31,74.57
Receivable from group companies	35,65.70	54,42.80
Advances recoverable	85.81	14,30.57
Total financial assets	**1547,03.70**	**1216,83.16**
Financial liabilities at amortised cost		
Borrowings	98.90	1,59.50
Security deposits received	2,24.47	2,25.47
Payable to employees	93,41.84	86,66.83
Unclaimed dividends	23,34.70	23,14.76
Trade payables	502,52.60	275,92.23
Payable to Subsidiary company	-	73.14
Creditors for capital goods	140,39.16	243,55.29
Rationalisation relating to a manufacturing site	130.28	1,30.28
Other Payables	8,24.11	5,13.45
Total financial Liabilities	**772,46.06**	**640,30.95**

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)

	As at March 31, 2018	As at March 31, 2017
Financial Instruments measured at Fair value (Level 3)		
Investment in Equity instruments	5.50	5.50
	5.50	**5.50**

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

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 : It 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.

(b) Fair value of financial assets and liabilities measured at amortised cost

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Financial assets		
Investment in Subsidiary		
Carrying value	47,61.30	47,61.30
Fair value	47,61.30	47,61.30
National Savings Certificate		
Carrying value	0.17	0.17
Fair value	0.17	0.17
Security Deposits		
Carrying value	14,58.05	13,27.96
Fair value	14,58.05	13,27.96
Margin money/ Deposit against bank guarantee		
Carrying value	27.76	2,42.76
Fair value	27.76	2,42.76
Financial liabilities		
Borrowings		
Carrying value	98.90	1,59.50
Fair value	98.90	1,59.50
Security deposits received		
Carrying value	2,24.47	2,25.47
Fair value	2,24.47	2,25.47

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 Trade receivables, Cash and cash equivalents, Bank balances other than Cash and cash equivalents, Interest accrued on deposits with bank, Receivable from group companies, Advances recoverable, Payable to employees, Unclaimed Dividends, Trade payables, Payable to Subsidiary company, Creditors for capital goods, Rationalisation relating to a manufacturing site and Other Payables are considered to be the same as their fair values due to their short term nature.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

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 hospitals 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.

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 as at March 31, 2018 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

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, 2018	Gross Carrying amount	Expected Credit Losses	Carrying amount of trade receivables (net of Expected Credit loss)
Not due	113,99.19	1.60	1,13,97.59
Past due 0-180 days	26,15.81	98.63	25,17.18
Past due 181-360 days	2,15.81	3.42	2,50.83
Past due 361-720 days	1,66.23	7.20	1,59.83
Past due 721-1080 days	4,46.22	74.95	3,71.27
Past due more than 3 years	13,83.17	13,83.17	-
Total	**162,64.86**	**15,68.97**	**146,95.89**

(` in lakhs)

As at March 31, 2017	Gross Carrying amount	Expected Credit Losses	Carrying amount of trade receivables (net of Expected Credit loss)
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 181-360 days	1,96.09	5.30	1,90.79
Past due 361-720 days	4,17.36	30.23	3,87.13
Past due 721-1080 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**

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, 2018, the Company had working capital of ` 567,00.77 lakhs, including cash and cash equivalents of ` 199,39.66 lakhs, and investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months but less than 12 months) of ` 1054,00.00 lakhs.

As of March 31, 2017, the Company had working capital of ` 932,38.61 lakhs, including cash and cash equivalents of ` 138,27.38 lakhs, and investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months but less than 12 months) of ` 720,00.00 lakhs.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

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, 2018	Contractual cash flows					
	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	98.90	98.90	40.60	40.60	17.70	-
Trade Payables and other payables	745,87.99	745,87.99	745,87.99	-	-	-
Unclaimed dividends	23,34.70	23,34.70	23,34.70	-	-	-
Security deposits received	2,24.47	2,24.47	-	-	2,24.47	-

(` in lakhs)

As at March 31, 2017	Contractual cash flows					
	Carrying amount	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	613,31.22	613,31.22	613,31.22	-	-	-
Unclaimed dividends	23,14.76	23,14.76	23,14.76	-	-	-
Security deposits received	2,25.47	2,25.47	-	-	2,25.47	-

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 statement of profit and loss, 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, EUR and other currencies. The Company has not hedged this foreign currency exposure and strives to achieve asset liability offset of foreign currency exposure.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Exposure to currency risk

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

(` in lakhs)

	March 31, 2018				March 31, 2017			
	GBP	USD	EUR	Others	GBP	USD	EUR	Others
Current Financial assets	88.66	3.30	-	-	-	5.56	-	-
Trade payables	11,70.92	167,77.69	635.81	2,73.32	97.12	26,12.99	6,33.84	1,58.79
Capital Creditors	51,81.23	6,53.14	25,94.52	12.23	30,08.97	13,19.28	78,03.99	-
Net statement of financial position exposure	(62,63.49)	(174,27.53)	(32,30.33)	(2,85.55)	(31,06.09)	(39,26.71)	(84,37.83)	(1,58.79)

Sensitivity analysis

A reasonably possible strenghtening / 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.

(` in lakhs)

Effect in ` Lakhs	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2018					
GBP	5%	(3,13.17)	3,13.17	-	-
USD	5%	(8,71.38)	8,71.38	-	-
EUR	5%	(1,61.52)	1,61.52	-	-
Other currencies	5%	(14.28)	14.28	-	-

(` in lakhs)

Effect in ` Lakhs	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2017					
GBP	5%	(1,55.30)	1,55.30	-	-
USD	5%	(1,96.34)	1,96.34	-	-
EUR	5%	(4,21.89)	4,21.89	-	-
Other currencies	5%	(7.94)	7.94	-	-

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

NOTE 50 : 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 deferred sales tax incentive 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(b) Dividends

(` in lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
(i)	Equity shares		
	Final dividend for the year ended March 31, 2017 of ` 30 (March 31, 2016 : ` 50) per fully paid share	254,10.91	423,51.50
(ii)	Dividend Distribution Tax on the above	51,73.06	86,21.92
(iii)	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 ` 35.00 per fully paid equity share (March 31, 2017 ` 30 per fully paid equity share). The proposed dividend for the year ended March 31, 2018 is subject to the approval of shareholders in the ensuing annual general meeting.	296,46.06	254,10.91
(iv)	Dividend Distribution Tax on the above	60,93.75	51,73.06

NOTE 51 : 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, 2018	Year ended March 31, 2017
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	2839,50.57	2941,72.24
Revenue from foreign countries	56,37.45	52,78.26
Total	**2895,88.02**	**2994,50.50**

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Details of non current asset		
Non Current asset from the Country of Domicile- India	1636,38.31	1216,61.90
Non Current asset from foreign countries	-	-
Total	**1636,38.31**	**1216,61.90**

Information about major customers

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

NOTE 52 : 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

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

Eskaylab Limited, U.K.

Burroughs Wellcome International Limited, U.K.

Castleton Investment Limited, Mauritius (Upto 30th March, 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

(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 Brasil Ltda, Brazil

GlaxoSmithKline Consumer Healthcare Limited, India

GlaxoSmithKline Biologicals S.A., Belgium

GlaxoSmithKline Pharmaceuticals S.A., Belgium

GlaxoSmithKline Services Unlimited, U.K.

Glaxo Operations UK Limited, U.K.

GlaxoSmithKline Export Limited, U.K.

GlaxoSmithKline Latin America S.A

GlaxoSmithKline Pakistan Limited, Pakistan

GlaxoSmithKline Research & Development Ltd, U.K.

GlaxoSmithKline Pte Limited, Singapore

GlaxoSmithKline Corporate Centre, U.S.A

GlaxoSmithkline Philippines Inc., Philippines

GlaxoSmithKline Australia Pty Limited, Australia

GlaxoSmithKline Trading Services Limited, Ireland

GlaxoSmithKline Limited, Hong Kong

GlaxoSmithKline South Africa (Pty) Ltd, South Africa

GlaxoSmithKline LLC, U.S.A

GlaxoSmithKline Pharmaceutical Nigeria Limited, Nigeria

Stiefel India Private Limited, India

Glaxo Wellcome Ceylon Ltd., Sri Lanka

US GMS Financial Services, U.S.A.

Chiron Behring Vaccines Private Ltd, India

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(iv) Directors and members of GSK India Management Team and their relatives:

Directors:
Mr. A. Vaidheesh #
Ms. P. Thakur # (w.e.f. January 1, 2018)
Mr. A. Aristidou # (upto December 31, 2017)
Mr. R.C. Sequeira (upto February 11, 2017)
Mr. R. Krishnaswamy #
Mr. N. Kaviratne
Mr. P. Bhide
Ms. A. Bansal
Mr. A.N. Roy
Mr. D.S. Parekh
Mr. D. Sundaram
Mr. R.R. Bajaaj
Mr. R. Simard (upto February 11, 2017) *
Mr. S. Williams (w.e.f. April 7, 2017)
Mr. M. Jones (w.e.f. April 7, 2017)

GSK India Management Team:
Mr. A. Nadkarni (w.e.f. April 17, 2017)
Mr. B. Akshikar (upto December 31, 2016)
Mr. K. Hazari
Mr. R. D'souza (w.e.f. April 17, 2017)
Mr. R. Bartaria
Mr. R.C. Sequeira (upto September 30, 2017)
Mr. S. Khanna (upto November 30, 2016)
Mr. S. Dheri
Mr. S. Venkatesh (upto December 31, 2016)
Ms. S. Choudhary (w.e.f. January 18, 2017)
Mr. S. Webb (w.e.f. January 17, 2018)
Ms. V. Desai (w.e.f. May 16, 2017)
Mr. V. Balakrishnan (w.e.f. March 20, 2017)
Mr. B. Kotak (w.e.f. June 14, 2017)
Mr. A. Iyer (w.e.f. October 13, 2017)
Ms. M. Priyam (w.e.f. July 27, 2017)
Ms. D. Jakate (w.e.f. February 19, 2018)

Also 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)

	2017-18	2016-17
Glaxo Group Limited, U.K.	91,45.58	152,42.63
GlaxoSmithKline Pte Limited, Singapore	71,40.60	103,04.89
Eskaylab Limited, U.K.	17,64.00	29,40.00
Burroughs Wellcome International Limited, U.K.	10,08.00	16,80.00
Castleton Investment Limited, Mauritius	-	15,96.12

(ii) Details relating to parties referred to in items 1(i), 1(ii) and 1(iii) above:

		Holding company/ ultimate holding company 1(i)		Subsidiary of the company 1(ii)		Other companies in the GSK Group 1(iii)	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1	Purchase of materials/traded goods	-	-	-	-	532,29.27	556,83.20
2	Sale of materials/sale of products	-	-	-	-	21.87	74.27
3	Sale of fixed assets	-	-	-	-	-	5,66.82
4	Intangible assets	-	-	-	-	49,66.22	22,24.96
5	Expenses recharged to other companies	-	-	45.53	1,60.06	33,41.62	31,97.87
6	Expenses recharged by other companies	-	-	-	-	31,09.78	39,73.21
7	Manufacturing charges recovered	-	-	-	-	10,38.19	9,98.34
8	Consignment sales commission received	-	-	-	20.01	13.17	14.77
9	Clinical research and data management recoveries	-	-	-	-	40,72.62	36,81.75
10	Central Value Added Tax credits availed on behalf of a related party (net)	-	-	-	-	1,63.58	4,26.04
11	Employee benefits transferred to a related party	-	-	-	-	(1.41)	(2.92)
12	Outstanding receivables at the period end	-	-	27.47	-	123,82.03	-
13	Outstanding payables at the period end	-	-	-	73.14	312,53.78	-
14	Outstanding (payables)/receivables at the period end (net) #	-	-	-	-	-	(31,96.18)

Transactions with the above parties are accounted in the respective current accounts.

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(iii) Disclosure in respect of material transactions with parties referred to in item 1 (i), 1(ii) and 1(iii) above:

(` in lakhs)

		2017-18	2016-17
(a)	Purchase of materials/traded goods:		
	GlaxoSmithKline Asia Private Limited, India	205,33.55	187,97.67
	GlaxoSmithKline Biologicals S.A., Belgium	196,77.90	71,64.77
	Chiron Behring Vaccines Private Ltd, India	-	64,88.42
	GlaxoSmithKline Export Limited, U.K.	90,47.88	211,19.25
(b)	Sale of materials/sale of products:		
	SmithKline Beecham Limited, U.K.	-	29.66
	GlaxoSmithKline Trading Services Limited, Ireland	21.87	44.61
(c)	Sale of fixed assets:		
	GlaxoSmithKline Pakistan Limited, Pakistan	-	5,66.82
(d)	Intangible assets under development:		
	GlaxoSmithKline Services Unlimited, U.K.	-	22,24.96
(e)	Intangible assets:		
	GlaxoSmithKline Services Unlimited, U.K.	49,66.22	-
(f)	Expenses recharged to other companies:		
	GlaxoSmithKline Asia Private Limited, India	6,56.68	6,74.62
	GlaxoSmithKline Biologicals S.A., Belgium	-	9,80.22
	GlaxoSmithKline Consumer Healthcare Limited, India	-	3.45
	GlaxoSmithKline Services Unlimited, U.K.	5,80.04	2,20.39
	Glaxo Operations UK Limited, U.K	7,03.55	6,21.61
	GlaxoSmithKline Trading Services Limited, Ireland	5,28.74	5,83.21
	GlaxoSmithKline Pharmaceutical Nigeria Limited, Nigeria	3,61.37	-
(g)	Expenses recharged by other companies:		
	GlaxoSmithKline Consumer Healthcare Limited, India	23,19.62	27,45.70
	Glaxo Operations UK Limited, U.K	-	8,25.97
	GlaxoSmithKline Services Unlimited, U.K.	-	1,46.53
(h)	Manufacturing charges recovered:		
	GlaxoSmithKline Asia Private Limited, India	10,38.19	9,98.34
(i)	Consignment sales commission received:		
	GlaxoSmithKline Asia Private Limited, India	13.17	14.77
(j)	Clinical research and data management recoveries:		
	GlaxoSmithKline Biologicals S.A., Belgium	23,16.70	23,14.26
	GlaxoSmithKline Research & Development Ltd, U.K.	17,55.92	13,67.49
(k)	Central Value Added Tax credits availed on behalf of a related party (net):		
	GlaxoSmithKline Asia Private Limited, India	1,63.58	4,26.04
(l)	Employee benefits transferred (from)/ to a related party:		
	GlaxoSmithKline Asia Private Limited, India	(1.41)	(2.92)

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		As at March 31, 2018
(m)	Outstanding receivables at the period end :	
	GlaxoSmithKline Asia Private Limited, India	4,77.26
	GlaxoSmithKline Consumer Healthcare Limited, India	103,71.58
	GlaxoSmithKline Biologicals S.A., Belgium	2,10.75
	GlaxoSmithKline Export Limited, U.K.	41.20
	GlaxoSmithKline Research & Development Ltd, U.K.	2,64.82
	GlaxoSmithKline Trading Services Limited, Ireland	50.09
	GlaxoSmithKline Services Unlimited, U.K.	93.14
	Glaxo Operations UK Limited, U.K.	2,03.02
	Chiron Behring Vaccines Private Ltd, India	16.78

(` in lakhs)

		As at March 31, 2018
(n)	Outstanding payables at the period end :	
	GlaxoSmithKline Asia Private Limited, India	29,78.52
	SmithKline Beecham Limited, U.K.	48.83
	GlaxoSmithKline Consumer Healthcare Limited, India	74,77.27
	GlaxoSmithKline Biologicals S.A., Belgium	130,73.89
	GlaxoSmithKline Export Limited, U.K.	18,36.96
	GlaxoSmithKline Services Unlimited, U.K.	48,17.60
	Glaxo Operations UK Limited, U.K.	82.17
	Chiron Behring Vaccines Private Ltd, India	79.31

(` in lakhs)

		As at March 31, 2017
(o)	Outstanding (payables)/receivables at the period end (net):	
	GlaxoSmithKline Asia Private Limited, India	(55,00.24)
	SmithKline Beecham Limited, U.K.	28.88
	GlaxoSmithKline Consumer Healthcare Limited, India	21,59.67
	GlaxoSmithKline Biologicals S.A., Belgium	4,91.22
	GlaxoSmithKline Export Limited, U.K.	20,76.63
	GlaxoSmithKline Research & Development Ltd, U.K.	1,13.98
	GlaxoSmithKline Trading Services Limited, Ireland	46.92
	GlaxoSmithKline Services Unlimited, U.K.	(19,30.16)
	Glaxo Operations UK Limited, U.K.	87.94
	Chiron Behring Vaccines Private Ltd, India	(6,23.64)

Notes to the Standalone Financial Statements for the year ended March 31, 2018 (contd.)

(iv) Details relating to persons referred to in item 1(iv) above:

(` in lakhs)

		2017-18	2016-17
1	Remuneration/commission/sitting fees	24,81.72	21,93.92
2	Payments under the long-term incentive plan	1,11.71	1,37.81
3	Interest income on loans given	0.15	0.26
4	Outstanding loans receivable	-	8.50

(v) Disclosure in respect of material transactions with persons referred to in item 1(iv) above:

(` in lakhs)

		2017-18	2016-17
(a)	Remuneration/commission/sitting fees:		
	Mr. A. Vaidheesh	6,01.16	4,06.22
	Mr. A. Aristidou	3,71.77	3,41.26
	Mr. S. Venkatesh	-	3,23.88
(b)	Payments under the long-term incentive plan:		
	Mr. R. Bartaria	11.75	24.96
	Mr. R.C. Sequeira	-	24.98
	Mr. R. Krishnaswamy	24.96	24.98
	Mr. S. Dheri	11.75	15.93
	Mr. S. Khanna	-	23.60
	Mr. K. Hazari	21.66	-
(c)	Interest income on loans given:		
	Mr. S. Dheri	0.15	0.26
(d)	Outstanding loans receivable:		
	Mr. S. Dheri	-	8.50

NOTE 53 : 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 4.8% (Previous Year – 4.5%) over the duration of the award.

Reconciliation of RSAs

	Number of RSA
As at April 1, 2016	**75,922**
Granted	66,174
Exercised *	(35,534)
Cancelled	(5,654)
As at March 31, 2017	**100,908**
Granted	75,170
Exercised *	(17,340)
Cancelled	(1,280)
As at March 31, 2018	**157,458**

*The weighted average share price at the date of exercise of the awards exercised during the year ended March 31, 2018 was GBP 12.95 (March 31, 2017 GBP 16.48)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefits expense were as follows:

(` in lakhs)

	2017-18	2016-17
Restricted Share Awards (RSAs)	7,35.04	5,72.66

Carrying amount of liability

(` in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of liability included in long term incentive plan (Notes 21 and 25)	9,86.36	6,03.77

NOTE 54 : EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors has recommended Equity dividend of ` 35.00 per share for the year ended March 31, 2018 (March 31, 2017: ` 30.00 per share) (Refer Note 50 (b)).

NOTE 55

Previous year figures have been regrouped / reclassified wherever necessary.

NOTE 56 : APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the board of directors on May 24, 2018

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

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:	24,03.36
6.	Total assets:	30,35.50
7.	Total Liabilities:	5,36.14
8.	Investments:	Nil
9.	Revenue from operation:	(23.24)
10.	Profit before taxation:	(1,61.83)
11.	Provision for taxation:	(35.64)
12.	Profit after taxation:	(1,26.19)
13.	Proposed Dividend:	Nil
14.	% of shareholding:	100%

Notes: The following information shall be furnished at the end of the statement: Not Applicable

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures : Not Applicable

BIDDLE SAWYER LIMITED

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in submitting their 72nd Report for the year ended 31st March 2018.

FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

` in Lakhs

	Year ended 31st March 2018	Year ended 31st March 2017
Revenue from Operations	(23.24)	571.83
Profit before Tax	(161.83)	10.68
Provision for Tax	-	4.86
Deferred Tax Charge / (credit)	(35.64)	2.13
Net Profit for the year	(126.19)	3.69
Opening Surplus brought forward	2529.55	2525.86
Closing Surplus carried forward	2403.36	2529.55

State of Company Affairs

During the year your Company did not generate revenue as it's products were under supply constraints. However the Company accepted normal sales returns amounting to ` 23.24 lakhs. Company incurred loss of ` 126,19 lakhs, as compared to profit after tax ` 3.69 lakhs during the previous year ended 31st March 2017.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March 2018.

AUDITORS AND AUDITOR'S REPORT

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 Auditor's 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

During the year under review, Mr. Andrew Aristidou resigned as Director of the Company with effect from 31st December 2017 and Ms. Puja Thakur was appointed as Director of the Company in Causal Vacancy with effect from 1st January 2018. Mr. Rohan Mota, was appointed as a Company Secretary with effect from 25th October 2017.

In terms of the provisions of the Companies Act, 2013, Mr. Raju Krishnaswamy 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:

a) in the preparation of the annual accounts for the financial year ended 31st March 2018 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) 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 2018 and of the profit or loss of the Company for that period;

c) 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;

d) the Directors have prepared the annual accounts for the financial year ended 31st March 2018 on a going concern basis;

e) 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 2017-18.
- As on 31st March 2018, 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 2017-18.
- 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 2017-18.

ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude for the assistance and co-operation received from Government, Banks, Authorities, Customer's, Vendors and to all its Members for the trust and confidence reposed in the Company.

For and on behalf of the Board of Directors

Annaswamy Vaidheesh
Chairman

Mumbai, 18th May 2018

ANNEXURE 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2018

[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 400030
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 1st April 2017]				No. of Shares held at the end of the year [as on 31st March 2018]				% 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	GlaxoSmithKline 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):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year- 1st April, 2017		Cumulative shareholding during the year 31st March 2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	GlaxoSmithKline 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		
		Nil	Nil		
	At the End of the year	959994	99.99	959994	99.99
2.	Annaswamy Vaidheesh jointly with GlaxoSmithKline 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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year- 1st April, 2017		Cumulative shareholding during the year 31st March 2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	Andrew Aristidou jointly with GlaxoSmithKline 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	(1)	0.00		
	At the End of the year	0	0.00	0	0.00
4.	Raju Krishnaswamy jointly with GlaxoSmithKline 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 GlaxoSmithKline 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 GlaxoSmithKline 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	(1)	0.00		
	At the End of the year	0	0.00	0	0.00
7	Ajay Nadkarni jointly with GlaxoSmithKline 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
8	Puja Thakur jointly with GlaxoSmithKline Pharmaceuticals Ltd				
	At the beginning of the year	0	0.00		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (share transferred on 2nd February 2018)	1	0.00	1	0.00
	At the End of the year	1	0.00	1	0.00
9	Rohan Mota jointly with GlaxoSmithKline Pharmaceuticals Ltd				
	At the beginning of the year	0	0.00		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (share transferred on 2nd February 2018)	1	0.00	1	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 1st April 2017		Cumulative shareholding during the year 31st March 2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Annaswamy Vaidheesh with GlaxoSmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
2	Andrew Aristidou jointly with GlaxoSmithKline Pharmaceuticals Ltd	1	0.00	0	0.00
3	Raju Krishnaswamy jointly with GlaxoSmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
4	Ronald Sequeira jointly with GlaxoSmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
5	Ajay Nadkarni jointly with GlaxoSmithKline Pharmaceuticals Ltd	1	0.00	1	0.00
6	Nilesh Limaye jointly with GlaxoSmithKline Pharmaceuticals Ltd	1	0.00	0	0.00
7	Puja Thakur jointly with GlaxoSmithKline Pharmaceuticals Ltd	0	0.00	1	0.00
8	Rohan Mota jointly with GlaxoSmithKline Pharmaceuticals Ltd	0	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 2018.

On behalf of the Board of Directors

A. Vaidheesh
DIN: 01444303

P. Thakur
DIN: 07971789

Mumbai, 18th May 2018

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, 2018, 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 by us 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, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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.

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
MEMBERSHIP NO.F.10620

Place: MUMBAI
Date: 18th May, 2018

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 2018, 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 2018 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, guaranteesandsecurities 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, Goods and Service 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, Goods and Service 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, Goods and Service 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 Value Added Tax	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, 2018. 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 IndianAccounting 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 andhence 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:18th May, 2018

ANNEXURE – B TO THE AUDITOR'S 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 31,2018in 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 OverFinancial 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.

Auditor's 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, 2018, based onthe 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: 18th May, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

` in '000s

	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Investment properties	2	2,08	2,08
Financial assets			
(i) Loans	3	40,83	40,31
Current tax assets (net)		466,82	447,68
Deferred tax assets (net)		67,14	31,50
Other non-current assets	4	95,50	67,94
		672,37	**589,51**
Current assets			
Inventories	5	-	31,60
Financial Assets			
(i) Trade receivables	6	-	73,14
(ii) Cash and cash equivalents	7	218,89	163,49
(iii) Bank balances other than (ii) above	8	1501,45	1651,45
Other current assets	9	642,79	593,57
		2363,13	**2513,25**
TOTAL ASSETS		**3035,50**	**3102,76**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	96,00	96,00
Other Equity	11	2403,36	2529,55
Total equity		**2499,36**	**2625,55**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Other financial liabilities	12	1,35	1,35
Provisions	13	125,33	125,33
		126,68	**126,68**
Current liabilities			
Financial liabilities			
(i) Trade payables	14	360,40	300,51
Other current liabilities	15	1,75	2,71
Provisions	16	47,31	47,31
		409,46	**350,53**
TOTAL EQUITY AND LIABILITIES		**3035,50**	**3102,76**

Significant Accounting Policies & Notes on Accounts

As per our report of even date attached

For and on behalf of the Board

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

Annaswamy Vaidheesh
Chairman
DIN: 01444303

Puja Thakur
Director
DIN: 07971789

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F10620
Place : Mumbai
Date: 18th May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

` in '000s

	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from Operations	19	(23,24)	571,83
Other Income	20	102,35	105,87
Total income		**79,11**	**677,70**
Expenses			
Cost of materials consumed	21	54,80	9,91
Changes in inventories of work-in-progress, stock-in-trade and finished goods	22	1,27	387,91
Other expenses	23	184,87	269,20
Total expenses		**240,94**	**667,02**
Profit/(loss) before exceptional and items and tax		(161,83)	10,68
Exceptional items		-	-
Profit/(loss) before tax		(161,83)	10,68
Income tax expenses			
Current tax		-	4,86
Deferred tax		(3,564)	2,13
Profit (Loss) for the period		**(126,19)**	**3,69**
Other Comprehensive Income			
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		-	-
Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(126,19)	3,69
Profit attributable to:			
Owners of the Company		(126,19)	3,69
Total comprehensive income attributable to:			
Owners of the Company		(126,19)	3,69
Earnings per equity share	**24**	**(13.14)**	**0.38**
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 and on behalf of the Board

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

Annaswamy Vaidheesh
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RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F10620
Place : Mumbai
Date: 18th May 2018

STATEMENT OF CHANGES IN EQUITY

` in '000s

(a) Equity share capital	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	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

(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 1st April 2017	2,91	1006,01	1520,63	-	2529,55
Total Comprehensive					
Profit/(loss) for the year	-	-	(126,19)	-	(126,19)
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 March 31, 2018	2,91	1006,01	1394,44	-	2403,36

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 April 1, 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 31st March 2017	2,91	1006,01	1520,63	-	2529,55

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F10620
Place : Mumbai
Date: 18th May 2018

For and on behalf of the Board

Annaswamy Vaidheesh
Chairman
DIN: 01444303

Puja Thakur
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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

` in '000s

			Year Ended March 31, 2018	Year Ended March 31, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit/(Loss) before income tax and exceptional items		(161,83)	10,68
	Adjustments for :			
	Interest income classified as investing cash flows		(102,35)	(105,87)
	Change in operating assets and liabilities			
	Decrease in Inventories		31,60	388,81
	Decrease in Trade receivables		73,14	7,97
	(Increase) in Other non-current assets		(28,08)	(32,97)
	(Increase)/Decrease in Other current assets		(49,22)	156,70
	Increase /(Decrease) in Trade payables		59,89	(164,57)
	(Decrease) in Other current liabilities		(96)	(75)
	Cash generated from operations		(177,81)	260,00
	Income taxes paid (net of refunds)		(19,14)	27,03
	Net cash inflow/(Outflow) from operating activities	A	(196,95)	287,03
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Investment in bank deposits having original maturity more than 3 months		150,00	(350,00)
	Interest received		102,35	105,87
	Net cash Inflow/(outflow) from investing activities	B	252,35	(244,13)
	Net increase in cash and cash equivalents	(A + B)	55,40	42,90
	Cash and cash equivalents as at 1st April 2017 (opening balance)		163,49	120,59
	Cash and cash equivalents as at 31st March, 2018 (closing balance)		218,89	163,49
	Net increase in cash and cash equivalents		55,40	42,90
	NOTES:			
	Cash and cash equivalents include:			
	Balances with banks		218,89	163,49
	Total cash and cash equivalents		218,89	163,49
	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 CORNELIUS & DAVAR
CHARTERED ACCOUNTANTS

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F10620
Place : Mumbai
Date: 18th May 2018

For and on behalf of the Board

Annaswamy Vaidheesh
Chairman
DIN: 01444303

Puja Thakur
Director
DIN: 07971789

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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"). The policies set out below have been consistently applied during the years presented.

The financial statements are presented in INR and all values are rounded to the nearest thousand (INR 000), except when otherwise indicated.

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.

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 to 5 years
Other Computer Equipment	4 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	5 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 moving average 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: 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, allowances, Goods and Service Tax (GST), value added taxes and amounts collected on behalf of third parties. From 1st July 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government and hence GST is not included in revenue from operations. 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.

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) 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. In case of Loss, MAT provision will be accessed to make the book provision. 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.

j) Other Accounting Policies

These are consistent with the generally accepted accounting principles.

2 INVESTMENT PROPERTY - AS AT MARCH 31, 2018

` in '000s

	As at March 31, 2018	As at March 31, 2017
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

` in '000s

	31-Mar-18	31-Mar-17
(i) Fair value		
Investment properties	2357,35	2357,35

Estimation of fair value

The company obtains independent valuations for its investment properties at lease 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 has been considered as Investment Property as it is not 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.

` in '000s

	For the year ended March 31, 2018	For the year ended March 31, 2017
NOTE 3		
Non current Financial assets - Loans		
Sundry Deposits	14,27	13,63
Advances recoverable	26,56	26,68
	40,83	**40,31**
NOTE 4		
Other non-current assets		
Balance with Government Authorities	95,50	67,94
	95,50	**67,94**
NOTE 5		
Inventories		
Raw materials	-	28,32
Packing materials	-	2,01
Work-in-progress	-	-
Finished goods	-	1,27
	-	**31,60**
NOTE 6		
Trade receivables		
(Unsecured considered good unless otherwise stated)		
Considered good	-	73,14
	-	**73,14**
NOTE 7		
Cash and cash equivalents		
Current account Balances with Banks	170,52	85,70
Interest accured on investments/ deposits	48,37	77,79
	218,89	**163,49**
NOTE 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	1500,00	1650,00
Term deposit with original maturity period of more than twelve months but maturing within next twelve	1,45	1,45
	1501,45	**1651,45**
NOTE 9		
Other current assets		
Balance with Government Authorities	8	8
Sundry advances	642,71	593,49
	642,79	**593,57**
NOTE 10		
Share capital		
Equity share capital	96,00	96,00
	96,00	**96,00**

` in '000s

	For the year ended March 31, 2018	For the year ended March 31, 2017
NOTE 11		
Other Equity		
General reserve	1006,01	1006,01
Capital reserve	2,91	2,91
Retained earnings	1394,44	1520,63
	2403,36	**2529,55**
NOTE 12		
Non current financial liabilities - Others		
Security deposits received	63	63
Other non-current financial liabilities	72	72
	1,35	**1,35**
NOTE 13		
Non-current Provisions		
Drugs Prices Equalisation Account (refer note 17 (ii))	71,24	71,24
Provision for pricing of formulation	54,09	54,09
	125,33	**125,33**
NOTE 14		
Trade and other payables		
Trade and other payables	360,40	300,51
	360,40	**300,51**
NOTE 15		
Other current liabilities		
Statutory dues	1,75	2,71
	1,75	**2,71**
NOTE 16		
Current provisions		
For others	47,31	47,31
	47,31	**47,31**

` in '000s

		For the year ended March 31, 2018	For the year ended March 31, 2017
17 (I)	**CONTINGENT LIABILITIES**		
	Claims against the Company not acknowledged as debts	1736,96	1638,95
	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 Equilisation 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.

` in '000s

		As at March 31, 2018		As at March 31, 2017	
18	**SHARE CAPITAL**				
	Authorised				
	1,500,000 (Previous year : 1,500,000) Equity Shares of `10 each		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
TOTAL			**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
b)	**Reconciliation of the number of shares**				
	Balance at the beginning of the year	9600,00	96,00	9600,00	96,00
	Issued during the year	-	-	-	-
	Balance at the end of the year	9600,00	96,00	9600,00	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.				

		As at March 31, 2018	As at March 31, 2017
d)	**Details of shareholders holding more than 5% shares in the company:**		
	GlaxoSmithKline Pharmaceuticals Limited, the Holding Company	9600,00	9600,00
		{100%}	{100%}

` in '000s

		For the year ended March 31, 2018	For the year ended March 31, 2017
19	**Revenue from operations**		
	A. Sale of products (gross)		
	Sale of products	(23,25)	571,82
		(23,25)	571,82
	B. Other operating revenue		
	Others	1	1
		1	1
	Total Revenue from operations	**(23,24)**	**571,83**
20	**Other income**		
	Interest income	102,35	105,87
		102,35	**105,87**
21	**Cost of materials consumed**		
	Cost of materials consumed	**54,80**	**9,91**
22	**Changes In Inventories Of Finished Goods, Work-In-Progress and traded goods**		
	Opening stock		
	Finished goods	1,27	388,94
	Traded goods	-	24
	Less: Closing stock		
	Finished goods	-	(1,27)
		1,27	**387,91**
23	**Other expenses**		
	Selling & Distribution Expenses	-	80,62
	Rent	1,52	5,30
	Rates and taxes	4,30	30,56
	Remuneration to auditors :		
	Statutory audit fees	2,70	3,11
	Tax audit fees	70	70
	Other services	-	10
	Reimbursement of expenses	40	51
	Corporate social responsibility (Refer Note 30)	5,54	9,15
	Exchange (Gain)/loss	(6,39)	3,54
	Reimbursement of expenses to GlaxoSmithKline Pharmaceuticals Limited	45,53	102,88
	Legal & professional expenses	65,24	19,07
	Miscellaneous expenses	65,33	13,66
		184,87	**269,20**

` in '000s

		For the year ended March 31, 2018	For the year ended March 31, 2017
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)	(126,19)	3,69
	Weighted average number of shares (Nos)	9600,00	9600,00
	Earnings per share (Basic and Diluted) - `	(13.14)	0.38
	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.		
26	**Tax expense**		
	(a) Amounts recognised in profit and loss		
	Current income tax	-	4,86
	Deferred tax		
	Decrease (increase) in deferred tax assets	(35,64)	2,13
	(Decrease) increase in deferred tax liabilities	-	-
	Deferred tax expense	**(35,64)**	**2,13**
	Tax expense for the year	**(35,64)**	**6,99**
	(b) Reconciliation of effective tax rate		
	Profit before tax	**(161,83)**	**10,68**
	Tax using the Company's domestic tax rate (Current year 25.75% and Previous Year 30.90%)	(41,66)	3,30
	Tax effect of:		
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Donation	71	1,41
	Other items	5,31	2,28
		(35,64)	**6,99**

The Company's tax rates for the year ended March 31, 2018 is and 2017 were 25.75% and 30.90%, respectively. Income tax expense for F.Y. 17-18 is Nil & deffered tax credit of ` 35,64 ('000) recognised on carried forward loss as compared to income tax expense of ` 6,99 ('000) for the year ended March 31, 2017. The effective tax rate for the year ended March 31, 2018 was lower primarily as a result of changes in threshold limit of net taxable income of ` 1 crore instead of ` 5 crore in the previous year, as a result of this change basic tax rate reduced from 30% to 25%.

(c) Movement in deferred tax balances

` in '000s

	March 31, 2018		
	Net balance April 1, 2017	Recognised in profit or loss	Net Deferred tax asset / (liability)
	INR	INR	INR
Deferred tax asset			
Expenses allowable for tax purpose when paid	15,00	38,40	53,40
Provision for pricing matters	16,50	(2,76)	13,74
Tax assets (Liabilities)	31,50	35,64	67,14

(d) Movement in deferred tax balances

	March 31, 2017		
	Net balance April 1, 2016	**Recognised in profit or loss**	**Net Deferred tax asset / (liability)**
	INR	**INR**	**INR**
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

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.

` in '000s

	As at March 31, 2018	**As at March 31, 2017**
Financial assets at amortised cost		
Security Deposits	14,27	13,63
Advances recoverable	26,56	26,68
Cash and cash equivalents	218,89	163,49
Other bank balance	1501,45	1651,45
Trade receivables	-	73,14
Total financial assets	**1761,17**	**1928,39**
Financial liabilities at amortised cost		
Security deposits received	63	63
Other non-current financial liabilities	72	72
Trade payables	360,40	300,51
Total financial liabilities	**361,75**	**301,86**

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

` in '000s

	As at March 31, 2018	**As at March 31, 2017**
Financial assets		
Security Deposits		
Carrying value	14,27	13,63
Fair value	14,27	13,63
Advances recoverable		
Carrying value	26,56	26,68
Fair value	26,56	26,68
Financial liabilities		
Security deposits received		
Carrying value	63	63
Fair value	63	63
Other non-current liabilities		
Carrying value	72	72
Fair value	72	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, 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, 2018, the Company had working capital of ` 1953,67 (000), including cash and cash equivalents of ` 218,89, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ` 1501,45 (000). As of March 31, 2017, the Company had working capital of ` 2162,72 (000), including cash and cash equivalents of ` 163,49, investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months) of ` 1651,45 (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.

` in '000s

	Contractual cash flows					
As at March 31, 2018	**Carrying amount**	**Total**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Trade Payables and other payables	360,40	360,40	59,89	300,51	-	-
Security deposits	63	63	-	-	63	-
Other non-current liabilities	72	72	-	-	72	-

` in '000s

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	-

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:

` in '000s

	March 31, 2018 USD	March 31, 2017 USD
Trade payables	88,84	88,28
Net statement of financial position exposure	(88,84)	(88,28)

Sensitivity analysis

A reasonably possible strenghtening / 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: Strengthening	Profit or loss: Weakening	Equity: Strengthening	Equity: Weakening
March 31, 2018					
USD	3%	(2,67)	2,67	-	-

Effect in ` Thousands	Strengthening / Weakening %	Profit or loss: Strengthening	Profit or loss: Weakening	Equity: Strengthening	Equity: Weakening
March 31, 2017					
USD	3%	(2,65)	2,65	-	-

(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. 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.

` in '000s

		Holding Company: Year Ended 31st March, 2018	Holding Company: Year Ended 31st March, 2017
1	Payment of manufacturing charges	-	-
2	Payment of common costs	45,53	118,22
3	Payment of CSA commission	-	22,98
4	Payment of marketing commission	-	65,66
5	Outstanding payable/(receivable) by the Company (net) @	27,47	(73,14)

@ Transactions with the above parties are accounted in the respective current accounts.

30. 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.:

` in '000s

		Year ended 31st March 2018	Year ended 31st March 2017
(a)	Amount spent		
	Particulars		
	(i) Construction/ acquisition of the asset	-	-
	(ii) On purposes other than (i) above	5,54	9,15
		5,54	**9,15**
(b)	Gross amount required to be spent by the Company	5,54	9,15

31.

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

RUSTOM D. DAVAR
(PROPRIETOR)
Membership No. F10620
Place : Mumbai
Date: 18th May 2018

For and on behalf of the Board

Annaswamy Vaidheesh
Chairman
DIN: 01444303

Puja Thakur
Director
DIN: 07971789

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLAXOSMITHKLINE PHARMACEUTICALS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **GlaxoSmithKline Pharmaceuticals Limited** (hereinafter referred to as "the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent'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 including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. 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 and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, 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 Parent'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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on separate financial statements of the subsidiary referred to below in the Other Matter paragraph, 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of ` 30,35.50 lakhs as at March 31, 2018, total revenues of ` (23.24) lakhs and net cash inflow amounting to ` 55.40 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the subsidiary company, incorporated in India, referred in the Other Matter paragraph above we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law 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 the report of the other auditor.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the report of the statutory auditor of its subsidiary company, incorporated in India, none of the directors of the Group companies, is disqualified as on March 31, 2018 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 and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(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 Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Company has long term contracts as of March 31, 2018 for which there were no material foreseeable losses.

   The Group did not have any derivative contracts as on March 31, 2018.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

B. P. SHROFF
Partner
Membership No. 34382

Place: Mumbai
Date: May 24, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **GlaxoSmithKline Pharmaceuticals Limited** (hereinafter referred to as “Parent”) and its subsidiary company, which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which is a company incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 and the audit evidence obtained by the other auditor of the subsidiary company, which is a company incorporated in India, in terms of his report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which is a company incorporated in India.

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 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

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 to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matter paragraph below, the Parent and its subsidiary company, which is a 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, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies 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 Matter

Our aforesaid report 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 one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

B. P. SHROFF
Partner
Membership No. 34382

Place: Mumbai
Date: May 24, 2018

Consolidated Balance Sheet

as at March 31, 2018

(` in lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	250,12.67	252,70.95
Capital work-in-progress	3	922,89.71	573,21.68
Investment Property	4	1,78.09	5,34.44
Intangible assets	5	72,68.18	-
Intangible assets under development	5	-	32,24.73
Financial Assets			
(i) Investments	6	5.67	5.67
(ii) Loans	7	14,98.89	13,68.28
(iii) Other financial assets	8	27.76	2,42.76
Current Tax Assets (net)	49	302,10.80	152,46.49
Deferred Tax Assets (net)	46	103,72.42	91,62.64
Other non-current assets	9	92,43.26	205,81.30
		1761,07.45	**1329,58.94**
Current assets			
Inventories	10	500,18.33	425,79.74
Financial Assets			
(i) Trade receivables	11	146,95.89	170,79.67
(ii) Cash and cash equivalents	12	201,10.18	139,13.08
(iii) Bank balances other than (ii) above	13	1095,30.88	760,47.43
(iv) Other financial assets	14	58,12.34	101,25.73
Other current assets	15	179,79.46	75,15.99
		2181,47.08	**1672,61.64**
Assets held for sale	16	4,93.74	1,62.95
		2186,40.82	**1674,24.59**
TOTAL ASSETS		**3947,48.27**	**3003,83.53**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	84,70.30	84,70.30
Other Equity	18	1972,62.59	1922,15.28
Total equity		**2057,32.89**	**2006,85.58**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	19	58.30	98.90
(ii) Other financial liabilities	20	2,25.82	3,50.30
Provisions	21 & 26	287,44.89	272,25.50
		290,29.01	**276,74.70**
Current liabilities			
Financial Liabilities			
(i) Trade payables	22	505,85.52	278,92.73
(ii) Other financial liabilities	23	267,10.69	359,17.73
Other current liabilities	24	575,24.50	31,29.52
Provisions	25 & 26	97,57.38	48,72.19
Current Tax Liabilities (net)	49	154,08.28	2,11.08
		1599,86.37	**720,23.25**
Total Liabilities		**1890,15.38**	**996,97.95**
TOTAL EQUITY AND LIABILITIES		**3947,48.27**	**3003,83.53**

The accompanying notes 1 - 57 are an integral part of the consolidated financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(` in lakhs)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Revenue From Operations	27	2895,64.78	2999,98.77
Other Income	28	54,54.36	73,07.11
Total Income		**2950,19.14**	**3073,05.88**
Expenses			
Cost of materials consumed	29	510,81.76	523,67.54
Purchases of Stock-In-Trade		788,42.22	790,69.96
Changes in inventories of Finished Goods, Stock-in-Trade and Work-In-Progress	30	(57,92.72)	83,37.00
Excise Duty		24,19.48	91,51.89
Employee benefits expense	31	523,39.85	483,01.22
Finance Costs	32	18.91	25.00
Depreciation and amortization expense	33	37,98.58	26,34.69
Other expenses	34	600,94.39	608,73.04
Total expenses		**2428,02.47**	**2607,60.34**
Profit before exceptional items and tax		**522,16.67**	**465,45.54**
Exceptional items	38	17,79.85	45,73.05
Profit before tax		**539,96.52**	**511,18.59**
Tax expense:			
Current tax	46	204,33.82	163,01.84
Deferred tax	46	(15,09.88)	11,35.55
		189,23.94	**174,37.39**
Profit for the year		**350,72.58**	**336,81.20**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	46	8,58.80	(5,30.65)
Income tax relating to items that will not be reclassified to profit or loss	46	(3,00.10)	1,83.65
		5,58.70	**(3,47.00)**
Total Comprehensive Income for the year		**356,31.28**	**333,34.20**
Profit for the year attributable to Owners of the Company		350,72.58	336,81.20
Other Comprehensive Income attributable to Owners of the Company		5,58.70	(3,47.00)
Total Comprehensive Income for the year attributable to Owners of the Company		356,31.28	333,34.20
Earnings per equity share			
Basic and diluted earnings per share	48	41.41	39.76

The accompanying notes 1 - 57 are an integral part of the consolidated financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(` in lakhs)

			Year ended March 31, 2018	Year ended March 31, 2017
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before exceptional items and tax		522,16.67	465,45.54
	Adjustments for :			
	Loss / (Gain) on disposal of Property, Plant and Equipment (Net)		242.50	(24.25)
	Interest Income		(52,59.34)	(72,10.86)
	Finance Costs		18.91	25.00
	Rental Income		(71.97)	(72.00)
	Depreciation and amortisation expense		37,98.58	26,34.69
	Allowance for Doubtful Debts		54.06	-
	Change in operating assets and liabilities			
	(Increase) / Decrease in Inventories		(74,38.59)	100,06.92
	Decrease / (Increase) in Trade receivables		23,16.03	(44,23.17)
	Decrease in Other assets		(85,77.40)	(36,54.02)
	Increase / (Decrease) in Trade payables		226,92.79	(46,78.06)
	Increase / (Decrease) in Provisions		72,63.38	(15,06.48)
	Increase in Other liabilities		1,99.59	15,85.32
	Cash generated from operations		**674,55.21**	**392,28.63**
	Income taxes paid (net of refunds)		(202,00.92)	(160,58.87)
	Cash flow before exceptional items		**472,54.29**	**231,69.76**
	Exceptional items:			
	Sale of brands		3.79	6,40.96
	Others		21.58	-
	Redundancy costs		-	(1,70.29)
	Costs for Asset Sale transaction with Novartis		-	(2,03.36)
	Net cash inflow from operating activities	**A**	**472,79.66**	**234,37.07**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payments to acquire Property, Plant and Equipment and Other Intangible assets		(403,38.41)	(304,42.91)
	Advance received towards disposal of Land		552,00.00	-
	Proceeds from sale of Property, Plant and Equipment		47.23	6,25.25
	Proceeds from sale of property (Exceptional item)		17,60.18	40,17.76
	Investment in bank deposits (having original maturity more than 3 months but less than 12 months)		(1069,00.00)	(786,50.00)
	Margin money deposits		(2,13.52)	1,87.80
	Redemption / Maturity of bank deposits (having original maturity more than 3 months but less than 12 months)		736,50.00	1258,00.00
	Rent received		71.97	72.00
	Interest received		63,23.40	85,42.35
	Changes in earmarked balances		(19.93)	(88.64)
	Net cash (outflow) / inflow from investing activities	**B**	**(104,19.08)**	**300,63.61**

Consolidated Cash Flow Statement

for the year ended March 31, 2018 (Contd.)

(` in lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of borrowings		(60.60)	(77.80)
Interest paid		(18.91)	(25.00)
Dividend paid to company's shareholders		(254,10.91)	(423,51.50)
Tax on distributed profit		(51,73.06)	(86,21.92)
Net cash outflow from financing activities	**C**	**(306,63.48)**	**(510,76.22)**
Net increase in cash and cash equivalents	**(A + B + C)**	**61,97.10**	**24,24.46**
Cash and cash equivalents at the beginning of the financial year		139,13.08	114,88.62
Cash and cash equivalents at the end of the financial year		201,10.18	139,13.08
Net Increase in cash and cash equivalents		**61,97.10**	24,24.46
NOTES:			
Cash and cash equivalents include:			
Balances with banks			
Current accounts		91,09.18	13,10.27
Term deposits with original maturity period of less than three months		110,01.00	105,07.01
Cheques on hand		-	20,95.80
Total		**201,10.18**	**139,13.08**

The above Standalone Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 'Statement of Cash Flows'.

The accompanying notes 1 - 57 are an integral part of the consolidated financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

(a) Equity share capital

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the reporting period	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**

(b) Other Equity

(` in lakhs)

Particulars	Reserves and Surplus				Items of Other comprehensive income	Total Other Equity
	Capital reserve (i)	General reserve (ii)	Retained earnings (iii)	Capital redemption reserve (iv)	Remeasurements of the net defined benefit Plans	
Balance as at April 1, 2017	1,70.97	863,20.59	1057,88.93	2,62.00	(3,27.21)	1922,15.28
Total Comprehensive						
Profit for the year	-	-	350,72.58	-	-	350,72.58
Other Comprehensive Income for the year	-	-	-	-	5,58.70	5,58.70
Transactions with owners of the company						
Dividend on Equity Shares (` 30 Per Share)	-	-	(254,10.91)	-	-	(254,10.91)
Dividend Distribution Tax	-	-	(51,73.06)	-	-	(51,73.06)
Balance as at March 31, 2018	**1,70.97**	**863,20.59**	**1102,77.54**	**2,62.00**	**2,31.49**	**1972,62.59**
Balance as 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 as at March 31, 2017	**1,70.97**	**863,20.59**	**1057,88.93**	**2,62.00**	**(3,27.21)**	**1922,15.28**

(i) Capital reserve includes Central Government subsidy and capital profit on reissue of shares forfeited of erstwhile Burroughs Wellcome (India) Limited.

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

(iii) Retained earnings represents the cumulative profits of the company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Capital redemption reserve is on account of buy back of equity shares and it is not available for distribution.

The accompanying notes 1 - 57 are an integral part of the consolidated financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A GENERAL INFORMATION:

GLAXOSMITHKLINE PHARMACEUTICALS LIMITED ('the Group') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the BSE Ltd. (Bombay Stock Exchange) and the National Stock Exchange of India Ltd. (NSE). The registered office of the Company is located at Dr. Annie Besant Road, Worli, Mumbai 400 030.

The Group is engaged interalia, 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 31st March, 2018	% voting power held as at 31st March, 2017
Biddle Sawyer Limited (BSL)	India	100.00	100.00

B SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation:

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") (as amended from time to time).

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

- certain financial assets and liabilities that are 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.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except where otherwise indicated.

Amounts for the year ended and as at March 31, 2017 were audited by previous auditors Price Waterhouse & Co Bangalore LLP.

(b) Principles of consolidation

The Consolidated Financial Statement 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) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms.

The specific recognition criteria described below must also be met before revenue is recognised.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer as per the contractual terms. Revenue from sale of goods are inclusive of excise duty and net of returns, applicable trade discounts and allowances, value added taxes, Goods and Service Tax (GST) 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 based on the historical data of such returns.

Rendering of services

Income from clinical research and data management services is recognised in the accounting period in which the services are rendered based on terms of the agreement.

Dividends

Dividend is recognised when the Group's right to receive the payment is established, it is probable that economic benefit associated with the dividend will flow to the Group, and the amount of dividend can be measured reliably.

Interest Income

Interest income is recorded using the Effective Interest Rate (EIR). Interest income is included in other income in the statement of profit and loss.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

(d) Property, plant and equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. 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 the statement of profit and loss during the reporting period in which they are incurred.

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 to 5 years
- Other Computer Equipment 4 years
- Furniture and Fixtures 10 years
- Office Equipment 5 years
- Vehicles 5 years

Depreciation is provided pro-rata for the number of months available 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 Rs. 5,000 is depreciated at the rate of 100%.

Leasehold building, leasehold land and leasehold improvements are amortised over the period of the lease.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(e) Intangible Assets

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 are 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.

Software expenditure have been amortised over a period from 8 to 10 years. Distribution rights are amortised over the agreement / contract period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

(f) 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 cost of disposal and value in use. For the purpose 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 group 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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

(g) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as Operating lease.

Group as a lessee:

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

The classification depends on the Group'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 the statement of profit and 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 the statement of profit and loss.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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 the statement of profit and 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 the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and 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 the statement of profit and 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 and loss. Dividends from such investments are recognised in the statement of profit and loss 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 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.

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 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

Financial liabilities that are not held-for-trading and are not designated as at fair value through profit or loss are measured at amortised cost at the end of the subsequent accounting period. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance costs" line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount in initial recognition.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(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 Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(j) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on weighted average cost 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.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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.

(l) Foreign Currency Transactions

Items included in the Consolidated Financial Statements of the Group 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 Group'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 the 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 the statement of profit and 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.

(m) Taxes:

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 Group'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 Group 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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 Group currently has a legally enforceable right to set-off the current income tax assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Current and deferred tax is recognised in the statement of profit and 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.

(n) 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(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 the statement of profit and 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 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 the statement of profit and loss.

(o) 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.

Asset	Management estimate of useful life
Factory Building	30 Years
Freehold land	-

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

(p) Investment in subsidiary

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

(q) 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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.

(r) 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.

(s) Exceptional Items

When items of income or expense are of such nature, size or 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".

(t) 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 Group 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 52 for segment information presented.

(u) 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 cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018. The Group plans to adopt the new standard on the required effective date. The Group is currently evaluating the impact of the new revenue standard.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. The Group is currently evaluating the impact of these amendments.

Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. The Group will apply the amendments when they become effective. The Group is currently evaluating the impact of these amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i. The beginning of the reporting period in which the entity first applies the Appendix, or

ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its financial statements.

NOTE 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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, 2018 (contd.)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

(` in lakhs)

Year ended March 31, 2018	Gross block				Accumulated Depreciation / Amortisation				Net block
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the Year	On Disposals	As at March 31, 2018	As at March 31, 2018
Freehold land	2.00	-	-	2.00	-	-	-	-	2.00
Leasehold land	55,87.47	-	-	55,87.47	99.46	56.02	-	1,55.48	54,31.99
Freehold buildings	24,66.11	77.10	6.05	25,37.16	86.68	43.98	0.24	1,30.42	24,06.74
Leasehold buildings	37,57.25	2,19.60	0.04	39,76.81	2,30.74	2,10.24	0.01	4,40.97	35,35.84
Plant and equipment (Refer Note (a) below)	158,80.33	23,70.51	30.22	182,20.62	34,80.98	26,37.81	29.07	60,89.72	121,30.90
Furniture and fixtures	6,80.89	27.67	12.02	6,96.54	2,00.44	1,08.99	4.12	3,05.31	3,91.23
Vehicles	11,71.81	4,60.71	1,27.40	15,05.12	3,75.12	2,71.96	67.28	5,79.80	9,25.32
Office equipment	3,62.72	47.35	3.90	4,06.17	1,64.21	55.09	1.78	2,17.52	1,88.65
Total	**299,08.58**	**32,02.94**	**1,79.63**	**329,31.89**	**46,37.63**	**33,84.09**	**1,02.50**	**79,19.22**	**250,12.67**

Year ended March 31, 2017	Gross block				Accumulated Depreciation / Amortisation				Net block
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the Year	On Disposals	As at March 31, 2017	As at March 31, 2017
Freehold land	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
Freehold buildings	25,05.99	19.58	59.46	24,66.11	42.87	54.51	10.70	86.68	23,79.43
Leasehold buildings	26,28.40	11,28.85	-	37,57.25	1,21.14	1,09.60	-	2,30.74	35,26.51
Plant and equipment (Refer Note (a) below)	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
Furniture and fixtures	5,82.45	106.94	8.50	6,80.89	90.55	1,12.87	2.98	2,00.44	4,80.45
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
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
Total	**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**

Note:-

(a) Plant and equipment includes computers.

Capital work-in-progress:

(` in lakhs)

	FY 2017-18	FY 2016-17
Opening Balance	573,21.68	267,66.84
Additions	383,83.57	383,29.65
Less: Transfers	-	-
Capitalisation	(32,02.94)	(75,50.43)
Assets held for sale	-	(1,32.82)
Write off	(2,12.60)	(91.56)
Closing Balance	**922,89.71**	**573,21.68**

Capital work-in-progress as at March 31, 2018 and March 31, 2017 mainly comprise the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 4 : INVESTMENT PROPERTY

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Gross carrying amount		
Opening gross carrying amount/ Deemed cost	6,15.32	6,15.32
Additions	-	-
Transfer*	(3,88.91)	-
Closing gross carrying amount	2,26.41	6,15.32
Accumulated Depreciation		
Opening Accumulated Depreciation	80.88	17.33
Depreciation	25.27	63.55
Transfer*	(57.83)	-
Closing Accumulated Depreciation	48.32	80.88
Net carrying amount	**1,78.09**	**5,34.44**

* Freehold Land and Building at than has been transferred to assets held for sale (Refer Note 16).

(i) Amounts recognised in Statement of Profit and Loss for investment property

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Rental Income	71.10	68.40
Depreciation	25.27	63.55
Amount recognised in the Statement of Profit and Loss	45.83	4.85

(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 ` 71.10 lakhs (March 31, 2017: ` 68.40 lakhs) is disclosed under Other Income.

(iii) Estimation of fair value

The Group has four properties (March 31, 2017: five properties) that have been considered as Investment Properties. These include three vacant land sites (March 31, 2017: four vacant land sites) that are not in operational use at present and an apartment that is leased at commercial rates.

In the view of the 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 ` 335,61.00 lakhs (As at March 31, 2017: ` 1723,00.00 lakhs). Ready Reckoner rates are the prices of 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.

The fair value of the leased apartment is estimated at ` 24,00.00 lakhs (March 31, 2017 : ` 24,00.00 lakhs). The fair valuation is based on a deal, concluded by the Group, of a comparable property in the same location during the previous year. The fair value has not been adjusted for any trends for change in property rates over the year as the management expects the change to be insignificant in value and has decided to rely on the value derived in the previous year. The fair value measurement is categorised in level 3 fair value hierarchy.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 5 : INTANGIBLE ASSETS

(` in lakhs)

Year ended March 31, 2018	Gross block (at cost)				Accumulated Amortisation				Net block
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the Year	On Disposals	As at March 31, 2018	As at March 31, 2018
Intangible Assets									
Software	-	76,57.40	-	76,57.40	-	3,89.22	-	3,89.22	7,268.18
Total	**-**	**76,57.40**	**-**	**76,57.40**	**-**	**3,89.22**	**-**	**3,89.22**	**72,68.18**

Year ended March 31, 2017	Gross block				Accumulated Amortisation				Net block
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the Year	On Disposals	As at March 31, 2017	As at March 31, 2017
Intangible Assets									
Distribution Rights	3,22.80	-	-	3,22.80	3,22.80	-	-	3,22.80	-
Total	**3,22.80**	**-**	**-**	**3,22.80**	**3,22.80**	**-**	**-**	**3,22.80**	**-**

Intangible assets under development:

(` in lakhs)

	FY 2017-18	FY 2016-17
Opening Balance	32,24.73	-
Additions	44,32.67	32,24.73
Less: Transfers	-	-
Capitalisation	(76,57.40)	-
Closing Balance	**-**	**32,24.73**

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 6 : INVESTMENTS		
In Unquoted Equity Instruments		
Biotech Consortium India Limited	5.00	5.00
50,000 Equity Shares of ` 10 each fully paid		
Dinette Exclusive Club Private Limited	0.50	0.50
500 Equity Shares of ` 100 each fully paid		
Other Unquoted Investments		
National Savings Certificate (Lodged with Government authorities)	0.17	0.17
Total	**5.67**	**5.67**
Aggregate of Unquoted Investments - At Book value	**5.67**	**5.67**
NOTE 7 : NON-CURRENT FINANCIAL ASSETS - LOANS		
(Unsecured considered good)		
Security Deposits	14,72.32	13,41.59
Advances recoverable	26.57	26.69
	14,98.89	**13,68.28**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 8 : NON-CURRENT FINANCIAL ASSETS - OTHERS		
Margin money / Deposit against bank guarantee	27.76	2,42.76
	27.76	**2,42.76**
NOTE 9 : OTHER NON-CURRENT ASSETS		
Capital advances	13,25.67	141,25.04
Less : Allowance for doubtful debts	(3,74.24)	(3,87.93)
	9,51.43	137,37.11
Balances with Government Authorities	36,36.98	26,56.47
Sundry Deposit	42,07.69	37,83.21
Remittances in transit (Refer Note 42 (iii))	5.92	5.92
Others	4,41.24	3,98.59
	92,43.26	**205,81.30**
NOTE 10 : INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)		
Raw and Packing materials	103,21.08	87,74.37
Work-in-progress	22,77.40	33,33.91
Finished goods	148,18.01	157,51.64
Stock-in-trade (includes in-transit as on March 31, 2018: 8,43.61 lakhs; March 31, 2017 ` 8,51.07 lakhs)	222,31.21	144,48.35
Stores and spares	3,70.63	2,71.47
	500,18.33	**425,79.74**

The cost of inventories recognised as an expense during the year ended March 31, 2018, includes ` 1,43.17 lakhs in respect of write-downs of inventory to net realisable value.

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 11 : TRADE RECEIVABLES		
Unsecured, Considered good	146,95.89	170,79.67
Unsecured, Considered doubtful	15,68.97	15,01.22
Less : Allowance for doubtful debts (Refer Note (a) below)	(15,68.97)	(15,01.22)
	146,95.89	**170,79.67**

Note:-

(a) During the year ended March 31, 2018 the Group has created an additional allowance for doubtful debts of ` 67.75 lakhs.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 12 : CASH AND CASH EQUIVALENTS		
Balances with Banks:		
Current account	91,09.18	13,10.27
Term deposit with original maturity period of less than three months	110,01.00	105,07.01
Cheques on hand (Refer Note 38)	-	20,95.80
	201,10.18	**139,13.08**
NOTE 13: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances:		
Unpaid dividend accounts	23,34.69	23,14.76
Term deposit with original maturity period of more than three months but less than twelve months	1069,01.45	736,51.45
Margin money/ Deposit against bank guarantee	2,94.74	81.22
	1095,30.88	**760,47.43**
NOTE 14 : CURRENT FINANCIAL ASSETS - OTHERS		
(Unsecured considered good)		
Receivable from group companies	35,38.23	54,42.80
Interest accrued on deposits with banks	21,88.30	32,52.36
Advances recoverable	85.81	14,30.57
	58,12.34	**101,25.73**
NOTE 15 : OTHER CURRENT ASSETS		
Balances with Government Authorities	126,85.02	27,35.40
Advance to Creditors	28,71.31	-
Sundry advances	658.46	15,19.10
Import advances	1,12.84	14,49.34
Prepayments and Prepaid Expenses	10,66.07	11,31.03
Others	5,85.76	6,81.12
	179,79.46	**75,15.99**
NOTE 16 : ASSETS HELD FOR SALE		
Freehold Land and Buildings (Refer Note (a) below)	3,31.08	-
Plant and Machinery (Refer Note (b) below)	1,62.66	1,62.95
	4,93.74	**1,62.95**

Notes:-

(a) The amount is the Written Down Value of the property at Thane which is being sold and advance received against such has been classified as Current Liability, as documents for sale of property are yet to be executed. The transfer will conclude after obtaining all relevant statutory and other approvals / consents / permissions as required in law (Refer Note 24).

(b) The amount includes Plant and Machinery from Mysore and Bangalore site held for sale.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 17 : EQUITY SHARE CAPITAL		
Authorised		
9,00,00,000 equity shares of `10 each	90,00.00	90,00.00
Issued		
8,47,07,710 equity shares of `10 each	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**

* 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.

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees 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
Issued during the year	-	-	-	-
Balance at the end of the year	**84,703,017**	**84,70.30**	**84,703,017**	**8,470.30**

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, 2018		As at March 31, 2017	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees 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

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

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rupees in lakhs	Number of Shares	Rupees in lakhs
Glaxo Group Limited, U.K.	30,485,250	35.99%	30,485,250	35.99%
GlaxoSmithKline Pte Limited, Singapore	23,802,012	28.10%	23,802,012	28.10%
Eskaylab Limited, U.K.	5,880,000	6.94%	5,880,000	6.94%
Life Insurance Corporation of India	5,424,940	6.40%	5,488,062	6.48%

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
NOTE 18 : OTHER EQUITY		
Capital redemption reserve	2,62.00	2,62.00
General reserve	863,20.59	863,20.59
Capital reserve	1,70.97	1,70.97
Retained earnings (Including Other Comprehensive Income)	1105,09.03	1054,61.72
	1972,62.59	**1922,15.28**
NOTE 19 : NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS		
Unsecured		
Interest free deferred sales tax incentive	58.30	98.90
	58.30	**98.90**

Terms of repayment

Interest free deferred sales tax incentive as at March 31, 2018 of ` 98.90 lakhs (March 31, 2017: ` 1,59.50 lakhs) availed under the 1993 Sales Tax Deferment Scheme which is repayable in nine instalments as at March 31, 2018 (March 31, 2017 - thirteen instalments) and closing on April 30, 2021. The current maturity amount as at March 31, 2018 is ` 40.60 lakhs (March 31, 2017: ` 60.60 lakhs) of the loan has been disclosed under Note 23.

(` in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
NOTE 20 : NON-CURRENT FINANCIAL LIABILITIES - OTHERS		
Security deposits received	2,25.10	2,26.10
Payable to employees	-	1,23.48
Other non-current financial liabilities	0.72	0.72
	2,25.82	**3,50.30**
NOTE 21 : NON-CURRENT PROVISIONS		
For Pricing matters (Refer Note 41, 43 and 26)	123,96.15	123,96.15
For employee benefits		
Gratuity (Refer Note 39)	72,87.84	56,23.60
Leave encashment and compensated absences (Refer Note 39)	24,19.06	30,24.49
Post retirement medical and other benefits (Refer Note 39)	35,48.37	39,74.31
For long term incentive plan (Refer Note 26 and 54)	1,70.95	2,01.84
For divestment / restructuring (Refer Note 26)	12,02.83	12,02.83
For expected sales returns (Refer Note 26)	-	1,14.42
For others (Refer Note 26)	17,19.69	6,87.86
	287,44.89	**272,25.50**
NOTE 22 : TRADE PAYABLES		
Due to Micro, Small and Medium Enterprises (Refer Note 45)	7,30.78	2,85.60
Due to others	498,54.74	276,07.13
	505,85.52	**278,92.73**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 23 : CURRENT FINANCIAL LIABILITIES - OTHERS		
Current Maturity of Interest free deferred sales tax incentive (Refer Note 19)	40.60	60.60
Unclaimed dividends *	23,34.70	23,14.76
Salaries, wages, bonus and employee benefits payable	93,41.84	85,43.35
Creditors for capital goods	140,39.16	243,55.29
Rationalisation relating to a manufacturing site	1,30.28	1,30.28
Other Payables	8,24.11	5,13.45
	267,10.69	**359,17.73**
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		
NOTE 24 : OTHER CURRENT LIABILITIES		
Statutory dues including provident fund and tax deducted at source	19,91.57	31,29.52
Advance from Customers	3,32.93	-
Advance received towards disposal of land (Refer Note (a) below)	552,00.00	-
	575,24.50	**31,29.52**

Note:-

(a) During the year, the Group has received the money in advance towards disposal of Thane Land. The transfer will conclude after obtaining all relevant statutory and other approvals / consents / permissions as required in law (Refer Note 16).

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
NOTE 25 : CURRENT PROVISIONS		
For employee benefits (Refer Note 39)		
Leave encashment and compensated absences	3,22.68	1,37.71
Post retirement medical and other benefits	2,02.83	2,07.87
For long term incentive plan (Refer Note 26 and 54)	8,15.41	4,01.93
For rationalisation relating to a manufacturing site (Refer Note 26)	31.43	47.45
For expected sales returns (Refer Note 26)	41,83.28	37,00.56
Others (Refer Note 26)	42,01.75	3,76.67
	97,57.38	**48,72.19**

NOTE 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 2017- March 2018			
Opening Balance	47.45	123,96.15	6,03.77	12,02.83	38,14.98	10,64.53
Add: Provision during the year	-	-	7,35.04	-	38,04.89	50,83.11
Less: Amounts utilised/reversed during the year	16.02	-	3,52.45	-	34,36.59	2,26.20
Balance at the year end	31.43	123,96.15	9,86.36	12,02.83	41,83.28	59,21.44
			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

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

Notes:

(i) Rationalisation relating to a manufacturing site: This represents an estimated amount of cost required to be incurred to rationalise closed manufacturing site 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.

(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 Group under the law and hence the Group is not able to reasonably ascertain the timing of the outflow. Also refer notes 41, 42, 43 and 44.

(iii) Long term incentive plan: Refer note 54.

(iv) Expected sales returns: This represents provision made for expected sales returns. Revenue is adjusted for the expected value of returns. It is expected to be utilised within 12 months from the end of the year.

(` in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
NOTE 27 : REVENUE FROM OPERATIONS		
A. Sale of products (including excise duty)		
Sale of products	2819,79.99	2926,50.37
	2819,79.99	**2926,50.37**
Consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed under GST. In accordance with Ind AS 18 on Revenue and Schedule III of the Companies Act 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the year ended March 31, 2018 are not comparable with the previous year.		
B. Other operating revenue		
Service income	62,05.80	56,16.13
Exchange gain (net)	-	3,35.45
Consignment sales commission	13.17	17.53
Manufacturing charges recovery	10,38.19	9,98.34
Others	3,27.63	3,80.95
	75,84.79	**73,48.40**
Total Revenue from operations (A + B)	**2895,64.78**	**2999,98.77**
NOTE 28 : OTHER INCOME		
Interest income on:		
Deposits with banks	52,15.89	71,75.46
Loans	24.08	24.77
Others	19.37	10.63
Gain on disposal of Property, Plant and Equipment (net)	-	24.25
Rental income	71.97	72.00
Others	1,23.05	-
	54,54.36	**73,07.11**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
NOTE 29 : COST OF MATERIALS CONSUMED			
Cost of materials consumed		510,81.76	523,67.54
		510,81.76	**523,67.54**
NOTE 30 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS			
Opening stock			
Finished goods		157,51.64	162,36.06
Stock-in-trade		144,48.35	220,02.97
Work-in-progress		33,33.91	36,31.87
		335,33.90	**418,70.90**
Less: Closing stock			
Finished goods		148,18.01	157,51.64
Stock-in-trade		222,31.21	144,48.35
Work-in-progress		22,77.40	33,33.91
		393,26.62	**335,33.90**
		(57,92.72)	**83,37.00**
NOTE 31 : EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		458,88.58	433,07.06
Contributions to :	Provident and pension funds (Refer Note 39)	23,75.18	22,29.56
	Gratuity funds (Refer Note 39)	22,69.11	8,51.02
Staff welfare		18,06.98	19,13.58
		52,339.85	**48,301.22**
NOTE 32 : FINANCE COSTS			
On Security deposits		14.83	23.17
Others		4.08	1.83
		18.91	**25.00**
NOTE 33 : DEPRECIATION AND AMORTIZATION EXPENSE			
On Investment Properties (Refer Note 4)		25.27	63.55
On Property, Plant and Equipment (Refer Note 3)		33,84.09	25,71.14
On Other Intangible assets (Refer Note 5)		3,89.22	-
		37,98.58	**26,34.69**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
NOTE 34 : OTHER EXPENSES		
Sales promotion	81,71.34	95,87.52
Stock point commission	17,61.34	15,86.33
Freight	55,05.50	67,17.40
Travelling	68,40.66	67,60.65
Loss on sale/disposal of Property, Plant and Equipment (net)	2,42.50	-
Exchange loss (net)	6,25.62	-
Manufacturing charges	86,52.84	83,98.64
Repairs:		
- Buildings	4,46.32	3,69.66
- Plant and Machinery	13,43.60	14,17.03
- Others	-	17.54
	17,89.92	**18,04.23**
Consumption of stores and spares	6,11.87	6,22.90
Power, fuel and water	26,43.85	27,81.57
Rent	35,11.89	24,03.10
Rates and taxes	35,04.51	28,75.29
Printing, postage and telephones	9,12.70	16,01.61
Sales training, briefing and conference	17,56.83	20,64.06
Insurance	3,74.96	4,38.23
Remuneration to auditors :		
Statutory audit fees (Refer Note (a) below)	79.00	79.05
In other capacity in respect of :		
Tax audit fees	6.00	6.00
Other services (Refer Note (b) below)	8.95	25.25
Reimbursement of expenses (Refer Note (c) below)	2.55	3.61
	96.50	**1,13.91**
Cost audit fees	6.87	5.40
Corporate social responsibility (Refer Note 37)	10,75.44	11,52.84
Commission to non whole-time Directors	73.96	74.00
Directors' sitting fees	65.00	58.50
Legal and professional fees	32,09.13	31,12.83
Miscellaneous	62,53.88	63,21.94
Reimbursement of expenses (net) (Refer Note 36)	24,07.28	23,92.09
	600,94.39	**608,73.04**

Notes:-

(a) For the year ended March 31, 2018, this amount includes ` 5.50 lakhs towards remuneration of previous auditor Price Waterhouse & Co Bangalore LLP.

(b) For the year ended March 31, 2018, this amount includes ` 8.25 lakhs towards other services of previous auditor Price Waterhouse & Co Bangalore LLP.

(c) For the year ended March 31, 2018, this amount of ` 2.55 lakhs is towards reimbursement of expenses of previous auditor Price Waterhouse & Co Bangalore LLP.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

35 The recurring expenditure on research and development charged off to revenue amounts to ` 2,25.22 lakhs (Previous year - ` 1,89.62 lakhs)

36 Reimbursement of expenses (net) are towards the value of costs apportioned, in accordance with the agreements on allocation of expenses with the group companies.

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

(` in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a) Amount spent		
(i) Construction/ acquisition of the asset	-	-
(ii) On purposes other than (i) above	11,31.69	12,20.21
Total amount spent	**11,31.69**	**12,20.21**
The above includes allocation of ` 56.25 lakhs (Previous Year ` 67.37 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	11,30.48	12,19.89

NOTE 38 : EXCEPTIONAL ITEMS

(` in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit on sale of property (Refer note below)	17,54.48	41,75.88
Write back / (down) due to rationalisation of capital assets including capital work-in-progress for one of the dosage forms at a manufacturing facility	-	(73.50)
Sale of Brands	3.79	640.96
Others	21.58	-
Redundancy Costs	-	(170.29)
	17,79.85	**45,73.05**

Note: Profit on sale of a property for the year ended March 31, 2017 includes a property item sold vide a binding agreement for the 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 the year ended March 31, 2017, the proceeds for this disposal were held as cheques on hand which have been realised in the current year.

NOTE 39 : 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, 2018. 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)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Charge to the Statement of Profit and Loss based on contributions:		
Superannuation	5,45.56	5,15.84
Employees' pension scheme	6,20.29	6,31.74

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(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:

i) 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.

ii) 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.

Leave Encashment and compensated absences

The scheme is a non-contributory defined benefit arrangement providing benefits expressed in terms of a multiple of final monthly salary. The liability for leave encashment and compensated absences as at year end is ` 27,41.74 lakhs. (March 31, 2017: ` 31,62.20 lakhs).

Based on the actuarial valuations 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)

		Year ended March 31, 2018			Year ended March 31, 2017		
		Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
		(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(i)	**Change in Defined Benefit Obligation**						
	Opening defined benefit obligation	75,96.54	41,82.18	449,05.18	69,05.60	38,72.19	383,16.34
	Amount recognised in Statement of profit and loss/ capitalised						
	Current service cost	5,27.44	62.06	12,83.13	5,10.12	51.91	11,36.76
	Past service cost	13,43.16	-	-	-	-	-
	Interest cost	5,26.23	2,85.55	32,19.89	5,31.09	2,93.24	30,73.71
		23,96.83	3,47.61	45,03.02	10,41.21	3,45.15	42,10.47
	Amount recognised in other comprehensive income						
	Actuarial loss / (gain) arising from:						
	Financial assumptions	(3,47.19)	(2,36.17)	-	1,19.82	3,64.21	-
	Demographic assumptions	1,69.15	(38.78)	-	-	-	-
	Experience adjustment	(93.30)	(180.11)	(4,47.87)	88.97	(65.46)	12,59.00
		(2,71.34)	(4,55.06)	(4,47.87)	2,08.79	2,98.75	12,59.00
	Contributions by employee	-	-	31,61.73	-	-	29,44.35
	Liabilities assumed on acquisition/(settled on divestiture)	(1.13)	-	3,04.79	2.62	-	(2,44.84)
	Benefits paid	(4,53.69)	(3,23.53)	(23,09.87)	(5,61.68)	(3,33.91)	(15,80.14)
	Closing defined benefit obligation	**92,67.21**	**37,51.20**	**501,16.98**	**75,96.54**	**41,82.18**	**449,05.18**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		Year ended March 31, 2018			Year ended March 31, 2017		
		Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
		(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
(ii)	**Change in Fair Value of Assets**						
	Opening fair value of plan assets	19,72.94		449,05.17	22,67.54		383,16.34
	Amount recognised in Statement of profit and loss/ capitalised						
	Expected return on plan assets	1,27.72		32,19.89	1,90.19		30,73.71
	Amount recognised in other comprehensive income						
	Actuarial gain / (loss)	1,32.40		(4,47.87)	(23.11)		12,59.00
	Contributions by employer	2,00.00		12,83.13	1,00.00		11,36.76
	Contributions by employee	-		31,61.73	-		29,44.35
	Assets Acquired on acquisition/(settled on divestiture)	-		3,04.80	-		(2,44.84)
	Benefits paid	(4,53.69)		(23,09.87)	(5,61.68)		(15,80.14)
	Closing fair value of plan assets	19,79.37		501,16.98	19,72.94		449,05.18
	Actual return on Plan Assets	2,60.12		27,72.02	1,67.08		43,32.71
(iii)	**Amount recognised in the Statement of Profit and Loss**						
	Service Cost:						
	Current service cost	5,27.44	62.06	12,83.13	5,10.12	51.91	11,36.76
	Past service cost	13,43.16	-	-	-	-	-
	Net interest expense	3,98.51	2,85.55	-	3,40.90	2,93.24	-
	Less : Employee Cost Capitalised for Vemgal	-	-	(73.80)	-	-	(54.78)
	Components of defined benefit costs recognised in the statement of profit and loss	22,69.11	3,47.61	12,09.33	8,51.02	3,45.15	10,81.98
(iv)	**Amount recognised in Other comprehensive income**						
	Remeasurement on the net defined benefit liability:						
	Return on plan assets (excluding amounts included in net interest expense)	1,32.40	-	4,47.87	(23.11)	-	(12,59.00)
	Acturial gains / (losses) arising from changes in demographic assumptions	(1,69.15)	38.78	-	-	-	-
	Acturial gains / (losses) arising from changes in financial assumptions	3,47.19	2,36.17	-	(1,19.82)	(364.21)	-
	Acturial gains / (losses) arising from changes in experience adjustments	93.30	1,80.11	(4,47.87)	(88.97)	65.46	12,59.00
	Components of defined benefit costs recognised in Other Comprehensive Income	4,03.74	4,55.06	-	(2,31.90)	(2,98.75)	-
(v)	**Amount recognised in the Balance Sheet**						
	Present value of obligations as at year end	92,67.21	37,51.20	501,16.98	75,96.54	41,82.18	449,05.18
	Fair value of plan assets as at year end	19,79.37	-	501,16.98	19,72.94	-	449,05.18
	Net (asset) / liability recognised as at year end	72,87.84	37,51.20	-	56,23.60	41,82.18	-
(vi)	**The major categories of plan assets are as follows:**						
	Government of India Securities	52%		46%	36%		42%
	Corporate Bonds	36%		46%	53%		39%
	Special Deposit Scheme	0%		0%	0%		10%
	Others	12%		8%	11%		9%
(vii)	**Principal actuarial assumptions used**						
	Discount rate (p.a.)	7.70%	7.70%	7.70%	7.15%	7.15%	7.15%

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	Year ended March 31, 2018			Year ended March 31, 2017		
	Gratuity	Post retirement medical and other benefits	Provident Fund	Gratuity	Post retirement medical and other benefits	Provident Fund
	(Funded plan)	(Non-funded plan)	(Funded plans)	(Funded plan)	(Non-funded plan)	(Funded plans)
Expected rate of return on plan assets (p.a.)	13.00%		9.02%	8.00%		9.23%
Salary escalation rate	5.00% - 7.00%			5.00% - 7.00%		
Annual increase in health care premiums (p.a.)		5%			5%	

(viii) 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.

	As at March 31, 2018		As at March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement) - Gratuity	-3.94%	4.23%	-4.80%	5.21%
Future salary growth (0.5% movement) - Gratuity	3.84%	-3.67%	3.41%	-3.39%
Discount rate (0.5% movement) - Post retirement medical benefit	-5.30%	5.85%	-5.72%	6.36%
Health care cost rate (1% movement)	10.74%	-8.89%	11.79%	-9.64%
Life expectancy +/- 1 year	2.37%	-2.46%	2.44%	-2.53%

The above sensitivity analysis 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 one variable is changed, it affects 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, 2019 is ` 2,00.00 lakhs (March 31, 2018: ` 1,00.00 lakhs)

The weighted average duration of defined benefit obligation is 8.17 years (March 31, 2017 : 16.02 years)

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

(` in lakhs)

March 31, 2018	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations (Gratuity)	9,06.38	7,91.98	28,53.64	163,41.47	208,93.47
Post employment medical benefits	2,02.83	2,14.63	7,17.29	115,10.63	126,45.38
Total	**11,09.21**	**10,06.61**	**35,70.93**	**278,52.10**	**335,38.85**

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**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 40 : CONTINGENT LIABILITIES AND COMMITMENTS

(` in lakhs)

		March 31, 2018	March 31, 2017
A. Contingent Liabilities not provided for:			
(i)	Cheques discounted with banks	4,70.84	2,45.56
(ii)	In respect of claims made against the Group not acknowledged as debts by the Group		
	- Sales tax matters	146,95.91	351,04.34
	- Excise and custom matters	7,30.36	5,93.30
	- Service tax matters	1,29.20	1,29.20
	- Labour matters	74,94.76	71,98.01
	- Other legal matters	25,57.52	90,27.55
	which net of current tax amount to -	**166,59.38**	**340,38.10**
	- Income-tax matters in respect of which appeals are pending		
	Tax on matters in dispute	240,28.19	172,51.02
(iii)	Guarantee given to the Custom Authorities	2,00.00	2,00.00
	Notes: Future cash outflows in respect of (i) above are dependant on the return of cheques by banks. Future cash outflows in respect of (ii) 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 Company does not expect any reimbursement 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 below)	67,06.83	147,84.05
(ii)	Uncalled liability on partly paid shares:		
	- in Hill Properties Limited	0.08	0.10
	Note:		
	Future cash outflow is dependent on the call to be made by Hill Properties Limited.		

Note: Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for as at March 31, 2018 and March 31, 2017 mainly comprises of the ongoing investments in the new greenfield manufacturing factory being constructed at Bengaluru.

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 19th October 2001 which was held in favour of the Company, the Supreme Court has, vide its Judgement and Order dated 31st March 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 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 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

In October 1996, the Government had claimed interest of ` 117,66 lakhs for the period 12th May 1981 to 17th October 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 10th October 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 10th October 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 instalments have been deposited with the Government as of date. The Supreme Court, vide its order dated 5th October 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 16th May, 2018.

NOTE 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 21st July, 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 21st July, 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 to the Managing Director and three whole time Directors amounting to ` 10.93 lakhs for the year ended 31st August, 1986, which was in accordance with the minimum remuneration provided in the agreements 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 31st July, 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 3rd May, 1999. This is a normal

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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.

NOTE 44 : MATTERS IN RESPECT OF ERSTWHILE SMITHKLINE BEECHAM (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 ` 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 accounts 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.

NOTE 45: DISCLOSURES AS REQUIRED BY MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE AS UNDER:

(` in lakhs)

			March 31, 2018	March 31, 2017
(a)	The principal amount and the interest due thereon remaining unpaid to suppliers			
	(i)	Principal	7,30.78	2,85.60
	(ii)	Interest due thereon	1.33	14.27
			7,32.11	**2,99.87**
(b)	(i)	The delayed payments of principal amount paid beyond the appointed date during the entire accounting year	18,88.40	3,38.37
	(ii)	Interest actually paid under Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	14.27	-
(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	1.33	13.93
	(ii)	Total Interest accrued during the year and remaining unpaid	1.33	13.93
(e)	Amount of estimated interest due and payable for the period from April 1, 2018 to actual date of payment or May 23, 2018, whichever is earlier		-	-
	The above information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.			

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 46 : TAX EXPENSE

(a) Amounts recognised in the Statement of Profit and Loss

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
Current tax on profits for the year	204,33.82	163,01.84
Total current tax expense	204,33.82	163,01.84
Deferred tax		
In respect of current year	(14,89.41)	11,35.55
In respect of priors year	79.74	-
Adjustment to deferred tax attributable to change in income tax rate	(1,00.21)	-
Total Deferred tax (benefit) / expense	(15,09.88)	11,35.55
Tax expense	**189,23.94**	**174,37.39**

(b) Amounts recognised in Other Comprehensive Income (OCI)

(` in lakhs)

	Year ended March 31, 2018			Year ended March 31, 2017		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to the Statement of Profit and Loss						
Remeasurements of the defined benefit plans	8,58.80	(3,00.10)	5,58.70	(5,30.65)	1,83.65	(3,47.00)
	8,58.80	**(3,00.10)**	**5,58.70**	**(5,30.65)**	**1,83.65**	**(3,47.00)**

(c) Reconciliation of effective tax rate

(` in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax	539,96.52	511,18.59
Tax using the GlaxoSmithKline Pharamaceuticals Limited's domestic tax rate at 34.608%	181,34.62	160,20.36
Tax using the GlaxoSmithKline Pharamaceuticals Limited's domestic tax rate in terms of Long Term Capital Gain at 23.072%	4,05.67	1,111.34
Tax using the Subsidiary's domestic tax rate at 25.75% on loss of ` 1,61.83 lakhs (Previous Year: 30.90% on Profit of ` 10.68 lakhs)	(41.66)	3.30
Total Tax	184,98.63	171,35.00
Tax effect of:		
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	2,48.71	3,95.81
Donations	71.22	2.98
Due to change in income tax rate from 34.608% to 34.944%	(1,00.21)	-
Other items	2,05.59	90.89
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 Expense	**189,23.94**	**174,37.39**

Consequent to the reconciliation items shown above, the effective tax rate is 35.05% (Financial Year 2016-17: 34.11%)

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(d) Movement in deferred tax balances

(` in lakhs)

March 31, 2018	Opening balance April 01, 2017	Recognised in the Statement of Profit and Loss	Recognised in OCI	Net Deferred tax asset / (liability)
	INR	INR	INR	INR
Deferred tax asset				
Provision for Employee Benefits	44,68.08	6,45.68	(3,00.10)	48,13.66
Voluntary retirement schemes	98.49	(93.50)	-	4.99
Allowance for doubtful debts	6,97.75	(21.65)	-	6,76.10
Interest on income tax refund not accounted but considered as taxable under the Income Tax Act,1961	22,42.11	21.77	-	22,63.88
Expenses allowable for tax purpose when paid	31,19.55	11,14.58	-	42,34.13
Total Deferred tax asset	**106,25.98**	**16,66.88**	**(3,00.10)**	**119,92.76**
Deferred tax liabilities				
Fiscal allowance on Property, Plant and Equipment and Other Intangible assets	(14,63.34)	(1,57.00)	-	(16,20.34)
Deferred tax asset (net)	**91,62.64**	**15,09.88**	**(3,00.10)**	**103,72.42**

(` in lakhs)

March 31, 2017	Opening balance April 01, 2016	Recognised in the Statement of Profit and Loss	Recognised in OCI	Net Deferred tax asset / (liability)
	INR	INR	INR	INR
Deferred tax asset				
Provision for Employee Benefits	44,10.11	(1,25.68)	1,83.65	44,68.08
Voluntary retirement schemes	4,96.44	(3,97.95)	-	98.49
Allowance for doubtful debts	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 purpose when paid	32,57.75	(1,38.20)	-	31195.55
Total Deferred tax asset	**110,44.57**	**(6,02.24)**	**1,83.65**	**106,25.98**
Deferred tax liabilities				
Fiscal allowance on Property, Plant and Equipment and Other Intangible assets	(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**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 47 : LEASES

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

(` in lakhs)

	Lease Rental debited to Statement of Profit and Loss	Future Minimum lease Payments	As at March 31, 2018	As at March 31, 2017
Manufacturing Arrangement with Loan Licensee identified as operating lease	` 11,75.55 lakhs (Previous Year: `3,28.88 lakhs)	Within one year	9,86.10	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 ` 23,36.34 lakhs (Previous year ` 20,74.22 lakhs) have been included under the head Rent under Note 34 in the Statement of Profit and Loss.

NOTE 48 : EARNINGS PER SHARE

		Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year	Rupees in lakhs	350,72.58	336,81.20
Weighted average number of shares	Nos.	84,703,017	84,703,017
Earnings per share (Basic and Diluted)	`	41.41	39.76
Face value per share	`	10	10

49 (a) Current tax liabilities are net of taxes paid amounting to ` 1349,11.61 lakhs (As on March 31, 2017 ` 160,85.90 lakhs).

(b) Current tax assets (net) represents payment in excess of provisions of ` 2445,90.76 lakhs (As at March 31, 2017 ` 3514,57.67 lakhs).

NOTE 50 : FINANCIAL INSTRUMENTS - FAIR VALUE 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)

	As at March 31, 2018	As at March 31, 2017
Financial assets at fair value through OCI (FVTOCI)		
Investment in Equity instruments	5.50	5.50
Total Investment in Equity Instruments	**5.50**	**5.50**
Financial assets at amortised cost		
National Savings Certificate	0.17	0.17
Security Deposits	14,72.32	13,41.59
Margin money/ Deposit against bank guarantee	27.76	2,42.76
Trade receivables	146,95.89	170,79.67
Cash and cash equivalents	201,10.18	139,13.08

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Bank balances other than Cash and cash equivalents	1095,30.88	760,47.43
Interest accrued on deposits with bank	21,88.30	32,52.36
Receivable from group companies	35,38.23	54,42.80
Advances recoverable	1,12.38	14,57.26
Total financial assets	**1516,76.11**	**1187,77.12**
Financial liabilities at amortised cost		
Borrowings	98.90	1,59.50
Security deposits received	2,25.10	2,26.10
Payable to employees	93,41.84	86,66.83
Unclaimed dividends	23,34.70	23,14.76
Trade payables	505,85.52	278,92.73
Creditors for capital goods	140,39.16	243,55.29
Rationalisation relating to a manufacturing site	1,30.28	1,30.28
Other Payables	8,24.83	5,14.17
Total Financial Liabilities	**775,80.33**	**642,59.66**

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)

	As at March 31, 2018	As at March 31, 2017
Financial Instruments measured at Fair value (Level 3)		
Investment in Equity instruments	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 : It 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, 2018 (contd.)

(b) Fair value of financial assets and liabilities measured at amortised cost

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Financial assets		
National Savings Certificate		
Carrying value	0.17	0.17
Fair value	0.17	0.17
Security Deposits		
Carrying value	14,72.32	13,41.59
Fair value	14,72.32	13,41.59
Margin money/ Deposit against bank guarantee		
Carrying value	27.76	2,42.76
Fair value	27.76	2,42.76
Financial liabilities		
Borrowings		
Carrying value	98.90	1,59.50
Fair value	98.90	1,59.50
Security deposits received		
Carrying value	2,25.10	2,26.10
Fair value	2,25.10	2,26.10

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 Trade receivables, Cash and cash equivalents, Bank balances other than Cash and cash equivalents, Interest accrued on deposits with banks, Receivable from group companies, Advances recoverable, Payable to employees, Unclaimed Dividends, Trade payables, Creditors for capital goods, Rationalisation relating to a manufacturing site and Other Payables are considered to be the same as their fair values due to their short term nature.

C. Financial risk management

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

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

Risk management framework

The GlaxoSmithKline'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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

The audit committee 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 hospitals 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.

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 as at March 31, 2018 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, 2018	Gross Carrying amount	Expected Credit Losses	Carrying amount of trade receivables (net of Expected Credit loss)
Not due	11,399.19	1.60	113,97.59
Past due 0-180 days	26,15.81	98.63	25,17.18
Past due 181-360 days	2,54.25	3.42	2,50.83
Past due 361-720 days	1,66.23	7.20	1,59.03
Past due 721-1080 days	4,46.22	74.95	3,71.27
Past due more than 3 years	13,83.17	13,83.17	-
Total	**162,64.86**	**15,68.97**	**146,95.89**

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

As at March 31, 2017	Gross Carrying amount	Expected Credit Losses	Carrying amount of trade receivables (net of Expected Credit loss)
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 181-360 days	1,96.09	5.30	1,90.79
Past due 361-720 days	4,17.36	30.23	3,87.13
Past due 721-1080 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**

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, 2018, the Group had working capital of ` 586,54.45 lakhs, including cash and cash equivalents of ` 201,10.18 lakhs and investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months but less than 12 months) of ` 10,69,01.45 lakhs.

As of March 31, 2017, the Group had working capital of ` 954,01.34 lakhs, including cash and cash equivalents of ` 139,13.08 lakhs and investments in term deposits (i.e., bank certificates of deposit having original maturities of more than 3 months but less than 12 months) of ` 736,51.45 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, 2018	Contractual cash flows					
	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	98.90	98.90	40.60	40.60	17.70	-
Trade Payables and other payables	749,21.63	749,21.63	749,20.91	-	0.72	-
Unclaimed dividends	23,34.70	23,34.70	23,34.70	-	-	-
Security deposits	2,25.10	2,25.10	-	-	2,25.10	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

As at March 31, 2017	Contractual cash flows					
	Carrying amount	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	615,59.30	615,59.30	615,58.58	-	0.72	-
Unclaimed dividends	23,14.76	23,14.76	23,14.76	-	-	-
Security deposits	2,26.10	2,26.10	-	-	2,26.10	-

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.

Currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss, 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, EUR 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's exposure to foreign currency risk at the end of the reporting period is as follows:

(` in lakhs)

	March 31, 2018				March 31, 2017			
	GBP	USD	EUR	Others	GBP	USD	EUR	Others
Current Financial assets	88.66	3.30	-	-	-	5.56	-	-
Trade payables	11,70.92	168,66.53	635.81	2,73.32	97.12	27,01.27	6,33.84	1,58.79
Capital Creditors	51,81.23	653.14	25,94.52	12.23	30,08.97	13,19.28	78,03.99	-
Net statement of financial position exposure	(62,63.49)	(175,16.37)	(32,30.33)	(2,85.55)	(31,06.09)	(40,14.99)	(84,37.83)	(1,58.79)

Sensitivity analysis

A reasonably possible strenghtening / 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

Effect in ` Lakhs	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2018					
GBP	5%	(3,13.17)	3,13.17	-	-
USD	5%	(8,75.82)	8,75.82	-	-
EUR	5%	(1,61.52)	1,61.52	-	-
Other currencies	5%	(14.28)	14.28	-	-

(` in lakhs)

Effect in ` Lakhs	Strengthening / Weakening %	Profit or loss		Equity	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2017					
GBP	5%	(1,55.30)	1,55.30	-	-
USD	5%	(2,00.75)	2,00.75	-	-
EUR	5%	(4,21.89)	4,21.89	-	-
Other currencies	5%	(7.94)	7.94	-	-

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

NOTE 51 : 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 deferred sales tax incentive 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

(b) Dividends

(` in lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
(i)	Equity shares		
	Final dividend for the year ended March 31, 2017 of ` 30 (March 31, 2016: ` 50) per fully paid share	254,10.91	423,51.50
(ii)	Dividend Distribution Tax on the above	51,73.06	86, 21.92
(iii)	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 ` 35.00 per fully paid equity share (March 31, 2017 ` 30 per fully paid equity share). The proposed dividend for the year ended March 31, 2018 is subject to the approval of shareholders in the ensuing annual general meeting.	296,46.06	254,10.91
(iv)	Dividend Distribution Tax on the above	60,93.75	51,73.06

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

NOTE 52 : 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 the Chief Operating Decision Maker of the Group. 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, 2018	Year ended March 31, 2017
Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the Group derives revenues		
Revenue from the Country of Domicile - India	2839,27.33	2947,20.51
Revenue from foreign countries	56,37.45	52,78.26
Total	**2895,64.78**	**2999,98.77**

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Details of non current asset		
Non Current asset from the Country of Domicile - India	1642,02.71	1221,79.60
Non Current asset from foreign countries	-	-
Total	**1642,02.71**	**1221,79.60**

Information about major customers

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

NOTE 53 : 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 30th March, 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, 2018 (contd.)

(ii) Other related parties in the GlaxoSmithKline (GSK) Group where common control exists and with whom the Group had transactions during the year:

GlaxoSmithKline Asia Private Limited, India
GlaxoSmithKline Brasil Ltda, Brazil
GlaxoSmithKline Consumer Healthcare Limited, India
GlaxoSmithKline Biologicals S.A., Belgium
GlaxoSmithKline Pharmaceuticals S.A., Belgium
GlaxoSmithKline Services Unlimited, U.K.
Glaxo Operations UK Limited, U.K.
GlaxoSmithKline Export Limited, U.K.
GlaxoSmithKline Latin America S.A.
GlaxoSmithKline Pakistan Limited, Pakistan
GlaxoSmithKline Research & Development Ltd, U.K.
GlaxoSmithKline Pte Limited, Singapore
GlaxoSmithKline Corporate Centre, U.S.A.
GlaxoSmithKline Philippines Inc., Philippines
GlaxoSmithKline Australia Pty Limited, Australia
GlaxoSmithKline Trading Services Limited, Ireland
GlaxoSmithKline Limited, Hong Kong
GlaxoSmithKline South Africa (Pty) Ltd, South Africa
GlaxoSmithKline LLC, U.S.A.
GlaxoSmithKline Pharmaceutical Nigeria Limited, Nigeria
Stiefel India Private Limited, India
Glaxo Wellcome Ceylon Ltd., Sri Lanka
US GMS Financial Services, U.S.A.
Chiron Behring Vaccines Private Ltd, India

(iii) Directors and members of GSK India Management Team and their relatives:

Directors:
Mr. A. Vaidheesh #
Ms. P. Thakur # (w.e.f. January 1, 2018)
Mr. A. Aristidou # (upto December 31, 2017)
Mr. R. C. Sequeira (upto February 11, 2017)
Mr. R. Krishnaswamy #
Mr. N. Kaviratne
Mr. P. Bhide
Ms. A. Bansal
Mr. A. N. Roy
Mr. D. S. Parekh
Mr. D. Sundaram
Mr. R. R. Bajaaj
Mr. R. Simard (upto February 11, 2017) *
Mr. S. Williams (w.e.f. April 7, 2017)
Mr. M. Jones (w.e.f. April 7, 2017)

GSK India Management Team:
Mr. A. Nadkarni (w.e.f. April 17, 2017)
Mr. B. Akshikar (upto December 31, 2016)
Mr. K. Hazari
Mr. R. D'souza (w.e.f. April 17, 2017)
Mr. R. Bartaria
Mr. R. C. Sequeira (upto September 30, 2017)
Mr. S. Khanna (upto November 30, 2016)
Mr. S. Dheri
Mr. S. Venkatesh (upto December 31, 2016)
Ms. S. Choudhary (w.e.f. January 18, 2017)
Mr. S. Webb (w.e.f. January 17, 2018)
Ms. V. Desai (w.e.f. May 16, 2017)
Mr. V. Balakrishnan (w.e.f. March 20, 2017)
Mr. B. Kotak (w.e.f. June 14, 2017)
Mr. A. Iyer (w.e.f. October 13, 2017)
Ms. M. Priyam (w.e.f. July 27, 2017)
Ms. D. Jakate (w.e.f. February 19, 2018)

Also member of GSK India Management Team

* no transactions during the year

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

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)

	2017-18	2016-17
Glaxo Group Limited, U.K.	91,45.58	152,42.63
GlaxoSmithKline Pte Limited, Singapore	71,40.60	103,04.89
Eskaylab Limited, U.K.	17,64.00	29,40.00
Burroughs Wellcome International Limited, U.K.	10,08.00	16,80.00
Castleton Investment Limited, Mauritius	-	15,96.12

(ii) Details relating to parties referred to in items 1(i), 1(ii) and 1(iii) above:

(` in lakhs)

		Holding company/ ultimate holding company 1(i)		Other Companies in the GSK Group 1(ii)	
		2017-18	2016-17	2017-18	2016-17
1	Purchase of materials/traded goods	-	-	532,29.27	556,83.20
2	Sale of materials/sale of products	-	-	21.87	74.27
3	Sale of fixed assets	-	-	-	5,66.82
4	Intangible assets	-	-	49,66.22	22,24.96
5	Expenses recharged to other companies	-	-	33,41.62	31,97.87
6	Expenses recharged by other companies	-	-	31,09.78	39,73.21
7	Manufacturing charges recovered	-	-	10,38.19	9,98.34
8	Consignment sales commission received	-	-	13.17	14.77
9	Clinical research and data management recoveries	-	-	40,72.62	36,81.75
10	Central Value Added Tax credits availed on behalf of a related party (net)	-	-	1,63.58	4,26.04
11	Employee benefits transferred to a related party	-	-	(1.41)	(2.92)
12	Outstanding receivables at the period end	-	-	123,82.03	-
13	Outstanding payables as at the period end	-	-	312,53.78	-
14	Outstanding (payables) / receivables at the period end (net) #	-	-	-	(31,96.18)

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)

		2017-18	2016-17
(a)	Purchase of materials/traded goods :		
	GlaxoSmithKline Asia Private Limited, India	205,33.55	187,97.67
	GlaxoSmithKline Biologicals S.A., Belgium	196,77.90	71,64.77
	Chiron Behring Vaccines Private Ltd, India	-	64,88.42
	GlaxoSmithKline Export Limited, U.K.	90,47.88	211,19.25
(b)	Sale of materials/sale of products :		
	SmithKline Beecham Limited, U. K.	-	29.66
	GlaxoSmithKline Trading Services Limited, Ireland	21.87	44.61
(c)	Sale of fixed assets :		
	GlaxoSmithKline Pakistan Limited, Pakistan	-	566.82

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		2017-18	2016-17
(d)	Intangible assets under development :		
	GlaxoSmithKline Services Unlimited, U.K.	-	2,224.96
(e)	Intangible assets :		
	GlaxoSmithKline Services Unlimited, U.K.	49,66.22	-
(f)	Expenses recharged to other companies :		
	GlaxoSmithKline Asia Private Limited, India	6,56.68	6,74.62
	GlaxoSmithKline Biologicals S.A., Belgium	-	9,80.22
	GlaxoSmithKline Consumer Healthcare Limited, India	-	3.45
	GlaxoSmithKline Services Unlimited, U.K.	5,80.04	2,20.39
	Glaxo Operations UK Limited, U.K	7,03.55	6,21.61
	GlaxoSmithKline Trading Services Limited, Ireland	5,28.74	5,83.21
	GlaxoSmithKline Pharmaceutical Nigeria Limited, Nigeria	3,61.37	-
(g)	Expenses recharged by other companies :		
	GlaxoSmithKline Consumer Healthcare Limited, India	23,19.62	27,45.70
	Glaxo Operations UK Limited, U.K	-	8,25.97
	GlaxoSmithKline Services Unlimited, U.K.	-	1,46.53
(h)	Manufacturing charges recovered :		
	GlaxoSmithKline Asia Private Limited, India	10,38.19	9,98.34
(i)	Consignment sales commission received :		
	GlaxoSmithKline Asia Private Limited, India	13.17	14.77
(j)	Clinical research and data management recoveries :		
	GlaxoSmithKline Biologicals S.A., Belgium	23,16.70	23,14.26
	GlaxoSmithKline Research & Development Ltd, U. K.	17,55.92	13,67.49
(k)	Central Value Added Tax credits availed on behalf of a related party (net):		
	GlaxoSmithKline Asia Private Limited, India	1,63.58	4,26.04
(l)	Employee benefits transferred (from)/ to a related party :		
	GlaxoSmithKline Asia Private Limited, India	(1.41)	(2.92)

(` in lakhs)

		As at March 31, 2018
(m)	Outstanding receivables at the period end :	
	GlaxoSmithKline Asia Private Limited, India	4,77.26
	GlaxoSmithKline Consumer Healthcare Limited, India	103,71.58
	GlaxoSmithKline Biologicals S.A., Belgium	2,10.75
	GlaxoSmithKline Export Limited, U.K.	41.20
	GlaxoSmithKline Research & Development Ltd, U.K.	2,64.82
	GlaxoSmithKline Trading Services Limited, Ireland	50.09
	GlaxoSmithKline Services Unlimited, U.K.	93.14
	Glaxo Operations UK Limited, U.K.	2,03.02
	Chiron Behring Vaccines Private Ltd, India	16.78

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		As at March 31, 2018
(n)	Outstanding payables at the period end :	
	GlaxoSmithKline Asia Private Limited, India	29,78.52
	SmithKline Beecham Limited, U.K.	48.83
	GlaxoSmithKline Consumer Healthcare Limited, India	74,77.27
	GlaxoSmithKline Biologicals S.A., Belgium	130,73.89
	GlaxoSmithKline Export Limited, U.K.	18,36.96
	GlaxoSmithKline Services Unlimited, U.K.	48,17.60
	Glaxo Operations UK Limited, U.K.	82.17
	Chiron Behring Vaccines Private Ltd, India	79.31

(` in lakhs)

		As at March 31, 2017
(o)	Outstanding (payables) / receivables at the period end (net):	
	GlaxoSmithKline Asia Private Limited, India	(55,00.24)
	SmithKline Beecham Limited, U. K.	28.88
	GlaxoSmithKline Consumer Healthcare Limited, India	21,59.67
	GlaxoSmithKline Biologicals S.A., Belgium	4,91.22
	GlaxoSmithKline Export Limited, U.K.	20,76.63
	GlaxoSmithKline Research & Development Ltd, U. K.	1,13.98
	GlaxoSmithKline Trading Services Limited, Ireland	46.92
	GlaxoSmithKline Services Unlimited, U.K.	(19,30.16)
	Glaxo Operations UK Limited, U.K.	87.94
	Chiron Behring Vaccines Private Ltd, India	(6,23.64)
	GlaxoSmithKline Pharmaceutical Nigeria Limited, Nigeria	-

(iv) Details relating to persons referred to in item 1(iii) above:

(` in lakhs)

		2017-18	2016-17
1	Remuneration/commission/sitting fees	24,81.72	21,93.92
2	Payments under the long-term incentive plan	1,11.71	1,37.81
3	Interest income on loans given	0.15	0.26
4	Outstanding loans receivable	-	8.50

(v) Disclosure in respect of material transactions with persons referred to in item 1(iii) above:

(` in lakhs)

		2017-18	2016-17
(a)	Remuneration/commission/sitting fees:		
	Mr. A. Vaidheesh	601.16	4,06.22
	Mr. A. Aristidou	371.77	3,41.26

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

(` in lakhs)

		2017-18	2016-17
	Mr. S. Venkatesh	-	3,23.88
(b)	Payments under the long-term incentive plan:		
	Mr. R. Bartaria	11.75	24.96
	Mr. R.C. Sequeira	-	24.98
	Mr. R. Krishnaswamy	24.96	24.98
	Mr. S. Dheri	11.75	15.93
	Mr. S. Khanna	-	23.60
	Mr. K. Hazari	21.66	-
(c)	Interest income on loans given:		
	Mr. S. Dheri	0.15	0.26
(d)	Outstanding loans receivable:		
	Mr. S. Dheri	-	8.50

NOTE 54 : 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 4.8% (Previous Year – 4.5%) over the duration of the award.

Reconciliation of RSAs

	Number of RSA
As at April 1, 2016	**75,922**
Granted	66,174
Exercised *	(35,534)
Cancelled	(5,654)
As at March 31, 2017	**100,908**
Granted	75,170
Exercised *	(17,340)
Cancelled	(1,280)
As at March 31, 2018	**157,458**

*The weighted average share price at the date of exercise of the awards exercised during the year ended March 31, 2018 was GBP 12.95 (March 31, 2017 GBP 16.48)

Notes to the Consolidated Financial Statements for the year ended March 31, 2018 (contd.)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefits expense were as follows:

(` in lakhs)

	2017-18	2016-17
Restricted Share Awards (RSAs)	7,35.04	5,72.66

Carrying amount of liability

(` in lakhs)

	As at March 31, 2018	As at March 31, 2017
Carrying amount of liability included in long term incentive plan (Notes 21 and 25)	9,86.36	6,03.77

NOTE 55 : EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors of GlaxoSmithKline Pharmaceuticals Limited has recommended Equity dividend of ` 35.00 per share for the year ended March 31, 2018 (March 31, 2017: `30.00 per share) (Refer Note 51 (b)).

NOTE 56

Previous year figures have been regrouped / reclassified wherever necessary.

NOTE 57 : APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the board of directors on May 24, 2018.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

B. P. Shroff
Partner
(Membership No. 34382)

Mumbai, May 24, 2018

For and on behalf of the Board of Directors

D. S. Parekh	Chairman	DIN: 00009078
A. Vaidheesh	Managing Director	DIN: 01444303
Puja Thakur	CFO & Executive Director	DIN: 07971789
D. Sundaram	Audit Committee Chairman	DIN: 00016304
A. A. Nadkarni	Company Secretary	ACS 11026

Mumbai, May 24, 2018