



GLAXOSMITHKLINE CONSUMER HEALTHCARE LIMITED

# Annual Report

FOR THE YEAR ENDED MARCH 31, 2015





# Horlicks

gsk

## Delicious Horlicks<sup>®</sup> Kesar Badam

With Real Kesar and Badam



IMPROVES  
**5 SIGNS OF GROWTH<sup>^</sup>**



**MORE BONE AREA**



**MORE MUSCLES<sup>^</sup>**



**BETTER CONCENTRATION<sup>^</sup>**



**HEALTHIER BLOOD**



**HEALTHY WEIGHT GAIN**



GLAXOSMITHKLINE  
CONSUMER HEALTHCARE LIMITED

---

## Contents

|                                |    |
|--------------------------------|----|
| Board of Directors, etc.       | 1  |
| Financial Statistics           | 2  |
| Financial Highlights           | 3  |
| Directors' Report              | 4  |
| Business Responsibility Report | 18 |
| Corporate Governance Report    | 24 |
| CEO & CFO Certification        | 32 |
| Auditors' Report               | 33 |
| Balance Sheet                  | 36 |
| Statement of Profit and Loss   | 37 |
| Cash Flow Statement            | 38 |
| Notes to Financial Statements  | 40 |

### Registrars And Transfer Agents

Karvy Computershare Pvt. Ltd.  
Karvy Selenium Tower B  
Plot No. 31 & 32, Gachibowli, Financial District,  
Nanakramguda, Serilingampally  
Hyderabad – 500 008

**Website:** [www.gsk-ch.in](http://www.gsk-ch.in)

**Investor Email ID:** [investor.2.co@gsk.com](mailto:investor.2.co@gsk.com)

**Corporate Identity Number:** L24231PB1958PLC002257

### Chairman

Subodh Bhargava

### Managing Director

Zubair Ahmed

### Directors

Kunal Kashyap  
Mukesh H. Butani  
Naresh Dayal  
P. Dwarakanath  
Jaiboy J. Phillips  
Ramakrishnan Subramanian  
Jonathan Box  
Ireena Vittal (till 30.4.2014)  
Sangeeta Talwar (w.e.f. 6.8.2014)

### Company Secretary

Sonali Khanna

### Bankers

Deutsche Bank  
Citibank N.A.  
State Bank of India  
HDFC Bank Limited  
The Hongkong & Shanghai Banking Corporation Limited  
ICICI Bank Limited  
State Bank of Patiala  
Andhra Bank  
JP Morgan Chase Bank N.A.  
ANZ Bank  
DBS Bank Limited  
Standard Chartered Bank  
Punjab National Bank

### Auditors

Price Waterhouse

### Registered Office

Patiala Road, Nabha – 147 201 (Punjab)

### Head Office

24 & 25 Floor, One Horizon Centre, DLF Phase - V  
Gurgaon – 122 002 (Haryana)



## Financial Statistics

### Ten Year Financial Statistics

(Rs. Lacs)

|  | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011*           | 2012*           | 2013-14*<br>(15 Months) | 2014-15*<br>(12 Months) |
|--|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-------------------------|-------------------------|
| <b>SOURCES AND APPLICATIONS OF FUNDS</b> |                |                |                |                |                |                |                 |                 |                         |                         |
| <b>SOURCES OF FUNDS</b>                  |                |                |                |                |                |                |                 |                 |                         |                         |
| SHARE CAPITAL                            | 42,06          | 42,06          | 42,06          | 42,06          | 42,06          | 42,06          | 42,06           | 42,06           | 42,06                   | 42,06                   |
| RESERVES & SURPLUS                       | 4,33,05        | 5,00,65        | 6,04,29        | 7,18,82        | 8,63,04        | 9,17,98        | 11,02,12        | 13,18,92        | 17,70,79                | 20,70,98                |
| TOTAL SHAREHOLDERS' FUNDS                | 4,75,11        | 5,42,71        | 6,46,35        | 7,60,88        | 9,05,10        | 9,60,04        | 11,44,18        | 13,60,98        | 18,12,85                | 21,13,04                |
| <b>FUNDS EMPLOYED</b>                    | <b>4,75,11</b> | <b>5,42,71</b> | <b>6,46,35</b> | <b>7,60,88</b> | <b>9,05,10</b> | <b>9,60,04</b> | <b>11,44,18</b> | <b>13,60,98</b> | <b>18,12,85</b>         | <b>21,13,04</b>         |
| DEFERRED TAX LIABILITIES                 | 27,60          | 24,07          | 17,28          | 6,58           | -              | -              | -               | -               | -                       | -                       |
| <b>TOTAL</b>                             | <b>5,02,71</b> | <b>5,66,78</b> | <b>6,63,63</b> | <b>7,67,46</b> | <b>9,05,10</b> | <b>9,60,04</b> | <b>11,44,18</b> | <b>13,60,98</b> | <b>18,12,85</b>         | <b>21,13,04</b>         |
| <b>APPLICATION OF FUNDS</b>              |                |                |                |                |                |                |                 |                 |                         |                         |
| GROSS FIXED ASSETS                       | 5,17,74        | 5,28,21        | 5,40,99        | 5,55,34        | 5,96,26        | 7,07,29        | 7,85,82         | 8,53,48         | 8,93,07                 | 11,01,59                |
| DEPRECIATION                             | 2,33,95        | 2,70,32        | 2,97,65        | 3,29,24        | 3,64,00        | 3,96,71        | 4,35,97         | 4,62,40         | 5,14,71                 | 5,67,54                 |
| NET FIXED ASSETS                         | 2,83,79        | 2,57,89        | 2,43,34        | 2,26,10        | 2,32,26        | 3,10,58        | 3,49,85         | 3,91,08         | 3,78,36                 | 5,34,05                 |
| INVESTMENTS                              | -              | 2,19,68        | 2,97,83        | 0,05           | 0,05           | 0,05           | -               | -               | -                       | -                       |
| DEFERRED TAX ASSET                       | -              | -              | -              | -              | 11,01          | 26,73          | 39,89           | 61,63           | 90,30                   | 1,04,34                 |
| NET ASSETS (CURRENT AND NON CURRENT)     | 2,18,92        | 89,21          | 1,22,46        | 5,41,36        | 6,61,83        | 6,22,73        | 7,54,44         | 9,08,28         | 13,44,19                | 14,74,64                |
| <b>TOTAL APPLICATION</b>                 | <b>5,02,71</b> | <b>5,66,78</b> | <b>6,63,63</b> | <b>7,67,46</b> | <b>9,05,10</b> | <b>9,60,04</b> | <b>11,44,18</b> | <b>13,60,99</b> | <b>18,12,85</b>         | <b>21,13,03</b>         |

\*From 2011 onwards based on Revised Schedule VI

### Ten Year Track Record

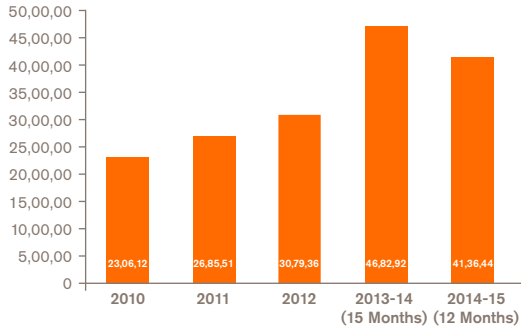
(Rs. Lacs)

|                          | 2005    | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013-14<br>(15 Months) | 2014-15<br>(12 Months) |
|--------------------------|---------|----------|----------|----------|----------|----------|----------|----------|------------------------|------------------------|
| TURNOVER (NET)           | 9,66,85 | 11,07,87 | 12,78,46 | 15,42,78 | 19,21,50 | 23,06,12 | 26,85,51 | 30,79,36 | 46,82,92               | 41,36,44               |
| PROFIT BEFORE TAX        | 1,62,42 | 1,90,57  | 2,45,12  | 2,85,71  | 3,53,86  | 4,51,80  | 5,40,26  | 6,48,69  | 10,16,07               | 8,89,14                |
| NET PROFIT               | 1,07,15 | 1,26,93  | 1,62,68  | 1,88,33  | 2,32,78  | 2,99,85  | 3,55,21  | 4,36,76  | 6,74,75                | 5,83,60                |
| DIVIDEND PAYOUT          | 33,64   | 42,06    | 50,47    | 63,08    | 75,70    | 2,10,28  | 1,47,19  | 1,89,25  | 1,89,25                | 2,31,31                |
| CORPORATE DIVIDEND TAX   | 4,72    | 5,90     | 8,58     | 10,72    | 12,87    | 34,92    | 23,88    | 30,70    | 32,16                  | 47,09                  |
| RETAINED EARNINGS        | 68,79   | 78,98    | 1,03,63  | 1,14,53  | 1,44,22  | 54,65    | 1,84,13  | 2,16,80  | 4,51,87                | 3,05,21                |
| DIVIDEND (%)             | 80      | 1,00     | 1,20     | 1,50     | 1,80     | 5,00     | 3,50     | 4,50     | 4,50                   | 5,50                   |
| EARNINGS PER SHARE (Rs.) | 24.84   | 30.18    | 38.68    | 44.78    | 55.35    | 71.30    | 84.46    | 1,03.85  | 1,60.44                | 1,38.77                |
| NUMBER OF SHARE HOLDERS  | 24,571  | 24,019   | 22,315   | 22,548   | 22,443   | 22,867   | 25,639   | 27,020   | 26,423                 | 27,288                 |

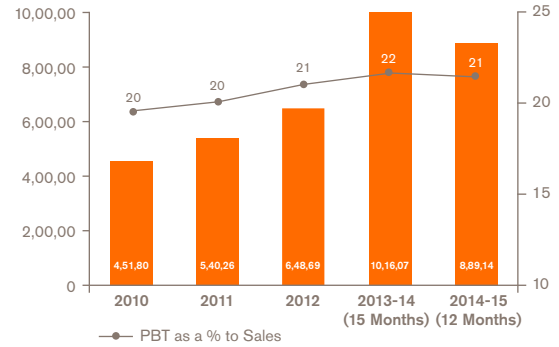


# Financial Highlights

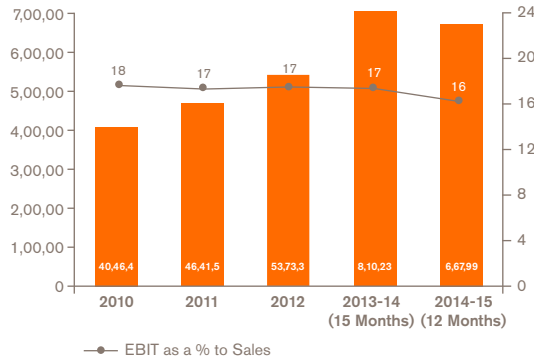
**Turnover (Net)**  
(Rs. Lacs)



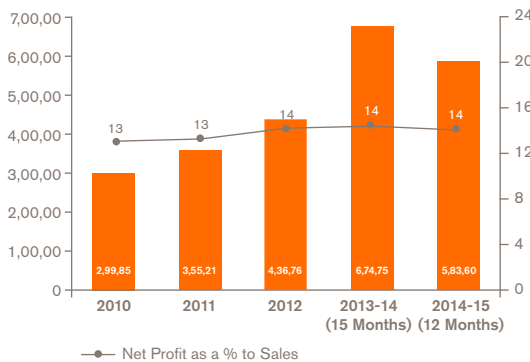
**Profit Before Tax**  
(Rs. Lacs)



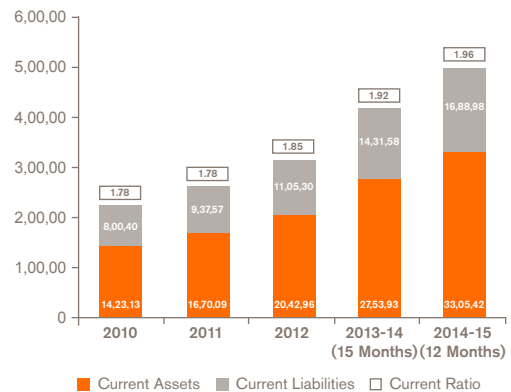
**EBIT**  
(Rs. Lacs)



**Net Profit**  
(Rs. Lacs)



**Current Ratio (Times)**  
(Rs. Lacs)







## Directors' Report

Your Directors are pleased to present the Annual Report on the business and operations of your Company and the audited Financial Statements of the Company for the year ended March 31, 2015. The Financial Statements for the period ended March 31, 2014 were made for 15 months in line with the provisions of the Companies Act, 2013, which prescribe a uniform financial year. Therefore, previous period figures are not comparable with figures for the year ended March 31, 2015.

### Financial Results

|   | 12 months<br>ended<br>March 31,<br>2015 | 15 months<br>ended<br>March 31,<br>2014 |
|---|---|---|
|   | (Rs. Lacs)                              |   |
| Revenue from operations (Net)   | 43,07,58.52                             | 48,68,57.16                             |
| Profit before Depreciation,<br>Amortisation and Tax   | 9,51,22.96                              | 10,78,61.86                             |
| Less: Depreciation  | 62,08.66                                | 62,54.66                                |
| <b>Profit Before Tax</b>  | <b>8,89,14.30</b>                       | <b>10,16,07.20</b>                      |
| Less: Provision for Tax   |   |   |
| - Current Tax   | 3,16,92.52                              | 3,70,00.20                              |
| - Deferred Tax  | (11,38.15)                              | (28,67.68)                              |
|   | <b>3,05,54.37</b>                       | <b>3,41,32.52</b>                       |
| <b>Profit After Tax</b>   | <b>5,83,59.93</b>                       | <b>6,74,74.68</b>                       |
| Previous year figures regrouped/reclassified wherever necessary to conform to this year's classification. |   |   |
| <b>Appropriations</b>   |   |   |
| Proposed Final Dividend   | (2,31,30.55)                            | (1,89,24.99)                            |
| Corporate Dividend Tax  | (47,08.83)                              | (32,16.30)                              |
| Differential dividend distribution tax<br>pertaining to previous year                                     | -                                       | (1,46.20)                               |
| Transferred to General Reserves   | (58,35.99)                              | (67,47.47)                              |
|   | <b>(3,36,75.37)</b>                     | <b>(2,90,34.96)</b>                     |
| Earnings Per Share (Rs.)<br>(Basic & Diluted)   | <b>138.77</b>                           | 160.44                                  |
| Dividend per Share (Rs.)  | <b>55.00</b>                            | 45.00                                   |

### Performance of the Company

Your Company delivered a strong performance with consistent double digit growth. In fact it is 10 years in a row that your Company has achieved a consistent double digit profitable growth. Sales and PAT for the 12 months ended March 31, 2015 were Rs. 41,36,43.63 Lacs and Rs. 5,83,59.93 Lacs respectively. Your Company strengthened its leadership position in HFD category to 66.2% by gaining 1.4% volume market share.

Your Company continues to focus on innovation and delivering products of value with superior science. The new formulation for both Standard Horlicks and Chocolate Horlicks makes the product more "instant" in both hot and cold milk. This helps address the consumer feedback, thus, ensuring a superior experience to consumers. Both the products were relaunched with new formulations. It was supported by strong commercials themed – "Everyday Horlicks, Everyday Growth" to promote better awareness and health among consumers.

The Horlicks brand extensions continued to do exceedingly well during the year. On the back of innovative campaigns, impressive all round performance and key milestones have been achieved by the brand.

Women's Horlicks differentiated positioning for the brand has been driven through thematic communication on the "Bone Health" Platform. The brand witnessed an exceptional year with superlative performance of high double digit growth.

Junior Horlicks continued on its journey to establish itself as the most suitable health drink for young children. Junior Horlicks was relaunched with new claims, new packaging and a new mascot. The changed packaging had a stronger kid connect and broke clutter on shelf. This saw great traction from consumers, showing upward movement and market share gains in core markets.

Mother's Horlicks was re-launched in December 2013 in its new Vanilla flavour having superior taste and improved miscibility. The product with new taste has been widely accepted by the consumer. The brand is performing exceptionally well and growing at high double digit.

Boost restaged, with new claim "3X more stamina in 120 days"\*\*\* and new packaging, has been in the market since February 2014. This was supported with a powerful 360 degree launch package comprising compelling thematic communication, shopper and consumer activation, strong trade visibility and digital media across markets. As a result, Boost continued to show results by gaining 0.6% volume market share, reaching all time high market share of 13.3% and now ranks third in HFD Category.

The Foods portfolio continued to deliver strong growth. Horlicks Oats is growing at high double digit and now ranks second in terms of market share in South India. The Biscuits portfolio growth momentum continued during the current year with launch of Milk Biscuits.

### Dividends

The Directors recommend a total dividend of Rs. 55 per equity share of Rs. 10 each for the year ended March 31, 2015. If approved by the Members at the ensuing Annual General Meeting to be held on August 6, 2015, it will be paid on or before September 5, 2015 to those Members whose names appear in the Company's Register of Members and to those persons whose names appear as beneficial owners (as per the details to be furnished by the Depositories in respect of the shares held in dematerialised form) as at the close of business hours on July 28, 2015.

### Management Discussion and Analysis Report

The global economy in the recent years has experienced a slowdown and uncertainty that has made growth and profitability increasingly elusive. There is a tremendous focus on the Emerging Markets due to continuous pressure and stress at global level. Indian economy faced its own set of challenges in terms of low GDP, high fiscal deficit, high inflation initially and weak consumer confidence leading to low growth in volume and value in FMCG and HFD. Towards the latter half of the financial year global fuel and commodity prices eased, Central Bank decision to cut rates and Government focus on key sectors to improve investment sentiment have helped to reduce the general inflation. However, the food inflation still remains at moderate level and low consumer disposable income have not improved the short term prospects. The Government evident focus on reviving economic growth by new policies and improve partnering with foreign countries underlines the major changes in the future.

According to A C Nielsen, market researcher, FMCG volume growth slowed down to 7% for PAN India. The impact was high in Southern market, where growth slowed down to 3%. The Rural growth has also slowed down on account of below average monsoon and unseasonal rains.

Despite these challenges, we believe we are well placed to deliver strong performance given our understanding of consumer behaviour. We also have robust Go to Market strategy, pipeline for innovative products, efficient cost management and talent management processes. These, we believe, fortifies us against all headwinds that we may face.

The rural business continues to grow consistently despite category slowdown due to macroeconomic challenges, through sustained focus on brand connect and driving execution excellence in coverage expansion. Through 13,000 rural sub distributors the Company's products are now

\*\*\*Based on an independent study conducted in 2009 (J. Nutr. 141:2017-2023,2011), the number of shuttles completed by Boost consuming children increased by 25% as compared to 8% increase in children who consumed non-fortified chocolate beverage in a 20-m shuttle test measuring whole body endurance

available in over 2 lacs outlets across 27,000 villages. Two key growth drivers in our Rural Programme are Horlicks Swasthya Abhiyan (HSA) and Village Level Entrepreneurs (VLE); HSA program aims to improve the standard of living in the rural areas, engaging with rural medical practitioners and community workers, thus creating awareness, education and relevance for our brands. VLE is our new initiative that has reached 390 villages by which we are reaching out to bottom of the pyramid, and in this process, economically empowering rural women.

Your Company's focussed cost management and working capital optimisation program continued to deliver strong results in mitigating inflation and supporting profitable growth. Sustained improvement in working capital continued in the current financial year. The cost optimization programs and returns from surplus cash arising from working capital initiatives have supported sustained investments in your Company's brands. The strong focus on cost management has helped us build a robust pipeline of cost savings initiatives to support our pursuit for profitable growth.

### Reserves

The total Reserves as on March 31, 2015 stood at Rs. 20,70,98.15 Lacs representing an increase of 17% from March 31, 2014. An amount of Rs. 58,35.99 Lacs has been transferred to Reserves. In order to align depreciation rates with Companies Act, 2013, the Reserves have been reduced by Rs. 5,01.78 Lacs.

### Research and Development

Your Company continues to derive continuous benefit from the strong foundation of Research & Development (R&D). Innovation and R&D continue to be at the centre of your Company's heart. With a superior culture driven by Science & Values, your Company is able to attract the best talent to provide the best in class product to its consumers.

The current period saw seven new launches and restages in India, one of the highest in recent times. Horlicks Relaunch was one of the major initiatives for the brand that was successfully delivered. The new Horlicks now comes with better miscibility, making it instantly dissolvable in hot as well as cold milk. Improved miscibility in cold milk offers great convenience and thus enables additional consumption occasions. The restage also offers a much more contemporary and user friendly packaging which means the bottle is easier to hold and helps in a better grip. This has been rolled out across all flavours – Malt, Chocolate, Elaichi & Kesar Badam and all SKUs.

Among the notable brand restages, Mother's Horlicks was re-launched delivering a significantly better tasting product and delivering on other business metrics.

The launch of Kesar Badam has turned out to be one of the best new flavour introductions of all time. This product was formulated with real almonds, saffron, an authentic consumer accepted flavour and the product continues to support the Horlicks '5 signs of growth' claim.

Chocolate Horlicks and Horlicks Gold were relaunched during the year with the instant mixability which was based on strong category/consumer insights. Horlicks Lite was re-staged with improved taste profile. Many of these new products were also matched with the right manufacturing technology to provide the best end to end benefits to the supply chain.

Among the other initiatives is the round biscuit that was taken to market at a low cost. This inspired uptake and supported access strategy. New Junior Horlicks Evo Jar with new structure and graphics was launched in October 2014 and has been well received.

Profitable growth ambitions are actively supported by R&D through a structured Value Engineering Program which also helps to mitigate the increasing cost of raw materials. Design to value remains an integral part of R&D product development process to provide sustainable cost advantage. R&D is also partnering with Supply Chain on a long term manufacturing process that is cost efficient.

Your Company's R&D goal continues to focus on strengthening its category leadership through the differentiated Science and Technology breakthrough in India. Further, R&D function is continuously working towards adopting

best practices in consumer insights. In 2014, the specific focus on Technology platforms drove consumer delight to drive consumption and enabled category growth.

R&D is also involved in substantial work to progress the Long Range Science and the new products to maintain category leadership. Some of the high science differentiated products are in final stages of development for launches in short, medium and long term, thus making our innovation pipeline robust. We continue to focus our efforts on commercializing differentiated science based innovations in all the categories we compete in, while keeping Company's values and Compliance requirements in mind.

The R&D function continues its focus on building a strong claims pipeline and having a robust Regulatory strategy in place to support the innovation and expansion programme. The Indian Regulatory Affairs team has been closely engaging with Food Authority and Industry associations to propose industry friendly changes in policy and food regulations.

Packaging has long proven to be a critical factor for winning at the first and second moments of truth. The team works seamlessly with Design, Commercial and R&D functions to drive Packaging Innovation, Value Engineering, and the Technology platforms agenda.

The team has delivered one of the largest relaunches by scale in the country under the Horlicks restage initiative, with focus on capital avoidance & cost optimization through four innovations. The team also has to its credit multiple patents on sealing technology and dispensing solutions and has been recognized externally through multiple Packaging Excellence awards in India, Asia, and at the Global level.

### ISO Certification

Your company's manufacturing facilities at Nabha, Rajahmundry and Sonepat continue to be certified to the latest version of ISO 9001: 2008, ISO 22000: 2005, ISO 14001: 2004 and OHSAS 18001: 2007 by SGS, a leading International certification company. These certifications indicate our commitment in meeting, in a sustainable manner, Global Quality, Environment Health and Safety Standards.

### Information Technology

Your Company continues to lead in integration of Information Technology for business efficiencies. The Information Technology function has been a key business enabler across all functions of the Company.

During the year, your Company has rolled out projects with industry leading technology to further strengthen the Rural and Upcountry Sales Force with mobile enabled solutions, implement projects related to plant maintenance (CMMS), Quality (CDMS), EHS (ZAP reporting for Employee Health & Safety), Get BPCS FIT (SAP readiness & to ensure better controls) to strengthen our Supply Chain. It has played a pivotal role in enabling "New smart office" which improved overall employee productivity, collaboration and transparency. During the year Company also focused on increasing the consumer reach by enabling digital solutions across brands.

The Information Technology function continues to display excellent agility and innovation to address the challenging business and economic environment and has come up as a key growth enabler for your Company.

We are in the process of taking backup of books of account on a physical server located in India and will be completed by end June 2015.

### Internal Control System and Adequacy

The Company has an adequate control framework system of reporting Internal Financial/Operational controls to ensure that transactions are properly recorded and authorized, apart from safeguarding its assets. The internal control framework is supplemented by:

- Well-documented standard operating procedures, policies, risk and control matrices for all material processes and guidelines. Further, these documents are regularly reviewed and updated to align with global best practices.
- Any material variances from the budget are reviewed periodically.



- Business Continuity Plans are periodically reviewed and tested to enhance their relevance.
- Quarterly submission of structured Internal Control Letters (ICLs) covers all functions in the Company. The self-assessment by process/control owner is also used as the basis of CEO/CFO certification as required under Clause 49 of the Listing Agreement with the Stock Exchange.
- The Company has a Risk Management and Compliance Board (RMCB), now called the 'Risk Management Committee' (RMC), comprising of the Managing Director, Finance Director, Operations Director, Executive Vice President - Legal and Executive Vice President - Human Resource. Risk maps stating the significant business risks, potential consequences along with mitigation plans are prepared by each function and reviewed by RMC on a regular basis.

The Company has a robust internal audit function, that reports into the Audit Committee and carries out review of operations, systems and functions basis the plan approved by Audit Committee.

All significant Audit observations and follow-up actions thereon are reported to the Audit Committee. The Committee reviews the adequacy and effectiveness of the Company's internal control framework and monitors the implementation of audit recommendations including those relating to strengthening the Company's risk management policies and systems.

#### Human Resource Development

The success of any organization is driven by its people and your Company believes that its employees are one of its biggest competitive advantages. It is our people who drive our business performance and are the key to our future growth plans. Our employment practices and talent programs are aimed at ensuring that we have the best talent driving the business. The Company's expectations define how our employees, leaders as well as team members must work to create sustainable growth for our organization. These have been embedded in our talent management processes enabling consistent ways of working across the Company through a series of initiatives in 2014. The new Performance Management System introduced in 2014 reiterates our emphasis on performance against business goals as well the behaviors demonstrated by employees for achieving them viz. the Company's expectations. The new Performance system also lays greater emphasis on creating individual and customized development objectives for each employee.

We continue to invest significantly in developing talent across levels leveraging processes such as Integrated Talent Management to ensure sustainability of talent and robust succession pipelines for all our key roles. Our focus on Differentiated Development ensures that employees are able to leverage a variety of opportunities to develop and take on larger and higher responsibilities in line with their career aspirations. The "Winning Sales Skills" program was launched to enhance the capability of our sales team. 'Manager as Coach' methodology was adopted for these sessions, where the sales managers played the role of Trainers, which was very well received by the team.

Your Company strongly believes in the principles of Diversity and Inclusion and has been working towards it steadily for the past several years. Through a focused approach of educating managers to appreciate the diversity agenda, hiring the right female candidates for suitable roles, and by building a culture more congenial for female colleagues we have been constantly improving our gender ratio over the years and would continue to do so.

Your Company recently moved to new Head Office. We recognized the need to create an office environment that enhances efficiency and supports collaboration, making it a stimulating, functional and inspirational work space. In line with our value of Transparency, our new office premises are free of cabins and encourage open seating. The design has been selected basis strong research, which is meant to facilitate collaboration, transparency, trust and integrity. Aided by technology and cutting edge design, this smart office encourages collaboration, flexible and energetic work culture leading to increased productivity and performance.

Our rewards are competitively aligned and linked to performance. Our Recognition Program provides a global platform for employees to recognize colleagues across the Company – providing both monetary and non-monetary avenues for recognition. Our values of Integrity, Transparency, Consumer-First and Respect-for-People remain central to everything we do. Strong and transparent internal communication and a culture of

empowerment along with our employee practices ensures that we have a highly engaged workforce that is truly aligned to the Company's mission of "do more, feel better, live longer".

#### Awards and Recognition

Your Company efforts to deliver the best quality products backed up by science based innovation, strong talent base and brands have been recognised during the year. Some of the key recognitions are:

- In the Economic Times Brand Equity Survey 2014, Horlicks has been ranked as the most trusted brand in Hot Beverages. Further, Horlicks and Boost also figured in Top 100 Brands across India.
- Horlicks was recognised in the Top 20 most valuable brand by WPP BrandZ.
- Chocolate Horlicks was awarded the Best Digital Strategy award at Media Abbys for "Mixes in milk even before you skip this Ad".
- Horlicks Ahaar Abhiyan wins best Pro bono marketing for providing better access to nutrition and fight malnutrition.
- Your Company was awarded "Star MNC" of the year by Business Standard.
- Your Company was awarded the "Golden Peacock award for Sustainability" second year in succession.
- Your Company's CEO was among India's Top 100 CEOs (Rank 3) by Business Today
- Your Company's CFO was awarded Best CFO by Business Today.

#### Directors

Ms. Sangeeta Talwar was appointed as Director (Independent) of the Company, in casual vacancy created by the resignation of Ms. Ireena Vittal, at the Board Meeting held on August 6, 2014.

The Company had already appointed Mr. Zubair Ahmed as Managing Director, Mr. R Subramanian as Chief Financial Officer, Mr. Jaiboy Phillips as Executive Director-Operations and Ms. Sonali Khanna as the Company Secretary. The Board designated them as Key Managerial Personnel of the Company under the provisions of the Companies Act, 2013.

#### Performance Evaluation of Board

A regular process of evaluating the Board's performance helps the Board in validating the relevance of its processes and provide insights for strengthening its overall efficiency and effectiveness.

#### Evaluation mechanism:

The Companies Act, 2013 has not specified a rigid procedure for this evaluation, keeping it open for the Board to adopt a procedure best suited for it. Therefore, the Remuneration & Nomination Committee decided that a peer feedback process will be adopted and a three sixty degree feedback will be taken from all Directors. The final results will be compiled and submitted to the Chairman. The Committee and the Board agreed that it should be anonymous and confidentiality should be maintained.

The Performance Evaluation mechanism was followed for the entire Board of Directors.

The Performance Evaluation mechanism adopted was as follows:

1. In February 2015, the survey was sent to all Directors in a sealed envelope.
2. The Evaluation was based on: Board Effectiveness, Processes adopted by the Board, Contribution by the Board Members, Value addition by the Board, Committee Effectiveness and contribution at the Committee.
3. All Directors filled in the survey and returned the same to the Head, Human Resource.
4. The Head - HR then compiled the results and shared the same with the Remuneration & Nomination Committee's Chairman and Chairman of the Board.
5. Thereafter, the results were individually discussed and feedback was provided to the Directors by the Chairman.

The Committee decided that this process would be carried out annually.

#### Criteria for Appointment of Directors

The success of the Board of Directors depends on the composition, structure,



resources, diligence, and authority of the entire Board, as well as their working relationships with other participants of corporate governance, including management. Your Company is committed to corporate governance best practices and is vigilant at the time of appointment of its Directors.

#### Key Responsibilities:

The Board of Directors is ultimately responsible for the Company's business affairs and governance. To that goal a director would be expected to:

- Represent organization's shareholders' interests and create value for them.
- Align the interests of management with those of shareholders while protecting the interests of other stakeholders (customers, creditors, suppliers).
- Oversee the Company's performance by setting objectives, establishing short-term and long-term strategies to achieve these objectives.
- Provide counsel to the Company's senior executives on material strategic decisions and risk management. Establish or approve strategic plans and decisions to achieve these goals.
- Oversee the sustainability of the Company in creating long-term shareholder value and protecting interests of other stakeholders.
- Pre-requisites for consideration:
  - The candidate to acknowledge that she/he have sufficient time to effectively discharge her/his duties.
  - The candidate should have skill sets and expertise area which is complementary to the current Board. The Board assesses the needs of the current Board to ensure that there is a range of skills, experience and diversity represented, including an understanding of:
    - the industry and markets in which the Company operates
    - accounting, finance and legal matters
    - other key areas of business operations
  - The candidate should have experience and depth of knowledge in her/his area of work so as to contribute meaningfully to the operations of the Board.
  - There should be no conflict of interest between the candidate and the Company. The individual should not be in relation to any current employee of the Company and should not be holding more than 2% of the Company's shares at the time or during the appointment.
  - The candidate should not be employed or related to another organization/body which can directly/indirectly influence the operations of the Company or is in direct competition with the Company.

The Candidate has not been convicted of any offence, whether involving moral turpitude or otherwise and sentenced to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of sentence.

### Remuneration Policy

#### Philosophy

The Company recognizes that reward is important in engaging employees and motivating them to do their best work to deliver our strategic priorities and mission. We reward high performance and recognize outstanding achievements of employees in a way that is consistent with our values and behaviours.

#### Principles

- Competitive - We provide competitive rewards within a global reward framework.
- Differentiated - We differentiate reward to attract and retain skilled employees; reward the greatest contributors and recognize employees who evolve their skills to enhance their individual contribution to the Company's success.
- Individual aligned- Our reward programs and practices are transparent and focus on ensuring alignment at several levels.
- Business alignment - Our reward program takes into account the common and business-specific skill/performance requirements across our various business units.
- Country alignment - Reward aims at meeting the needs of our diverse workforce and enabling them to live out our mission - to do more, feel better and live longer.
- Individual alignment - Individual objectives are set and reviewed annually to ensure employees have a clear understanding of the link between the business value they deliver and their own performance based reward.

### Managerial Remuneration

The Company believes its employees are its biggest assets and aligns its compensation and benefits towards rewarding employees in line with its Rewards policy. The Company focuses on being market aligned as well as differentiate basis performance to drive a high performance culture.

Your Company has 3527 permanent workers, including workmen. The remuneration for the workmen at two of the factories is governed by Long Term Wage Settlement (LTWS) which is done in consultation with the unions. For the remaining employees, the targeted salary increase was 10% and varied basis performance and market positioning.

If we compare the remuneration of these to that of median employee, we observe a ratio as given below:

| Name            | Designation                                 | Remuneration for 12 months ended March 31, 2015* | Remuneration for 15 months ended March 31, 2014* | Ratio of Salary to Median Employee |
|-----------------|---|--|--|------------------------------------|
| Zubair Ahmed    | Managing Director                           | 85,783,750                                       | 107,937,198                                      | 151                                |
| R Subramanian   | Director - Finance                          | 31,582,597                                       | 40,747,672                                       | 56                                 |
| Jaiboy Phillips | Director - Operations                       | 31,111,666                                       | 39,934,765                                       | 55                                 |
| Sonali Khanna   | General Manager - Legal & Company Secretary | 6,670,208  | 7,584,750  | N.A.                               |

\*The remunerations are not comparable on account of differential periods (15 months vs 12 months). For detailed breakup please refer the Corporate Governance Report.

The Company believes in balancing the competitiveness of pay as well as sustainability of the associated costs for the organization. The salary increases is aligned to not only the consumer industry but also the performance of the Company.

The Company believes that by means of the variable pay plan the Company is able to link a portion of compensation to the individual and business performance which creates a strong positive reinforcement. It also ensures that the employees of the Company are rewarded only when the shareholders' goals are met. The Company's variable pay plan, therefore, links the variable pay to both – individual performance and business results such as sales growth and operating profits.

### Particulars of Employees

The information required pursuant to Section 197 (12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

### Particulars of Loans, Guarantee, Investment u/s 186

There are no Loans, Guarantees, Investments to be reported u/s 186 of Companies Act, 2013.

### Details of Board Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year four Board Meetings and five Audit Committee Meetings were convened and 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.



### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information required as per the Companies (Accounts) Rules, 2014 is given in the Annexure I to this Report.

### Auditors

Messrs. Price Waterhouse, Chartered Accountants, who retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### Secretarial Audit

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed S N Ananthasubramanian & Co., a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as Annexure II to this Report.

### Composition of Audit Committee

Please refer the Corporate Governance Report for composition of Audit Committee.

### Risk Management Policy

The Company has a Risk Management policy and an internal control framework, which is used to manage risks.

### Vigil Mechanism for Directors and Employees of Company

The detailed policy for Vigil Mechanism and Whistler Blower is available at <http://www.gsk-ch.in/Policies.aspx>

### Extract of Annual Report

Information required under this clause is given in the Annexure III to this Report.

### Related Party Transaction

Disclosures as required under form AOC-2 are contained in Note 34 (Financial Statement). There are no Related Party Transactions which are not at arm's length basis.

The detailed policy for Related Party Transactions is available at <http://www.gsk-ch.in/Policies.aspx>

### Fixed Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### Information on Company's Share Performance

The market capitalisation of the Company increased by 46% (Rs. 2,64,93,52 lacs) vs March 31, 2014 (Rs. 1,81,20,68 Lacs). The PE ratio as on March 31, 2015 stands at 45 vs 35 as on closing date of last financial year.

### Environment and Social Commitment

Your Company is dedicated towards improving the quality of human life by enabling people to do more, feel better and live longer. As a Global Healthcare Company, your Company believes that it can play an important role in meeting societal challenges through right engagement towards environmental and societal commitments. Your Company's philosophy is to target support to selected programmes that are innovative, sustainable and which produce tangible results.

Your Company's stated mission statement is "To lend a helping hand to the underserved in our society through the support of women, children and the aged in the areas of health and education". Towards implementing this philosophy in spirit, your Company continued its positive contributions during the current period to the communities and invested in health and education programmes and partnerships that aimed to bring sustainable improvements to underserved people.

The initiatives undertaken by your Company are primarily focused towards women, children and the aged and are directed in the areas of Health, Education and Livelihood.

Your Company undertakes these activities in 5 different ways:

- A. Volunteer time and expertise:** At the very foundation of your Company's CSR activities is 'PULSE' – the skills-based volunteering initiative that enables the Company's employees to volunteer their professional expertise towards making a sustainable difference to communities and patients in need. During the period, three of your Company's employees received an opportunity to make a difference by way of three month projects with reputed national NGOs.

Your Company also strived to improve the quality of life and partnering with the society to improve, rebuild and create awareness about important social issues through 'Orange Day' events, where your Company's employees collectively in various groups spend a day with NGOs and the needy. These events are led, implemented and managed by the Company's employees, thus taking forward the Company's philosophy of developing self and others.

This year 4 employees from different functions like R&D, Supply Chain, Nabha Factory and Regional Sales Office, East volunteered and have successfully completed their assignments with various NGOs supporting their work in the areas of health and education, trash to cash initiative, women self help initiatives.

- B. Corporate Funding:** We undertook numerous Community Partnership Projects through established credible NGOs in the sphere of children's education and healthcare, support to the homeless, education and empowerment of tribal children, sustaining healthcare and livelihoods of the tribal community across the country.

All projects running under supervision of BCF and CAF continued. Under these projects, your Company is supporting almost 17 grass roots projects in 9 states of India addressing some important issues of poverty, malnutrition, education, health, disability, support to widows, differently abled, infant & maternal mortality, community disease like Kalazar, aged destitutes etc.

- C. Direct Community Development:** We undertook various initiatives to improve people's health and well-being and provide education for the under privileged in and around the factories located at Nabha, Rajahmundry and Sonepat. We also donated our food products directly to various NGOs across country.

- D. Relief and Rehabilitation in times of natural calamities and emergencies:** Your Company supplies its nutritious food products and OTC medicines to the needy in times of need and calamities. Products are also supplied round the year to slum children, and other needy communities like pregnant mothers, old age homes, in localities and villages in and around our factories.

During this year, your Company has extended support to the flood affected victims in Kashmir, by donating Crocin Advance, Crocin Pain Relief, Horlicks and Biscuits through various agencies like Food Safety and Standards Authority of India, FICCI, Helpage India, etc. Also employees came forward and contributed to the cause and collectively donated about Rs. 1.50 lakhs through Save the Children.

- E. Conservation of Environment:** Mother Earth is valuable and it is our responsibility to preserve and support towards a clean & sustainable environment. Your Company worked towards improving the environmental health by increased usage of Agro-waste bio-mass fuel (briquettes/pellets) for steam generation at all manufacturing sites to significantly reduce Carbon footprint and pollution levels.

For other details regarding CSR, please refer Annexure IV to Director's Report.

### Significant Material Orders Passed by the Court/Regulator/Tribunal Impacting Going Concern Status and Company's Operations In Future

The Company has not received any material Show cause under the Act/SEBI Regulations. Notices received from other regulatory/statutory authorities are being suitably dealt with.

There are no significant legal/arbitral proceedings against the Company. All such matters are being brought to the notice of the Audit Committee/ Board, as the case may be.

#### Director's Responsibility Statement

To the best of their knowledge and belief and according to the information and explanation obtained, your Directors make the following statement in terms of Section 134 (3) (c) and 134(5) of the Companies Act, 2013 for the year ended March 31, 2015:

- a. The Financial Statements of the Company for the period ended March 31, 2015 have been prepared in conformity with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. There have been no material departures in the adoption and application of accounting standards.
- b. All Financial Statements have been prepared on historical cost convention, as a going concern and on the accrual basis.
- c. The estimates and judgments relating to Financial Statements have been made on a prudent and reasonable basis in order to ensure that Financial Statements reflect, in a true and fair manner, the form and substance of the transactions and reasonably present the Company's state of affair and profit for the year.
- d. The Directors of the Company have taken adequate care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding of assets of the Company and for preventing and detecting fraud and other irregularities.
- e. The Company has laid down various SOP and internal controls for ensuring the orderly and efficient conduct of the business, including adherence to companies policies, safeguarding of assets, prevention and detection of fraud and errors and for timely preparation of reliable information and the same. The internal financial controls are adequate and operating effectively and our internal auditors have conducted periodic audits to provide reasonable assurances on the same.
- f. The systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

#### Declaration of Independent Directors

Pursuant to Sections 149(6) & 149(7) of the Companies Act, 2013, the Independent Directors of GlaxoSmithKline Consumer Healthcare Limited have given a declaration that they have complied with the criteria of independence as set out under sub section (6) of Section 149 of the Companies Act, 2013.

#### Cautionary Statement

Statements in this report particularly that pertains to Management Discussion and Analysis may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence the Company's operations such as Government policies, local, political and economic development, risks inherent to the Company's growth and such other factors.

#### Acknowledgements

The Directors wish to extend their thanks and appreciation to all the employees of the Company at all levels, agents and other business associates for their commitment, dedication and respective contributions to the Company's operations during the year under review.

The Directors would also like to acknowledge the valuable guidance, technical assistance and advice being received from the Associate Company in the U.K. Your Directors look forward to the future with confidence.

For and on behalf of the Board

Subodh Bhargava  
(DIN: 00035672)  
Chairman

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

R. Subramanian  
(DIN: 01933487)  
Mukesh H. Butani  
(DIN: 01452839)  
Directors

Place : Gurgaon  
Dated : May 8, 2015

## Annexure I to the Directors' Report for the year ended March 31, 2015

### Particulars regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

#### A. CONSERVATION OF ENERGY

##### (a) Energy Conservation Measures Taken

###### 1. Steam

All the sites have increased the agro-waste bio-mass (briquettes/ pellets) blending with coal for steam generation resulting in reduction of about 49,800 Tons of CO<sub>2</sub> thus significantly reducing carbon foot print in generating steam and endeavouring towards a clean & sustainable environment, which is 27% more than last year (48000 Tons LY for 15 month period ending March 31, 2014). All sites have improved condensate recovery for the better steam efficiencies.

###### 2. Electricity

As in the past, the Company continued to stress upon measures for the conservation and optimal utilization of energy in all the areas of operations and effective usage of sources/equipment. More than 12 energy conservation initiatives have been carried out during the current financial year. Significant measures which have contributed to energy conservation were:

- Replacement of Air Handling Unit Blowers with Energy Efficient Blowers at Rajahmundry.
- Installation of LED lighting in place of the conventional lighting system at all the sites.
- Replacement of old inefficient motors with energy efficient motors at all the sites.
- VFD for Process equipment motors.

##### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Various steps and measures are being initiated to continuously improve on consumption of coal and electricity at all the sites. Some of the energy conservation proposals being implemented are:

- Agro waste biomass based 1.4 MW high pressure steam boiler cogeneration plant.
- Double effect Vapour Absorption Machine for air conditioning loads.
- Replacement of old screw based vapour compression chillers with energy efficient centrifugal chillers.
- Replacement of boiler feed water pump with energy efficient pumps.
- Energy efficient blowers for FDV units.
- Back Pressure turbine generation enhancement through installation of Thermo vapor compressor system.
- Energy efficient DC supply based ceiling fans.
- Old coal fired boilers conversions into biomass fired.
- Harmonic filters for reducing the losses in the electrical system.
- As a part of renewable energy initiative, sites are exploring the option of Solar photovoltaic captive power generation units.

##### Water Reduction Initiatives

The Company is committed to continuing reduction in water use and making improvements in water quality, maximising water efficiency and minimizing risks and impacts. Company also targets reducing the pollution potential of the wastewater that our sites discharge.

In the current financial year, all the three Company's primary manufacturing sites have taken various water conservation initiatives like:-

- Recharge of rain water through rain water harvesting.
- Ground water recharging through natural percolation.
- Reduce water consumption through usage of floor cleaning machines instead of manual cleaning.
- Recycling of water to reduce water consumption.

##### Way Forward

Your Company has witnessed significant growth in sales volumes in the recent past. Keeping pace with past and future needs, your Company's contributions towards GSK's global carbon and water footprint will grow significantly over the coming years.

In pursuit of mitigating the carbon foot print in future, we are exploring following possibilities/opportunities:

- Solar PV power.
- Desiccant based dehumidification.



- Biogas plant for power generation by utilizing canteen, process and ETP sludge waste at all the sites.
  - Enhanced replacement of coal with agro waste biomass.
- In pursuit of mitigating the water foot print in future, we are exploring following possibilities/opportunities:
- Water recycling.
  - Reuse of water in operations.
  - Recharge of rain water through Rain water harvesting.
  - Ground water recharge through community partnership.

**(c) In respect of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods**

All the energy saving initiative and projects implemented across sites have helped mitigate the inflation in fuel price.

**(d) Total energy consumption and energy consumption per unit of production as per Form "A" of the Annexure in respect of industries specified in the Schedule thereto:**

| FORM "A"  |                                      |                                      |  |
|---|--------------------------------------|--------------------------------------|--|
|   | 12 months ended<br>March 31,<br>2015 | 15 months ended<br>March 31,<br>2014 |  |
| <b>A. Power and Fuel Consumption</b>  |                                      |                                      |  |
| <b>1. Electricity</b>   |                                      |                                      |  |
| a) Purchased Units (in Lacs)  | 4,75.94                              | 5,86.66                              |  |
| Total amount (Rs. Lacs)   | 36,50.82                             | 44,00.77                             |  |
| Rate/Unit (Rs.)   | 7.67                                 | 7.50                                 |  |
| b) Own Generation   |                                      |                                      |  |
| 1. DG Sets Units (in Lacs)  | 53.47                                | 50.61                                |  |
| Units per litre of Diesel oil   | 3.53                                 | 3.47                                 |  |
| Cost/Unit (Rs.)   | 15.55                                | 15.58                                |  |
| 2. Turbine Units (in Lacs)  | 23.23                                | 22.84                                |  |
| <b>2. Coal Used in Boilers</b>  |                                      |                                      |  |
| Quality (Calorific value ranging between 2500 to 3500 BTU) Quantity (Tonnes)* | 22,119                               | 36,704                               |  |
| Total Cost (Rs. Lacs)   | 13,63.49                             | 23,00.52                             |  |
| Average Rate (Rs.)  | 61,64.28                             | 62,67.69                             |  |
| <b>3. Bio-mass used in Boilers</b>  |                                      |                                      |  |
| Quality (Tonnes)  | 39,257                               | 36,576                               |  |
| Total Cost (Rs. Lacs)   | 22,34.71                             | 20,85.72                             |  |
| Average Rate (Rs.)  | 56,92.50                             | 57,02.40                             |  |

\*Includes Coal consumed to produce steam to generate electricity from Turbine.

**B. Consumption per unit of Production:**

|  | 12 Months ended<br>March 31,<br>2015 |                | 15 Months ended<br>March 31,<br>2014 |                |
|--|--------------------------------------|----------------|--------------------------------------|----------------|
|  | Coal/<br>Bio-mass<br>MT              | Power<br>Units | Coal/<br>Bio-mass<br>MT              | Power<br>Units |
| 1. Malt Based Food/<br>Energy and Protein<br>Health Food/Cereal<br>Based Food/Powdered<br>Milk (Per Ton) | 0.61                                 | 548            | 0.59                                 | 534            |
| 2. Ghee & Butter<br>(Per Ton)  | 0.26                                 | 110            | 0.29                                 | 130            |

**B. TECHNOLOGY ABSORPTION**

**RESEARCH & DEVELOPMENT (R&D)**

- (1) Specific Areas in which R&D was carried out by the Company**  
Innovation pipeline development and delivery of new product continues to be key focus area of your Company's R&D. There has been significant focus on new technology development, claims development, capacity enhancement initiatives, value engineering initiatives, and regulatory compliance. The major efforts has been carried out to find opportunities for enhanced consumption of existing products through product/process creativity and tapping new consumer needs and supporting new communication on brands.
- (2) Benefits derived as a result of the above R&D**  
The launch of new products, re-launches of the brands, new claims, communication and packaging have significantly contributed to the growth in turnover. Further, there is a good Innovation pipeline which has set the platform for new launches in the future. Value Engineering efforts have helped the business deliver profitable growth and reinvest in brands.
- (3) Further Plan of Action**  
R&D will continue to focus on initiatives such as Consumer-insights driven innovation, product development designed to value, generation of high science-based differentiated claims, and building a strong long term pipeline. In addition, a proactive Regulatory Affairs programme focused on maintaining the Company's reputation externally will continue the strong contribution from the R&D function towards sustained profitable growth of the Company.
- (4) Expenditure on R&D**

|   | (Rs. Lacs)                           |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 12 months ended<br>March 31,<br>2015 | 15 months ended<br>March 31,<br>2014 |
| a) Capital                                  | 9.11                                 | 73.40                                |
| b) Recurring                                | 52,46.88                             | 46,97.46                             |
| <b>Total</b>                                | <b>52,55.99</b>                      | <b>47,70.86</b>                      |
| R&D Expenditure as a percentage of turnover | 1.2%                                 | 1.0%                                 |

**Technology Absorption, Adaptation and Innovation**

The Company is continuously taking steps to improve the product and process technology in an effort to provide for better value for money to consumers.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (a) Activities relating to exports: Initiatives taken to increase exports: Development of new export methods for products and services and export plans**  
The Foreign exchange earnings through exports have increased in the current year covering exports to Bangladesh, Sri Lanka, Bhutan, Middle East, Myanmar and Pakistan. The efforts to broaden the export base to new and existing countries are continuing.
- (b) Total Foreign Exchange used and earned:**

|                           | (Rs. Lacs)                           |                                      |
|---------------------------|--------------------------------------|--------------------------------------|
|                           | 12 months ended<br>March 31,<br>2015 | 15 months ended<br>March 31,<br>2014 |
| Foreign Exchange Earnings | 2,35,28.56                           | 3,25,49.65                           |
| Foreign Exchange Outgo    | 66,25.49                             | 67,33.81                             |

For and on behalf of the Board

Subodh Bhargava  
(DIN: 00035672)  
Chairman

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

R. Subramanian  
(DIN: 01933487)  
Mukesh H. Butani  
(DIN: 01452839)  
Directors

Place : Gurgaon  
Dated : May 8, 2015

## Annexure II to the Directors' Report for the year ended March 31, 2015

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31st, 2015**  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**GlaxoSmithKline Consumer Healthcare Limited**  
**CIN: L24231PB1958PLC002257**  
Patiala Road,  
Nabha 147201  
Punjab

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GlaxoSmithKline Consumer Healthcare 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 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 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 maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (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, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - Not applicable as the Company has not issued any shares during the financial year under review.
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014);- Not applicable as the Company has not issued any employee benefits during the financial year under review.
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable as the Company has not issued any Debt securities which are listed during the financial year under review.
  - 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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review.
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review.
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not applicable as the Company has not bought back any of its securities during the financial year under review.
- (vi) The Company has identified the following laws as specifically applicable to the Company:
  - 1) Food Safety and Standard Act, 2006 and Rules and Regulations thereunder
  - 2) The Hazardous wastes (Management & Handling) Rules, 1989
  - 3) The Legal Metrology Act, 2009 and Rules and Regulations thereunder

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India—not applicable as not notified during the Financial Year under review
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

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

### **We further report that:-**

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



Adequate notice is given to all Directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent sufficiently 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations of the Company, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that during the audit period no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. above have taken place.

For **S N Ananthasubramanian & Co**

**S N Ananthasubramanian**

**FCS No.4206**

**C P No. 1774**

Date: 28th April 2015

Place: Thane

---

To,  
The Members,  
**GlaxoSmithKline Consumer Healthcare Limited**  
**CIN: L24231PB1958PLC002257**  
Patiala Road,  
Nabha 147201  
Punjab

Our Secretarial Audit Report of even date is to be read along with this letter.

#### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

#### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

#### **Disclaimer**

5. 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 **S N Ananthasubramanian & Co**

**S N Ananthasubramanian**

**FCS No.4206**

**C P No. 1774**

Date: 28th April 2015

Place: Thane



### Annexure III to the Directors' Report for the year ended March 31, 2015

#### Form No. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2015

[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:

|   |   |  |
|---|---|--|
| 1 | CIN   | L24231PB1958PLC002257  |
| 2 | Registration Date   | October 30, 1958   |
| 3 | Name of the Company   | GlaxoSmithKline Consumer Healthcare Limited  |
| 4 | Category/Sub-Category of the Company  | Company limited by shares  |
| 5 | Address of the Registered office and contact details                        | Patiala Road, Nabha –147201, Punjab<br>Tel No.: (01765) 306400; Fax No.: (01765) 220642<br>Investor.2.co@gsk.com   |
| 6 | Whether listed Company (Yes/No)   | Yes  |
| 7 | Name, Address and Contact details of Registrar and Transfer agents, if any: | Karyv Computershare Pvt. Ltd., Karyv Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008 |

#### 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:-

| Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the Company |
|--|---------------------------------|------------------------------------|
| Malt Based Food                                | 219.1                           | 85%                                |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

- a. Horlicks Limited, UK      b. GlaxoSmithKline Pte Limited, Singapore

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding :

| S. No. | Category of Shareholders               | No. of Shares held at the beginning of the Year |              |                    |                   | No. of Shares held at the end of the Year |              |                    |                   | % Change during the year |
|--------|--|---|--------------|--------------------|-------------------|---|--------------|--------------------|-------------------|--------------------------|
|        |  | Demat   | Physical     | Total              | % of Total Shares | Demat                                     | Physical     | Total              | % of Total Shares |                          |
| (I)    | (II)                                   | (III)   | (IV)         | (V)                | (VI)              | (VII)                                     | (VIII)       | (IX)               | (X)               | (XI)                     |
| (A)    | <b>Promoter and promoter group</b>     |   |              |                    |                   |   |              |                    |                   |                          |
| (1)    | INDIAN                                 |   |              |                    |                   |   |              |                    |                   |                          |
| (a)    | Individual/UF                          | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (b)    | Central Government/State Government(s) | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (c)    | Bodies Corporate                       | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (d)    | Financial Institutions / Banks         | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (e)    | Others                                 | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
|        | <b>Sub-Total A(1) :</b>                | <b>0</b>  | <b>0</b>     | <b>0</b>           | <b>0.00</b>       | <b>0</b>                                  | <b>0</b>     | <b>0</b>           | <b>0.00</b>       | <b>0.00</b>              |
| (2)    | FOREIGN                                |   |              |                    |                   |   |              |                    |                   |                          |
| (a)    | Individuals (NRIs/Foreign Individuals) | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (b)    | Bodies Corporate                       | 3,04,71,992                                     | 0            | 3,04,71,992        | 72.46             | 3,04,71,992                               | 0            | 3,04,71,992        | 72.46             | 0.00                     |
| (c)    | Institutions                           | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (d)    | Qualified Foreign Investor             | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (e)    | Others                                 | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
|        | <b>Sub-Total A(2) :</b>                | <b>3,04,71,992</b>                              | <b>0</b>     | <b>3,04,71,992</b> | <b>72.46</b>      | <b>3,04,71,992</b>                        | <b>0</b>     | <b>3,04,71,992</b> | <b>72.46</b>      | <b>0.00</b>              |
|        | <b>Total A=A(1)+A(2)</b>               | <b>3,04,71,992</b>                              | <b>0</b>     | <b>3,04,71,992</b> | <b>72.46</b>      | <b>3,04,71,992</b>                        | <b>0</b>     | <b>3,04,71,992</b> | <b>72.46</b>      | <b>0.00</b>              |
| (B)    | <b>Public Shareholding</b>             |   |              |                    |                   |   |              |                    |                   |                          |
| (1)    | Institutions                           |   |              |                    |                   |   |              |                    |                   |                          |
| (a)    | Mutual Funds/UTI                       | 77,279  | 160          | 77,439             | 0.2               | 6,61,896                                  | 160          | 6,62,056           | 1.6               | (1.39)                   |
| (b)    | Financial Institutions/Banks           | 2,67,216  | 1,598        | 2,68,814           | 0.6               | 3,22,146                                  | 1,598        | 3,23,744           | 0.8               | (0.13)                   |
| (c)    | Central Government/State Government(s) | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (d)    | Venture Capital Funds                  | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (e)    | Insurance Companies                    | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (f)    | Foreign Institutional Investors        | 49,09,527                                       | 306          | 49,09,833          | 11.7              | 44,58,487                                 | 306          | 44,58,793          | 10.6              | 1.07                     |
| (g)    | Foreign Venture Capital Investors      | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (h)    | Qualified Foreign Investor             | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
| (i)    | Others                                 | 0   | 0            | 0                  | 0.00              | 0   | 0            | 0                  | 0.00              | 0.00                     |
|        | <b>Sub-Total B(1) :</b>                | <b>52,54,022</b>                                | <b>2,064</b> | <b>52,56,086</b>   | <b>12.5</b>       | <b>54,42,529</b>                          | <b>2,064</b> | <b>54,44,593</b>   | <b>12.9</b>       | <b>(0.45)</b>            |



| S. No. | Category of Shareholders  | No. of Shares held at the beginning of the Year |                  |                    |                   | No. of Shares held at the end of the Year |                 |                    |                   | % Change during the year |
|--------|---|---|------------------|--------------------|-------------------|---|-----------------|--------------------|-------------------|--------------------------|
|        |   | Demat   | Physical         | Total              | % of Total Shares | Demat                                     | Physical        | Total              | % of Total Shares |                          |
| (2)    | Non-Institutions  |   |                  |                    |                   |   |                 |                    |                   |                          |
| (a)    | Bodies Corporate  | 7,80,305  | 4,536            | 7,84,841           | 1.9               | 6,90,183                                  | 4,536           | 6,94,719           | 1.7               | 0.21                     |
| (b)    | Individuals   |   |                  |                    |                   |   |                 |                    |                   |                          |
|        | (i) Individuals holding nominal share capital upto Rs.1 lakh                  | 33,26,748                                       | 8,24,910         | 41,51,658          | 9.9               | 32,89,031                                 | 7,79,364        | 40,68,395          | 9.7               | 0.20                     |
|        | (ii) Individuals holding nominal share capital in excess of Rs.1 lakh         | 9,50,643  | 3,29,300         | 12,79,943          | 3.0               | 10,64,792                                 | 1,85,121        | 12,49,913          | 3.0               | 0.07                     |
| (c)    | Others  |   |                  |                    |                   |   |                 |                    |                   |                          |
|        | Clearing Members  | 10,558  | 0                | 10,558             | 0.0               | 5,798                                     | 0               | 5,798              | 0.0               | 0.01                     |
|        | Non Resident Indians  | 95,518  | 0                | 95,518             | 0.2               | 1,11,212                                  | 0               | 1,11,212           | 0.3               | (0.04)                   |
|        | NRI Non-Repatriation  | 0   | 1,212            | 1,212              | 0.0               | 0   | 1,212           | 1,212              | 0.0               | 0.00                     |
|        | NRI Repatriation  | 0   | 2,350            | 2,350              | 0.0               | 0   | 2,350           | 2,350              | 0.0               | 0.00                     |
|        | Overseas Corporate Bodies   | 280   | 0                | 280                | 0.0               | 280                                       | 0               | 280                | 0.0               | 0.00                     |
|        | Trusts  | 1,100   | 0                | 1,100              | 0.0               | 5,074                                     | 0               | 5,074              | 0.0               | (0.01)                   |
| (d)    | Qualified Foreign Investor  | 0   | 0                | 0                  | 0.0               | 0   | 0               | 0                  | 0.0               | 0.00                     |
|        | <b>Sub-Total B(2) :</b>   | <b>51,65,152</b>                                | <b>11,62,308</b> | <b>63,27,460</b>   | <b>15.0</b>       | <b>51,66,370</b>                          | <b>9,72,583</b> | <b>61,38,953</b>   | <b>14.6</b>       | <b>0.45</b>              |
|        | <b>Total B=B(1)+B(2) :</b>  | <b>1,04,19,174</b>                              | <b>11,64,372</b> | <b>1,15,83,546</b> | <b>27.5</b>       | <b>1,06,08,899</b>                        | <b>9,74,647</b> | <b>1,15,83,546</b> | <b>27.5</b>       | <b>0.00</b>              |
|        | <b>Total (A+B) :</b>  | <b>4,08,91,166</b>                              | <b>11,64,372</b> | <b>4,20,55,538</b> | <b>100.0</b>      | <b>4,10,80,891</b>                        | <b>9,74,647</b> | <b>4,20,55,538</b> | <b>100.0</b>      | <b>0.00</b>              |
| (C)    | Shares held by custodians, against which Depository Receipts have been issued |   |                  |                    |                   |   |                 |                    |                   |                          |
| (1)    | Promoter and Promoter Group   | 0   | 0                | 0                  | 0.0               | 0   | 0               | 0                  | 0.0               | 0.00                     |
| (2)    | Public  | 0   | 0                | 0                  | 0.0               | 0   | 0               | 0                  | 0.0               | 0.00                     |
|        | <b>GRAND TOTAL (A+B+C) :</b>  | <b>4,08,91,166</b>                              | <b>11,64,372</b> | <b>4,20,55,538</b> | <b>100.0</b>      | <b>4,10,80,891</b>                        | <b>9,74,647</b> | <b>4,20,55,538</b> | <b>100.0</b>      |                          |

(ii) Shareholding of Promoters:

| S. 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                             | % Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares                       | % Shares of the Company | % of Shares Pledged/encumbered to total shares |   |
| 1      | Horlicks Limited            | 1,81,52,243                               | 43.16                   | -  | 1,81,52,243                         | 43.16                   | -  | -   |
| 2      | GlaxoSmithKline Pte Limited | 1,23,19,749                               | 29.29                   | -  | 1,23,19,749                         | 29.29                   | -  | -   |
|        |                             | <b>3,04,71,992</b>                        | <b>72.45</b>            | <b>-</b>                                       | <b>3,04,71,992</b>                  | <b>72.45</b>            | <b>-</b>                                       | <b>-</b>                                  |

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

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

| S. No. | For Each of the Top 10 Shareholders             | 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      | Arisaig Partners (Asia) Pte Ltd.                | 2054172                                   | 4.9                              | 1536133                                 | 3.7                              |
| 2      | Wasatch Small Cap Growth Fund                   | 286067                                    | 0.7                              | 286067                                  | 0.7                              |
| 3      | Vanguard Emerging Markets Stock Index Fund      | 213341                                    | 0.5                              | 212422                                  | 0.5                              |
| 4      | The Oriental Insurance Company Limited          | 196119                                    | 0.5                              | 145765                                  | 0.4                              |
| 5      | Tree Line Asia Master Fund (Singapore) Pte Ltd. | 192000                                    | 0.5                              | 172000                                  | 0.4                              |
| 6      | Wasatch Emerging Markets Small Cap Fund         | 175637                                    | 0.4                              | 0                                       | 0                                |
| 7      | Abu Dhabi Investment Authority - Gulab          | 148652                                    | 0.4                              | 158592                                  | 0.4                              |
| 8      | Anjani Khanna Jt. Umka Khanna                   | 110380                                    | 0.3                              | 93529                                   | 0.2                              |
| 9      | Nabha Investment Private Limited                | 110000                                    | 0.3                              | 88160                                   | 0.2                              |
| 10     | Shree Capital Services Limited                  | 100817                                    | 0.2                              | 100817                                  | 0.2                              |

(v) Shareholding of Directors and Key Managerial Personnel:

Mr. Mukesh Butani held 83 shares at the beginning of the year (Closing balance at the end of the year: NIL)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: The Company does not have any loans, interest outstanding.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| S. No. | Particulars of Remuneration  | Mr. Zubair Ahmed          | Mr. R Subramanian  | Mr. Jaiboy Phillips |
|--------|--|---------------------------|--------------------|---------------------|
| 1      | Gross Salary   |                           |                    |                     |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961* | 5,03,16,857               | 2,06,94,796        | 1,81,19,462         |
|        | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961                              | 52,40,081                 | 17,82,204          | 41,40,253           |
|        | (c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961               | -                         | -                  | -                   |
| 2      | Stock Option**   | 1,23,75,740               | 28,27,030          | -                   |
| 3      | Sweat Equity   | -                         | -                  | -                   |
| 4      | Commission   | -                         | -                  | -                   |
| 5      | Others, please specify   |                           |                    |                     |
|        | <b>Total</b>   | <b>6,79,32,678</b>        | <b>2,53,04,030</b> | <b>2,22,59,715</b>  |
|        | <b>Ceiling as per the Act</b>  | <b>10% of Net Profits</b> |                    |                     |

\*Includes Basic Salary, Bonus and Retiral Benefits on payment basis.

\*\*Includes Cash settled stock based awards of GSK Plc on payment basis.

### B. Remuneration to other Directors:

| Particulars of Remuneration                 | Mr. Kunal Kashyap | Mr. Mukesh H. Bhutani | Mr. Naresh Dayal | Mr. P. Dwarakanath | Ms. Ireena Vittal | Ms. Sangeeta Talwar | Mr. Subodh Bhargava | Mr. Jonathan Box          |  |
|---|-------------------|-----------------------|------------------|--------------------|-------------------|---------------------|---------------------|---------------------------|--|
| <b>Independent Directors</b>                |                   |                       |                  |                    |                   |                     |                     |                           |  |
| Fees for attending Board Committee meetings | 10,32,590         | 8,35,960              | 7,04,780         | 7,89,050           | -                 | 6,05,620            |                     |                           |  |
| Commission                                  | 7,00,000          | 7,00,000              | 7,00,000         | 7,00,000           | 45,320            | 4,66,667            |                     |                           |  |
| <b>Total (1)</b>                            | <b>17,32,590</b>  | <b>15,35,960</b>      | <b>14,04,780</b> | <b>14,89,050</b>   | <b>45,320</b>     | <b>10,72,287</b>    | -                   | -                         |  |
| <b>Other Non-Executive Directors</b>        |                   |                       |                  |                    |                   |                     |                     |                           |  |
| Fees for attending Board Committee meetings |                   |                       |                  |                    |                   |                     | 5,67,420            | -                         |  |
| Commission                                  |                   |                       |                  |                    |                   |                     | 10,00,000           | -                         |  |
| <b>Total (2)</b>                            | -                 | -                     | -                | -                  | -                 | -                   | <b>15,67,420</b>    | -                         |  |
| <b>Total (B) (1)+ (2)</b>                   | <b>17,32,590</b>  | <b>15,35,960</b>      | <b>14,04,780</b> | <b>14,89,050</b>   | <b>45,320</b>     | <b>10,72,287</b>    | <b>15,67,420</b>    | -                         |  |
| <b>Overall Ceiling as per Act:</b>          |                   |                       |                  |                    |                   |                     |                     | <b>11% of Net profits</b> |  |

**Total Managerial Remuneration (Whole time Directors, Non-executive and Independent Directors):** Rs. 12,43,67,493\* {on Payment Basis}

\*Includes a sum of Rs. 23,663 paid to Mr Simon J. Scraff (NEC till April 30,2013) as commission during the year ended March 31, 2015.

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

| S. No. | Particulars of Remuneration  | Ms. Sonali Khanna |
|--------|--|-------------------|
| 1      | Gross Salary   |                   |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961* | 52,19,548         |
|        | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961                              | 45,853            |
|        | (c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961               | -                 |
| 2      | Stock Option   | -                 |
| 3      | Sweat Equity   | -                 |
| 4      | Commission   | -                 |
| 5      | Others, please specify   | -                 |
|        | <b>Total</b>   | <b>52,65,401</b>  |

\*Includes Basic Salary, Bonus and Retiral Benefits on payment basis.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

The Company has not received any material Show cause under the Act/SEBI Regulations.

Notices received from other regulatory/statutory authorities are being suitably dealt with.

There are no significant legal/arbitral proceedings against the Company. All such matters are being brought to the notice of the Audit Committee/Board as the case may be.



**Annexure IV to the Directors' Report for the year ended March 31, 2015**  
**Annual Report on Corporate Social Responsibility (CSR) Activities**

**1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Corporate Social Responsibility to our Company is a genuine and sustainable investment in the community that we are a part of and is not just philanthropy. This is a conscious and committed effort to contribute in every possible way we can. We believe that through effective CSR outreach, we have the extraordinary opportunity to redefine the way in which a company can help enable change in the world. Our CSR focus is inspired by our Global Corporate Responsibility under the following heads - Our People, Health for All, Our Planet & Our Behaviour. For details of project/ programs undertaken, please refer to the Directors Report and table below. The composition of the CSR Committee is given under the Corporate Governance Report. The detailed policy for CSR is available at <http://www.gsk-ch.in/Policies.aspx>

**2. The Composition of the CSR Committee**

Please refer Corporate Governance Report.

**3. Average net profit of the Company for last three financial years: Rs. 7,35,01 Lacs**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 14,70 Lacs**

**5. Details of CSR spent during the financial year.**

- a. Total amount to be spent for the financial year: Rs. 14,70 Lacs
- b. Total amount spent during the year: Rs. 17,34 Lacs
- c. Amount unspent, if any: Nil
- d. Manner in which the amount spent during the financial year is detailed below:

*(Amount Rs. Lacs)*

| S. No. | CSR project or activity identified   | Implementing Agency             | Sector in which project is covered | Projects or programs<br>1. Local Area or other<br>2. Specify the state and district where projects or programs was undertaken | Amount Outlay (budget) project or programs wise | Amount spent on the projects or programs<br>Sub heads<br>(1) Direct Expenditure on projects<br>(2) Overheads | Cumulative expenditure upto the reporting period | Amount Spent: Direct or through implementing agency |
|--------|--|---------------------------------|------------------------------------|---|---|--|--|---|
| 1      | Sustaining healthcare and livelihood for the tribal community in Kalrayan hills near Salem in Tamil Nadu. Tribal Health Initiative                                 | Business & Community Foundation | Education, Health & Nutrition      | Rural Tamil Nadu  | 16  | 16   | 16   | Implementing Agency                                 |
| 2      | In Vidarbha, Maharashtra support provided to families and widows where farmers have committed suicide due to agrarian prices. Institute of Environmental Health    | Business & Community Foundation | Rural development                  | Vidarbha (Maharashtra)  | 11  | 11   | 11   | Implementing Agency                                 |
| 3      | Supporting Homeless Women, Children and families in Delhi & Hyderabad. LSN Foundation  | Business & Community Foundation | Women and Child health & Nutrition | Hyderabad   | 4   | 4  | 4  | Implementing Agency                                 |
| 4      | Providing Healthcare & Education of Relief Settlement (PRS) for destitutes, mentally ill, women & children in Palluruthy Kerala Peoples Council for Social Justice | Business & Community Foundation | Education, Health & Nutrition      | Cochin (Kerala)   | 8   | 8  | 8  | Implementing Agency                                 |
| 5      | Empowering and uniting mothers of young adults with mental retardation in Delhi Society for Child Development  | Business & Community Foundation | Education, Health & Nutrition      | Delhi   | 2   | 2  | 2  | Implementing Agency                                 |
| 6      | Supporting informal education for slum children, in Faridabad Uday Society for Development   | Business & Community Foundation | Education, Health & Nutrition      | Faridabad   | 3   | 3  | 3  | Implementing Agency                                 |

|    |   |   |   |   |               |   |             |                     |
|----|---|---|---|---|---------------|---|-------------|---------------------|
| 7  | Providing Meals to 200 tribal children and honorarium to teaching and support staff Wayanad Girijana Seva Trust Kerala                                  | Business & Community Foundation                     | Rural development   | Kerala  | 3             | 3                                       | 3           | Implementing Agency |
| 8  | Education and empowerment of Tribal children (ASSRA)  | Business & Community Foundation                     | Education, Health & Nutrition                                 | Jharkhand   | 2             | 2                                       | 2           | Implementing Agency |
| 9  | Helping to provide shelter, medical care and sustainability for old, orphaned destitutes at various locations in Delhi St. Stephens Hospital Mother NGO | Business & Community Foundation                     | Health & Nutrition  | Delhi   | 3             | 3                                       | 3           | Implementing Agency |
| 10 | Education and Vocational Training for underprivileged children Aakash Mairdwal  | Business & Community Foundation                     | Supporting Educational needs of underprivileged children      | Ghaziabad   | 1.5           | 1.5                                     | 1.5         | Implementing Agency |
| 11 | Ration and food support to Children's home, Gurgaon   | Business & Community Foundation                     | Children Health & Education                                   | Gurgaon, Haryana  | 2             | 2                                       | 2           | Implementing Agency |
| 12 | Scholarship to 25 girls from under privileged community (Udayan Care)   | Business & Community Foundation                     | Education of Girl Child                                       | Hyderabad   | 2.5           | 2.5                                     | 2.5         | Implementing Agency |
| 13 | Monitoring cost   | Business & Community Foundation                     | Overhead  |   | 5             | 5                                       | 5           | Implementing Agency |
| 14 | Contribution towards Providing nutrition and education to children of Crisis residential Centre   | Business & Community Foundation                     | Children Health & Education                                   | Gurgaon   | 2             | 2                                       | 2           | Implementing Agency |
| 15 | Activity towards addressing major health issue "Kalazar"  | Charities Aid Foundation                            | Education, Health & Nutrition                                 | North Bihar   | 12.38         | 1. Direct - 11.14<br>2. Overhead - 1.24 | 12.38       | Implementing Agency |
| 16 | Supporting Vridha Sewa Abhiyan (Home for Old dying destitutes)  | Charities Aid Foundation                            | Old Age Homes   | Delhi   | 7.42          | 1. Direct - 6.68<br>2. Overhead - 0.74  | 7.42        | Implementing Agency |
| 17 | Rural development and addressing malnutrition through activities like Aahar Abhiyan   | Care India Solutions                                | Women and Child health  | West Bengal   | 100           | 37                                      | 37          | Implementing Agency |
| 18 | Rural development and addressing malnutrition through activities like Aahar Abhiyan   | Save The Children                                   | Women and Child health  | Tamil Nadu  | 100           | 49                                      | 49          | Implementing Agency |
| 19 | Substituting conventional fuel with Bio fuel (Nabha)  | In Factories located at Nabha, Rajhamundry, Sonapat | Ensuring Environmental Sustainability, ecological balance etc | Nabha, Punjab, Sonapat, Haryana & Rajhamundry, Andhra Pradesh | 1600          | 1564                                    | 1564        | Direct              |
|    | <b>Total</b>  |   |   |   | <b>1884.8</b> | <b>1734</b>                             | <b>1734</b> |                     |

**6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

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



# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| S. No.                  | Activity  | Details   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
|-------------------------|---|---|---------|---------------|----------|------------------|----------|-------|-------------------|----------|-------|-----------------------|----------|-------|-------------------------|----------|-------|
| 1.                      | Corporate Identity Number (CIN) of the Company  | L24231PB1958PLC002257   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 2.                      | Name of the Company   | GlaxoSmithKline Consumer Healthcare Limited   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 3.                      | Registered address  | Patiala Road, Nabha – 147 201 (Punjab)  |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 4.                      | Website   | www.gsk-ch.in   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 5.                      | E-mail id   | investor.2.co@gsk.com   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 6.                      | Financial Year reported   | April 1, 2014 to March 31, 2015   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 7.                      | Sector(s) that the Company is engaged in (industrial activity code-wise)  | <p>Food Processing Sector</p> <table border="1"> <thead> <tr> <th>Product</th> <th>ITC (HS) Code</th> <th>NIC Code</th> </tr> </thead> <tbody> <tr> <td>Malt Based Foods</td> <td>19019090</td> <td>219.1</td> </tr> <tr> <td>Protein Rich Food</td> <td>19019090</td> <td>219.6</td> </tr> <tr> <td>Cereal Based Beverage</td> <td>19019090</td> <td>218.0</td> </tr> <tr> <td>Nutritional Food Powder</td> <td>21069099</td> <td>218.0</td> </tr> </tbody> </table> | Product | ITC (HS) Code | NIC Code | Malt Based Foods | 19019090 | 219.1 | Protein Rich Food | 19019090 | 219.6 | Cereal Based Beverage | 19019090 | 218.0 | Nutritional Food Powder | 21069099 | 218.0 |
| Product                 | ITC (HS) Code   | NIC Code  |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| Malt Based Foods        | 19019090  | 219.1   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| Protein Rich Food       | 19019090  | 219.6   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| Cereal Based Beverage   | 19019090  | 218.0   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| Nutritional Food Powder | 21069099  | 218.0   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 8.                      | List three key products/services that the Company manufactures/provides (as in balance sheet)   | <p>a. Malt Based Food</p> <p>b. Protein Rich Food</p> <p>c. Cereal Based Beverage</p> <p>d. Nutritional Food Powder</p>   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 9.                      | Total number of locations where business activity is undertaken by the Company:<br>i. Number of International Locations:<br>(Provide details of major 5)<br>ii. Number of National Locations: | -<br><br>Gurgaon, Chennai, Mumbai, Kolkata, Nabha, Rajahmundry, Sonapat   |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |
| 10.                     | Markets served by the Company– Local/State/<br>National/International   | PAN India, Sri Lanka, Bangladesh, Nepal, Middle East, Myanmar, Bhutan and Pakistan  |         |               |          |                  |          |       |                   |          |       |                       |          |       |                         |          |       |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| Activity  | Details  |
|---|--|
| Paid up Capital (INR)   | 42,05,55,380   |
| Total Turnover (INR)  | 41,36,43,63,095  |
| Total profit after taxes (INR)  | 5,83,59,91,238   |
| Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 17,34,60,104 (i.e. 2.97% of profit after tax)  |
| List of activities in which expenditure in 4 above has been incurred                          | <p>a. Sustaining healthcare and livelihood for the tribal community in Kalrayan hills near Salem in Tamil Nadu.</p> <p>b. In Vidarbha, Maharashtra support provided to families and widows where farmers have committed suicide due to agrarian prices.</p> <p>c. Supporting Homeless Women, Children and families in Delhi &amp; Hyderabad.</p> <p>d. Providing Healthcare &amp; Education of Relief Settlement (PRS) for destitute mentally ill women &amp; children in Palluruthy Kerala.</p> <p>e. Empowering and uniting mothers of young adults with mental retardation in Delhi.</p> <p>f. Supporting informal education for slum children, in Faridabad.</p> <p>g. Providing Meals to 200 tribal children and honorarium to teaching and support staff.</p> <p>h. Education and empowerment of Tribal children.</p> <p>i. Helping to provide shelter, medical care and sustainability for old, orphaned destitutes at various locations in Delhi.</p> <p>j. Helping to provide shelter, medical care and sustainability for old, orphaned destitutes at various locations in Delhi including Badarpur.</p> <p>k. Ration and food support to Children's home, Gurgaon.</p> <p>l. Scholarship to 25 girls from under privileged community.</p> <p>m. Contribution towards providing nutrition and education to children of Crisis residential Centre.</p> <p>n. Activity towards addressing major health issue "Kalazar".</p> <p>o. Supporting Vridha Sewa Abhiyan.</p> <p>p. Rural development and addressing malnutrition through activities like Aahar Abhiyan.</p> <p>q. Substituting conventional fuel with Bio fuel.</p> |

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies? – **No**
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) – **Not Applicable**
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%] – **No**

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

- a) Details of the Director responsible for implementation of the BR policy/policies
  - DIN Number : 01417171
  - Name : Mr. Jaiboy John Phillips
  - Designation : Director- Operations

- b) Details of the BR head:

| S.No. | Particulars                | Details                                   |
|-------|----------------------------|---|
| 1.    | DIN Number (if applicable) | –   |
| 2.    | Name                       | Ms. Sonali Khanna                         |
| 3.    | Designation                | General Manager-Legal & Company Secretary |
| 4.    | Telephone number           | +91 124 4336207                           |
| 5.    | e-mail id                  | sonali.k.khanna@gsk.com                   |

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

| S. No. | Questions  | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1.     | Do you have a policy/policies for....  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 2.     | Has the policy being formulated in consultation with the relevant stakeholders?  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 3.     | Does the policy conform to any national/international standards? If yes, specify? (50 words)   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 4.     | Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?                                       | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 5.     | Does the Company have a specified Committee of the Board/Director/ Official to oversee the implementation of the policy?                                 | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 6.     | Indicate the link for the policy to be viewed online?  | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 7.     | Has the policy 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.   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 9.     | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |
| 10.    | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?                                | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   | Y   |

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: NOT APPLICABLE



**3. Governance related to BR:**

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Company has set up a cross functional team consisting members from Commercial, Legal, Human Resources, Finance, Environment Health & Safety, Quality, Regulatory, Communications and External Affairs to monitor and ensure compliance with the mandated BR Reporting.

This internal cross functional team has met on September 19, 2014, December 16, 2014, January 19, 2015 & March 11, 2015 and has updated the Director responsible.

This report is presented to the Board for their review and approval every year.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Company publishes the Business Responsibility Report annually and the same can be viewed at [www.gsk-ch.in](http://www.gsk-ch.in)

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

- Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Anti Bribery and Corruption Policy covers the Company and all its Third Party Vendors.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

None.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- Horlicks and its variants
- Boost and its variants

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

**i. Water & Energy Consumption in 2014-15**

| S.No | Parameter                    | Unit                          | Total       |
|------|------------------------------|-------------------------------|-------------|
| 1.   | Water Consumption (absolute) | KL                            | 11,02,532   |
| 2.   | Carbon Emissions             | Absolute CO <sub>2</sub> (Kg) | 8,29,45,250 |

**ii. Raw Material Consumption in 2014-15**

| S.No | Description of Raw Material | Unit | Total  |
|------|-----------------------------|------|--------|
| 1.   | Milk Powder                 | MT   | 12,673 |
| 2.   | Liquid Milk                 | MT   | 43,293 |
| 3.   | Malt and Malt Extract       | MT   | 83,829 |
| 4.   | Flour (Wheat)               | MT   | 35,519 |

**iii. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

All the sites have increased the usage of Agro-waste bio-mass fuel (briquettes/pellets) for steam generation. This has resulted in a reduction of about 49800 Tons of CO<sub>2</sub> emissions, thereby significantly reducing carbon footprint and endeavoring support towards a clean & sustainable environment.

Sites have taken various initiatives for water conservation like Recharge of rain water through Rain water harvesting, Ground water recharging through natural percolation, Reduce water consumption through usage of floor cleaning machines instead of manual cleaning, Recycling of water to reduce water consumption etc.

**iv. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Not applicable.

- Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has been increasing sourcing and usage of Bio Fuel (Waste bio mass) with replacement over Coal over the years thus enhancing sustainability of our sourcing for fuels. The same trend has continued in 2014. A project has been undertaken to review the supply base of Raw Materials, which is expected to be completed in 2015 and would help in developing road map in this direction.

- Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company source significant share of our milk requirements in Punjab from farmers from nearby villages. Further, to improve their capability and productivity of dairy operations we provide active support in the area of Animal Health Care, Breed Improvement and guidance on Good Animal Husbandry Practices & Clean Milk Production.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

All three sites has well defined system to recycle waste and recycling of products waste is more than 10%, detail of the waste utilization is as follows:

**Process:**

Husk (Barley) : Sold as cattle feed.

Product waste : Bio composting used as manure

Ash from ESP : Reused in manufacture of ash based bricks, mud based bricks and for road construction.

***Principle 3: Businesses should promote the wellbeing of all employees***

| S.No. | Particulars   | Details                           |
|-------|---|-----------------------------------|
| 1.    | Please indicate the Total number of employees   | 3527                              |
| 2.    | Please indicate the Total number of employees hired on temporary/contractual/casual basis       | 1595                              |
| 3.    | Please indicate the Number of permanent women employees.  | 125                               |
| 4.    | Please indicate the Number of permanent employees with disabilities                             | 3                                 |
| 5.    | Do you have an employee association that is recognized by management                            | Yes.<br>Rajahmundry : 1 Nabha : 1 |
| 6.    | What percentage of your permanent employees is members of this recognized employee association? | Nabha : 93%,<br>Rajahmundry : 85% |

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

| S.No. | Category                                      | No. of complaints filed | No. of complaints closed | No. of complaints pending |
|-------|---|-------------------------|--------------------------|---------------------------|
| 1.    | Child labour/forced labour/involuntary labour | 0                       | 0                        | 0                         |
| 2.    | Sexual harassment                             | 1                       | 0                        | 1                         |
| 3.    | Discriminatory Employment                     | 0                       | 0                        | 0                         |

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- Permanent Employees : 70%
- Permanent Women Employees : 36%
- Casual/Temporary/Contractual Employees : 59%
- Employees with Disabilities : 0%

***Principle 4: Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized***

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has the system of contracts/PO's with the stakeholders with defined terms and conditions, service levels and compensation.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

The Company has a process for identifying the Micro, Small and Medium Enterprises and ensuring compliance under the MSMED Act, 2006.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

- The Company in collaboration with Charities Aid foundation has undertaken an initiative to provide primary healthcare to residents of nearby villages by supporting two primary healthcare centers in vicinity of Sonepat. Regular awareness camps are organized in our health centers, villages & local schools, apart from street plays, meetings with key opinion leaders etc. to build consensus & ownership of health & hygiene as a focus area for the local community.
- The Company sponsors education for about 20 girl students studying in classes 10<sup>th</sup> to 12<sup>th</sup> in Government senior secondary school, Nabha by providing scholarships. The girls are selected on a merit-cum means basis.
- The Company procures liquid milk from 400 villages in Nabha & Rajahmundry milkshed area. The Company drives a structured Dairy Development programme in its milkshed through Animal Health care, Breed improvement, Farm management and Clean Milk production.

**Key activities:**

- Free Veterinary Service
- Deworming Camps – Free deworming of animals
- Multipurpose camps – Vety. treatment & awareness lectures
- Subsidy on Veterinary Medicines
- Subsidy on Feed Supplements - Mineral Mixture & Calcium Preparations

During the year, Company's rural business also focused on building a unique 'Go-to-Market' model with the Village Level Entrepreneur (VLE)-network by developing 390 VLEs. This unique model is win-win proposition for all concerned as it creates livelihood opportunities for underprivileged rural women enhances their knowledge and increases access to nutritional products for the community and builds a strong sustainable channel for the organization to reach and serve these markets. Women, selected from socially and economically disadvantaged communities - provide the last mile connect between the company and consumers in smaller villages. In collaboration with NGOs, self-help groups, rural development banks and other key entities working with rural communities, the Company identifies, trains and inducts women into the programme and entrusts them to take our products to the consumers' doorsteps. These trained women set up and run their distribution business and creates a sustainable livelihood for themselves. In 2014-2015, we identified and enabled VLEs, primarily in Bihar, West Bengal and Tamil Nadu. Each of these women reaches over 50 households every month in her village and passes on information on health and nutrition. In the process they also generate business with personal monthly profits of around Rs. 1000.

**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?  
The policy of the Company on human rights covers the Company and all its Third Party Vendors.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
None.

**Principle 6: Businesses should respect, promote, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.  
Yes, it extends to contract manufacturing sites.
2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.  
All the three primary manufacturing sites have Site Energy policy which addresses global environmental issues such as climate change, global warming, etc. and site energy initiatives are being considered in line with that.  
CO<sub>2</sub> emissions are monitored by all the units and we have taken long term targets for reduction of the same. One of the key initiatives taken during the year is increase in blending of waste bio-mass with coal in the existing boilers to reduce the carbon emissions thus contributing towards reducing the impact of global warming.
3. Does the Company identify and assess potential environmental risks? Y/N  
Yes, Proactive approach is followed in identification of the potential environmental risk, 5x5 matrix is used for the identification of the potential environmental risks. Proper SOP's/controls are in place for the key environmental risks.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?  
No.
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.  
All sites have taken various initiatives highlighted as below.
  1. **Steam**  
All the sites have increased the usage of Agro-waste bio-mass fuel (briquettes/pellets) for steam generation. This has resulted in a reduction of about 49,800 Tons of CO<sub>2</sub> emissions, thereby significantly reducing carbon footprint and endeavoring support towards a clean & sustainable environment.  
All sites have improved condensate recovery for the better steam efficiencies.
  2. **Electricity**  
Several energy conservation initiatives carried out during the year.
    - Conventional lights being replaced with LED lights.
    - Replacement of old inefficient motors with energy efficient motors at all the sites.
    - VFD for Multiple Effect Evaporators at Rajahmundry.Sites are exploring the option of Solar captive power generation units.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?  
Yes. Stack Emissions, Water Analysis, Ambient Air Quality Reports are well within the limits as defined by CPCB/SPCB.
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as in end of the financial year.  
There is no show cause notice pending by the end of financial year.

**Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:  
Yes. The Company is the member of the following trade and chamber associations:
  - a. Federation of Indian Chambers of Commerce and Industry (FICCI), Delhi
  - b. Confederation of Indian Industries (CII), Delhi
  - c. All India Food Processor's Association (AIFPA), Delhi
  - d. Protein Foods and Nutrition Development Association of India (PFNDAI), Mumbai
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).  
Yes, in the areas of advocacy on issues related to food and FMCG industry, Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water and Food Security and Sustainable Business Principles.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.  
Yes, the Company strives to improve the quality of life and partnering with the society to improve, rebuild and create awareness about important social issues in 4 different ways:
  - A. **Corporate Funding**  
The Company supported numerous Community Partnership Projects in the sphere of children's education and healthcare, support to the homeless, education and empowerment of tribal children, sustaining healthcare and livelihoods of the tribal community across the country.

## B. Community development directly through the Company

- Improve people's health & well-being and to provide education for the under privileged in and around the factories located at Rajahmundry, Nabha and Sonepat.
- The Nabha Foundation Healthcare and nutritional support to women and children.
- Scholarship to underprivileged girl children and meals to tribal children and honorarium to teaching and support staff.

## C. Relief and Rehabilitation in times of natural calamity and emergencies

Supply of nutritional products and OTC medicines particularly in times of need and calamities. Our products are also supplied to various schools and to pregnant mothers in localities in villages in and around our factories.

This year, during flood situations in Srinagar, we donated substantial amount of our nutritional products and medicines.

## D. Volunteer time & expertise

At the very foundation of your Company's CSR activities is 'PULSE' – the skills-based volunteering initiative that enables Company's employees to volunteer their professional expertise towards making a sustainable difference to communities and patients in need. This year four of our Company's employees received an opportunity to make a difference by way of three month projects with reputed international and national NGOs like 'Society for Child Development (Delhi)', 'Navjyoti Foundation', Delhi and 'Nirmaya health Foundation', Nasik, Maharashtra.

## 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The initiatives are taken in both ways:

- Majority of the activities are assessed and monitored by external NGOs like Business and Community Foundation (BCF) and Charities Aid Foundation (CAF).
- Many initiatives are also taken directly by our employees and sites in community development, in and around the site locations like Nabha, Sonepat, Rajahmundry and Delhi.

## 3. Have you done any impact assessment of your initiative?

Yes. It is an ongoing process – Each project is selected on basis of its sustainable impact and is regularly monitored. In order to ensure sustainable impact, majority of the corporate funding projects are long term ones where assessment is done by the NGOs (BCF & CAF) through which the funds are disbursed and accordingly the scope and beneficiary identifications evolve.

## 4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company has contributed approximately Rs.17 Crores and 34 Lacs towards various CSR projects.

## 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so?

Our CSR responsibilities arise from our mission statement – “To improve the quality of human life by enabling people to do more feel better and live longer”. All the projects are carefully selected in consultation with our NGO partners, private foundations and academic institutions to ensure long term sustainability and empowering of the people whom we strive to help. Most of our projects are aimed towards health benefits and specific projects like AIDS, Kalazar etc. are monitored to measure the decrease in the number of cases reported as compared to before intervention. Similarly, on educational and support to women, efforts are towards informal education where the goal is to bring education more closely to the children in slums and particularly for the disabled and physically challenged. Impact is assessed by monitoring decreasing number of dropouts, increasing enrolment and finally increasing number of students motivated to join formal education. To preserve non- renewable sources of energy and give a better environment to the future generation, the Company increased the use of agro-waste bio-mass fuel for steam generation at all manufacturing sites.

### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

#### 1. What percentage of customer complaints/consumer cases are pending as on the end of 12 months period ended March 31, 2015?

The Company has established an outsourced Knowledge Centre with Genpact, wherein the Customer/Consumer Feedback is received by Trained Agent and then passed on to stakeholders with the Company through CRS (Consumer Relations System) for necessary actions, as required. Care line Feedback at Genpact is received from consumers through dedicated phone line (0124-4097237), email (consumer.2.co@gsk.com) or through snail mail (PO Box No.15, Gurgaon). This information is available on all the products manufactured and sold by the Company. The feedback received through all these sources is routed to the concerned functions through an internal software application – “Customer Delight System”. The Company has detailed procedures to carry out necessary investigations in case warranted by the feedback. All the customer feedbacks are used to drive improvements within the system. These improvement actions are documented in the form of Corrective and Preventive actions and are reviewed periodically in management meetings.

As on March 31, 2015, 91% of the complaints were closed. Rest of the complaints are under investigation.

#### 2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)?

Yes. Consumer is provided with instructions on serve sizes and the basic knowledge about the science working behind the various formulations and ingredients added in our product including general known functions of the nutrients. Storage Instructions and cautionary notes, if any, are also provided, if it is important to ensure the safety of consumer at the time of consumption.

#### 3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There have been 4 complaints received by the Company from Advertising Standards Council of India (ASCI) and the Company has complied with all changes.

#### 4. Did your Company carry out any consumer survey/consumer satisfaction trends?

The Company undertakes a number of surveys throughout the year with our consumers. These include surveys on consumer satisfaction with product formulation, packaging, and advertising. We also carry out extensive usage & attitude surveys for the categories we operate in. Details for which are available on request.

Place : Gurgaon  
Dated : May 8, 2015

Jaiboy John Phillips  
(DIN: 01417171)  
Director





# Corporate Governance Report

## Company's Philosophy on Corporate Governance

GlaxoSmithKline Consumer Healthcare Limited is committed to following best global corporate governance practices in all its pursuits. The guiding principle for the Company has always been to achieve shareholder's satisfaction and maximise shareholders' value by following best corporate governance norms in true letter and spirit. The Company aims at achieving this objective by ensuring transparency in its functioning by truthful and complete communication to all its stakeholders and by inculcating a culture of ethical business conduct in all its operations.

## Board of Directors

### Composition

The composition of the Board of Directors of the Company is in complete conformity with the requirements of Clause 49 of the Listing Agreement. The details of the Board of Directors, their attendance records and other relevant details during the financial year ended March 31, 2015 are as under:

| Name of the Director                           | Category of Directorship | No. of Board Meetings attended | Attendance at last AGM held on August 7, 2014 | No. of directorships in other Public Companies | No. of Committee Position held in Other Public Companies |        |
|--|--------------------------|--------------------------------|---|--|--|--------|
|  |                          |                                |   |  | Chairman   | Member |
| Mr. Subodh Bhargava                            | NEC                      | 4                              | Yes   | 7  | 1  | 8      |
| Mr. Zubair Ahmed                               | MD                       | 4                              | Yes   | 1  | -  | 1      |
| Mr. Kunal Kashyap                              | ID                       | 4                              | Yes   | 3  | -  | -      |
| Mr. Mukesh H. Butani                           | ID                       | 3                              | Yes   | -  | -  | -      |
| Mr. Naresh Dayal                               | ID                       | 4                              | Yes   | -  | -  | -      |
| Mr. P. Dwarakanath                             | ID                       | 4                              | Yes   | 6  | -  | 1      |
| Ms. Ireena Vittal<br>(till April 30, 2014)     | ID                       | NA                             | NA  | NA   | NA   | NA     |
| Ms. Sangeeta Talwar<br>(w.e.f. August 6, 2014) | ID                       | 3                              | Yes   | 6  | 4  | 8      |
| Mr. Jonathan Box                               | NED                      | 3                              | Yes   | 1  | -  | -      |
| Mr. R. Subramanian                             | WTD                      | 4                              | Yes   | -  | -  | -      |
| Mr. Jaiboy Phillips                            | WTD                      | 3                              | Yes   | -  | -  | -      |

NEC – Non Executive Chairman

MD – Managing Director

WTD – Wholetime Director

ID – Independent Director

NED – Non Executive Director

### Details of Board Meetings during the year ended 31 March, 2015

The Board of Directors of the Company met four times during the period from April 1, 2014 to March 31, 2015 on May 9, 2014; August 6, 2014; November 5, 2014; February 3, 2015. The Independent Directors met on March 20, 2015.

### Information to the Board

The Company holds at least four Board Meetings in a year with at least one meeting in each quarter to review the quarterly financial results. The maximum gap between two Board Meetings is not more than 120 days. Agenda papers are circulated to the Board members and other permanent invitees to the Board Meeting well in advance. In addition to the specific matters which are taken at the Board Meetings, the following information is also placed before the Board for its review:

- Annual Operating Plans and Capital budgets and any updates in connection therewith.
- Quarterly results of the Company.
- Minutes of the meetings of the Audit Committee and all other Committees of the Board.
- Terms of reference of the Committees of the Board.
- Statutory Compliance Certificate.
- Information on appointment and resignation of senior officers of the Company.
- Significant labor problems, if any, at any of the plant/locations of the Company.
- Significant development on the Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Information on strikes, lockouts, retrenchment, fatal accidents, dangerous occurrences, any material effluent or pollution problems or any other materially important incident, if any.
- Show cause, demand, prosecution notices and penalty notices of material importance.
- Any material default in financial obligations to and by the Company, or substantial non recovery for sale of goods by the Company.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- Details of any joint venture or collaboration agreement.
- Sale of a material nature, of investments and/or assets, which are not in the normal course of business.
- Any issue involving possible public or product liability claims of a substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

## Committees of the Board

The Board of Directors decides the composition and terms of reference of the Board Committees. The composition, terms of reference and the dates of these Committee meetings is given below:

### a) Audit Committee

The Audit Committee comprises of four members, all of whom are Independent Directors and possess financial and/or accounting knowledge. The Committee comprised of Mr. Subodh Bhargava as the Chairman with Mr. Kunal Kashyap and Mr. Ashok Dayal as the other two members of the Committee. The Committee was reconstituted with effect from 6 August 2014, with Mr. Mukesh Butani as Chairman and Mr. Kunal Kashyap, Ms. Sangeeta Talwar and Mr. Jonathan Box as the other three members. Ms. Sonali Khanna, Company Secretary acts as Secretary to the Committee.

The Chairman, Managing Director, Finance Director, and Operations Director are permanent invitees to the Audit Committee meetings. The Head of Internal Audit, Executive Vice President – Legal, Executive Vice President – Human Resources, the concerned partner of Price Waterhouse, the Statutory Auditors and KPMG Representatives (co-sourced internal auditors) are also invited to the Audit Committee meetings.

The Company has a Internal Audit Team which submits its report directly to the Audit Committee on a quarterly basis. The Head of the Internal Audit Department reports to the Audit Committee. The Chairman of the Audit Committee Mr. Mukesh Butani attended the last Annual General Meeting held on August 7, 2014 to answer shareholders queries.

#### Terms of reference:

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meetings and frequency of meetings have been devised keeping in view the requirements of the Companies Act, and the Listing Agreement with the Stock Exchanges.

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### The terms of reference of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the remuneration and terms of appointment of auditors.
3. Review and monitor the auditor's independence and performance and effectiveness of audit process.
4. Approval of assignments and the payment thereof to statutory auditors for any other services rendered by the statutory auditors.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Any subsequent modification of transactions of the Company with related parties.
  - b) Scrutiny of inter- corporate loans and investments.
  - c) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - d) Changes, if any, in accounting policies and practices and reasons for the same.
  - e) Major accounting entries involving estimates based on the exercise of judgment by management.
  - f) Significant adjustments made in the financial statements arising out of audit findings.
  - g) Compliance with listing and other legal requirements relating to financial statements.
  - h) Disclosure of any related party transactions.
  - i) Qualifications in the draft audit report.
6. Reviewing and examining, with the management, the quarterly/annual financial statements and the auditors' report thereon before submission to the Board for approval.
- 6A. Reviewing, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal financial control systems and risk management systems.
8. Reviewing the adequacy of the 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.
9. Discussion with internal auditors on any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations 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.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. 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.
13. Valuation of undertakings or assets of the Company, wherever it is necessary.
14. To review the functioning of the Whistle Blower mechanism/vigil mechanism, address genuine concerns and:
  - (a) To ensure the action taken on the alleged complaints received under this mechanism.
  - (b) To review the adequacy of the final outcome of such complaint and ensure that the reward/punishment is commensurate with the final outcome.
  - (c) To get an independent expert opinion, if need be, on the alleged complaint.
15. To ensure that the vigil mechanism provides for adequate safeguards against victimization of persons who use such mechanism and have direct access to the Chairperson of the Audit Committee in appropriate/exceptional cases.
16. Approval of 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 & background, etc. of the candidate.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
18. The Audit Committee mandatorily reviews the following information:
  - a) Management discussion and analysis of the financial conditions and results of operations;

- b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management, and any modification of the transactions;
- c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses;
- e) Reviewing the appointment, removal and terms of remuneration of the Chief internal auditor/Internal Auditors;
- f) Monitoring the end use of funds raised through public offers and related matters;
- g) Inter-corporate loans and investments; and
- h) Any other matter the Board may request/authorize the Audit Committee to perform/review.

Five meetings of the Audit Committee were held during the year ended March 31, 2015. Attendance at meetings during the year:

| Director                                    | No. of meetings attended |
|---|--------------------------|
| Mr. Mukesh H. Butani                        | 4                        |
| Mr. Kunal Kashyap                           | 5                        |
| Mr. Jonathan Box (w.e.f. August 6, 2014)    | 2                        |
| Ms. Sangeeta Talwar (w.e.f. August 6, 2014) | 3                        |

### b) Nomination & Remuneration Committee

The Company has a Remuneration Committee which comprises of three members. The Committee presently comprised of Mr. Kunal Kashyap as the Chairman and Mr. P. Dwarakanath and Mr. Mukesh H. Butani, as the other two members. Ms. Sonali Khanna, Company Secretary acts as Secretary to the Committee.

#### Terms of reference:

The functioning and terms of reference of the Committee have been finalised in line with the recommendations as prescribed under the Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

The terms of reference of the Committee are as follows:

1. To identify persons qualified to become Directors and persons appointed in the Senior Management.
2. To recommend to the Board the criteria for appointment and removal of persons eligible for Directorship/Senior Management.
3. To carry out the evaluation of every Directors' performance.
4. To determine the Company's policy on all elements of remuneration packages of all the Directors including salary, benefits, bonuses, stock options, pension rights and compensation payment, etc.
5. Details of fixed component and performance linked incentives along with performance criteria.
6. Service contracts, notice period, severance fees, etc.
7. Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.
8. To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
9. To recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. The Committee shall ensure the following while formulating a policy and such Policy shall be disclosed in the Board's Report.
10. Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
11. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
12. 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.
13. All other aspects of benefits and compensation to employees.
14. To determine the remuneration of the Non Executive Directors, which shall, finally be decided by entire Board of Directors.
15. To review and advise the Company on the succession planning for the senior management and ensure the organisation's readiness for continuing leadership.
16. Any other matter the Board may request/authorize the Committee to perform/review.

Three meetings of the Committee were held during the year ended March 31, 2015. Attendance at meetings during the year:

| Director             | No. of meetings attended |
|----------------------|--------------------------|
| Mr. P. Dwarakanath   | 3                        |
| Mr. Kunal Kashyap    | 3                        |
| Mr. Mukesh H. Butani | 2                        |

### Remuneration Policy

Payment of Commission and Sitting Fees to the Non Executive Directors and payment of Salary, Commission and Perquisites to the Whole-time Directors are made in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 2013 and other applicable statutes, if any. The basis is also determined by carrying out an annual analysis of the industry trends by an independent and reputed HR Management Consultant firm which is scrutinized and recommended by the Remuneration Committee. Performance linked incentives and bonus paid to the Whole-time Directors are determined on the basis of achievement of overall financial and other objectives set for the Company at the beginning of the year and the achievement of individual objectives.

The retirement age of the Whole-time Directors of the Company is 60 years while for Non Executive Directors it is 75 years. The Notice period for the Whole-time Directors is three months' notice on either side. The Service contracts are in the range of 3 to 5 years.

### Remuneration of Key Managerial Personnel and Directors

Details of remuneration of the Key Managerial Personnel for the year ended March 31, 2015:

(Rs.)

| S. No. | Name                | Designation/Position                        | Salary*     | Benefits#   | Performance Incentive® | Grand Total |
|--------|---------------------|---|-------------|-------------|------------------------|-------------|
| 1.     | Mr. Zubair Ahmed    | Managing Director                           | 3,06,50,548 | 1,36,89,583 | 4,14,43,619            | 8,57,83,750 |
| 2.     | Mr. R. Subramanian  | Director – Finance                          | 1,13,70,678 | 81,73,563   | 1,20,38,355            | 3,15,82,597 |
| 3.     | Mr. Jaiboy Phillips | Director – Operations                       | 1,06,56,000 | 84,32,127   | 1,20,23,539            | 3,11,11,666 |
| 4.     | Ms. Sonali Khanna   | General Manager – Legal & Company Secretary | 26,67,360   | 24,33,008   | 15,69,840              | 66,70,208   |

\*Salary includes Basic Salary

#Benefits includes Allowances, Perquisites and Retiral Benefits

®Performance Incentive includes Bonus and Cash settled stock based award of GSK plc.

Details of remuneration of Non-Executive Directors and Independent Directors for the year ended March 31, 2015:

(Rs.)

| S. No. | Name                 | Particulars            | Sitting Fees | Commission | Total     |
|--------|----------------------|------------------------|--------------|------------|-----------|
| 1.     | Mr. Subodh Bhargava  | Non Executive Chairman | 5,67,420     | 10,00,000  | 15,67,420 |
| 2.     | Mr. Kunal Kashyap    | Independent Director   | 10,32,590    | 7,00,000   | 17,32,590 |
| 3.     | Mr. Mukesh H. Butani | Independent Director   | 8,35,960     | 7,00,000   | 15,35,960 |
| 4.     | Mr. Naresh Dayal     | Independent Director   | 7,04,780     | 7,00,000   | 14,04,780 |
| 5.     | Mr. P. Dwarakanath   | Independent Director   | 7,89,050     | 7,00,000   | 14,89,050 |
| 6.     | Ms. Ireena Vittal    | Independent Director   | -            | 45,320     | 45,320    |
| 7.     | Ms. Sangeeta Talwar  | Independent Director   | 6,05,620     | 4,66,667   | 10,72,287 |
| 8.     | Mr. Jonathan Box     | Non Executive Director | -            | -          | -         |

#### Shareholding of Non Executive Directors:

None of the Directors of the Company is holding any shares in the Company as on 31 March, 2015.

### c) Investor Grievance & Stakeholders Relationship Committee

The Investor Grievance & Stakeholders Relationship Committee of the Company comprises of four members. The Committee comprised of Mr. P. Dwarakanath as the Chairman, Mr. R. Subramanian and Mr. Naresh Dayal as the other two members. The Committee was reconstituted with effect from August 6, 2014 and Mr. Subodh Bhargava was inducted as a member of the Committee. Ms. Sonali Khanna, Company Secretary acts as Secretary to the Committee and also as the Compliance Officer.

#### Terms of reference:

The functioning and terms of reference of the Committee are in conformity with the requirements of the Listing Agreement with the Stock Exchanges and the Companies Act, 2013.

- Redressing/Resolving of security holders complaints/grievances
  - Number of complaints received
  - Transfer of shares, any pending transfers etc.
  - Non-receipt of Balance Sheet
  - Non-receipt of dividends, bonus, rights etc.
  - Complaints with regards to dematerialization
  - Number of pending complaints and reasons therefor
  - Number of complaints not solved to the satisfaction of the security holder
  - Any other complaint
- Any other matter the Board may request/authorize the Committee to review/perform.

Four meetings of the Committee were held during the year ended March 31, 2015. Attendance at meetings during the year:

| Director                                    | No. of meetings attended |
|---|--------------------------|
| Mr. P. Dwarakanath                          | 4                        |
| Mr. R. Subramanian                          | 4                        |
| Mr. Naresh Dayal                            | 4                        |
| Mr. Subodh Bhargava (w.e.f. August 6, 2014) | 2                        |

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended March 31, 2015 under review were 170. The Company ensures that the investor's correspondence is attended expeditiously and endeavour is made to send a satisfactory reply within three days of receipt, except in cases that are constrained by disputes or legal impediments. There are no pending share transfer complaints as on March 31, 2015. The Company has advised Karvy Computershare Pvt. Ltd., its Registrar and Share transfer Agent to dispatch the shares after transfer within three days from their approval at the Share Transfer Committee.

### d) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Company comprises of four members. The Committee comprises of Mr. P. Dwarakanath as the Chairman and Mr. Mukesh H. Butani, Mr. Naresh Dayal and Mr. R. Subramanian as the other three members. Ms. Sonali Khanna, Company Secretary acts as Secretary to the Committee.

#### Terms of reference:

The role and terms of reference of the CSR Committee shall include the following:

- Formulate, implement and monitor the CSR Policy of the Company from time to time.
- Specify the projects and programmes that are to be undertaken.
- Recommend the amount of expenditure to be incurred on the activities to be undertaken as per the CSR Policy.
- Approve the list of CSR projects/programmes which the Company plans to undertake during the year, specifying modalities of execution in the areas/sectors chosen and implementation schedules for the same.
- Ensure that the CSR projects/programmes of the Company also focus on integrating business models with social and environmental priorities and processes in order to create shared value.
- Ensure that the CSR Policy of the Company provides that surplus arising out of the CSR activity will not be part of business profits of the Company.
- Ensure that the CSR Policy specifies that the corpus would include the following:
  - at least 2% of the average net profits during the three immediately preceding financial years;
  - any income arising therefrom;
  - surplus arising out of CSR activities.
- Monitor the implementation of the projects/programmes/activities proposed to be undertaken by the Company.
- Ensure that the following broad activities will be undertaken under CSR:



- a. eradicating hunger poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water;
- b. promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- c. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- d. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;
- e. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- f. measures for the benefit of armed forces veterans, war widows and their dependents;
- g. training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- h. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- i. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- j. rural development projects;
- k. such other area as may be prescribed or any other area the Board may authorize the Committee to include.

Two meetings of the Committee were held during the year ended March 31, 2015. Attendance at meetings during the year:

| Director           | No. of meetings attended |
|--------------------|--------------------------|
| Mr. P. Dwarakanath | 2                        |
| Mr. R. Subramanian | 2                        |
| Mr. Naresh Dayal   | 2                        |
| Mr. Mukesh Butani  | 1                        |

## GENERAL BODY MEETINGS

### Particulars of last three AGMs

| Year | Date            | Time       | Venue   | Special Resolution passed |
|------|-----------------|------------|---|---------------------------|
| 2014 | August 07, 2014 | 09.30 a.m. | Punjab Public School Auditorium, The Punjab Public School (Senior Wing), Nabha – 147 201 (Punjab) | No Special Resolution     |
| 2013 | April 09, 2013  | 09.30 a.m. |   | No Special Resolution     |
| 2012 | March 22, 2012  | 09:30 a.m. |   | No Special Resolution     |

### Postal Ballot Resolution

No Postal ballot resolution was passed during the year ended March 31, 2015. No special resolution requiring a postal ballot is being proposed for the ensuing Annual General Meeting.

## DISCLOSURE

- Materially significant Related Party Transactions that may have potential conflict with the interests of Company at large – during the year ended March 31, 2015, the Company has Related Party Transactions as envisaged under the Corporate Governance Code which have been mentioned in Notes 34 to the Accounts.
- There have not been any non-compliances, penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

### Whistle Blower Policy

The Company has formulated a Whistle Blower policy and procedure, with an aim to deter and detect misconduct and to ensure that genuine concerns of misconduct/unlawful conduct, which an individual believes may be taking place, are raised at an early stage in a responsible and confidential manner, details of which regarding composition and terms of reference are given in this report. It is also affirmed that no member has been denied access to the Audit Committee and the Whistle Blower Committee.

The members of the Committee for the year ended March 31, 2015 were Managing Director, Finance Director, Operations Director, Legal Head and HR Head. Apart from these members, the Company Secretary acts as the Co-ordinator of the Committee. The Audit Committee reviews the mechanism and all Whistle Blower complaints and investigations of the Whistle Blower Committee, at all its meetings.

The Whistle Blower Policy has also been posted at the website of the Company [www.gsk-ch.in](http://www.gsk-ch.in).

### Code of Conduct

The Board of Directors has adopted a Code of Conduct for Directors and Senior Management of the Company. An annual affirmation of compliance with the Code of Conduct is taken from all the Directors and Senior Management members of the Company to whom the Code applies. The Code of Conduct has also been posted at the website of the Company [www.gsk-ch.in](http://www.gsk-ch.in). CEO's affirmation that the Code of Conduct has been complied with by the Board of Directors and Senior Management is given at the end of this report.

### Policy for Insider Trading

The Company has a Policy for the Prevention of Insider trading in the securities of the Company. The policy applies to all persons connected or deemed to be connected (Directors, officers and employees of the Company etc.) with the Company who are required to comply with the same.

The Policy for Insider Trading has also been posted at the website of the Company [www.gsk-ch.in](http://www.gsk-ch.in).

## Compliance

### Mandatory Requirements

The Company has followed all the mandatory requirements prescribed under Clause 49 of the Listing Agreement.

### Non-Mandatory Requirements

Following non-mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company:

1. Separate posts of Chairman and CEO: The Company already has separate persons to the post of Chairman and Managing Director/CEO. Mr. Subodh Bhargava is the Non Executive Chairman and Mr. Zubair Ahmed is the Managing Director.
2. Reporting of Internal Auditor: As per Audit Committee's terms of reference.

### CEO & CFO Certification

The Certificate issued by the Managing Director (CEO) and Director – Finance (CFO) certifying the accuracy of the financial statements and adequacy of internal controls for financial reporting, as required under Clause 49 of the Listing Agreement, forms part of this Annual Report.

Management Discussion and Analysis Report setting out Opportunities and Threats and also Risks and Concerns forms part of the Directors Report and is reported in this Annual Report.

## MEANS OF COMMUNICATIONS

### Quarterly Results

Wide publicity is accorded to the Quarterly Results by publishing them in widely circulated English daily (Financial Express) and a Punjabi daily (Punjabi Tribune) as per the requirements of the Listing Agreement with the Stock Exchanges. The results are also e-mailed to the Stock Exchanges where the Company is listed. The Company also has its own official press releases in various newspapers through its Public Relations agency. The Quarterly results of the Company are also displayed on the website of the Company at [www.gsk-ch.in](http://www.gsk-ch.in).

### Half-yearly Report to each household of shareholders

Half-yearly reports are provided to shareholders on a request being made to the Company in this regard.

### Presentations made to Institutional Investors or to Analysts

Regular meetings and teleconferences were held with the Financial Institutions, Foreign Institutional Investors and Analysts. Six (6) Meetings and Three (3) Analyst Telecons were held during the year with different Financial Analysts. They are also provided with a copy of the quarterly results after the same have been e-mailed to the Stock Exchanges. A copy of the presentations made to Financial Analysts is also made available on the website of the Company at [www.gsk-ch.in](http://www.gsk-ch.in).

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting:

Date: The Fifty Sixth Annual General Meeting is scheduled to be held on Thursday, August 6, 2015

Time: 9.30 a.m.

Venue: Punjab Public School Auditorium, The Punjab Public School (Senior Wing), Nabha, 147 201 (Punjab)

### Financial Year:

April 1, 2014 to March 31, 2015

### Financial Calendar:

| Particulars                         | Date of Board meeting | Particulars                          | Date of Board meeting |
|-------------------------------------|-----------------------|--------------------------------------|-----------------------|
| 1. Quarter ending June 30, 2015     | August, 2015          | 2. Quarter ending September 30, 2015 | November, 2015        |
| 3. Quarter ending December 31, 2015 | February, 2016        | 4. Quarter ending March 31, 2016     | May, 2016             |

### Book closure:

The books will be closed from July 29, 2015 to August 6, 2015 (both days inclusive).

### Dividend payment:

For the year ended March 31, 2015, the Directors have recommended a dividend at the rate of Rs. 55 per equity share, subject to approval of the Members at the ensuing Annual General Meeting. If approved, the dividend shall be paid on or before September 5, 2015 to all the Members.

### Listing on Stock Exchanges and Stock Code:

The shares of the Company are listed at two Stock Exchanges in India, the addresses of which are given below:

| Stock Exchange  | Stock Code                   |
|---|------------------------------|
| Bombay Stock Exchange Limited, Stock Exchange Towers, Dalal Street, Fort, Mumbai – 400 023                        | Physical 676<br>Demat 500676 |
| National Stock Exchange of India Limited, Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai – 400 051 | GSKCONS                      |

The Listing Fee for the year 2014-2015 has been paid to the Stock Exchanges where the shares of the Company are listed.



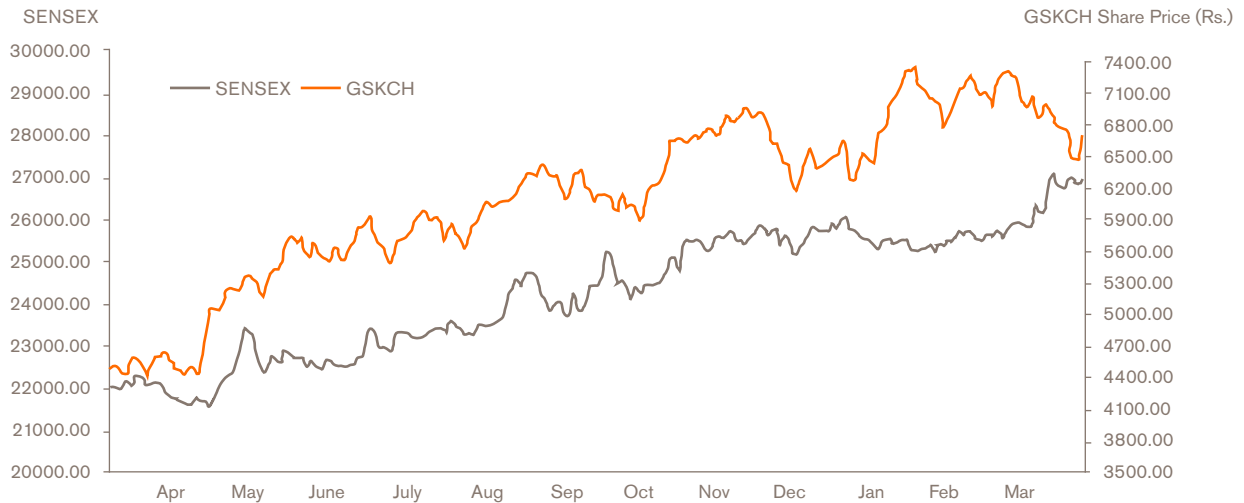
**Stock Market Data:**

High and Low during each month in last financial year from April, 2014 to March, 2015 on the Stock Exchanges where the shares of the Company are listed:

(Rs.)

| Month           | Closing Share Price |         | Sensex   |          |
|-----------------|---------------------|---------|----------|----------|
|                 | High                | Low     | High     | Low      |
| April, 2014     | 4418.80             | 4179.90 | 22876.54 | 22277.23 |
| May, 2014       | 4880.05             | 4127.75 | 24716.88 | 22323.90 |
| June, 2014      | 4672.60             | 4486.55 | 25583.69 | 24684.85 |
| July, 2014      | 4887.75             | 4536.35 | 26271.85 | 25006.98 |
| August, 2014    | 5343.40             | 4791.35 | 26638.11 | 25329.14 |
| September, 2014 | 5615.40             | 4983.10 | 27319.85 | 26468.36 |
| October, 2014   | 5561.25             | 5159.90 | 27865.83 | 25999.34 |
| November, 2014  | 5797.35             | 5407.65 | 28693.99 | 27860.38 |
| December, 2014  | 5864.75             | 5575.20 | 28562.82 | 26710.13 |
| January, 2015   | 5931.85             | 5604.20 | 29681.77 | 26908.82 |
| February, 2015  | 5806.25             | 5595.80 | 29462.27 | 28227.39 |
| March, 2015     | 6353.70             | 5729.60 | 29593.73 | 27457.58 |

**Performance in comparison to BSE:**



**Registrar and Transfer Agents:**

Karvy Computershare Pvt. Limited,  
 Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008  
 einward.ris@karvy.com

**Share Transfer System:**

Share transfers, where transfer documents are found in order, are registered and returned in the normal course within a period of 15 days from the date of receipt of the documents. Any requests for dematerialization/rematerialisation of shares are processed and confirmation is given to depositories i.e. National Securities Depositories Limited (NSDL) or Central Depositories Services (India) Limited (CDSL), as the case may be, within 15 days from the date of receipt.

**Distribution of shareholding as on 31 March, 2015:**

| S. No. | Category (Shares) | No. of Holders | % to Holders  | No. of Shares   | % to Equity   |
|--------|-------------------|----------------|---------------|-----------------|---------------|
| 1.     | 1 - 250           | 22479          | 82.38         | 1224239         | 2.91          |
| 2.     | 251 - 500         | 3049           | 11.17         | 1034065         | 2.46          |
| 3.     | 501 - 1000        | 982            | 3.60          | 694416          | 1.65          |
| 4.     | 1001 - 2000       | 312            | 1.14          | 450527          | 1.07          |
| 5.     | 2001 - 3000       | 135            | 0.49          | 331086          | 0.79          |
| 6.     | 3001 - 4000       | 50             | 0.18          | 179745          | 0.43          |
| 7.     | 4001 - 5000       | 38             | 0.14          | 171683          | 0.41          |
| 8.     | 5001 - 10000      | 113            | 0.41          | 834542          | 1.98          |
| 9.     | 10001 & Above     | 130            | 0.48          | 37135235        | 88.30         |
|        | <b>Total</b>      | <b>27288</b>   | <b>100.00</b> | <b>42055538</b> | <b>100.00</b> |

*Shareholding pattern as on 31st March, 2015:*

| S.No. | Description                    | No. of Holders | No. of Shares held | % of Shares held |
|-------|--------------------------------|----------------|--------------------|------------------|
| 1.    | Banks                          | 19             | 2393               | 0.00569          |
| 2.    | Clearing Members               | 45             | 5798               | 0.01379          |
| 3.    | Foreign Institutional Investor | 189            | 3624278            | 8.61784          |
| 4.    | Foreign Portfolio Investors    | 53             | 834515             | 1.98432          |
| 5.    | Promoters                      | 2              | 30471992           | 72.45655         |
| 6.    | HUF                            | 485            | 90855              | 0.21604          |
| 7.    | Indian Financial Institutions  | 6              | 321351             | 0.76411          |
| 8.    | Bodies Corporate               | 654            | 694719             | 1.65191          |
| 9.    | Mutual Funds                   | 54             | 662056             | 1.57424          |
| 10.   | Non Resident Indians           | 597            | 111212             | 0.26444          |
| 11.   | NRI Non-Repatriation           | 7              | 1212               | 0.00288          |
| 12.   | NRI Repatriation               | 10             | 2350               | 0.00559          |
| 13.   | Overseas Corporate Bodies      | 1              | 280                | 0.00067          |
| 14.   | Resident Individuals           | 25159          | 5227453            | 12.42988         |
| 15.   | Trusts                         | 7              | 5074               | 0.01206          |
|       | <b>Total</b>                   | <b>27288</b>   | <b>42055538</b>    | <b>100.00</b>    |

*Dematerialisation of shares and liquidity:*

As on March 31, 2015, we have dematerialised 97.68% of our equity share capital, only 2.32% of our equity share capital is held in physical form.

*Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity:*

We have no GDRs/ADRs or any commercial instrument.

*Plant locations:*

|                           |   |
|---------------------------|---|
| <b>Nabha Plant:</b>       | GlaxoSmithKline Consumer Healthcare Limited, Patiala Road, Nabha – 147 201 (Punjab)   |
| <b>Rajahmundry Plant:</b> | GlaxoSmithKline Consumer Healthcare Limited, Industrial Area, Dowleswaram – 533 124 (Andhra Pradesh)  |
| <b>Sonepat Plant:</b>     | GlaxoSmithKline Consumer Healthcare Limited, 14 km Stone, Sonepat – Meerut Road, Village Khewra, P.O. Bahalgarh – 130 121, District Sonepat (Haryana) |

*Address for correspondence:*

**Registered Office:**

GlaxoSmithKline Consumer Healthcare Limited, Patiala Road, Nabha – 147 201 (Punjab)  
CIN: L24231PB1958PLC002257

**Head Office:**

GlaxoSmithKline Consumer Healthcare Limited, 24th & 25th Floor, One Horizon Centre, DLF Phase 5, Golf Course Road, Gurgaon – 122 002 (Haryana)

**Registrars and Share Transfer Agents:**

Karvy Computershare Pvt. Limited, Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 008

**Name, Address and Contact Numbers of the Compliance Officer and Company Secretary:**

Ms. Sonali Khanna, Company Secretary, 24th Floor, One Horizon Centre, DLF Phase 5, Golf Course Road, Gurgaon – 122 002 (Haryana)  
Telephone: 0124-4336207; Facsimile: 0124-4336600; Email: investor.2.co@gsk.com

**Email for Investors:**

investor.2.co@gsk.com, einward.ris@karvy.com

**Company's website address:**

www.gsk-ch.in

For and on behalf of the Board

Place : Gurgaon  
Dated : May 8, 2015

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

## Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management members of the Company have affirmed compliance with Code of Conduct for Directors and Senior Management of GlaxoSmithKline Consumer Healthcare Limited for the year ended March 31, 2015.

Ramakrishnan Subramanian  
(DIN: 01933487)  
Director – Finance

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

Dated : May 8, 2015  
Place : Gurgaon





## Auditors' Certificate regarding compliance of conditions of Corporate Governance

### To the Members of GlaxoSmithKline Consumer Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by GlaxoSmithKline Consumer Healthcare Limited, for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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 Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Usha Rajeev  
*Partner*  
Membership No.: 087191

Place : Gurgaon  
Dated : May 8, 2015

---

## Certification by Chief Executive Officer & Chief Financial Officer of the Company

### To the Board of Directors GlaxoSmithKline Consumer Healthcare Limited

We, Zubair Ahmed, Managing Director and Ramakrishnan Subramanian, Director – Finance, to the best of our knowledge and belief certify that:

- We have reviewed the Balance Sheet as at and Profit and Loss Account of the Company for the year ended March 31, 2015 as well as the Cash Flow statement as on that date and that to the best of our knowledge and belief, we state that:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and necessary steps have been taken to rectify these deficiencies.
- We have indicated to the Auditors and the Audit committee:
  - significant changes, if any, in internal control over financial reporting during the year;
  - significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Gurgaon  
Dated : May 8, 2015

Ramakrishnan Subramanian  
(DIN: 01933487)  
*Director – Finance*

Zubair Ahmed  
(DIN: 00182990)  
*Managing Director*

# Auditors' Report

## To the Members of GlaxoSmithKline Consumer Healthcare Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of GlaxoSmithKline Consumer Healthcare Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 back up of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 10(b) above that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (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 knowledge and belief and according to the information and explanations given to us:
- (i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 7, Note 24 and Note 25 of the financial statements;
  - (ii) The Company has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 7 of the financial statements. The Company did not have any derivative contracts as at March 31, 2015;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Usha Rajeev  
*Partner*

Place : Gurgaon  
Dated : May 8, 2015

Membership No.: 087191

### Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Consumer Healthcare Limited on the financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, to the extent, such inventories have not been physically verified by the Management, such inventories have been substantially confirmed by the third parties. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that, except for certain items of inventory/fixed assets which are of special/proprietary nature for which suitable alternative sources do not exist, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, duty of customs and cess which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise and value added tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows

| Name of the Statute   | Nature of Dues  | Amount (Rs. Lacs)# | Period to which the amount relates | Forum where the dispute is pending   |
|---|---|--------------------|------------------------------------|--|
| <b>DUTY OF EXCISE</b>   |   |                    |                                    |  |
| The Central Excise Act 1944   | Interest demand on excess refund  | 27.14              | 2001-2003                          | Supreme Court  |
| The Central Excise Act 1944   | Excise duty on clearance from excise exempt zone  | 51,01.05           | 2009-2015                          | Himachal Pradesh High Court  |
| The Central Excise Act 1944   | Inadmissibility of credit on capital goods and other matters  | 51.98              | Various years between 1983-2011    | Custom Excise Service Tax Appellate Tribunal, Delhi                                      |
| The Central Excise Act 1944   | Valuation cases and other matters   | 36.95              | Various year between 1997-2006     | Commissioner/Additional/Deputy/ Assistant Commissioner of Central Excise, Various States |
| <b>Sub Total (A)</b>  |   | <b>52,17.12</b>    |                                    |  |
| <b>SERVICE TAX</b>  |   |                    |                                    |  |
| The Finance Act, 1994   | Availment of service tax on outward transportation  | 19.19              | 2005-07                            | Custom Excise Service Tax Appellate Tribunal, Delhi                                      |
| The Finance Act, 1994   | Irregular availment of Service tax credit on Revenue civil works                                      | 6.80               | 2011-2014                          | Commissioner (Appeals)   |
| <b>Sub Total (B)</b>  |   | <b>25.99</b>       |                                    |  |
| <b>SALES TAX, ENTRY TAX AND VALUE ADDED TAX</b>   |   |                    |                                    |  |
| As per the statute applicable in the state of Andhra Pradesh  | Turnover tax on milk  | 13.18              | 1997-1999                          | At High Courts of Andhra Pradesh   |
| As per the statute applicable in the state of Tamil Nadu  | Additions on account of concessional rates of tax   | 16,37.43           | 2007 - 2015                        | Advance ruling Authority   |
| As per the statute applicable in the state of Uttar Pradesh, Assam, Maharashtra, West Bengal, Bihar, Jharkhand, Madhya Pradesh, Orissa and Andhra Pradesh | Various disallowances on account of non-availability of forms, alleged sale of freebies and discounts | 1,66.65            | Various years between 1998-2013    | Sales Tax Appellate Tribunal / Revenue Board   |
| As per the statute applicable to Orissa, West Bengal, Maharashtra, Uttar Pradesh, Punjab, Haryana, Gujarat and Kerala                                     | VAT, Entry Tax and Miscellaneous Demands  | 4,01.58            | Various years between 2001-2013    | First Appellate Authorities at various levels  |
| As per the statute applicable to Punjab, Delhi, Rajasthan, Uttar Pradesh and Bihar  | VAT, Entry Tax and Miscellaneous Demands  | 36.55              | 2000-2006                          | Adjudication Level   |
| <b>Sub Total (C)</b>  |   | <b>22,55.39</b>    |                                    |  |
| <b>INCOME TAX</b>   |   |                    |                                    |  |
| Income Tax Act, 1961  | Additions to Income tax   | 25,74.98           | AY 2009-10                         | Income Tax Appellate Tribunal  |
| Income Tax Act, 1961  | Income tax and Interest   | 1,58,00.03         | AY 2010-11                         | Income Tax Appellate Tribunal  |
| <b>Sub Total (D)</b>  |   | <b>1,83,75.01</b>  |                                    |  |
| <b>Grand Total= (A+B+C+D)</b>   |   | <b>2,58,73.51</b>  |                                    |  |

The above details exclude appeals made by the department to higher appellate authorities as there is no stay on the order(s) passed by lower authorities in favour of the Company and the amount is not ascertainable.

\* Includes interest and penalty amounts as specified in the demand order

- c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Usha Rajeev  
Partner

Place : Gurgaon  
Dated : May 8, 2015

Membership No.: 087191



# Balance Sheet

## As At March 31, 2015

|                                  | Note | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|----------------------------------|------|---------------------------------------|---------------------------------------|
| <b>I. EQUITY AND LIABILITIES</b> |      |                                       |                                       |
| <b>Shareholders' Funds</b>       |      |                                       |                                       |
| Share capital                    | 2    | 42,05.55                              | 42,05.55                              |
| Reserves and surplus             | 3    | 20,70,98.15                           | 17,70,79.38                           |
|                                  |      | <b>21,13,03.70</b>                    | <b>18,12,84.93</b>                    |
| <b>Non-current Liabilities</b>   |      |                                       |                                       |
| Other long-term liabilities      | 4    | 9,92.82                               | 9,27.66                               |
| Long-term provisions             | 5    | 2,07,60.58                            | 1,57,75.49                            |
|                                  |      | <b>2,17,53.40</b>                     | <b>1,67,03.15</b>                     |
| <b>Current Liabilities</b>       |      |                                       |                                       |
| Trade payables                   | 6    | 7,59,77.79                            | 6,71,59.06                            |
| Other current liabilities        | 7    | 5,34,06.51                            | 4,63,18.41                            |
| Short-term provisions            | 8    | 3,95,13.52                            | 2,96,81.36                            |
|                                  |      | <b>16,88,97.82</b>                    | <b>14,31,58.83</b>                    |
| <b>TOTAL</b>                     |      | <b>40,19,54.92</b>                    | <b>34,11,46.91</b>                    |
| <b>II. ASSETS</b>                |      |                                       |                                       |
| <b>Non-current Assets</b>        |      |                                       |                                       |
| <b>Fixed Assets</b>              |      |                                       |                                       |
| Tangible assets                  | 9    | 4,87,54.00                            | 3,36,41.96                            |
| Intangible assets                |      | 4,20.19                               | 3,49.02                               |
| Capital work-in-progress         |      | 42,31.36                              | 38,45.02                              |
| Deferred tax assets (net)        | 10   | 1,04,34.02                            | 90,30.31                              |
| Long-term loans and advances     | 11   | 75,73.81                              | 1,88,87.74                            |
|                                  |      | <b>7,14,13.38</b>                     | <b>6,57,54.05</b>                     |
| <b>Current Assets</b>            |      |                                       |                                       |
| Inventories                      | 12   | 4,66,25.11                            | 4,07,41.86                            |
| Trade receivables                | 13   | 3,13,36.08                            | 2,99,34.58                            |
| Cash and bank balances           | 14   | 22,96,52.05                           | 18,38,78.35                           |
| Short-term loans and advances    | 15   | 85,24.79                              | 75,46.56                              |
| Other current assets             | 16   | 1,44,03.51                            | 1,32,91.51                            |
|                                  |      | <b>33,05,41.54</b>                    | <b>27,53,92.86</b>                    |
| <b>TOTAL</b>                     |      | <b>40,19,54.92</b>                    | <b>34,11,46.91</b>                    |

The accompanying notes are an integral part of these Financial Statements.  
In terms of our report of even date.

For and on behalf of the Board of Directors

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Subodh Bhargava  
(DIN: 00035672)  
Chairman

Ramakrishnan Subramanian  
(DIN: 01933487)  
Mukesh H. Butani  
(DIN: 01452839)  
Directors

Usha Rajeev  
Partner  
Membership No.: 087191

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

Sonali Khanna  
Company Secretary

Place : Gurgaon  
Dated : May 8, 2015





## Statement of Profit and Loss

### For The Year Ended March 31, 2015

|  | Note | 12 months ended<br>March 31, 2015<br>(Rs. Lacs) | 15 months ended<br>March 31, 2014<br>(Rs. Lacs) |
|--|------|---|---|
| <b>INCOME</b>  |      |   |   |
| Revenue from operations (Gross)  | 17   | 45,31,02.96                                     | 51,44,48.58                                     |
| Less: Excise duty  |      | 2,23,44.44                                      | 2,75,91.42                                      |
| <b>Revenue from operations (Net)</b>   |      | <b>43,07,58.52</b>                              | 48,68,57.16                                     |
| Other income   | 18   | 2,21,88.63                                      | 2,06,90.92                                      |
| <b>Total Revenue</b>   |      | <b>45,29,47.15</b>                              | 50,75,48.08                                     |
| <b>EXPENSES</b>  |      |   |   |
| Cost of materials consumed   | 19   | 13,78,86.51                                     | 15,24,13.17                                     |
| Purchases of stock-in-trade  |      | 1,63,23.35                                      | 2,06,54.25                                      |
| Changes in inventories of finished goods,<br>work-in-progress and stock-in-trade | 20   | (42,96.62)                                      | 8,91.30   |
| Employee benefits expense  | 21   | 4,31,28.63                                      | 4,70,05.48                                      |
| Finance costs  | 22   | 74.09   | 1,05.23   |
| Depreciation and amortization expense  | 9    | 62,08.66  | 62,54.66  |
| Other expenses   | 23   | 16,47,08.23                                     | 17,86,16.79                                     |
| <b>Total expenses</b>  |      | <b>36,40,32.85</b>                              | 40,59,40.88                                     |
| <b>Profit before tax</b>   |      | <b>8,89,14.30</b>                               | 10,16,07.20                                     |
| <b>Tax expense</b>   |      |   |   |
| Current tax  |      | 3,16,92.52                                      | 3,70,00.20                                      |
| Deferred tax credit  |      | (11,38.15)                                      | (28,67.68)                                      |
| <b>Net current tax expense</b>   |      | <b>3,05,54.37</b>                               | 3,41,32.52                                      |
| [Refer Note 1.10 & 10]   |      |   |   |
| <b>Profit for the year/period</b>  |      | <b>5,83,59.93</b>                               | 6,74,74.68                                      |
| <b>Basic and Diluted earnings per equity share (Rs.)</b>                         | 35   | <b>138.77</b>                                   | 160.44  |
| [Nominal value of Rs. 10 each (Previous Year<br>Rs. 10 each)]                    |      |   |   |

The accompanying notes are an integral part of these Financial Statements.  
In terms of our report of even date.

For and on behalf of the Board of Directors

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Subodh Bhargava  
(DIN: 00035672)  
Chairman

Ramakrishnan Subramanian  
(DIN: 01933487)  
Mukesh H. Butani  
(DIN: 01452839)  
Directors

Usha Rajeev  
Partner  
Membership No.: 087191

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

Sonali Khanna  
Company Secretary

Place : Gurgaon  
Dated : May 8, 2015



## Cash Flow Statement

### For The Year Ended March 31, 2015

|   | 12 months ended<br>March 31, 2015<br>(Rs. Lacs) | 15 months ended<br>March 31, 2014<br>(Rs. Lacs) |
|---|---|---|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |   |   |
| PROFIT BEFORE TAX   | <b>8,89,14.30</b>                               | 10,16,07.20                                     |
| Depreciation and amortization expense   | <b>62,08.66</b>                                 | 62,54.66  |
| Provision for doubtful debts  | <b>1.08</b>                                     | 85.55   |
| Provision for doubtful other current assets   | <b>26.93</b>                                    | 76.00   |
| Provision for stock obsolescence/stock written off  | <b>12,20.90</b>                                 | 10,02.71  |
| Interest expense  | <b>74.09</b>                                    | 1,05.23   |
| Loss on fixed assets (including Capital Work in Progress) retired from active use/Impairment losses (net) | <b>8,84.86</b>                                  | 2,36.17   |
| Loss/(Profit) on sale of fixed assets (net)   | <b>(66.61)</b>                                  | 76.37   |
| Interest income   | <b>(1,74,51.28)</b>                             | (1,73,68.87)                                    |
| Release of accruals   | <b>(10,21.01)</b>                               | (8,38.00)                                       |
| Unrealised exchange (gain) and loss (net)   | <b>(58.13)</b>                                  | 1,77.97   |
| Operating Profit Before Working Capital Changes   | <b>7,87,33.79</b>                               | 9,14,14.99                                      |
| Changes in Working Capital  |   |   |
| Increase/(Decrease) in trade payables   | <b>88,18.73</b>                                 | 1,93,15.31                                      |
| Increase/(Decrease) in provisions   | <b>1,01,23.26</b>                               | 1,09,38.18                                      |
| Increase/(Decrease) in other current liabilities  | <b>63,94.40</b>                                 | 1,16,30.50                                      |
| Increase/(Decrease) in other long term liabilities  | <b>65.16</b>                                    | (2,20.65)                                       |
| (Increase)/Decrease in trade receivables  | <b>(14,02.58)</b>                               | (1,87,58.69)                                    |
| (Increase)/Decrease in inventories  | <b>(71,04.15)</b>                               | (47,81.02)                                      |
| (Increase)/Decrease in short-term loans and advances  | <b>(44,71.07)</b>                               | (42,24.90)                                      |
| (Increase)/Decrease in long-term loans and advances   | <b>23,43.94</b>                                 | (22,81.75)                                      |
| (Increase)/Decrease in other current assets   | <b>(27,54.39)</b>                               | (52,93.95)                                      |
| Cash Generated from Operations  | <b>9,07,47.09</b>                               | 9,77,38.02                                      |
| Taxes paid (net of refunds) [excludes tax deducted at source]   | <b>(2,96,00.00)</b>                             | (3,32,87.99)                                    |
| <b>Net Cash flow from Operating Activities</b>  | <b>6,11,47.09</b>                               | 6,44,50.03                                      |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |   |   |
| Purchase of Fixed Assets/   |   |   |
| Additions to Capital Work in Progress   | <b>(1,07,42.96)</b>                             | (1,68,59.16)                                    |
| Sale proceeds of Fixed Assets   | <b>1,76.93</b>                                  | 1,08.22   |
| Interest received (net of tax deducted at source)   | <b>1,73,29.61</b>                               | 1,19,74.43                                      |
| Investments in Fixed Deposits   | <b>(28,31,80.00)</b>                            | (31,31,00.00)                                   |
| Redemption of Fixed Deposits  | <b>30,94,85.00</b>                              | 29,07,35.00                                     |
| <b>Net Cash/(used) flow from Investing Activities</b>   | <b>3,30,68.58</b>                               | (2,71,41.51)                                    |



|  | <b>12 months ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months ended<br>March 31, 2014<br>(Rs. Lacs) |
|--|--|---|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>  |  |   |
| Interest Paid  | <b>(74.09)</b>   | (1,28.86)                                       |
| Dividend Paid  | <b>(1,89,24.99)</b>                                      | (1,89,24.99)                                    |
| Dividend distribution tax paid   | <b>(32,16.30)</b>  | (32,16.30)                                      |
| <b>Net cash used in Financing Activities</b>   | <b>(2,22,15.38)</b>                                      | (2,22,70.15)                                    |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>  | <b>7,20,00.29</b>  | 1,50,38.37                                      |
| <b>*Cash and Cash Equivalents at the beginning of the period</b>   | <b>2,05,37.76</b>  | 54,99.39  |
| Cash and Bank Balances [including exchange fluctuation (gain)/loss<br>Nil (Previous Period Rs. 1.85 Lacs)] |  |   |
| <b>*Cash and Cash Equivalents at the end of the year/period</b>  | <b>9,25,38.05</b>  | 2,05,37.76                                      |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>  | <b>7,20,00.29</b>  | 1,50,38.37                                      |

\*Refer Note 1.15 & 14

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement.
2. Previous period's figures have been regrouped wherever necessary to conform to the current year's classification.

In terms of our report of even date.

For and on behalf of the Board of Directors

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Subodh Bhargava  
(DIN: 00035672)  
Chairman

Ramakrishnan Subramanian  
(DIN: 01933487)  
Mukesh H. Butani  
(DIN: 01452839)  
Directors

Usha Rajeev  
Partner  
Membership No.: 087191

Zubair Ahmed  
(DIN: 00182990)  
Managing Director

Sonali Khanna  
Company Secretary

Place : Gurgaon  
Dated : May 8, 2015



# Notes to the Financial Statements for the year ended March 31, 2015

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

### 1.2 Tangible Assets

Tangible fixed assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all directly attributable expenses net of CENVAT wherever applicable.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

The Company follows Straight Line Method of charging depreciation, on all its tangible fixed assets, on a pro-rata basis. The Company has provided depreciation basis its useful life determined on technical evaluation which matches with the useful life as prescribed in Schedule II of Companies Act 2013, with certain exceptions as follows:-

| Asset                                      | Useful life |
|--|-------------|
| Factory admin building, godowns, rest room | 50 Years    |
| Boundary wall, temporary sheds & structure | 12 Years    |
| Plant and Machinery (Triple Shift)         | 3/10 Years  |
| Furniture and Fixtures                     | 5 Years     |
| Motor Vehicle                              | 5 Years     |

Leasehold improvements are charged to Statement of Profit and Loss over the primary period of lease or the useful life of assets, whichever is lower.

### 1.3. Intangible Assets

Intangible Assets are accounted at their cost of acquisition and amortized on a straight line basis over their estimated economic life not exceeding ten years. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are; Software @ 20% p.a. and Patent & Trade Marks @10% p.a.

### 1.4. Impairment

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable

amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date to ascertain whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### 1.5. Foreign Currency Translation

Transactions in Foreign Exchange are accounted for at the exchange rates prevailing on the date of the transaction. The exchange differences arising out of the settlements, including those on liabilities relating to fixed assets are dealt with in Statement of Profit and Loss. Monetary assets and liabilities are restated at the year-end rates and the resultant gains or losses are recognized in Statement of Profit and Loss.

#### 1.6 Inventories

Inventories are valued at lower of cost and net realizable value, except for ghee, a by-product, which is valued at net realizable value. Cost is determined on the basis of the weighted average method. The cost of finished goods and work in progress comprises cost of materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for inventory obsolescence is made based on the best estimates of management.

#### 1.7 Research and Development

The revenue expenditure is charged to Statement of Profit and Loss for the year in which it is incurred. Capital expenditure is accounted in the same way as fixed assets.

#### 1.8 Employee Benefits

**Superannuation Fund:** The Company has a Defined Contribution Plan for post employment benefit which is recognized by the income tax authorities. This fund is administered through trustees and the Company's contribution thereto is charged to Statement of Profit and Loss on accrual basis.

**State Plans:** The Company's contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995, which are Defined Contribution Plans, are charged to Statement of Profit and Loss on accrual basis.

**Gratuity:** The Company provides for gratuity, a Defined Benefit Plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the Balance Sheet date. The Gratuity Fund is recognized by the income tax authorities and is administered through trustees.

**Provident Fund:** Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the Balance Sheet date and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. The Provident Fund is recognized by the income tax authorities and is administered through trustees.

**Compensated Absences:** The Company provides for compensated absences for management, executive and staff (short-term defined benefit) during the year on an arithmetical basis. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the Balance Sheet date are treated as short term employee benefits.

Accumulated leave encashment/compensated absences for workers, which are expected to be availed or encashed within 12 months from the Balance Sheet date are treated as short term employee benefits and those which are expected to be availed or encashed beyond 12 months from the Balance Sheet date are treated as other long term employee benefits for measurement of employee benefit obligation. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the Balance Sheet date.

**Post-employment medical assistance:** The post-employment medical assistance scheme is an insured benefit plan wherein the Company annually pays insurance premium to NIC (National Insurance Company). The liability for future premiums in respect of the underlying benefits is determined on the basis of an actuarial valuation at the year end. This scheme is extended to certain employees of the Company for which the liability is determined on the basis of an actuarial valuation at the Balance Sheet date.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in Statement of Profit and Loss as income or expense.

Termination Benefits are recognised as an expense immediately.

#### 1.9 Revenue Recognition

Sales comprise value of sale of goods (net of returns/estimated returns) excluding sales tax and trade discounts but including excise duty. Sales are recognized when the significant risks and rewards of ownership in the goods are transferred to the buyer.



The Company recovers Business Auxiliary Service Commission from certain Group Companies for the services rendered towards selling and distribution of the latter's products in accordance with the recommendations of an independent study which was accepted under an agreement by the parties. Further, the Company also recovers the employee benefit cost in respect of employees seconded by it to Group companies.

Interest on Term deposit is recognized on a time proportion basis taking into account the amounts invested and the fixed rate of interest. Insurance and other Claims are recognized on an accrual basis. Exports incentives under various schemes have been recognised in accordance with the terms of the scheme on accrual basis.

#### 1.10 Taxation

Tax expense/(saving) is the aggregate of current tax and deferred tax charge/(credit) to Statement of Profit and Loss for the year.

##### (i) Current Tax

Provision for taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961. The Company also provides for such disallowances made on completion of assessments pending appeals, as considered appropriate depending on the merits of each case.

##### (ii) Deferred Tax

Deferred tax assets & liabilities resulting from timing differences between book profits and tax profits are accounted and measured at tax rate enacted or substantially enacted by the Balance Sheet date to the extent that there is reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets/liabilities, if any.

#### 1.11 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other interest costs are charged against the Statement of Profit and Loss for the year in which it is incurred.

#### 1.12 Leases

##### As a Lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals in respect of operating leases are charged to Statement of Profit and Loss on a straight line basis over the term of the lease.

##### As a Lessor:

The Company has leased certain tangible assets and such leases where the company has substantially retained all the risks and rewards of the ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit from the use of lease assets is derived.

#### 1.13 Provisions and Contingent Liabilities

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

#### 1.14 Segment Reporting

Nutritional business is India focused and in a single business and geographical segment. Accordingly, Segment information is not required to be disclosed pursuant to Accounting Standard 17 'Segment Reporting'.

#### 1.15 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## 1.16 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for 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 net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### NOTE 2: SHARE CAPITAL

|  | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|---------------------------------------|---------------------------------------|
| <b>Authorised:</b>   |                                       |                                       |
| 6,00,00,000 (Previous period 6,00,00,000) Equity Shares of Rs. 10 each               | 60,00.00                              | 60,00.00                              |
| <b>Issued, Subscribed and Paid-up:</b>   |                                       |                                       |
| 4,20,55,538 (Previous period 4,20,55,538) Equity Shares of Rs. 10 each fully paid up | 42,05.55                              | 42,05.55                              |
|  | <b>42,05.55</b>                       | <b>42,05.55</b>                       |

#### (A) Reconciliation of Equity Shares outstanding

| Particulars              | As at March 31, 2015 |            | As at March 31, 2014 |            |
|--------------------------|----------------------|------------|----------------------|------------|
|                          | No. of Shares        | (Rs. Lacs) | No. of Shares        | (Rs. Lacs) |
| Balance at the beginning | 4,20,55,538          | 42,05.55   | 4,20,55,538          | 42,05.55   |
| Add: Shares issued       | -                    | -          | -                    | -          |
| Less: Shares bought back | -                    | -          | -                    | -          |
| Balance at the end       | 4,20,55,538          | 42,05.55   | 4,20,55,538          | 42,05.55   |

#### (B) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. 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 shareholding.

#### (C) Shares held by the Subsidiaries of the Ultimate Holding Company

|  | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|---------------------------------------|---------------------------------------|
| <b>Equity Shares:</b>  |                                       |                                       |
| 1,81,52,243 (Previous period: 1,81,52,243) Equity Shares are held by Horlicks Limited*         | 18,15.22                              | 18,15.22                              |
| 1,23,19,749 (Previous period: 1,23,19,749) Equity Shares are held by GlaxoSmithKline Pte Ltd.* | 12,31.97                              | 12,31.97                              |
|  | <b>30,47.19</b>                       | <b>30,47.19</b>                       |

\*Subsidiaries of the Ultimate Holding Company, GlaxoSmithKline Plc UK

**(D) Details of shareholders having more than 5% of the aggregate shares in the Company**

| Name of Shareholder       | As at March 31, 2015 |              | As at March 31, 2014 |              |
|---------------------------|----------------------|--------------|----------------------|--------------|
|                           | No. of Shares held   | % of Holding | No. of Shares held   | % of Holding |
| Horlicks Limited          | 1,81,52,243          | 43.16%       | 1,81,52,243          | 43.16%       |
| GlaxoSmithKline Pte. Ltd. | 1,23,19,749          | 29.29%       | 1,23,19,749          | 29.29%       |

**NOTE 3: RESERVES & SURPLUS****General Reserve**

|   |            |            |
|---|------------|------------|
| Opening balance                                 | 9,15,43.24 | 8,47,95.77 |
| Add: Transfer from Statement of Profit and Loss | 58,35.99   | 67,47.47   |
| Closing balance                                 | 9,73,79.23 | 9,15,43.24 |

**Capital Redemption Reserve\***

|  |         |         |
|--|---------|---------|
|  | 3,32.51 | 3,32.51 |
|--|---------|---------|

**Surplus in Statement of Profit and Loss**

|  |              |              |
|--|--------------|--------------|
| Opening balance  | 8,52,03.63   | 4,67,63.91   |
| Less : Depreciation (net of deferred tax)**                                    | (5,01.78)    | -            |
| Profit for the year/period   | 5,83,59.93   | 6,74,74.68   |
| Less: Appropriations   |              |              |
| Proposed Dividend on Equity Shares for the year/period                         | (2,31,30.55) | (1,89,24.99) |
| Dividend distribution tax on Proposed Dividend                                 | (47,08.83)   | (32,16.30)   |
| Differential dividend distribution tax on Proposed Dividend of previous period | -            | (1,46.20)    |
| Transfer to General Reserve  | (58,35.99)   | (67,47.47)   |

**Closing balance**

|  |             |            |
|--|-------------|------------|
|  | 10,93,86.41 | 8,52,03.63 |
|--|-------------|------------|

|              |                    |                    |
|--------------|--------------------|--------------------|
| <b>Total</b> | <b>20,70,98.15</b> | <b>17,70,79.38</b> |
|--------------|--------------------|--------------------|

\*33,25,083 Equity Shares of Rs. 10 each fully paid were bought back by capitalisation of reserve Rs. 3,32.51 Lacs in the year 2005. There is no movement during the year ended March 31, 2015.

\*\*Refer Note 9

**NOTE 4: OTHER LONG-TERM LIABILITIES\***

|                           | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|---------------------------|---------------------------------------|---------------------------------------|
| Employee benefits payable | 9,92.82                               | 9,27.66                               |
| <b>Total</b>              | <b>9,92.82</b>                        | <b>9,27.66</b>                        |

\*Refer Note 1.8 & 21(e)

**NOTE 5 : LONG TERM PROVISIONS\***

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Provision for employee benefits    | 49,08.01          | 40,41.61          |
| Other provisions:                  |                   |                   |
| Provision for Indirect tax matters | 1,02,44.55        | 72,46.97          |
| Miscellaneous provisions           | 56,08.02          | 44,86.91          |
| <b>Total</b>                       | <b>2,07,60.58</b> | <b>1,57,75.49</b> |

\*Refer Note 1.8, 1.13, 21(c) & 25

**NOTE 6: TRADE PAYABLES**

|   | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|---|---------------------------------------|---------------------------------------|
| Total outstanding dues to micro and small enterprises         | 18,43.06                              | 17,63.75                              |
| Total outstanding dues other than micro and small enterprises | 7,41,34.73                            | 6,53,95.31                            |
| <b>Total</b>  | <b>7,59,77.79</b>                     | <b>6,71,59.06</b>                     |

There were no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). The information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. Further, no interest during the year ended March 31, 2015 (Previous period Nil) has been paid or is payable under the terms of the MSMED Act, 2006.

**NOTE 7: OTHER CURRENT LIABILITIES\***

|  |                   |                   |
|--|-------------------|-------------------|
| Unclaimed dividend   | 3,54.00           | 2,75.59           |
| Other payables:  |                   |                   |
| Employee benefits payable  | 54,08.28          | 49,38.46          |
| Advances from customers  | 7,47.95           | 5,86.18           |
| Payables to related parties towards consignment sales/other reimbursements | 93,78.42          | 76,41.39          |
| Statutory obligations and disputes   | 2,43,80.41        | 2,20,33.89        |
| Trade security deposits  | 85,68.59          | 72,47.22          |
| Capital creditors  | 21,88.86          | 15,15.44          |
| Unclaimed cheques/DD's   | 78.86             | 1,05.94           |
| Other contractual liabilities**  | 23,01.14          | 19,74.30          |
| <b>Total</b>   | <b>5,34,06.51</b> | <b>4,63,18.41</b> |

\*Refer Note 1.8, 21(e) & 34

\*\*Represents provision for foreseeable losses in respect of commercial obligations.

Statutory obligations and disputes include provisions towards disputed indirect taxes aggregating Rs. 1,80,77.76 Lacs (Previous period Rs. 1,44,57.63 Lacs), which has been created basis legal advice obtained by the Company and merits of the case.

**NOTE 8: SHORT-TERM PROVISIONS\***

|  |                   |                   |
|--|-------------------|-------------------|
| Provision for employee benefits*               | 49,04.88          | 15,96.69          |
| Other provisions:                              |                   |                   |
| Proposed dividend**                            | 2,31,30.55        | 1,89,24.99        |
| Dividend distribution tax on proposed dividend | 47,08.83          | 32,16.30          |
| Miscellaneous provisions                       | 67,69.26          | 59,43.38          |
| <b>Total</b>                                   | <b>3,95,13.52</b> | <b>2,96,81.36</b> |

\*Refer Note 1.8, 1.13, 21 & 25

\*includes short term compensated absences for management, executive and staff of Rs. 5,77.06 Lacs (Previous period Rs. 4,62.51 Lacs)

\*\*The Final Dividend proposed for the year @ Rs. 55 (Previous period Rs. 45) per equity share aggregates to Rs. 2,31,30.55 Lacs (Previous period Rs. 1,89,24.99 Lacs)

**NOTE 9: FIXED ASSETS\***

|                                      | GROSS BLOCK               |                   |                           | DEPRECIATION/AMORTIZATION  |                          |                     |  | NET BLOCK                 |                            |
|--------------------------------------|---------------------------|-------------------|---------------------------|----------------------------|--------------------------|---------------------|--|---------------------------|----------------------------|
|                                      | As At<br>April<br>1, 2014 | Additions         | Deletions/<br>Adjustments | As At<br>March<br>31, 2015 | Upto<br>April<br>1, 2014 | During<br>the Year* | Deletions/<br>Adjustments<br>during Year | Upto<br>March<br>31, 2015 | As at<br>March<br>31, 2015 |
| <b>Tangible Assets</b>               |                           |                   |                           |                            |                          |                     |  |                           |                            |
| Land (Freehold)                      | 14,83.35                  | -                 | -                         | 14,83.35                   | -                        | -                   | -  | -                         | 14,83.35                   |
| Buildings***                         | 1,22,27.57                | 1,58,47.39        | 3.71                      | 2,80,71.25                 | 3770.62                  | 13,86.98            | 2.47                                     | 51,55.13                  | 2,29,16.12                 |
| Plant & Equipment***                 | 5,70,17.08                | 46,42.56          | 8,55.06                   | 6,08,04.58                 | 3,55,88.21               | 44,77.59            | 773.65                                   | 3,92,92.15                | 2,15,12.43                 |
| Information Technology<br>Equipment* | 25,10.98                  | 5,12.97           | 3,68.00                   | 26,55.95                   | 14,65.07                 | 4,02.49             | 3,60.92                                  | 15,06.64                  | 11,49.31                   |
| Furniture & Fixtures                 | 12,73.91                  | 5,44.08           | 2,15.62                   | 16,02.37                   | 9,50.64                  | 2,39.87             | 2,07.67                                  | 9,82.84                   | 6,19.53                    |
| Office Equipment*                    | 14,00.98                  | 6,00.80           | 4,06.04                   | 15,95.74                   | 11,67.50                 | 80.05               | 1,99.75                                  | 10,47.80                  | 5,47.94                    |
| Vehicles                             | 11,02.13                  | 1,66.58           | 2,20.45                   | 10,48.26                   | 4,81.50                  | 1,90.46             | 1,49.02                                  | 5,22.94                   | 5,25.32                    |
| Leasehold Improvements               | 9,82.68                   | -                 | -                         | 9,82.68                    | 9,33.18                  | 49.50               | -  | 9,82.68                   | -                          |
| <b>Tangible Assets (A)</b>           | <b>779,98.68</b>          | <b>2,23,14.38</b> | <b>20,68.88</b>           | <b>9,82,44.18</b>          | <b>4,43,56.72</b>        | <b>68,26.94</b>     | <b>16,93.48</b>                          | <b>4,94,90.18</b>         | <b>4,87,54.00</b>          |
| <b>Intangible Assets</b>             |                           |                   |                           |                            |                          |                     |  |                           |                            |
| Patents & Trade Marks***             | 66,41.72                  | -                 | -                         | 66,41.72                   | 66,41.72                 | -                   | -  | 66,41.72                  | -                          |
| Software                             | 8,21.86                   | 2,20.23           | -                         | 10,42.09                   | 4,72.84                  | 1,49.06             | -  | 6,21.90                   | 4,20.19                    |
| <b>Intangible Assets (B)</b>         | <b>74,63.58</b>           | <b>2,20.23</b>    | <b>-</b>                  | <b>76,83.81</b>            | <b>71,14.56</b>          | <b>1,49.06</b>      | <b>-</b>                                 | <b>72,63.62</b>           | <b>4,20.19</b>             |
| <b>Total (A) + (B)</b>               | <b>8,54,62.26</b>         | <b>2,25,34.61</b> | <b>20,68.88</b>           | <b>10,59,27.99</b>         | <b>5,14,71.28</b>        | <b>69,76.00</b>     | <b>16,93.48</b>                          | <b>5,67,53.80</b>         | <b>4,91,74.19</b>          |
| Capital Work in Progress****         |                           |                   |                           |                            |                          |                     |  |                           | 42,31.36                   |
|                                      |                           |                   |                           |                            |                          |                     |  |                           | <b>5,34,05.55</b>          |



(Rs. Lacs)

|  | GROSS BLOCK                 |                   |                           |                            | DEPRECIATION/AMORTIZATION  |                                 |  |                           | NET BLOCK                  |
|--|-----------------------------|-------------------|---------------------------|----------------------------|----------------------------|---------------------------------|--|---------------------------|----------------------------|
|  | As At<br>January<br>1, 2013 | Additions         | Deletions/<br>Adjustments | As At<br>March<br>31, 2014 | Upto<br>January<br>1, 2013 | During<br>the Year <sup>#</sup> | Deletions/<br>Adjustments<br>during Year | Upto<br>March<br>31, 2014 | As at<br>March<br>31, 2014 |
| <b>Tangible Assets</b>                           |                             |                   |                           |                            |                            |                                 |  |                           |                            |
| Land (Freehold)                                  | 14,83.35                    | -                 | -                         | 14,83.35                   | -                          | -                               | -  | -                         | 14,83.35                   |
| Buildings <sup>***</sup>                         | 1,02,59.29                  | 19,68.28          | -                         | 1,22,27.57                 | 33,01.50                   | 4,69.12                         | -  | 3,770.62                  | 84,56.95                   |
| Plant & Equipment <sup>***o##</sup>              | 3,95,50.10                  | 1,82,24.99        | 7,58.01                   | 5,70,17.08                 | 3,12,34.58                 | 46,86.78                        | 3,33.15                                  | 3,55,88.21                | 2,13,59.05                 |
| Information Technology<br>Equipment <sup>o</sup> | 22,68.28                    | 5,92.00           | 3,49.30                   | 25,10.98                   | 14,12.56                   | 3,93.16                         | 3,40.65                                  | 14,65.07                  | 10,45.91                   |
| Furniture & Fixtures                             | 12,62.59                    | 61.55             | 50.23                     | 12,73.91                   | 9,20.04                    | 75.78                           | 45.18                                    | 9,50.64                   | 3,23.27                    |
| Office Equipment <sup>o</sup>                    | 14,13.75                    | 44.28             | 57.05                     | 14,00.98                   | 11,42.28                   | 80.97                           | 55.75                                    | 11,67.50                  | 2,33.48                    |
| Vehicles   | 9,52.32                     | 3,81.92           | 2,32.11                   | 11,02.13                   | 4,28.19                    | 2,32.89                         | 1,79.58                                  | 4,81.50                   | 6,20.63                    |
| Leasehold Improvements                           | 10,52.50                    | -                 | 69.82                     | 9,82.68                    | 8,58.88                    | 1,44.13                         | 69.83                                    | 9,33.18                   | 1,19.32                    |
| <b>Tangible Assets (A)</b>                       | <b>5,82,42.18</b>           | <b>2,12,73.02</b> | <b>15,16.52</b>           | <b>7,79,98.68</b>          | <b>3,92,98.03</b>          | <b>60,82.83</b>                 | <b>10,24.14</b>                          | <b>4,43,56.72</b>         | <b>3,36,41.96</b>          |
| <b>Intangible Assets</b>                         |                             |                   |                           |                            |                            |                                 |  |                           |                            |
| Patents & Trade Marks <sup>***</sup>             | 66,41.72                    | -                 | -                         | 66,41.72                   | 66,41.72                   | -                               | -  | 66,41.72                  | -                          |
| Software   | 7,39.78                     | 82.08             | -                         | 8,21.86                    | 3,00.70                    | 1,72.14                         | -  | 4,72.84                   | 3,49.02                    |
| <b>Intangible Assets (B)</b>                     | <b>73,81.50</b>             | <b>82.08</b>      | <b>-</b>                  | <b>74,63.58</b>            | <b>69,42.42</b>            | <b>1,72.14</b>                  | <b>-</b>                                 | <b>71,14.56</b>           | <b>3,49.02</b>             |
| <b>Total (A) + (B)</b>                           | <b>6,56,23.68</b>           | <b>2,12,85.28</b> | <b>14,46.70</b>           | <b>8,54,62.26</b>          | <b>4,62,40.45</b>          | <b>62,54.97</b>                 | <b>10,24.14</b>                          | <b>5,14,71.28</b>         | <b>3,39,90.98</b>          |
| Capital Work in Progress <sup>****</sup>         |                             |                   |                           |                            |                            |                                 |  |                           | 38,45.02                   |
|  |                             |                   |                           |                            |                            |                                 |  |                           | <b>3,78,36.00</b>          |

\* Refer Note 1.2 to 1.5 & 1.11

# During the year pursuant to the requirement of Schedule II of the Companies Act, 2013, the useful life of fixed assets have been reassessed and revised. Pursuant to such reassessment the depreciation charge for the year ended March 31, 2015 is higher by Rs. 6,72.52 Lacs and for assets whose revised useful life have expired prior to March 31, 2014, the net book value of Rs. 5,01.78 Lacs (net of deferred tax Rs. 2,65.56 Lacs) has been adjusted against retained earnings. Includes Depreciation amounting to Rs. Nil (Previous Year Rs. 0.31 Lacs) on assets used for Capital Projects transferred to CWIP.

\*\* Includes Rs. 64.50 Lacs (Previous Year Rs. 64.50 Lacs) paid to State Electricity Board for electrical installations not represented by physical assets owned by the Company and depreciated over a period of 5 years.

\*\*\* Includes Dwelling Units valuing Rs. 1,23.95 Lacs (Previous Period Rs. 1,23.95 Lacs) and Patents and Trade Marks valuing Rs. 66,41.72 Lacs (Previous Period Rs. 66,41.72 Lacs) for which registration is awaited.

o Includes assets retired from active use, being carried at their estimated realisable value aggregating to Rs. 19.92 Lacs (Previous Period Rs. 39.92 Lacs).

\*\*\*\* Net of Provision for Capital Work in Progress aggregating Rs. 8,09.44 Lacs (Previous Period Rs. 2,06.57 Lacs).

## Impairment charge of Rs. 2,65.08 Lacs (Previous Period Rs. 2,37.96 Lacs) on Plant and Equipment has been included in Other Expenses on Note 23 in the Statement of Profit and Loss.

**NOTE 10: DEFERRED TAX ASSETS (NET)\***

(Rs. Lacs)

| Particulars                             | Balance as at     |                    | Charge/(Credit)                         |   | Balance as at       |                   |
|---|-------------------|--------------------|---|---|---------------------|-------------------|
|   | April 1,<br>2014  | January 1,<br>2013 | 12 months<br>ended<br>March 31,<br>2015 | 15 months<br>ended<br>March 31,<br>2014 | March 31,<br>2015   | March 31,<br>2014 |
| Depreciation/Amortization <sup>**</sup> | 16,54.12          | 6,82.91            | 1,55.14                                 | 9,71.21                                 | 18,09.26            | 16,54.12          |
| Section 43B – Disallowances             | (73,93.59)        | (42,43.24)         | (26,07.00)                              | (31,50.35)                              | (1,00,00.59)        | (73,93.59)        |
| VRS                                     | -                 | (35.02)            | -                                       | 35.02                                   | -                   | -                 |
| Provision for Doubtful Debts            | (1,88.84)         | (1,52.50)          | (3.81)                                  | (36.34)                                 | (1,92.65)           | (1,88.84)         |
| Other Disallowances                     | (31,02.00)        | (24,14.78)         | 10,51.96                                | (6,87.22)                               | (20,50.04)          | (31,02.00)        |
| <b>Deferred Tax Liability/(Asset)</b>   | <b>(90,30.31)</b> | <b>(61,62.63)</b>  | <b>(14,03.71)</b>                       | <b>(28,67.68)</b>                       | <b>(1,04,34.02)</b> | <b>(90,30.31)</b> |

\*Refer Note 1.10 (ii)

\*\*Charge for the year includes Rs. 2,65.56 Lacs adjusted against retained earnings on account of change in useful life of fixed assets (Refer note 3 & 9)

**NOTE 11: LONG-TERM LOANS AND ADVANCES**

|  | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|---------------------------------------|---------------------------------------|
| <b>A. Secured, considered good</b>   |                                       |                                       |
| Vehicle loans to employees   | 3,43.82                               | 2,81.64                               |
| <b>B. Unsecured, considered good (unless otherwise stated)</b>                         |                                       |                                       |
| Capital advances   | 5,12.88                               | 1,26,20.31                            |
| Security deposits  | 21,40.30                              | 20,34.87                              |
| Other loan and advances:   |                                       |                                       |
| – Advances to suppliers  | 30.24                                 | 30.28                                 |
| – Balance with government authorities  | -                                     | 23.37                                 |
| – Loans and advances to employees  | 17,34.32                              | 23,82.41                              |
| – Prepaid expenses   | 6.09                                  | 9.04                                  |
| – Advance income tax   | 28,06.16                              | 15,05.82                              |
| <b>(Net of Provisions Rs. 18,27,34.33 Lacs (Previous Period Rs. 15,10,40.81 Lacs))</b> |                                       |                                       |
| <b>Total</b>   | <b>75,73.81</b>                       | <b>1,88,87.74</b>                     |



**NOTE 12: INVENTORIES\***

|  | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|---------------------------------------|---------------------------------------|
| Raw materials<br>[Includes goods in transit Rs. 4,08.66 Lacs (Previous period Rs. 3,55.48 Lacs)]   | 1,32,06.35                            | 1,14,77.44                            |
| Packing materials<br>[Includes goods in transit Rs. Nil (Previous period Rs. 25.16 Lacs)]          | 12,15.65                              | 15,35.55                              |
| Work-in-progress**   | 42,32.58                              | 41,90.99                              |
| Stock-in-trade (in respect of goods acquired for trading)***                                       | 6,01.01                               | 11,06.86                              |
| Finished goods (including bulk powder)   | 2,60,85.61                            | 2,13,10.85                            |
| Stores and spares<br>[Includes goods-in-transit Rs. 80.11 Lacs (Previous period Rs. 1,73.89 Lacs)] | 12,20.18                              | 10,42.56                              |
| By-products (at net realisable value)  | 63.73                                 | 77.61                                 |
| <b>Total</b>   | <b>4,66,25.11</b>                     | <b>4,07,41.86</b>                     |

\* Refer Note 1.6 &amp; 30

\*\* Work-in-progress represents semi finished stocks of Malt based foods Rs. 42,32.58 Lacs (Previous period Rs. 41,23.00 Lacs) and Cereal based beverages Nil (Previous period Rs. 67.99 Lacs)

\*\*\* Stock-in-trade comprises of Packaged Foods

**Details of Finished Goods & By-product Inventory**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| 1. Malt based foods        | 2,32,95.34        | 1,84,93.23        |
| 2. Cereal based beverage   | 14,26.76          | 16,38.53          |
| 3. Protein rich foods      | 10,16.76          | 8,15.48           |
| 4. Nutritional food powder | 45.97             | 55.56             |
| 5. Packaged foods          | 3,00.78           | 3,08.05           |
| Total (1+2+3+4+5)          | 2,60,85.61        | 2,13,10.85        |
| 6. Ghee                    | 63.73             | 77.61             |
| <b>Total</b>               | <b>2,61,49.34</b> | <b>2,13,88.46</b> |

**NOTE 13: TRADE RECEIVABLES**

|  |                   |                   |
|--|-------------------|-------------------|
| Outstanding for a period exceeding 6 months from the date they are due for payment |                   |                   |
| Unsecured, considered good   | 58.99             | 17.66             |
| Unsecured, considered doubtful   | 4,59.62           | 5,43.32           |
| Less : Provision for Doubtful debts  | (4,59.62)         | (5,43.32)         |
|  | 58.99             | 17.66             |
| Others   |                   |                   |
| Secured, considered good   | 76,66.20          | 64,57.70          |
| Unsecured, considered good   | 2,36,10.89        | 2,34,59.22        |
| Unsecured, considered doubtful   | 97.03             | 12.25             |
| Less : Provision for Doubtful debts  | (97.03)           | (12.25)           |
|  | 3,12,77.09        | 2,99,16.92        |
| <b>Total</b>   | <b>3,13,36.08</b> | <b>2,99,34.58</b> |

**NOTE 14: CASH AND BANK BALANCES\*****Cash and Cash equivalents**

|   |            |            |
|---|------------|------------|
| Remittances in Transit                                  | 98.07      | 98.49      |
| Banks balances:   |            |            |
| In current accounts                                     | 31,39.98   | 11,39.27   |
| In fixed deposit accounts (Less than 3 months maturity) | 8,93,00.00 | 1,93,00.00 |
|   | 9,25,38.05 | 2,05,37.76 |

**Other bank balances**

|   |                    |                    |
|---|--------------------|--------------------|
| In fixed deposit accounts (Maturity more than 3 months but less than 12 months) | 13,67,60.00        | 16,30,65.00        |
| On dividend accounts  | 3,54.00            | 2,75.59            |
|   | 13,71,14.00        | 16,33,40.59        |
| <b>Total</b>  | <b>22,96,52.05</b> | <b>18,38,78.35</b> |

\*Refer Note 1.15

**NOTE 15: SHORT TERM LOANS AND ADVANCES**

|  | As at<br>March 31, 2015<br>(Rs. Lacs) | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|---------------------------------------|---------------------------------------|
| <b>A. Secured, considered good</b>                             |                                       |                                       |
| Vehicle loans to employees                                     | 1,52.58                               | 1,25.16                               |
| <b>B. Unsecured, considered good (unless otherwise stated)</b> |                                       |                                       |
| Security deposit   | 3,65.02                               | -                                     |
| Other loan and advances:                                       |                                       |                                       |
| – Advances to Suppliers  | 15,32.27                              | 15,49.91                              |
| – Balance with government authorities                          |                                       |                                       |
| – With Excise authorities (PLA)                                | 18.65                                 | 48.72                                 |
| – Others   | 35,18.15                              | 29,28.66                              |
| – Loans and advances to employees*                             | 17,40.51                              | 17,40.03                              |
| – Prepaid expenses   | 11,97.61                              | 11,54.08                              |
| <b>Total</b>   | <b>85,24.79</b>                       | <b>75,46.56</b>                       |

\*Includes advance of Rs. Nil (Previous Year Rs. 0.30 Lacs) given to a Director

**NOTE 16: OTHER CURRENT ASSETS\***

|  |                   |                   |
|--|-------------------|-------------------|
| <b>(Unsecured, considered good - unless otherwise stated)</b>                    |                   |                   |
| Interest accrued on fixed deposit accounts/loans                                 | 46,12.94          | 62,28.40          |
| Consignment Debtors  | 72,24.66          | 59,70.37          |
| Claims Recoverable   |                   |                   |
| Considered good  | 47.36             | 1,41.57           |
| Considered doubtful  | 1,67.40           | 1,40.47           |
| Less: Provision for Doubtful receivables   | (1,67.40)         | (1,40.47)         |
| Receivables from related parties towards services rendered/expense reimbursement | 25,18.55          | 9,51.17           |
| <b>Total</b>   | <b>1,44,03.51</b> | <b>1,32,91.51</b> |

\*Refer Note 34

**NOTE 17: REVENUE FROM OPERATIONS\***

|   | 12 months<br>ended<br>March 31, 2015<br>(Rs. Lacs) | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|---|--|--|
| <b>Sale of Products</b>                 |  |  |
| – Finished Goods                        | 41,31,14.02  | 46,85,64.64  |
| – Traded Goods                          | 2,28,74.05   | 2,73,18.42   |
| <b>Other Operating Revenue</b>          |  |  |
| – Business auxiliary service commission | 1,54,86.65   | 1,68,07.70   |
| – Miscellaneous income**                | 16,28.24   | 17,57.82   |
|   | <b>45,31,02.96</b>                                 | <b>51,44,48.58</b>                                 |
| Less: Excise Duty                       | 2,23,44.44   | 2,75,91.42   |
| <b>Total</b>                            | <b>43,07,58.52</b>                                 | <b>48,68,57.16</b>                                 |

\*Refer Note 1.9

\*\*Includes mark-up of Rs. 27.46 Lacs (Previous period Rs. 65.26 Lacs) on sales of raw material (gross sales Rs. 1,46.66 Lacs (Previous period Rs. 2,96.64 Lacs)) and certain amounts cross charged to related parties on a net basis (gross amount Rs. 45,87.93 Lacs (Previous period Rs. 42,02.58 Lacs)).

**Details of Sale of Products**

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Finished Goods</b>                                       |                    |                    |
| (i) Malt Based Food/Cereal Based Beverage/Protein Rich Food | 41,25,80.51        | 46,81,53.62        |
| (ii) Ghee (By Product)                                      | 5,33.51            | 4,11.02            |
| <b>Total (i) + (ii)</b>                                     | <b>41,31,14.02</b> | <b>46,85,64.64</b> |
| <b>Traded Goods</b>   |                    |                    |
| (iii) Packaged Foods  | 2,28,74.05         | 2,73,18.42         |
| <b>Grand Total (i) + (ii) + (iii)</b>                       | <b>43,59,88.07</b> | <b>49,58,83.06</b> |

**Earnings in Foreign Exchange:**

|  | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|--|--|--|
| - Export of finished goods on F.O.B. basis | <b>2,27,46.08</b>  | 3,16,14.21   |
| - Miscellaneous Income                     | <b>7,82.48</b>   | 9,35.44  |

**NOTE 18: OTHER INCOME\***

|                                      |                   |            |
|--------------------------------------|-------------------|------------|
| Profit on sale of fixed assets (net) | <b>66.61</b>      | -          |
| Exchange fluctuations (net)          | <b>7,20.69</b>    | 9,20.90    |
| Rent received                        | <b>19.70</b>      | 22.66      |
| Interest income (gross)              | <b>1,74,51.28</b> | 1,73,68.87 |
| Other Miscellaneous income           | <b>39,30.35</b>   | 23,78.49   |
| <b>Total</b>                         | <b>2,21,88.63</b> | 2,06,90.92 |

\*Refer Note 1.2, 1.5, 1.9 &amp; 1.12

**NOTE 19: COST OF MATERIAL CONSUMED\***

|                           |                    |             |
|---------------------------|--------------------|-------------|
| Raw material consumed     | <b>10,56,83.09</b> | 11,62,24.07 |
| Packing material consumed | <b>3,22,03.42</b>  | 3,61,89.10  |
| <b>Total</b>              | <b>13,78,86.51</b> | 15,24,13.17 |

\*Refer Note 17

**Raw Material consumed\* (Includes goods processed by third parties)**

|                       |                    |             |
|-----------------------|--------------------|-------------|
| Milk Powder           | <b>3,15,43.47</b>  | 2,60,19.74  |
| Liquid Milk           | <b>1,31,54.16</b>  | 1,94,22.31  |
| Malt and Malt Extract | <b>2,23,18.03</b>  | 2,71,67.53  |
| Wheat Flour           | <b>73,98.89</b>    | 91,93.48    |
| Others                | <b>3,49,31.52</b>  | 3,69,26.00  |
| <b>Total</b>          | <b>10,93,46.07</b> | 11,87,29.06 |

**Imported & Indigenous Raw Material\***

|              | Percentage | Value<br>(Rs. Lacs) | Percentage | Value<br>(Rs. Lacs) |
|--------------|------------|---------------------|------------|---------------------|
| Raw Material |            |                     |            |                     |
| Imported     | 2.7%       | 29,94.12            | 3.1%       | 36,97.29            |
| Indigenous   | 97.3%      | 10,63,51.95         | 96.9%      | 11,50,31.77         |
|              |            | <u>10,93,46.07</u>  |            | <u>11,87,29.06</u>  |

\*"Raw Material consumed" and "Imported & Indigenous Raw Material" as shown above includes Rs. 36,57.23 Lacs (Previous period Rs. 24,81.47 Lacs) being the cost of materials consumed on samples used for promotional purpose included under Advertisement and Promotion expenses and cost of stock breakages recoverable from the insurance company Rs. 5.75 Lacs (Previous period Rs. 23.52 Lacs) included under other general expenses

**NOTE 20: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

|   |                   |            |
|---|-------------------|------------|
| Opening stock   |                   |            |
| Finished goods (including bulk powder)                    | <b>2,13,10.85</b> | 2,33,69.45 |
| Work-in-progress  | <b>41,90.99</b>   | 24,31.42   |
| Stock-in-trade (in respect of goods acquired for trading) | <b>11,06.86</b>   | 17,04.40   |
| By-products   | <b>77.61</b>      | 72.34      |
|   | <b>2,66,86.31</b> | 2,75,77.61 |
| Less: Closing stock                                       |                   |            |
| Finished goods (including bulk powder)                    | <b>2,60,85.61</b> | 2,13,10.85 |
| Work-in-progress  | <b>42,32.58</b>   | 41,90.99   |
| Stock-in-trade (in respect of goods acquired for trading) | <b>6,01.01</b>    | 11,06.86   |
| By-Products   | <b>63.73</b>      | 77.61      |
|   | <b>3,09,82.93</b> | 2,66,86.31 |
| <b>Net (Increase)/Decrease</b>                            | <b>(42,96.62)</b> | 8,91.30    |

**NOTE 21: EMPLOYEE BENEFIT EXPENSE\***

|   | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|---|--|--|
| Salaries and wages                        | <b>3,21,88.27</b>  | 3,67,91.27   |
| Contribution to provident and other funds | <b>68,04.23</b>  | 56,29.48   |
| Staff welfare expenses                    | <b>41,36.13</b>  | 45,84.73   |
| <b>Total</b>                              | <b>4,31,28.63</b>  | 4,70,05.48   |

\*Refer Note 1.8

(a) The Company has classified the various benefits provided to employees as under:

**I. Defined Contribution Plan**

## a. Indian Senior Executive Superannuation Fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss

|  |                |         |
|--|----------------|---------|
| – Employers' Contribution to Indian Senior Executives Superannuation Fund* | <b>4,83.70</b> | 5,19.20 |
|--|----------------|---------|

**II. State Plans**

## a. Employers' Contribution to Employee's State Insurance

## b. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss

|  |                |         |
|--|----------------|---------|
| – Employers' Contribution to Employee's State Insurance*     | <b>13.53</b>   | 5.77    |
| – Employers' Contribution to Employee's Pension Scheme 1995* | <b>4,35.32</b> | 3,00.05 |

\*Included in Contribution to provident and other funds.

**III. Defined Benefit Plans**

In accordance with Accounting Standard 15 'Employee Benefits', an actuarial valuation was done as at March 31, 2015 in respect of following Plans:

## a. Contribution to Provident Fund

## b. Contribution to Gratuity Funds – Employee's Gratuity Fund, Senior Staff Gratuity Fund

## c. Leave Encashment/Compensated Absences for workers – (Earned leave, Sick Leave and Special leave)

## d. Post- Employment Medical Assistance Scheme

Based on the following assumptions:

|   | Leave Encashment/<br>Compensated Absences         |   | Employees Gratuity Fund                           |   | Senior Staff Gratuity Fund                        |   | Provident Fund                                    |   |
|---|---|---|---|---|---|---|---|---|
|   | <b>12 Months<br/>Ended<br/>March 31,<br/>2015</b> | 15 Months<br>Ended<br>March 31,<br>2014 | <b>12 Months<br/>Ended<br/>March 31,<br/>2015</b> | 15 Months<br>Ended<br>March 31,<br>2014 | <b>12 Months<br/>Ended<br/>March 31,<br/>2015</b> | 15 Months<br>Ended<br>March 31,<br>2014 | <b>12 Months<br/>Ended<br/>March 31,<br/>2015</b> | 15 Months<br>Ended<br>March 31,<br>2014 |
| Discount Rate (Per Annum)                                     | <b>7.60%</b>                                      | 8.70%                                   | <b>7.60%</b>                                      | 8.70%                                   | <b>7.60%</b>                                      | 8.70%                                   | <b>7.60%</b>                                      | 8.70%                                   |
| Rate of Return on Plan Assets                                 | <b>N.A.</b>                                       | N.A.                                    | <b>8.67%</b>                                      | 8.54%                                   | <b>8.87%</b>                                      | 8.67%                                   | <b>N.A.</b>                                       | N.A.                                    |
| Expected Average remaining working lives of employees (Years) | <b>10.99/<br/>11.74</b>                           | 11.58/<br>12.31                         | <b>14.08</b>                                      | 14.41                                   | <b>20.38</b>                                      | 20.60                                   | <b>N.A.</b>                                       | N.A.                                    |

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- (i) In calculating the leave encashment liability, 20% of the earned leave has been assumed to be availed of during the service before separation.
- (ii) In calculating the compensated absences for sick leave liability and special leave liability, 50% of the leave has been assumed to be availed of during the service before separation.
- (iii) The liability for Gratuity fund for the year ended March 31, 2016 has not been worked out as the same is based on the increase in the basic salary and allowances in April 2016.
- (iv) The expected rate of return on Gratuity Fund assets has been worked out based on the full year's interest on the investment as at March 31, 2015 after reducing the amount of amortization of premium for one year.

(v) In case of Provident Fund, Plan members are assumed to withdraw in accordance with the following table:

| Age            | Withdrawal Rate (%) |
|----------------|---------------------|
| Up to 30 years | 3.0                 |
| Up to 44 years | 2.0                 |
| Above 44 years | 1.0                 |

(vi) For estimating Provident Fund liability, average estimated period of shortfall has been considered as 5 years.

**(A) Changes in the Present Value of Obligation**

(Rs. Lacs)

|   | Leave Encashment/<br>Compensated Absences |   | Employees Gratuity Fund                 |   | Senior Staff Gratuity Fund              |   |
|---|---|---|---|---|---|---|
|   | 12 Months<br>Ended<br>March 31,<br>2015   | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 |
| Present Value of Obligation as at January/April             | 7,84.24                                   | 3,70.72                                 | 50,00.98                                | 31,37.70                                | 54,08.42                                | 47,07.69                                |
| Interest Cost   | 59.60                                     | 35.52                                   | 3,80.07                                 | 3,19.65                                 | 4,11.04                                 | 4,79.60                                 |
| Past Service Cost   | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| Current Service Cost  | 1,68.09                                   | 1,46.51                                 | 7,73.29                                 | 6,39.84                                 | 10,02.34                                | 8,82.35                                 |
| Curtailment Cost/(Credit)                                   | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| Settlement Cost/(Credit)                                    | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| Benefits Paid   | (23.42)                                   | (29.11)                                 | (2,39.18)                               | (3,77.27)                               | (4,14.48)                               | (8,33.87)                               |
| Actuarial (gain)/loss on obligations                        | 2,82.73                                   | 2,60.60                                 | 20,51.44                                | 12,81.06                                | 7,17.84                                 | 1,72.65                                 |
| <b>Present Value of Obligation as at Balance Sheet date</b> | <b>12,71.24</b>                           | <b>7,84.24</b>                          | <b>79,66.60</b>                         | <b>50,00.98</b>                         | <b>71,25.16</b>                         | <b>54,08.42</b>                         |

**(B) Changes in the Fair Value of Plan Assets**

(Rs. Lacs)

|  | Leave Encashment/<br>Compensated Absences |   | Employees Gratuity Fund                 |   | Senior Staff Gratuity Fund              |   |
|--|---|---|---|---|---|---|
|  | 12 Months<br>Ended<br>March 31,<br>2015   | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 |
| Fair Value of Plan Assets as at January/April                                    | -   | -                                       | 51,01.93                                | 28,93.30                                | 51,48.46                                | 46,45.39                                |
| Expected Return on Plan Assets   | N.A.                                      | N.A.                                    | 4,42.34                                 | 3,16.09                                 | 4,56.67                                 | 5,06.35                                 |
| Actuarial Gains and (Losses)   | N.A.                                      | N.A.                                    | 1,34.58                                 | (2.89)                                  | 44.11                                   | 45.56                                   |
| Contributions  | -   | -                                       | 5,56.05                                 | 22,72.70                                | 9,89.96                                 | 7,85.04                                 |
| Benefits Paid  | -   | -                                       | (2,39.18)                               | (3,77.27)                               | (4,14.48)                               | (8,33.88)                               |
| Fair Value of Plan Assets as at March  | -   | -                                       | 59,95.72                                | 51,01.93                                | 62,24.72                                | 51,48.46                                |
| Unpaid Amount  | -   | -                                       | (0.22)                                  | (0.22)                                  | -                                       | -                                       |
| <b>Fair Value of Plan Assets as at Balance Sheet date (net of unpaid amount)</b> | <b>-</b>                                  | <b>-</b>                                | <b>59,95.50</b>                         | <b>51,01.71</b>                         | <b>62,24.72</b>                         | <b>51,48.46</b>                         |





**(C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**

(Rs. Lacs)

|   | Leave Encashment/<br>Compensated Absences |   | Employees Gratuity Fund                 |   | Senior Staff Gratuity Fund              |   |
|---|---|---|---|---|---|---|
|   | 12 Months<br>Ended<br>March 31,<br>2015   | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 |
| Present Value of funded/<br>(unfunded) obligation as at<br>Balance Sheet date | (12,71.24)                                | (7,84.24)                               | 79,66.60                                | 50,00.98                                | 71,25.16                                | 54,08.42                                |
| Fair Value of Plan Assets as at<br>the end of the period                      | -   | -                                       | 59,95.50                                | 51,01.71                                | 62,24.72                                | 51,48.46                                |
| Funded Status   | -   | -                                       | (19,71.10)                              | 1,00.73                                 | (9,00.44)                               | (2,59.96)                               |
| Present Value of unfunded<br>obligation as at Balance Sheet<br>date           | 12,71.24                                  | 7,84.24                                 | -                                       | -                                       | -                                       | -                                       |
| Unrecognized Actuarial (gains)<br>/losses                                     | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| <b>Unfunded Net Asset/<br/>(Liability) recognized in<br/>Balance Sheet*</b>   | <b>(12,71.24)</b>                         | <b>(7,84.24)</b>                        | <b>(19,71.10)</b>                       | <b>1,00.73</b>                          | <b>(9,00.44)</b>                        | <b>(2,59.96)</b>                        |

\*included in Short term provision of Employee Benefits (Refer Note 8)

**(D) Expense recognised in Statement of Profit and Loss**

(Rs. Lacs)

|  | Leave Encashment/<br>Compensated Absences |   | Employees Gratuity Fund                 |   | Senior Staff Gratuity Fund              |   |
|--|---|---|---|---|---|---|
|  | 12 Months<br>Ended<br>March 31,<br>2015   | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 | 12 Months<br>Ended<br>March 31,<br>2015 | 15 Months<br>Ended<br>March 31,<br>2014 |
| Current Service Cost   | 1,68.09                                   | 1,46.51                                 | 7,73.29                                 | 6,39.84                                 | 10,02.34                                | 8,82.35                                 |
| Past Service Cost  | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| Interest Cost  | 59.60                                     | 35.52                                   | 3,80.07                                 | 3,19.65                                 | 4,11.04                                 | 4,79.60                                 |
| Expected Return on Plan<br>Assets  | N.A.                                      | N.A.                                    | (4,42.34)                               | (3,16.09)                               | (4,56.67)                               | (5,06.35)                               |
| Curtailment Cost/(Credit)  | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| Settlement Cost/(Credit)   | -   | -                                       | -                                       | -                                       | -                                       | -                                       |
| Net actuarial (gain)/loss<br>recognized in the period                        | 2,82.73                                   | 2,60.60                                 | 19,16.86                                | 12,83.95                                | 6,73.73                                 | 1,27.09                                 |
| <b>Total expenses recognized in<br/>the Statement of Profit and<br/>Loss</b> | <b>5,10.42***</b>                         | <b>4,42.63***</b>                       | <b>26,27.88**</b>                       | <b>19,27.35**</b>                       | <b>16,30.44**</b>                       | <b>9,82.69**</b>                        |

\*\*included in Contribution to provident and other funds

\*\*\*included in Salaries, wages and bonus

**(E) Constitution of Plan Assets**

(Rs. Lacs)

|                                 | Leave Encashment/<br>Compensated Absences |                            | Employees Gratuity Fund    |                            | Senior Staff Gratuity Fund |                            |
|---------------------------------|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                 | As at<br>March 31,<br>2015                | As at<br>March 31,<br>2014 | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 | As at<br>March 31,<br>2015 | As at<br>March 31,<br>2014 |
| Equity Instruments              | N.A.                                      | N.A.                       | -                          | -                          | -                          | -                          |
| Debt Instruments                | N.A.                                      | N.A.                       | 57,26.68                   | 49,66.68                   | 61,82.47                   | 49,98.47                   |
| Property                        | N.A.                                      | N.A.                       | -                          | -                          | -                          | -                          |
| Other Assets (Net)              | N.A.                                      | N.A.                       | 2,68.82                    | 1,35.03                    | 42.25                      | 1,49.99                    |
| <b>Total of the Plan Assets</b> | <b>N.A.</b>                               | <b>N.A.</b>                | <b>59,95.50</b>            | <b>51,01.71</b>            | <b>62,24.72</b>            | <b>51,48.46</b>            |

**(F) Amounts recognised in current year and previous four years**

(Rs. Lacs)

|  | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2012</b> | <b>December 31,<br/>2011</b> | <b>December 31,<br/>2010</b> |
|--|---------------------------|---------------------------|------------------------------|------------------------------|------------------------------|
| <b>Leave Encashment/Compensated Absences</b> |                           |                           |                              |                              |                              |
| Defined Benefit Obligation                   | <b>(12,71.24)</b>         | (7,84.24)                 | (3,70.72)                    | (3,02.34)                    | (2,74.57)                    |
| Plan Assets                                  | -                         | -                         | -                            | -                            | -                            |
| <b>Surplus/(Deficit)</b>                     | <b>(12,71.24)</b>         | <b>(7,84.24)</b>          | <b>(3,70.72)</b>             | <b>(3,02.34)</b>             | <b>(2,74.57)</b>             |
| <b>Employees Gratuity Fund</b>               |                           |                           |                              |                              |                              |
| Defined Benefit Obligation                   | <b>79,66.60</b>           | 50,00.98                  | 31,37.70                     | 26,23.71                     | 23,79.65                     |
| Plan Assets                                  | <b>59,95.50</b>           | 51,01.71                  | 28,93.08                     | 25,83.49                     | 22,71.42                     |
| <b>Surplus/(Deficit)</b>                     | <b>(19,71.10)</b>         | 1,00.73                   | (2,44.62)                    | (40.22)                      | (1,08.23)                    |
| <b>Senior Staff Gratuity Fund</b>            |                           |                           |                              |                              |                              |
| Defined Benefit Obligation                   | <b>71,25.16</b>           | 54,08.42                  | 47,07.69                     | 47,73.44                     | 42,50.49                     |
| Plan Assets                                  | <b>62,24.72</b>           | 51,48.46                  | 46,45.39                     | 46,07.66                     | 40,79.29                     |
| <b>Surplus/(Deficit)</b>                     | <b>(9,00.44)</b>          | (2,59.96)                 | (62.30)                      | (1,65.78)                    | (1,71.20)                    |

The information above has been presented to the extent of data available as per Actuarial certificate

- (b) The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. Pursuant to the Guidance Note, the Company has accounted for the liability in respect of the shortfall of interest earnings of Provident Fund aggregating Nil (Previous period Nil) determined on the basis of an actuarial valuation carried out as at Balance Sheet date. Contribution made by the Company during the year is Rs. 18,40.10 Lacs (Previous period Rs. 18,94.42 Lacs). The net actuarial gain recognised in the year is Rs. 6.93 Lacs (Previous period Rs. 7.29 Lacs). Detailed information to the extent provided by the actuary in the actuarial certificate has been included in the disclosure as above.
- (c) The Company pays insurance premium annually to NIC (National Insurance Company) to assure the underlying benefits under a post-employment medical assistance scheme, a Defined Insured Benefit plan. The Company has accounted for the liability for insurance premium amounting to Rs. 50,93.27 Lacs (Previous period Rs. 42,32.54 Lacs) determined on the basis of an actuarial valuation carried out at Balance Sheet date included under Long term provision Rs. 49,08.01 Lacs (Previous period Rs. 40,41.61 Lacs) and Short term provision Rs. 1,85.26 Lacs (Previous period Rs. 1,90.93 Lacs). The net actuarial gain recognised in the year is Rs. 44.05 Lacs (Previous period Rs. 36.61 Lacs). Detailed information to the extent provided by the actuary in the actuarial certificate has been included in the disclosure as above.
- (d) The Company has during the year accounted for certain ex-gratia payments to its employees aggregating Rs. 44.61 Lacs (Previous period Nil) included under Employee's Cost.
- (e) 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'). The cost related to these awards is accounted for in the books of the Company. Since the employee share scheme is administered by Plc, the disclosure as required by the guidance note on accounting for employee share based payment have been given to the extent the information is available with Company. The following types of awards are granted to the Indian employees:
- Restricted Share Awards (RSAs) – Under this plan, certain employees are granted cash settled RSAs, which entitle them to receive cash equivalent to the stock price of the Plc's shares listed at London stock exchange after a 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. During the current year Company has allotted 1,45,838 (Previous period 2,36,749) RSAs to the employees and the outstanding closing balance of RSAs is 3,44,588 (Previous period 2,67,055).
  - Share Appreciation Rights (SARs) – Under this plan, certain employees are granted cash settled SARs which entitle the holder to receive cash, equivalent to the difference between the Plc Company's ordinary stock price posted on the London Stock Exchange on the exercise date and the grant date stock price. These instruments vest over a period of three years from the grant date based on continued employment of the employee with the Company. Once vested, an employee can decide to exercise the vested SARs anytime during the next 7 years, thus these instruments have a total contractual life of 10 years. No new SAR's were issued during the current year (Previous period Nil) due to change in Plc's share value plan.

The Company has used intrinsic value method to account for the compensation cost of these awards issued to certain employees of the Company. The Company recognizes expense relating to the awards received by the employees under the scheme as the employees render service, which generally is equivalent to the vesting period of these awards. Once these awards vest, Company re-measures these awards at each reporting period and immediately recognizes compensation cost for any changes in the intrinsic value of these awards.

Accordingly, a sum of Rs. 4,55.40 Lacs (Previous period Rs. 18,74.69 Lacs) has been accounted in the financial statements as Salaries, Wages and Bonus under 'Employees cost' and the total carrying amount at the end of the year is Rs. 35,75.42 Lacs (Previous period Rs. 31,57.64 Lacs), included under other long term liabilities Rs. 9,92.82 Lacs (Previous period Rs. 9,27.66 Lacs) and other current liabilities Rs. 25,82.60 Lacs (Previous period Rs. 22,29.98 Lacs)

**NOTE 22: FINANCE COSTS\***

|                                    | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|------------------------------------|--|--|
| Interest expense on trade deposits | <b>74.09</b>   | 1,05.23  |
| <b>Total</b>                       | <b>74.09</b>   | 1,05.23  |

\*Refer Note 1.11

**NOTE 23: OTHER EXPENSES\***

|   |                    |             |
|---|--------------------|-------------|
| Consumption of stores and spare parts   | <b>5,94.10</b>     | 5,96.29     |
| Conversion charges to third parties   | <b>1,71,77.86</b>  | 1,76,60.61  |
| Repairs & Maintenance   |                    |             |
| Buildings   | <b>1,85.45</b>     | 3,00.40     |
| Plant & Machinery   | <b>21,68.47</b>    | 21,54.39    |
| Others  | <b>8,31.30</b>     | 9,57.97     |
| Power and fuel  | <b>80,86.29</b>    | 98,18.82    |
| Rent  | <b>38,42.12</b>    | 41,18.58    |
| Rates and taxes   | <b>88,87.48</b>    | 64,48.07    |
| Insurance   | <b>5,13.94</b>     | 6,65.56     |
| Carriage and freight  | <b>2,05,15.36</b>  | 2,24,17.43  |
| Donations   | <b>1,70.46</b>     | 1,73.38     |
| Advertising and promotion   | <b>7,17,08.32</b>  | 8,10,61.54  |
| Royalty   | <b>1,34,41.62</b>  | 1,56,79.95  |
| Loss on fixed assets (including CWIP) retired from active use/Impairment losses (net)             | <b>8,84.86</b>     | 2,36.17     |
| Excise duty adjustment due to (Increase)/Decrease in Stock of Finished Goods and Work-in-progress | <b>3,03.76</b>     | (4,39.37)   |
| Other general expenses  | <b>1,53,96.84</b>  | 1,67,67.00  |
| <b>Total</b>  | <b>16,47,08.23</b> | 17,86,16.79 |

\*Refer Note 1.7 &amp; 1.12

**Imported & Indigenous store and spare parts consumed\*\***

|                        | Percentage | Value<br>(Rs. Lacs) | Percentage | Value<br>(Rs. Lacs) |
|------------------------|------------|---------------------|------------|---------------------|
| Spare Parts and Stores |            |                     |            |                     |
| Imported               | 0.30%      | 21.39               | -          | -                   |
| Indigenous             | 99.70%     | 70,14.94            | 100.00%    | 76,18.60            |
|                        |            | <u>70,36.33</u>     |            | <u>76,18.60</u>     |

\*\*Refer note 28

**(a) Disclosure in accordance with the requirement of Accounting Standard (AS)-19 'Leases':**

The Company has entered into non-cancellable operating leases in respect of office premises, which range for a period between 1-5 years. The terms of the said leases include terms for renewal, increase in rents in future periods for premises and terms of cancellation. The Company has entered into sub lease arrangement which is cancellable and is for a period of 2 years with an option of renewal on mutually agreed terms.

|  | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|--|--|--|
| <b>With respect of all operating leases :-</b>   |  |  |
| Lease payment recognise in the Statement of Profit and Loss  | <b>38,42.12</b>  | 41,18.58   |
| Sub lease payment received/receivable recognised in the Statement of Profit and Loss                           | <b>19.70</b>   | 22.66  |
| <b>With respect of all non cancellable operating leases the future minimum lease payment are as follows :-</b> |  |  |
| Not later than 1 year  | <b>2,13.82</b>   | 6,00.44  |
| Later than one year and not later than 5 years   | <b>31.26</b>   | 2,45.08  |
| Later than 5 years   | <b>Nil</b>   | Nil  |

**NOTE 24: CONTINGENT LIABILITIES**

Claims against the Company not acknowledged as debt

|  | <b>As at<br/>March 31, 2015<br/>(Rs. Lacs)</b> | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|--|---------------------------------------|
| a) Direct tax  | <b>6,05,36.28</b>                              | 3,92,96.64                            |
| b) Indirect taxes matters - net of tax impact Rs. Nil (Previous period Rs. 10.58 Lacs) | <b>Nil</b>                                     | 20.55                                 |

The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any for ongoing issues, where no claims have been made against the company. The uncertainties and possible reimbursements if any are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

**NOTE 25: PROVISIONS**

In accordance with Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets, the Company has been prudent to consider the following provisions which have been disclosed as under:

|                           | As at<br>March 31, 2015 |                   | As at<br>March 31, 2014 |                  |
|---------------------------|-------------------------|-------------------|-------------------------|------------------|
|                           | Indirect taxes          | Other provisions  | Indirect taxes          | Other provisions |
| Opening balance           | 72,46.97                | 1,04,30.29        | 20,41.27                | 71,04.59         |
| Additions                 | 29,97.58                | 41,64.07          | 6,93.58                 | 55,02.23         |
| Utilizations/Reversals    | -                       | (22,17.08)        | -                       | (37,23.04)       |
| Closing Balance           | <u>1,02,44.55</u>       | <u>1,23,77.28</u> | <u>27,34.85</u>         | <u>88,83.78</u>  |
| Classified as Non-Current | 1,02,44.55              | 56,08.02          | 27,34.85                | 44,86.91         |
| Classified as Current     | -                       | 67,69.26          | -                       | 43,96.87         |

*Rs. Lacs*

- (i) Indirect tax matters – Includes provisions made mainly for probable claims arising out of certain tax matters under various statutes. The timing and probability of the outflow and expected reimbursements if any with regard to these matters, depends on the ultimate settlement/conclusion of these matters with the relevant authorities.
- (ii) Other provisions – Include provision for potential demands towards various market claims from the Company's distributors, retailers and vendors. The timing and probability of outflow and expected reimbursements, if any, with regard to these matters will depend on the market scenario and the consequent decision/conclusion by the Management.

**NOTE 26: ESTIMATED AMOUNT OF CONTRACTS TO BE EXECUTED ON CAPITAL ACCOUNT**

|  | <b>As at<br/>March 31, 2015<br/>(Rs. Lacs)</b> | As at<br>March 31, 2014<br>(Rs. Lacs) |
|--|--|---------------------------------------|
| Estimated amount of Contracts remaining to be executed on Capital account [net of Capital Advance of Rs. 4,63.92 Lacs (Previous period Rs. 47.04 Lacs)] and not provided for | <b>26,24.12</b>                                | 31,97.02                              |

**NOTE 27: AUDITORS' REMUNERATION\***

|   | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|---|--|--|
| (i) As auditor  | <b>94.21</b>   | 70.20  |
| (ii) As advisors or in any capacity for services rendered in respect of : |  |  |
| – Taxation matters  | <b>Nil</b>   | Nil  |
| – Company law matters   | <b>Nil</b>   | Nil  |
| – Management services   | <b>Nil</b>   | Nil  |
| (iii) In any other manner (for tax audit and other certificates)          | <b>10.11</b>   | 36.85  |
| (iv) Out-of-Pocket expenses   | <b>10.26</b>   | 23.46  |
| <b>Total</b>  | <b><u>1,14.58</u></b>  | <u>1,30.51</u>                                     |

\*Includes service tax



**NOTE 28: EXPENDITURE INDICATED BELOW ALLOCATED TO OTHER REVENUE ACCOUNT**

|  | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|--|--|--|
| Consumption of Stores and Spare Parts* | <b>64,42.23</b>  | 70,22.31   |
| Insurance expenses**                   | <b>8,09.07</b>   | 8,81.23  |
| Scientific Research & Development***   | <b>6,08.22</b>   | 3,90.92  |

\*Classified under Power & fuel and Repairs & Maintenance

\*\*Classified under Staff welfare expenses

\*\*\*Classified under Raw material consumed

**NOTE 29: VALUE OF IMPORTS CALCULATED ON C.I.F BASIS**

|                |                 |          |
|----------------|-----------------|----------|
| Raw Materials  | <b>32,13.75</b> | 39,62.94 |
| Capitals Goods | <b>16,95.01</b> | 4.45     |
|                | <b>49,08.76</b> | 39,67.39 |

**NOTE 30: DETAILS OF PURCHASED FINISHED GOODS**

|                | Opening stock   |  | Purchases  |   | Closing Stock*   |   |
|----------------|---|--|--|---|--|---|
|                | <b>As on<br/>April 1,<br/>2014<br/>Value<br/>(Rs. Lacs)</b> | As on<br>January 1,<br>2013<br>Value<br>(Rs. Lacs) | <b>12 months<br/>ended<br/>March 31, 2015<br/>Value<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>Value<br>(Rs. Lacs) | <b>As at<br/>March 31,<br/>2015<br/>Value<br/>(Rs. Lacs)</b> | As at<br>March 31,<br>2014<br>Value<br>(Rs. Lacs) |
| Packaged Foods | <b>11,06.86</b>   | 17,04.40   | <b>1,63,23.35</b>  | 2,06,54.25  | <b>6,01.01</b>   | 11,06.86  |
|                | <b>11,06.86</b>   | 17,04.40   | <b>1,63,23.35</b>  | 2,06,54.25  | <b>6,01.01</b>   | 11,06.86  |

\*Closing stock is net of samples, internal consumption and other stock losses.

**NOTE 31: EXPENDITURE IN FOREIGN CURRENCY**

|                            | <b>12 months<br/>ended<br/>March 31, 2015<br/>(Rs. Lacs)</b> | 15 months<br>ended<br>March 31, 2014<br>(Rs. Lacs) |
|----------------------------|--|--|
| Travelling                 | <b>50.96</b>   | 64.82  |
| Advertisement & Promotions | <b>11,83.06</b>  | 20,13.34   |
| Consultancy                | <b>25.83</b>   | 2,53.51  |
| Others                     | <b>4,56.88</b>   | 4,34.75  |
| <b>Total</b>               | <b>17,16.73</b>  | 27,66.42   |

**NOTE 32: THE FOREIGN CURRENCY EXPOSURES NOT HEDGED AS AT BALANCE SHEET DATE ARE AS UNDER:**

| Currency Exchange                    | GBP    | USD    | Euro   |
|--------------------------------------|--------|--------|--------|
| Unhedged exposure in currency (Lacs) |        |        |        |
| March 31, 2015                       |        |        |        |
| Receivable                           | 6.43   | 107.98 | -      |
| Payable                              | (6.37) | (2.73) | -      |
| March 31, 2014                       |        |        |        |
| Receivable                           | 2.36   | 103.93 | -      |
| Payable                              | (3.01) | (0.46) | (3.70) |

**NOTE 33: AMOUNT REMITTED IN FOREIGN CURRENCY FOR DIVIDEND**

|   | 12 months ended<br>March 31, 2015 | 15 months<br>ended<br>March 31, 2014 |
|---|-----------------------------------|--------------------------------------|
| (a) Number of non-resident shareholders                 | 2                                 | 2                                    |
| (b) Number of share held (Equity shares of Rs. 10 each) | 3,04,71,992                       | 3,04,71,992                          |
| (c) Dividend (Rs. Lacs)                                 | 1,37,12.40                        | 1,37,12.40                           |
| (d) Year to which the dividend relates to               | January 2013 to March 2014        | 2012                                 |

**NOTE 34: RELATED PARTY TRANSACTIONS**

In accordance with the requirements of Accounting Standard (AS) – 18 'Related Party Disclosures' the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year-end balance with them as identified by the management in the ordinary course of business and on arms' length basis are given below:

**A. Promoter Company**

Horlicks Limited, UK (Subsidiary of GlaxoSmithKline Plc UK) holds 43.16% of equity shares of the Company.  
GlaxoSmithKline Pte Ltd, Singapore (Subsidiary of GlaxoSmithKline Plc UK) holds 29.29% of equity shares of the Company.  
(Refer Note 2)

**B. Other related parties in GlaxoSmithKline Group which are under Common Control and with whom transactions have taken place during the year-**

|  |  |
|--|--|
| (a) Glaxo Operations UK Limited                  | (u) Glaxo Saudi Arabia Ltd.                    |
| (b) GlaxoSmithKline Bangladesh Limited           | (v) GlaxoSmithKline Pakistan Limited           |
| (c) GlaxoSmithKline Export Ltd.                  | (w) GlaxoSmithKline Consumer Healthcare GmbH   |
| (d) GlaxoSmithKline Asia Pvt Ltd.                | (x) GlaxoSmithKline Consumer Healthcare SP.ZOO |
| (e) GlaxoSmithKline Consumer Healthcare Pte Ltd. | (y) GSK Consumer Healthcare Netherland         |
| (f) GlaxoSmithKline Consumer Healthcare SDN BHD  | (z) GlaxoSmithKline Brasil Ltd.                |
| (g) GlaxoSmithKline Pharmaceuticals Limited      | (aa) GlaxoSmithKline Limited (Kenya)           |
| (h) GlaxoSmithKline Philippines Inc.             |  |
| (i) GlaxoSmithKline Services Unlimited           |  |
| (j) GlaxoSmithKline Plc                          |  |
| (k) PT Sterling Products Indonesia               |  |
| (l) SB Corp. CB (USA)                            |  |
| (m) SB Pharmaceutical Services                   |  |
| (n) SB Research Ltd.                             |  |
| (o) SB Corporate Centre                          |  |
| (p) SmithKline Beecham (Pvt.) Ltd., Sri Lanka    |  |
| (q) SmithKline Beecham Corporation               |  |
| (r) Sterling Drugs (Malaya) Sdn Bhd              |  |
| (s) GlaxoSmithKline (China) Investment Co. Ltd.  |  |
| (t) GlaxoSmithKline South Africa Pty Ltd.        |  |

**C. Trusts under Control of the Board of the Trustees -**

|   |
|---|
| a. GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund   |
| b. GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund   |
| c. GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund            |
| d. GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF |

**D. Key Management Personnel**

|   |
|---|
| a. Zubair Ahmed, Managing Director        |
| b. R. Subramanian, Director – Finance     |
| c. Jaiboy Phillips, Director – Operations |



The following transactions were carried out with the related parties in the ordinary course of business

| Particulars   | 12 months ended March 31, 2015 |                                |                          |  | 15 months ended March 31, 2014 |                                |                          |  |                    |
|---|--------------------------------|--------------------------------|--------------------------|--|--------------------------------|--------------------------------|--------------------------|--|--------------------|
|   | Promoter Company               | Companies under Common Control | Key Management Personnel | Trust under the control of Board of trustees | Promoter Company               | Companies under Common Control | Key Management Personnel | Trust under the control of Board of trustees | Total              |
| <b>Sale of goods (Exports)</b>  |                                | <b>1,55,76.53</b>              |                          |  |                                | <b>2,05,28.61</b>              |                          |  | <b>2,05,28.61</b>  |
| SmithKline Beecham (Pvt.) Ltd., Sri Lanka                               |                                | 61,85.54                       |                          |  |                                | 72,30.77                       |                          |  | 72,30.77           |
| GlaxoSmithKline Bangladesh Limited                                      |                                | 75,98.50                       |                          |  |                                | 1,09,67.94                     |                          |  | 1,09,67.94         |
| GlaxoSmithKline Pakistan Limited  |                                | 17,94.49                       |                          |  |                                | 22,00.25                       |                          |  | 22,00.25           |
| Others  |                                | -                              |                          |  |                                | 1,29.65                        |                          |  | 1,29.65            |
| <b>Sale of Raw Materials/Packing Materials</b>                          |                                | <b>1,46.66</b>                 |                          |  |                                | <b>2,96.64</b>                 |                          |  | <b>2,96.64</b>     |
| GlaxoSmithKline Bangladesh Limited                                      |                                | 1,46.66                        |                          |  |                                | 2,96.64                        |                          |  | 2,96.64            |
| <b>Consignment Sales (Gross)</b>  |                                | <b>9,97,70.18</b>              |                          |  |                                | <b>11,24,75.17</b>             |                          |  | <b>11,24,75.17</b> |
| GlaxoSmithKline Asia Pvt. Ltd.  |                                | 7,92,63.89                     |                          |  |                                | 8,84,49.68                     |                          |  | 8,84,49.68         |
| GlaxoSmithKline Pharmaceuticals Limited                                 |                                | 2,04,86.29                     |                          |  |                                | 2,40,25.49                     |                          |  | 2,40,25.49         |
| <b>Sales through related party (on consignment basis)</b>               |                                | <b>8,48.98</b>                 |                          |  |                                | <b>10,02.50</b>                |                          |  | <b>10,02.50</b>    |
| GlaxoSmithKline Pharmaceuticals Limited                                 |                                | 8,48.98                        |                          |  |                                | 10,02.50                       |                          |  | 10,02.50           |
| <b>Services received (Paid/Payable)</b>                                 |                                | <b>5,42.65</b>                 |                          |  |                                | <b>1,92.59</b>                 |                          |  | <b>1,92.59</b>     |
| Glaxo Operations UK Limited   |                                | 5,42.65                        |                          |  |                                | 1,41.74                        |                          |  | 1,41.74            |
| GlaxoSmithKline Export Ltd.   |                                | -                              |                          |  |                                | 24.13                          |                          |  | 24.13              |
| Others  |                                | -                              |                          |  |                                | 26.72                          |                          |  | 26.72              |
| <b>Services provided (Received/Receivable)**</b>                        | <b>11.81</b>                   | <b>29,48.08</b>                |                          |  |                                | <b>27,60.69</b>                |                          |  | <b>27,60.69</b>    |
| GlaxoSmithKline Services Unlimited                                      |                                | 3,14.79                        |                          |  |                                | -                              |                          |  | -                  |
| Glaxo Operations UK Limited   |                                | 5,55.27                        |                          |  |                                | 2,17.42                        |                          |  | 2,17.42            |
| GlaxoSmithKline Plc   |                                | 4,10.28                        |                          |  |                                | 4,07.49                        |                          |  | 4,07.49            |
| GlaxoSmithKline Consumer Healthcare SDN BHD                             |                                | 2,24.03                        |                          |  |                                | 3,36.96                        |                          |  | 3,36.96            |
| GlaxoSmithKline Services Unlimited                                      |                                | 2,18.89                        |                          |  |                                | 3,28.43                        |                          |  | 3,28.43            |
| GlaxoSmithKline Pte. Ltd.   | 11.81                          | -                              |                          |  |                                | -                              |                          |  | -                  |
| GlaxoSmithKline Export Ltd.   |                                | 4,32.45                        |                          |  |                                | 5,14.86                        |                          |  | 5,14.86            |
| Others  |                                | 7,92.37                        |                          |  |                                | 9,55.53                        |                          |  | 9,55.53            |
| <b>Payment on Behalf of Fellow Subsidiaries (Received/Receivable)**</b> | <b>5.18</b>                    | <b>1,18,32.36</b>              |                          |  | <b>13.88</b>                   | <b>1,22,43.34</b>              |                          |  | <b>1,22,57.22</b>  |
| GlaxoSmithKline Asia Pvt. Ltd.  |                                | 74,18.20                       |                          |  |                                | 71,39.05                       |                          |  | 71,39.05           |
| GlaxoSmithKline Pharmaceuticals Limited                                 |                                | 28,08.01                       |                          |  |                                | 30,13.65                       |                          |  | 30,13.65           |
| GlaxoSmithKline Pte. Ltd.   | 5.18                           | -                              |                          |  | 13.88                          | -                              |                          |  | 13.88              |
| Others  |                                | 16,06.15                       |                          |  |                                | 20,90.64                       |                          |  | 20,90.64           |
| <b>Reimbursements of Expenses (Paid/Payable)**</b>                      |                                | <b>6,86.97</b>                 |                          |  |                                | <b>8,74.85</b>                 |                          |  | <b>8,74.85</b>     |
| GlaxoSmithKline Services Unlimited                                      |                                | 1,00.32                        |                          |  |                                | 98.96                          |                          |  | 98.96              |
| GlaxoSmithKline Pharmaceuticals Limited                                 |                                | 5,25.33                        |                          |  |                                | 7,59.05                        |                          |  | 7,59.05            |
| Others  |                                | 61.32                          |                          |  |                                | 16.84                          |                          |  | 16.84              |
| <b>Business Auxiliary Service Commission*</b>                           |                                | <b>1,75,01.88</b>              |                          |  |                                | <b>1,89,13.87</b>              |                          |  | <b>1,89,13.87</b>  |
| GlaxoSmithKline Asia Pvt. Ltd.  |                                | 1,50,99.03                     |                          |  |                                | 1,61,96.05                     |                          |  | 1,61,96.05         |
| GlaxoSmithKline Pharmaceuticals Limited                                 |                                | 24,02.85                       |                          |  |                                | 27,17.82                       |                          |  | 27,17.82           |
| <b>Business Auxiliary Service Commission (Paid/Payable)</b>             |                                | <b>89.97</b>                   |                          |  |                                | <b>1,01.12</b>                 |                          |  | <b>1,01.12</b>     |
| GlaxoSmithKline Pharmaceuticals Limited                                 |                                | 89.97                          |                          |  |                                | 1,01.12                        |                          |  | 1,01.12            |
| <b>Rent paid*</b>   |                                | <b>2,16.73</b>                 |                          |  |                                | <b>2,70.91</b>                 |                          |  | <b>2,70.91</b>     |
| GlaxoSmithKline Asia Pvt. Ltd.  |                                | 2,16.73                        |                          |  |                                | 2,70.91                        |                          |  | 2,70.91            |
| <b>Rent received*</b>   |                                | <b>6.64</b>                    |                          |  |                                | <b>8.01</b>                    |                          |  | <b>8.01</b>        |
| GlaxoSmithKline Asia Pvt. Ltd.  |                                | 6.64                           |                          |  |                                | 8.01                           |                          |  | 8.01               |
| <b>Licence agreement (Royalty Paid/Payable)*</b>                        |                                | <b>1,43,57.22</b>              |                          |  |                                | <b>1,62,54.12</b>              |                          |  | <b>1,62,54.12</b>  |
| GlaxoSmithKline Asia Pvt. Ltd.  |                                | 1,43,57.22                     |                          |  |                                | 1,62,54.12                     |                          |  | 1,62,54.12         |
| <b>Dividend Paid</b>  | <b>1,37,12.40</b>              |                                |                          |  |                                | <b>1,37,12.40</b>              |                          |  | <b>1,37,12.40</b>  |
| Horlicks Limited  | 81,68.51                       |                                |                          |  |                                | 81,68.51                       |                          |  | 81,68.51           |
| GlaxoSmithKline Pte. Ltd.   | 55,43.89                       |                                |                          |  |                                | 55,43.89                       |                          |  | 55,43.89           |
| <b>Remuneration paid***</b>   |                                | <b>14,84.79</b>                |                          |  |                                | <b>18,86.20</b>                |                          |  | <b>18,86.20</b>    |
| Zubair Ahmed  |                                | 8,57.84                        |                          |  |                                | 10,79.37                       |                          |  | 10,79.37           |
| R Subramanian   |                                | 3,15.83                        |                          |  |                                | 4,07.48                        |                          |  | 4,07.48            |
| Jaiboy Phillips   |                                | 3,11.12                        |                          |  |                                | 3,99.35                        |                          |  | 3,99.35            |
| <b>Annual Contributions made by the Company</b>                         |                                |                                |                          |  |                                | <b>1,16,37.80</b>              |                          | <b>1,11,65.42</b>                            | <b>1,11,65.42</b>  |



| Particulars  | 12 months ended March 31, 2015 |                                |                          |  |                   | 15 months ended March 31, 2014 |                                |                          |  |                 |
|--|--------------------------------|--------------------------------|--------------------------|--|-------------------|--------------------------------|--------------------------------|--------------------------|--|-----------------|
|  | Promoter Company               | Companies under Common Control | Key Management Personnel | Trust under the control of Board of trustees | Total             | Promoter Company               | Companies under Common Control | Key Management Personnel | Trust under the control of Board of trustees | Total           |
| GlaxoSmithKline Consumer Healthcare Ltd Provident Fund   | -                              | -                              | 68,99.96                 | 68,99.96                                     | 68,99.96          | -                              | -                              | -                        | 75,47.42                                     | 75,47.42        |
| GlaxoSmithKline Consumer Healthcare Ltd Sr. Staff Gratuity Fund                                  | -                              | -                              | 16,30.44                 | 16,30.44                                     | 16,30.44          | -                              | -                              | -                        | 10,44.99                                     | 10,44.99        |
| GlaxoSmithKline Consumer Healthcare Ltd Employees Gratuity Fund                                  | -                              | -                              | 26,27.88                 | 26,27.88                                     | 26,27.88          | -                              | -                              | -                        | 19,27.35                                     | 19,27.35        |
| GlaxoSmithKline Consumer Healthcare Ltd Indian Sr. Executives SAF                                | -                              | -                              | 4,79.52                  | 4,79.52                                      | 4,79.52           | -                              | -                              | -                        | 6,45.66                                      | 6,45.66         |
| <b>Payments made by the Company to the employees on behalf of Trust towards their settlement</b> | -                              | -                              | -                        | -  | <b>40,78.29</b>   | -                              | -                              | -                        | -  | <b>57,03.03</b> |
| GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund  | -                              | -                              | 34,59.74                 | 34,59.74                                     | 34,59.74          | -                              | -                              | -                        | 42,52.65                                     | 42,52.65        |
| GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund                                 | -                              | -                              | 3,78.43                  | 3,78.43                                      | 3,78.43           | -                              | -                              | -                        | 6,70.30                                      | 6,70.30         |
| GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund                                 | -                              | -                              | 2,40.12                  | 2,40.12                                      | 2,40.12           | -                              | -                              | -                        | 3,86.04                                      | 3,86.04         |
| GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF                               | -                              | -                              | -                        | -  | -                 | -                              | -                              | -                        | 3,94.04                                      | 3,94.04         |
| <b>Recoveries made from Trusts on account of settlement and Investments</b>                      | -                              | -                              | 42,41.07                 | 42,41.07                                     | 42,41.07          | -                              | -                              | -                        | 57,70.73                                     | 57,70.73        |
| GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund  | -                              | -                              | 36,57.68                 | 36,57.68                                     | 36,57.68          | -                              | -                              | -                        | 42,16.10                                     | 42,16.10        |
| GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund                                 | -                              | -                              | 3,10.34                  | 3,10.34                                      | 3,10.34           | -                              | -                              | -                        | 7,97.29                                      | 7,97.29         |
| GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund                                 | -                              | -                              | 2,17.67                  | 2,17.67                                      | 2,17.67           | -                              | -                              | -                        | 3,97.38                                      | 3,97.38         |
| GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF                               | -                              | -                              | 55.38                    | 55.38  | 55.38             | -                              | -                              | -                        | 3,59.96                                      | 3,59.96         |
| <b>Balances as at year end – Receivables (Net)</b>   | <b>14.85</b>                   | <b>42,81.77</b>                | -                        | -  | <b>42,96.62</b>   | -                              | <b>31,21.80</b>                | <b>0.30</b>              | <b>1,16.86</b>                               | <b>32,38.96</b> |
| SmithKline Beecham (Pvt.) Ltd., Sri Lanka  | -                              | 9,05.11                        | -                        | -  | 9,05.11           | -                              | 10,17.28                       | -                        | -  | 10,17.28        |
| GlaxoSmithKline Pte. Ltd.  | 14.85                          | -                              | -                        | -  | 14.85             | -                              | -                              | -                        | -  | -               |
| GlaxoSmithKline Bangladesh Ltd.  | -                              | 16,73.20                       | -                        | -  | 16,73.20          | -                              | 10,13.19                       | -                        | -  | 10,13.19        |
| Zubair Ahmed   | -                              | -                              | -                        | -  | -                 | -                              | -                              | 0.30                     | -  | 0.30            |
| GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund                                 | -                              | -                              | -                        | -  | -                 | -                              | -                              | -                        | 1,04.05                                      | 1,04.05         |
| GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF                               | -                              | -                              | -                        | -  | -                 | -                              | -                              | -                        | 12.81  | 12.81           |
| GlaxoSmithKline Pakistan Limited   | -                              | 5,32.35                        | -                        | -  | 5,32.35           | -                              | 1,91.92                        | -                        | -  | 1,91.92         |
| Others   | -                              | 11,71.11                       | -                        | -  | 11,71.11          | -                              | 8,99.41                        | -                        | -  | 8,99.41         |
| <b>Balances as at year end – Payables (Net)</b>  | -                              | <b>81,65.47</b>                | -                        | <b>31,64.95</b>                              | <b>1,13,30.42</b> | <b>2.49</b>                    | <b>76,00.74</b>                | -                        | <b>4,19.13</b>                               | <b>80,22.36</b> |
| GlaxoSmithKline Asia Pvt. Ltd.   | -                              | 60,17.31                       | -                        | -  | 60,17.31          | -                              | 57,25.84                       | -                        | -  | 57,25.84        |
| GlaxoSmithKline Pharmaceuticals Limited  | -                              | 19,41.07                       | -                        | -  | 19,41.07          | -                              | 16,71.15                       | -                        | -  | 16,71.15        |
| GlaxoSmithKline Pte. Ltd.  | -                              | -                              | -                        | -  | -                 | 2.49                           | -                              | -                        | -  | 2.49            |
| GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund  | -                              | -                              | 3,97.32                  | 3,97.32                                      | 3,97.32           | -                              | -                              | -                        | 1,69.23                                      | 1,69.23         |
| GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund                                 | -                              | -                              | 8,22.30                  | 8,22.30                                      | 8,22.30           | -                              | -                              | -                        | 2,49.90                                      | 2,49.90         |
| GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund                                 | -                              | -                              | 19,45.33                 | 19,45.33                                     | 19,45.33          | -                              | -                              | -                        | -  | -               |
| Others   | -                              | 2,07.09                        | -                        | -  | 2,07.09           | -                              | 2,03.75                        | -                        | -  | 2,03.75         |

\*Amount is inclusive of Service Tax

\*\*Includes recovery/reimbursement of expense on account of employee cost, Travelling expenses, Consultancy fees and other general expenses.

\*\*\*The contribution to Gratuity fund and Post Employment Medical Assistance Scheme has been made on a group basis based on an actuarial valuation and separate figures applicable to an individual are not available.

**NOTE 35: EARNING PER SHARE (EPS)\***

The numerator and denominator used to calculate Basic and Diluted Earnings per Share

|  |         | <b>12 months ended<br/>March 31, 2015</b> | 15 months ended<br>March 31, 2014 |
|--|---------|---|-----------------------------------|
| - Profit attributable to the Equity Shareholders (Rs. in Lacs)               | (A)     | <b>5,83,59.93</b>                         | 6,74,74.68                        |
| - Basic/Weighted average number of Equity Shares outstanding during the year | (B)     | <b>42,05,55,38</b>                        | 42,05,55,38                       |
| - Nominal value of Equity Shares (Rs.)                                       |         | <b>10.00</b>                              | 10.00                             |
| - Basic/Diluted Earnings Per Share (Rs.)                                     | (A)/(B) | <b>138.77</b>                             | 160.44                            |

\*There are no dilutive potential equity shares

**NOTE 36: CHANGE OF ACCOUNTING YEAR**

The Accounting Year of the Company changed from January-December to April-March in line with the provision of Companies Act, 2013 last year. Thus previous period figures are for a period of fifteen months and thus, are not comparable with figures for the year ended March 31, 2015.

**NOTE 37: PREVIOUS PERIOD FIGURES**

Previous Period figures have been regrouped wherever necessary to conform to the current year's classification.

For and on behalf of the Board of Directors

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants

Subodh Bhargava  
(DIN: 00035672)  
*Chairman*

Ramakrishnan Subramanian  
(DIN: 01933487)  
Mukesh H. Butani  
(DIN: 01452839)  
*Directors*

Usha Rajeev  
*Partner*  
Membership No.: 087191

Zubair Ahmed  
(DIN: 00182990)  
*Managing Director*

Sonali Khanna  
*Company Secretary*

Place : Gurgaon  
Dated : May 8, 2015

# एग्जाम आगे तो ध्यान न भागे!







HORLICKS IS A NOURISHING BEVERAGE TO BE TAKEN AS PART OF REGULAR DAILY DIET. ^CLAIMS BASED ON A STUDY CONDUCTED IN 1999-2000 AND PUBLISHED IN JOURNAL OF NUTRITION: 22(2006) S1-S39, COMPARING MICRONUTRIENT ENRICHED BEVERAGE VS NON FORTIFIED PLACEBO. ^CLAIMS BASED ON A RECOMMENDED DAILY SERVE OF 2 CUPS (54G).