



GLAXOSMITHKLINE CONSUMER HEALTHCARE LIMITED

Annual Report

For the 15 months period ended March 31, 2014

NEW Horlicks GOLD



Slow Roasting
Locks in Goodness



Unlocking
Rich Aroma



Finest Chosen
Ingredients



Rich, Creamy Cup
of Perfect Horlicks



Now in a Glass Jar

Horlicks Gold is a nourishing beverage to be consumed as part of regular daily diet. Contains micronutrients known to improve 5 signs of growth. Claims based on a study conducted in 1999-2000 and published in Journal of Nutrition-22(2000)51-53, comparing micronutrient enriched beverage vs. non fortified placebo.



**GLAXOSMITHKLINE
CONSUMER HEALTHCARE LIMITED**

Registered Office: Patiala Road, Nabha – 147 201 (Punjab)
CIN: L24231PB1958PLC002257
Tel No.: (01765) 306400; Fax No.: (01765) 220642
email id: investor.2.co@gsk.com; Website: www.gsk-ch.in

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FIFTY FIFTH ANNUAL GENERAL MEETING of GlaxoSmithKline Consumer Healthcare Limited will be held at the Punjab Public School Auditorium, The Punjab Public School (Senior Wing), Nabha – 147 201 (Punjab) on Thursday, August 7, 2014 at 9.30 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the 15 months period ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the 15 months period ended March 31, 2014, together with the Reports of the Directors and Auditors.
2. To declare a Dividend on equity shares for the 15 months period ended March 31, 2014.
3. To appoint Statutory Auditors and to authorise the Board of Directors to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), the retiring Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office until the conclusion of the 56th Annual General Meeting on such remuneration, terms and conditions as may be fixed by the Board of Directors of the Company.”

By order of the Board

Place : Gurgaon
Date : May 9, 2014

Sonali Khanna
Company Secretary

NOTES:

1. The Register of Members of the Company will remain closed from July 31, 2014 to August 7, 2014, both days inclusive.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF/HERSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In order to be effective, Proxy Form (enclosed) duly completed, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. Proxies submitted by an authorized representative of companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.
3. Dividend on equity shares, as recommended by the Board for the 15 months period ended March 31, 2014, if declared at the meeting, will be paid to all 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 30, 2014. Dividend of Rs. 45 per share has been recommended by the Board of Directors for the 15 months period ended March 31, 2014 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on or before September 6, 2014.

4. In due compliance with the provisions of Section 205A(5) read with Section 205C of the Companies Act, 1956, the amount of unclaimed dividend for the period up to October 26, 2006 (interim dividend for the year ended December 31, 2006) amounting to Rs. 12,82,410/- (Rupees Twelve Lacs Eighty Two Thousand Four Hundred and Ten only) has been transferred to the Investor Education and Protection Fund.
5. Members who wish to claim Dividends, which remain unclaimed, are advised to send their requests to Karvy Computershare Pvt. Ltd. (Karvy), Company's Registrars and Share Transfer Agents, at their office address at Plot No. 17-24, Vittal Rao Nagar, Near Image Hospital, Madhapur, Hyderabad – 500 081. Members are requested to note that the dividends not encashed or claimed within seven years will be transferred to the Investor Education and Protection Fund of Government of India in due compliance with the provisions of Section 205A(5) read with Section 205C of the Companies Act, 1956. Accordingly, members are advised to send all unencashed dividend warrants pertaining to these years for revalidation and encash them before the due dates.

Information in respect of such unclaimed Dividend when due for transfer to the Investor Education and Protection Fund is given below:

Details of Dividend & Percentage	Date of Declaration	Last date of claiming unpaid Dividend
Interim Dividend (120%)	23.10.2007	22.10.2014
Interim Dividend (100%)	24.10.2008	23.10.2015
Final Dividend (50%)	24.04.2009	22.04.2016
Final Dividend (180%)	23.04.2010	21.04.2017
Final Dividend (250%) & Special Dividend (250%)	29.03.2011	28.03.2018
Final Dividend (350%)	22.03.2012	21.03.2019
Final Dividend (450%)	09.04.2013	08.04.2020

6. The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof, by post, etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the Financial Years from 2006, as on the date of the 54th Annual General Meeting (AGM) held on April 9, 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the website of the Company viz. www.gsk-ch.in
7. Members holding shares in physical form are advised to submit particulars of their bank account viz. name and address of the branch of the bank, MICR code of the branch, type of account, account no. and any changes therein, latest by July 28, 2014, to Karvy Computershare Pvt. Ltd.
8. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant (DP) of the Members.
9. All requests for transfer, change of address, dividend mandate, etc. may please be sent to Karvy Computershare Pvt. Ltd. at the address mentioned above. The Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name, etc. to their Depository Participant. These changes will be automatically reflected in Karvy's/Company's records. Members are also advised not to leave their demat account(s) dormant for a long period of time. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
10. In an effort to improve the service level to our shareholders, Karvy Computershare Pvt. Ltd. has launched an ONLINE SERVICE through its website, <https://karisma.karvy.com>, for redressal of shareholder's queries. Shareholders can visit the said website and click on "Investors" option to register themselves. Once registered, shareholder can submit the query in the "Queries" option provided on the website which would give the grievance registration number. For accessing the status/response to the said query, shareholder can use the same number at the option "View Reply" after 24 hours. Shareholders can put additional queries till they get a satisfactory response from Karvy.

11. **To enable the Company to send various communications electronically under Green Initiative of the Ministry of Corporate Affairs (MCA), Members are requested to register their e-mail ID(s) with Karvy Computershare Pvt. Ltd. or send an e-mail request at investor.2.co@gsk.com or igkcpl@karvy.com by clearly mentioning their Name and Folio No. For shares held in dematerialized form, the Members are requested to get e-mail ID(s) registered with their respective Depository Participants.**
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
13. Members may also note that the Notice of the 55th Annual General Meeting and the Annual Report for the 15 months period ended March 31, 2014 will also be available on the Company's website www.gsk-ch.in, from where they can be downloaded.
14. Electronic copy of the Annual Report for the 15 months period ended March 31, 2014 including the Notice of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email ID(s) are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above mentioned documents is being sent in the permitted mode.

15. Voting through electronic means

Electronic copy of the Notice of the 55th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members.

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members, with the facility to exercise their right to vote at the 55th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL (for members whose email ID(s) are registered with the Company/ Depository Participant(s)):
 - (i) Open email and open PDF file viz; "GlaxoSmithKline Consumer Healthcare e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your User ID and password/PIN for e-voting. Please note that the password is just an initial password.
 - (ii) Launch internet browser by typing the following URL:<http://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Put User ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of GlaxoSmithKline Consumer Healthcare Limited.
 - (viii) Now you are ready for e-voting as "Cast Vote" page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to schughpcs@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of the Annual General Meeting (for members whose email ID(s) are not registered with the Company/Depository Participant(s) or requesting physical copy):

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
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(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- II. In case of any queries, you may prefer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password/PIN for casting your vote.
- IV. You can also update your mobile no. and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on July 30, 2014 (9:00 a.m.) and ends on August 1, 2014 (6:00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of June 27, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of June 27, 2014.
- VII. Mr. Sanjay Chugh, Company Secretary in Practice (Membership No.: FCS 3754/CP No.: 3073) and Mr. Satyender Kumar, Company Secretary in Practice (Membership No.: FCS 4087/CP No.: 5189) have been appointed as the Scrutinizers to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall, within a period, not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.gsk-ch.in and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
16. All documents referred to in the Notice shall be open for inspection at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on all working days except Saturdays, upto and including the date of the Annual General Meeting of the Company.

By order of the Board

Place : Gurgaon
Date : May 9, 2014

Sonali Khanna
Company Secretary



Contents

Board of Directors, etc.	1
Financial Statistics	2
Financial Highlights	3
Directors' Report	4
Management Discussion and Analysis Report	8
Business Responsibility Report	10
Corporate Governance Report	16
CEO & CFO Certification	24
Auditors' Report	25
Balance Sheet	28
Profit & Loss Account	29
Cash Flow Statement	30
Note 1	32
Note 2	35
Note 3	36
Notes 4, 5, 6, 7, 8	37
Notes 9, 10, 11	38
Notes 12, 13, 14	39
Notes 15, 16, 17	40
Notes 18, 19, 20	41
Note 21	42
Notes 22, 23, 24	46
Notes 25, 26, 27	47
Notes 28, 29, 30, 31	48
Notes 32, 33, 34	49
Notes 35, 36, 37	52

Chairman

Simon J. Scarff, O.B.E (till 30.4.2013)
Subodh Bhargava (w.e.f. 1.5.2013)

Managing Director

Zubair Ahmed

Directors

Kunal Kashyap
Mukesh H. Butani
Naresh Dayal
P. Dwarakanath
Jaiboy J. Phillips
Ramakrishnan Subramanian
Jonathan Box (w.e.f. 9.4.2013)
Ireena Vittal (w.e.f. 1.5.2013 till 30.4.2014)

Company Secretary

Surinder Kumar (till 31.7.2013)
Sonali Khanna (w.e.f. 1.8.2013)

Bankers

Deutsche Bank
Citibank N.A.
BNP Paribas
State Bank of India
HDFC Bank Limited
The Hongkong & Shanghai Banking Corporation Limited
Dena Bank
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

DLF Plaza Tower, DLF City Phase - I
Gurgaon – 122 002 (Haryana)

Registrars And Transfer Agents

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittal Rao Nagar
Near Image Hospital, Madhapur
Hyderabad – 500 081

Website: www.gsk-ch.in

Investor Email ID: investor.2.co@gsk.com

Corporate Identity Number: L24231PB1958PLC002257



Financial Statistics

Ten Year Financial Statistics

(Rs. Lacs)

	2004	2005	2006	2007	2008	2009	2010	2011*	2012*	2013-14* (15 Months)
SOURCES OF FUNDS										
SHARE CAPITAL	45,38	42,06	42,06	42,06	42,06	42,06	42,06	42,06	42,06	42,06
RESERVES & SURPLUS	4,83,92	4,33,06	5,00,66	6,04,29	7,18,82	8,63,04	9,17,98	11,02,12	13,18,92	17,70,79
TOTAL SHAREHOLDERS' FUNDS	5,29,30	4,75,11	5,42,72	6,46,35	7,60,88	9,05,10	9,60,04	11,44,17	13,60,98	18,12,85
FUNDS EMPLOYED	5,29,30	4,75,11	5,42,72	6,46,35	7,60,88	9,05,10	9,60,04	11,44,17	13,60,98	18,12,85
DEFERRED TAX LIABILITIES	31,98	27,60	24,07	17,28	6,58	-	-	-	-	-
TOTAL	5,61,28	5,02,71	5,66,79	6,63,63	7,67,46	9,05,10	9,60,04	11,44,17	13,60,98	18,12,85
APPLICATION OF FUNDS										
GROSS FIXED ASSETS	5,04,63	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
DEPRECIATION	1,97,24	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
NET FIXED ASSETS	3,07,39	2,83,79	2,57,89	2,43,34	2,26,10	2,32,26	3,10,58	3,49,85	3,91,07	3,78,36
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
NET ASSETS (CURRENT AND NON CURRENT)	2,53,89	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
TOTAL	5,61,28	5,02,71	5,66,79	6,63,63	7,67,46	9,05,10	9,60,04	11,44,17	13,60,98	18,12,85

*2011, 2012 and 2013-14 based on Revised Schedule VI

Ten Year Track Record

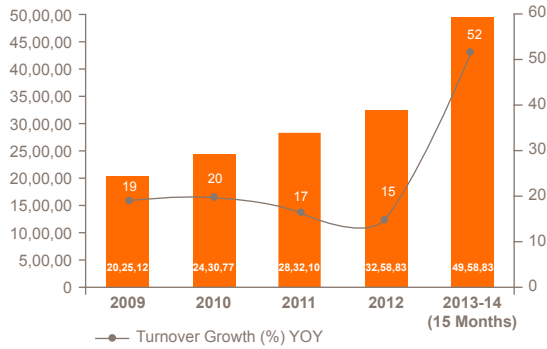
(Rs. Lacs)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013-14 (15 Months)
TURNOVER	9,81,72	10,89,02	12,10,19	13,96,14	17,00,45	20,25,12	24,30,77	28,32,10	32,58,83	49,58,83
PROFIT BEFORE TAX	1,15,68	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
NET PROFIT	73,16	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
DIVIDEND PAYOUT	31,77	33,64	42,06	50,47	63,08	75,70	2,10,28	1,47,19	1,89,25	1,89,25
CORPORATE DIVIDEND TAX	4,15	4,72	5,90	8,58	10,72	12,87	34,92	23,88	30,70	32,16
RETAINED EARNINGS	37,24	68,79	78,98	1,03,63	1,14,53	1,44,22	54,65	1,84,13	2,16,80	4,51,87
DIVIDEND (%)	70	80	100	120	150	180	500	350	450	450
EARNINGS PER SHARE (Rs.)	16.12	24.84	30.18	38.68	44.78	55.35	71.30	84.46	103.85	160.44
NUMBER OF SHARE HOLDERS	28,048	24,571	24,019	22,315	22,548	22,443	22,867	25,639	27,020	26,423

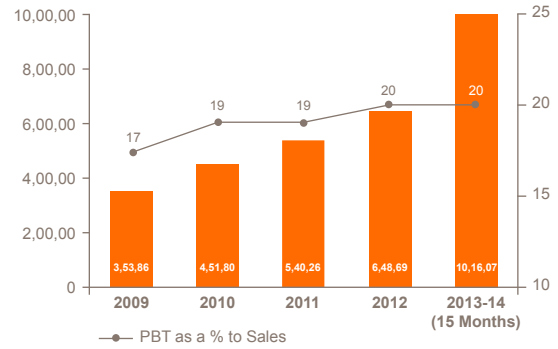


Financial Highlights

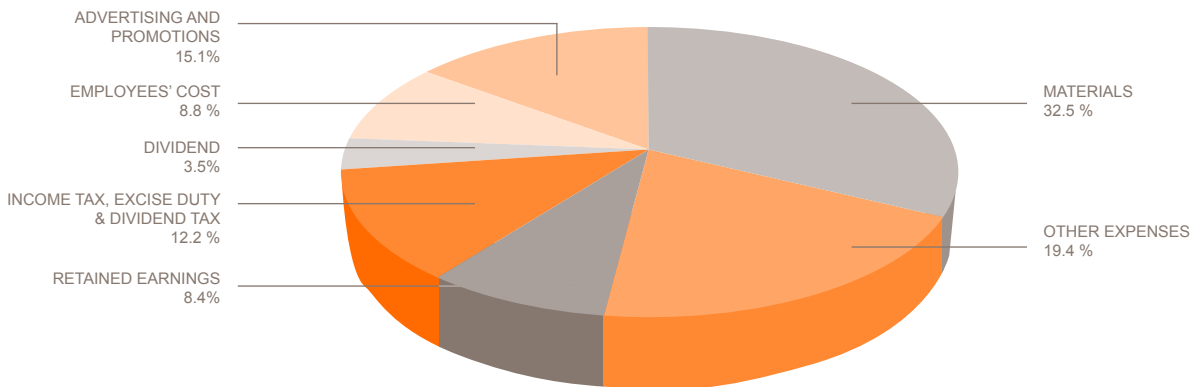
Turnover
(Rs. Lacs)



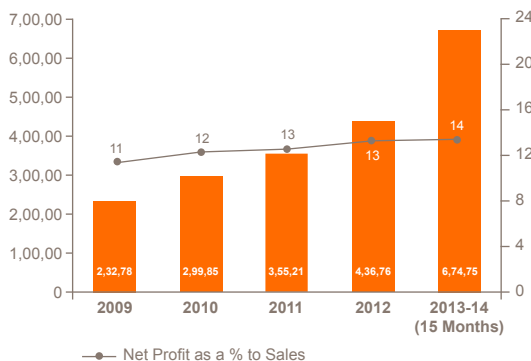
Profit Before Tax
(Rs. Lacs)



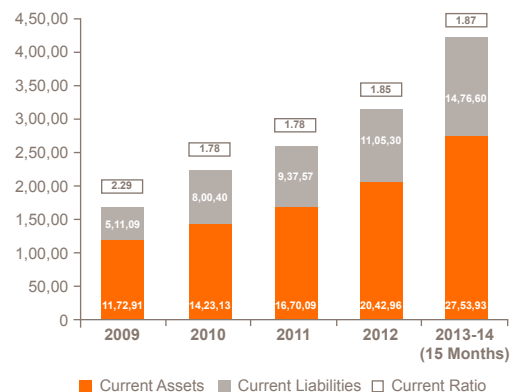
Utilization of Income 2013-14 (15 Months)



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 accounts of the Company for the 15 months period ended March 31, 2014. The Accounting year of the Company has been changed from January-December to April-March in line with the provisions of the Companies Act, 2013, which prescribe a uniform financial year. This change also brings in simplification and avoids duplication in preparation and audit of accounts separately under the Companies and the Income Tax Acts. Accordingly, current year's Annual Accounts and Report of the Company are for a period of fifteen months, from January 1, 2013 to March 31, 2014. These figures, therefore, are not comparable with those of the previous year ended December 31, 2012.

Financial Results

	(Rs. Lacs)	
	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Revenue from operations (Net)	51,44,48.58	33,66,97.01
Profit before Depreciation, Amortisation and Tax	10,78,61.86	6,84,77.22
Less: Depreciation	62,54.66	36,08.37
Profit Before Tax	10,16,07.20	6,48,68.85
Less: Provision for Tax		
- Current Tax	3,70,00.20	2,33,70.05
- Deferred Tax	(28,67.68)	(21,73.66)
- Adjustment of Previous Years	0.00	(3.12)
	3,41,32.52	2,11,93.27
Profit After Tax	6,74,74.68	4,36,75.58
Previous year figures regrouped/reclassified wherever necessary to conform to this year's classification.		
Appropriations		
Proposed Final Dividend	(1,89,24.99)	(1,89,24.99)
Corporate Dividend Tax	(32,16.30)	(30,70.11)
Differential dividend distribution tax pertaining to previous year	(1,46.20)	0.00
Transferred to General Reserves	(67,47.47)	(43,67.56)
	(2,88,88.76)	(2,63,62.66)
Earnings Per Share (Rs.) (Basic & Diluted)	160.44	103.85

Performance of the Company

Your Company has delivered yet another year of strong performance, with each of the 5 quarters during the current financial year recording double digit profitable growth. Your Company has now achieved consistent double digit profitable growth for the ninth year in a row. Sales and PAT for the 15 months ended March 31, 2014 were Rs. 46,82,91.64 Lacs and Rs. 6,74,74.68 Lacs respectively.

All Horlicks and Boost variants recorded strong double digit growth during the year, with Chocolate Horlicks and Women's Horlicks doing exceedingly well. The current year witnessed a strong campaign which strengthened the "Horlicks increases the Power of Milk" proposition, where the role of Horlicks was highlighted in light of making up for the nutrient loss that boiling of milk causes. The campaign was aimed at building a higher emotional connect with the consumer by acknowledging a mother's role in the multi-faceted performance of her child through Horlicks.

The Horlicks extensions range of brands continued to do exceedingly well with the year witnessing innovative campaigns and impressive all round performance with key milestones being achieved. Junior Horlicks was repositioned during the year with focus on holistic and brain development of the child, which was complemented with consumer centric promotions, strong on ground activations and impressive visibility in trade. The year also witnessed a promotional tie up with the extremely popular reality TV Show – Indian Idol Junior, wherein every Horlicks household stood a chance to perform on the Indian Idol Stage. This

saw great traction from consumers with key mind measures showing upward movement and market share gains in core markets. Women's Horlicks witnessed an exceptional year with superlative performance and crossed the Rs. 100 Crores mark during 2013. This was achieved on the back of the new "Bone Health" proposition which was brought to life through a new thematic communication as well as bone density test led activation across all major metros. Horlicks Lite was re-launched during the year with emphasis on "Manage the impact of stress factors on the body". The product has been received well after the re-launch. Mother's Horlicks was re-launched during the year in its new vanilla flavor having superior taste and improved miscibility.

The year also witnessed the launches of Horlicks ProMind and Horlicks Kesar Badam. Horlicks ProMind, positioned as specialized nutrition for brain function, was launched to meet the critical need of mental development and sharpness especially amongst mothers of older kids. Horlicks Kesar Badam was launched on the proposition of a great tasting product containing "Real Kesar and Badam" combined with the Horlicks "5 signs of growth" claim. Both these variants have been accepted well by the consumer.

Boost, which stands for 'energy' and 'winning' at its core, had yet another successful year delivering strong double digit growth. This performance was supported by innovative campaigns during the year through which Virat Kohli was revealed as the next brand ambassador of Boost. These campaigns engaged kids and moms alike, raising the brand love for Boost. The year also witnessed Boost restage which was supported with a strong media campaign leveraging its sports ambassadors M. S. Dhoni and Virat Kohli. The year also witnessed the launch of Boost in an exciting flavour, Boost Choco Nut, which connected well with kids on taste.

The Foods portfolio continued to deliver strong growth. Horlicks Oats more than doubled its business during the current year and now ranks second in terms of market share in South India. Horlicks Savory Oats, designed especially for today's fast-paced life, offers a convenient breakfast option that is rich in dietary fibre and proteins. It was launched in three flavours, Southern Spice, Classic Masala and Mild Kurma and has met with great success, ranking second in the segment within a short duration from launch. The Biscuits portfolio growth momentum continued during the current year, the year also witnessed the launch of Boost Biscuits.

The rural business continues to grow strongly on the back of strong activation, including sachet drives, across the nutritional category. Our rural programme has reached more than 16,000 villages now. Two key growth drivers in our rural programme are Horlicks Swasthya Abhiyan (HSA) and Village Level Entrepreneurs (VLE); HSA programme aims to improve the standard of living in rural areas, engaging with rural medical practitioners and community workers, thus creating awareness, education and relevance for our brands. VLE is our new initiative by which we are reaching out to bottom of the pyramid, and in this process, economically empowering rural women. We already have more than 200 VLE's across the country.

We are now opening a new frontier with the launch of a new programme for the Urban Emerging Consumer Class for slums in Mumbai and Chennai. We are also creating sales infrastructure in the top six metros, reaching out to around 10 million people by involving entrepreneurs and youth from local community. The programme extends Horlicks Health Mission to the schools in these slums.

Your Company's focussed cost management and working capital optimisation programme 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 programmes 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 saving initiatives to support our pursuit for profitable growth.



Dividends

The Directors recommend a total dividend of Rs. 45 per equity share of Rs. 10 each for the 15 months period ended March 31, 2014. If approved by the Members at the ensuing Annual General Meeting to be held on August 7, 2014, it will be paid on or before September 6, 2014 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 30, 2014.

Reserves

The total Reserves as on March 31, 2014 stood at Rs. 17,70,79.38 Lacs representing an increase of 34.3% from December 31, 2012.

Exports

During the 15 months period ended March 31, 2014, your Company's export earnings amounted to Rs. 4,17,65.03 Lacs. The impressive performance in exports was driven by significant growth coming from Pakistan and Myanmar, achieved through various initiatives taken during the period. The period also witnessed strong performance from exports to Sri Lanka, Bangladesh, Middle East and Nepal. Your Company also exported to Kenya and Malaysia during the period.

Research and Development

The Research & Development (R&D) function continues to play a critical role in your Company's aspiration for profitable growth by developing consumer insight driven products of value, which are scientifically superior and differentiated from competition. The current period saw eleven new launches and restages in India including the re-launch of Junior Horlicks and a new flavor to drive additional consumption, new range of Horlicks Nutribic, premium nutrition biscuits, scientifically designed Promind formulation, Boost biscuits, and a new range of Savory Oats. In addition, efforts were also undertaken to drive effective development to enable the future growth agenda for export markets.

You will be pleased to know that your Company's R&D function is adopting best practices in consumer insights and driving differentiated science. The past 15 months also saw us focus on a few technology platforms to drive consumer delight (and thus category growth) as well as identify levers for sustainable cost advantage. 'Quality by Design' and 'Speed to Market' principles have been integrated into our product development processes. We continue to focus our efforts on commercializing differentiated science based innovations in all the categories we compete in, while keeping GSK values and compliance requirements in mind.

R&D continues to strongly partner with the business to further support profitable growth by delivering a strong value engineering programme, which helps in mitigating the inflationary impact from input costs. You will be proud to know that your Company's R&D is also working towards various environment sustainability initiatives. The R&D function has also partnered with Supply Chain for capacity enhancement projects and initiated work on long term manufacturing processes that are efficient from a capital and operational cost and also have a significantly lower carbon footprint.

Packaging is a critical success factor for winning with the consumers at the first and second moment of truth. Your Company's packaging team strives to excel in Packaging Innovation, Value Engineering savings and Technology platforms agenda. The team has delivered multiple patents on plastic technology and dispensing solutions and has been recognized externally through multiple Packaging Excellence awards. This is reflective of the continued superlative performance of your Company's packaging function.

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 programme. Regulatory Affairs team has been closely engaging with regulators and key opinion leaders to help build your Company's reputation among various stakeholders.

You will be glad to know that your Company's R&D has significantly dialled up our reach to external technologies through the Open Innovation function. The Open Innovation team is working closely to bring external innovation to drive speed and unique technology advantages to our innovation portfolio. R&D is also involved in substantial work to progress the long range science and the new products to drive category leadership. Some of the high science differentiated products are in development and thus, making the innovation pipeline very robust in the medium to long term.

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 period, your Company has rolled out projects with industry leading technology to strengthen the rural and upcountry Sales Force with mobile enabled solutions, upgrade the Medical Representatives to detail dentists using iPads and implement Transport Management Systems to strengthen our Supply Chain. It has also initiated a Customer Relationship Management system to get closer to your consumers. 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.

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

Information required as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in the Annexure to this Report.

Directors

At the Annual General Meeting held on April 9, 2013 the following Directors were elected under the system of proportional representation, Mr. Kunal Kashyap, Mr. P. Dwarakanath, Mr. Naresh Dayal, Mr. Mukesh H. Butani, Mr. Jaiboy John Phillips, Mr. Ramakrishnan Subramanian and Mr. Subodh Bhargava. Mr. Jonathon Box was nominated as Director by Horlicks Limited under Article 97A of the Articles of Association of the Company w.e.f. April 9, 2013.

Mr. Zubair Ahmed's term as Managing Director ended on May 31, 2013. The Board of Directors, at its meeting held on February 15, 2013, re-appointed Mr. Zubair Ahmed as Managing Director of the Company for a period of 4 years i.e. from June 1, 2013 till May 31, 2017. The appointment was also approved by the shareholders at the Annual General Meeting held on April 9, 2013.

Mr. Simon Scarff ceased to be the Chairman of the Company from the close of business hours on April 30, 2013. The Board of Directors wishes to place on record its sincere appreciation for the valuable advice and guidance rendered by Mr. Simon Scarff during his tenure as a Chairman. Mr. Subodh Bhargava was nominated as Director by Horlicks Limited. He was appointed by the Board of Directors as the Chairman of the Company in place of Mr. Simon Scarff w.e.f. May 1, 2013. Ms. Ireena Vittal was appointed as Director w.e.f. May 1, 2013, in the casual vacancy created by the resignation of Mr. Subodh Bhargava. She has thereafter resigned w.e.f. from May 1, 2014. The Board of Directors wishes to place on record its sincere appreciation for the valuable advice and guidance rendered by Ms. Ireena Vittal.

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.

Human Resource Development

Your Company looks at its human resources as a source of competitive advantage – we believe that it is our people who drive our business performance and are the key to our future growth plans. Our employment practices and talent programmes are aimed at ensuring that we have the best talent driving the business. We provide a highly performance oriented and value based culture to our employees to excel. The Company's expectations, introduced in 2013, 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. The new Performance Management System introduced effective 2014 reiterates our emphasis on exceptional results as well as the manner in which we achieve them. Our rewards are competitively aligned and linked to performance. Our values of Integrity, Transparency, Consumer First and Respect for People remain central to everything we do. The 'Winning Sales Skills' programme 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. 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. 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 the Company's mission of 'do more, feel better, live longer'.

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 under-served 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 4 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 and international 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.

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. Some of the major activities undertaken during the current financial year included initiatives for addressing major health issue "Kalazar" in North Bihar, sustaining healthcare and livelihood for the tribal community in Kalrayan hills near Salem in Tamil Nadu and providing support to widows and families, where farmers have committed suicide due to agrarian prices in Vidarbha, Maharashtra.

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 to the needy in times of need and calamities. Products are also supplied to various schools and to pregnant mothers in localities and villages in and around our factories. During the period, your Company has made contributions in the following ways:

- Aiding relief work in Uttarakhand by providing Horlicks in partnership with Save the Children and Goonj.
- Supporting the flood affected people in Orissa by providing Horlicks and Biscuits.

Your Company received the Golden Peacock Award 2013 in two categories – Environment Management and Sustainability, during the last quarter. These awards recognise the work done by your Company on reducing carbon and water footprint across the supply chain.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

Management Discussion and Analysis Report

The Management Discussion and Analysis is reported in this Annual Report.

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 period 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
Chairman

Zubair Ahmed
Managing Director

R. Subramanian
Mukesh H. Butani
Directors

Place : Gurgaon
Dated : May 9, 2014

Annexure to the Directors' Report for the 15 months ended March 31, 2014

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 manufacturing sites have increased the usage of agri-waste bio-mass fuel (briquettes/pellets) for steam generation. This has resulted in a reduction of about 48,000 tonnes of CO₂ emissions, thereby significantly reducing carbon footprint and endeavouring support towards a clean and sustainable environment. Our Rajahmundry site has installed energy efficient Double-Effect Vapor Absorption system to reduce steam consumption. Rajahmundry, Nabha and Sonepat sites have enhanced thermal insulation and condensate recovery initiatives for better steam efficiencies.

2. Electricity

Several energy conservation initiatives have been carried out during the period.

- At Nabha, installation of Double-Effect Vapor Absorption system and energy efficient LED lights.
- At Rajahmundry, installation of Variable Frequency Drives on Multiple-Effect Evaporator and cooling tower pumps and energy efficient LED lights were carried out during the year.
- At Sonepat, optimization of equipment operations and control along with refurbishment of utility equipments were carried out during the period.

(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 major investments which are being contemplated are energy efficient motors and lighting systems at Nabha site, high pressure boiler based co-generation plant and energy efficient blowers at Rajahmundry site and throughput enhancement initiatives at Sonepat site. As a part of renewable energy initiative all the three

primary manufacturing sites are exploring the feasibility of Solar Photovoltaic captive power generation units. In order to further reduce the carbon footprint across all the primary manufacturing sites, usage of agri-waste biomass fuel is being pursued.

(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 initiatives and projects implemented across sites have helped mitigate the inflation in fuel prices.

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"

	15 Months ended March 31, 2014	12 Months ended December 31, 2012
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased Units (in Lacs)	5,86.66	3,35.29
Total amount (Rs. Lacs)	44,00.77	21,45.33
Rate/Unit (Rs.)	7.50	6.40
b) Own Generation		
1. DG Sets Units (in Lacs)	50.61	79.78
Units per litre of Diesel oil	3.47	3.65
Cost/Unit (Rs.)	15.58	11.13
2. Turbine Units (in Lacs)	22.84	23.75
2. Coal Used in Boilers		
Quality (Calorific value ranging between 2500 to 3500 BTU) Quantity (Tonnes)*	36,704	32,030
Total Cost (Rs. Lacs)	23,00.52	18,99.23
Average Rate (Rs.)	6,267.69	5,929.46
3. Bio-mass used in Boilers		
Quality (Tonnes)	36,576	16,490
Total Cost (Rs. Lacs)	20,85.72	10,08.84
Average Rate (Rs.)	5,702.40	6,117.91

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

B. Consumption per unit of Production:

	15 Months ended March 31, 2014		12 Months ended December 31, 2012	
	Coal/ Bio-mass	Power	Coal/ Bio-mass	Power
	MT	Units	MT	Units
1. Malt based Food/ Energy and Protein Health Food/Cereal based Food/Powdered Milk (Per Ton)	0.59	534	0.53	477
2. Ghee & Butter (Per Ton)	0.29	130	0.28	141

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

(1) Specific Areas in which R&D was carried out by the Company
R&D's key focus areas continue to be product innovation, new claims development, new product research, packaging development, cost saving initiatives, and regulatory compliance.

Further, various new initiatives have been taken to build a strong pipeline of new products and enhance consumption of existing products through product creativity and tapping new consumer needs.

(2) Benefits derived as a result of the above R&D

New product launches, re-launches, novel claims and new packaging have collectively enabled business to sustain high growth rate and end the period with a good innovation pipeline, setting 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

Your Company's R&D has a key role to play in achieving our vision of becoming the world's best Fast-Moving Consumer Healthcare Company, driven by science and values. Cutting edge innovations based on consumer preferences without shifting focus on profitability would help R&D contribute in achieving this vision.

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 your 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

	15 Months ended March 31, 2014	12 Months ended December 31, 2012
a) Capital	73.40	1,08.95
b) Recurring	46,97.46	35,53.85
Total	47,70.86	36,62.80
R&D Expenditure as a percentage of turnover	1.0%	1.1%

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, Middle East, Myanmar, Pakistan, Malaysia and Kenya. The efforts to broaden the export base to new and existing countries are continuing.

(b) Total Foreign Exchange used and earned:

	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Foreign Exchange Earnings	3,25,49.65	1,97,79.36
Foreign Exchange Outgo	67,33.81	32,34.17

For and on behalf of the Board

Subodh Bhargava
Chairman

Zubair Ahmed
Managing Director

R. Subramanian
Mukesh H. Butani
Directors

Place : Gurgaon
Dated : May 9, 2014



Management Discussion and Analysis Report

Industry Structure and Development

The year 2013 was one of the toughest years for the Indian economy having recorded the lowest growth in the last 10 years. The Industrial sector went through a rather tough phase with decline in industrial growth. Further, heightened inflation kept interest rates high throughout the year. The Services sector also witnessed decline in growth rate. Agriculture was the only silver lining in the cloud having recorded impressive growth on the back of good monsoons. Widening trade deficit was of significant cause of concern. The year also witnessed significant depreciation of the Indian Rupee which, however, recovered during the latter part of the year after various remedial measures were taken and expectations of a stable government in the ensuing Lok Sabha elections.

Amidst hopes of a stable and reform oriented government after the Lok Sabha elections, there is positive sentiment building in the markets for a kick start of the reforms process and decisive policy action. FII inflows touched the USD 200 Billion mark in 2014, with stock markets touching an all time high.

Opportunities, Threats and Outlook

The slowing down of economic growth and sustained high inflation levels have adversely impacted the private consumption and the FMCG sector as a whole. Recent reports indicate that FMCG growth has halved during 2013. Prices of key commodities are expected to remain at high levels due to a below normal monsoon as per the recent forecast for 2014. The current scenario of muted consumption and intensifying competition would also warrant disproportionate levels of investment in Advertising & Promotions.

Despite these challenges, we believe, we are adequately placed to deliver strong performance given our strong internal capabilities and human capital. We have robust plans covering Go to Market Strategy, innovation for new products, cost management and talent management processes which we believe give us the capability to take the headwinds in our stride.

Risks and Concerns

Your Company annually reviews all risks to help identify potential business threats. The capability of these risk mitigation plans, developed to redress identified threats, is honed to protect the interests of all stakeholders including shareholders. Crisis management plans are well documented and simulation tests across critical business sites have been conducted successfully. Learning from these tests has helped enhance the effectiveness of the plans.

As with any agro based industry, input costs are influenced not only by the vagaries of nature but also government policies and the movements in the international market. Your Company continues to recognise the importance of the price-value equation and the need to be sensitive to retail price changes to counter the volatility of input costs.

Financial Risk

The Company has no loan outstanding as on March 31, 2014.

The Company has minimal import requirements for its production process. The Company exports during the year stood at Rs. 4,17,65.03 Lacs (which includes Rs. 1,01,50.82 Lacs exports to Nepal and Bhutan). Hence, no significant risk is envisaged to the business on account of currency fluctuations.

Internal Control Systems and their Adequacy

The Company has an adequate system of internal controls to ensure that transactions are properly recorded, authorized and reported, apart from safeguarding its assets. The internal control system is supplemented by well-documented standard operating procedures, policies and guidelines and review carried out by the Company's Internal Audit function.

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 environment and monitors the implementation of audit recommendations including those relating to strengthening the Company's risk management policies and systems. Additionally, the following measures ensure robust control system:

- 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. Apart from ensuring compliance with laid down internal control systems; it helps the business to align the control mechanism with global best practices.
- Any material variances from the budget are reviewed on a monthly basis and require approval of the Management Team. All major policy changes are approved by Managing Director.
- The Company has a Risk Management and Compliance Board (RMCB), now called the 'Risk Management Committee' (RMC), comprising of the Managing Director, Director – Finance, Director – Operations, 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.
- Business Continuity Plans are periodically reviewed and tested to enhance their relevance.

Financial Performance and Results of Operations

(A) Results of Operations

(1) Revenue from Operations (Net)

Revenue from Operations (Net) for the 15 months period ended March 31, 2014 increased by 53%, driven by impressive growth in both, net sales and other operating income. Increase in net sales was driven both by volume and price/yield increases. Increase in other operating income was driven by higher Business Auxiliary Services Commission.

(2) Other Income

Other Income increased by Rs. 93,12.34 Lacs primarily due to higher interest income from Bank Deposits.

(3) Expenditure

During the current period, input cost of Raw Material, Packing Material and Purchased Finished Goods, as a percentage to sales has decreased to 35.1% as against 35.3% last year, mainly due to various value engineering initiatives undertaken.

The Company continued to make strong investments behind the brands. Advertisement and Promotion expenses during current period were 16.3% as a percentage of Sales.

(4) Profit before Taxation

Profit before Taxation for the 15 months period ended March 31, 2014 amounted to Rs. 10,16,07.20 Lacs and has increased by 56.6% over previous year.

(5) Provision for Taxation

The Company has made provisions for taxation for the current period amounting to Rs. 3,41,32.52 Lacs (including deferred tax) on Profits before Tax. The effective tax rate for the current period is 33.59%.

(B) Financial Condition

(1) Reserves and Surplus

The Reserves and Surplus increased during the current period by Rs. 4,51,87.19 Lacs. The transfer was made after providing for Proposed Final Dividend of Rs. 1,89,24.99 Lacs including Dividend Tax amounting to Rs. 32,16.30 Lacs for the 15 months period ended March 31, 2014.

(2) Non-current Liabilities

Non-current liabilities amounting to Rs. 1,22,01.83 Lacs represent employee benefits and provisions for indirect tax and other matters.

(3) Current Liabilities

Trade payables amounting to Rs. 6,71,59.06 Lacs represents amounts payable towards goods purchased or services received in the normal course of business.

Other current liabilities amounting to Rs. 5,23,66.24 Lacs represents amounts payable towards statutory dues, security deposits, employee benefits, capital purchases, etc.

Short-term provisions amounting to Rs. 2,81,34.85 Lacs comprise proposed dividend, corporate dividend tax, employee benefits, etc.

(4) Fixed Assets

Additions of Rs. 2,12,85.28 Lacs during the current period primarily include Plant and Machinery (Rs. 1,81,55.17 Lacs), Buildings (Rs. 19,68.28 Lacs), Information Technology Equipment (Rs. 5,92.00 Lacs), and Motor Vehicles (Rs. 3,81.92 Lacs).

(5) Long-term Loans and Advances

Long-term loans and advances amounting to Rs. 1,88,87.74 Lacs primarily comprise advance tax, capital advances, employee loans, security deposits, etc.

(6) Cash and Bank Balances

Cash and Bank balances primarily comprise balances with scheduled banks amounting to Rs. 11,39.27 Lacs and short term deposits of Rs. 18,23,65.00 Lacs with various scheduled banks.

(7) Other Current Assets

Inventories amounted to Rs. 4,07,41.86 Lacs as at March 31, 2014 as against Rs. 3,69,63.55 Lacs as at previous year end. Sundry debtors amounted to Rs. 2,99,34.58 Lacs as at March 31, 2014 as against Rs. 1,12,61.44 Lacs as at December 31, 2012. The debtors as at March 31, 2014 represent 28 days' sale value.

Short-term loans and advances and other current assets amounting to Rs. 2,08,38.07 Lacs includes advances paid for raw and packing materials, stores and services, pre-paid insurance, loans to employees, balance with the excise authorities, accrued interest, consignment debtors, etc.

(8) Net Working Capital

The Company has a negative Working Capital (Excluding Cash and Bank Balances and Proposed Dividend) of Rs.(3,40,04.35) Lacs as at March 31, 2014 as against negative Working Capital Rs. (3,06,63.17) Lacs as at December 31, 2012. Your Company has taken various measures towards reducing the Working Capital.

(9) Return on Capital Employed

The Return on Capital Employed (average) for the 15 months period has decreased to 34.0% from 34.9% last year. The percentage has been computed by dividing pro-rated PAT by the average capital employed (shareholders' funds plus loan funds) during the year

(10) Debt-Equity Ratio

Your Company being a cash surplus organization has no outstanding loan and consequently has a zero Debt-Equity ratio.

Material Developments on Human Resource/Industrial Relations Front

Please refer to the Directors' Report on Directors and Human Resource Development.

The Company had 3,502 permanent employees on its payroll as on March 31, 2014.

Cautionary Statement

The Management Discussion and Analysis Report 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.

For and on behalf of the Board

Subodh Bhargava
Chairman

Zubair Ahmed
Managing Director

R. Subramanian
Mukesh H. Butani
Directors

Place : Gurgaon
Dated : May 9, 2014

Directors' Responsibility Statement as per Section 217(2AA) of the Companies Act, 1956

The financial statements of the Company for the 15 months period ended March 31, 2014 ("period") have been prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956. All the financial statements have been prepared on a historical cost convention, as a going concern and on the accrual basis. There have been no material departures in the adoption and application of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied except where otherwise stated in the notes to accounts.

The Board of Directors of your Company accepts the responsibility for the integrity and the objectivity of these financial statements. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis in order to ensure that the financial statements reflect, in a true and fair manner, the form and substance of the transactions and reasonably present the Company's state of affairs and profits for the year. To ensure this, the Directors have taken proper and adequate care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. The internal control systems are reviewed,

evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been followed for safe-guarding the assets of the Company and for protecting any form of fraud and irregularities, subject to the inherent limitations in any system and procedure and coverage thereof that should be recognized in weighing the assurance provided by system of internal controls and accounts.

The financial statements have been audited by Price Waterhouse, Chartered Accountants. The Audit Committee of the Company meets on a quarterly basis to review the manner in which the internal auditors are performing their responsibilities and to discuss auditing, internal controls and financial reporting issues. To ensure complete independence, the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

For and on behalf of the Board

Subodh Bhargava
Chairman

Zubair Ahmed
Managing Director

R. Subramanian
Mukesh H. Butani
Directors

Place : Gurgaon
Dated : May 9, 2014



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	January 1, 2013 to March 31, 2014															
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Food Processing Sector <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															
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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)	a. Malt Based Food b. Protein Rich Food c. Cereal Based Beverage d. Nutritional Food Powder															
9.	Total number of locations where business activity is undertaken by the Company: i. Number of International Locations: (Provide details of major 5) ii. Number of National Locations:	Gurgaon, Chennai, Mumbai, Kolkata, Nabha, Rajahmundry, Sonapat															
10.	Markets served by the Company – Local/State/National/International	India, Sri Lanka, Bangladesh, Nepal, Middle East, Kenya, Malaysia, Myanmar, Pakistan															

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Activity	Details
Paid-up Capital	Rs. 42,05,55,380
Total Turnover	Rs. 46,82,91,63,961 (for the 15 months period ended March 31, 2014)
Total profit after taxes	Rs. 6,74,74,68,415 (for the 15 months period ended March 31, 2014)
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.26%
List of activities in which expenditure in 4 above has been incurred	a. Activity towards addressing major health issue “Kalazar” in North Bihar. b. Sustaining healthcare and livelihood for the tribal community in Kalrayan hills near Salem in Tamil Nadu. c. In Vidarbha, Maharashtra support provided to families and widows where farmers have committed suicide due to agrarian prices. d. Supporting homeless women, children and families in Delhi and Hyderabad. e. Providing Healthcare & Education of Relief Settlement (PRS) for destitute mentally ill women and children in Palluruthy, Kerala. f. Empowering and uniting mothers of young adults with mental retardation in Delhi. g. Supporting informal education for slum children in Faridabad. h. Providing meals to 200 tribal children and honorarium to teaching and support staff in Kerala. i. Supporting education/vocational training for underprivileged children, scholarship to underprivileged children and ration/food support for Children’s Home in Delhi. j. Helping to provide shelter, medical care and sustainability for old and orphaned destitute at various locations in Delhi including Badarpur. k. Providing Healthcare and nutritional support to women and children at Nabha. l. In partnership with Save the Children, aiding relief work in Uttarakhand by providing Horlicks and Crocin.

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies? – **No**
- 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) – **No**
- 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 (Post-Board Meeting)

S.No.	Particulars	Details
1.	DIN Number (if applicable)	–
2.	Name	Ms. Deepa Dey
3.	Designation	Head – Communication
4.	Telephone No.	+91 124 4097390
5.	e-mail id	deepa.d.dey@gsk.com

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

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? If 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

*The Policies have been framed keeping in view our commitment in achieving the social environment and economic goals of the organization. These Policies have been derived and adopted from the Global policies and are aligned as per the Indian scenario, to safeguard the interest of all its stakeholders.

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

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason(please specify)									

**3. Governance related to BR:**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually or 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 every quarter on August 19, 2013, December 6, 2013, January 9, 2014 & April 9, 2014, 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?**

The Company publishes the Business Responsibility Report annually and the same can be viewed at www.gsk-ch.in

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. **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. It does extend to the Suppliers/Contractors and everyone the Company does business with.

2. **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

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

- a. Horlicks and its variants
- b. Boost and its variants

2. **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 and Energy Consumption from January, 2013 to March, 2014**

S.No	Parameter	Unit	Total
1.	Water Consumption (absolute)	KL	14,39,433
2.	Carbon Emissions	Absolute CO ₂ (Kg)	11,20,57,542.9

- ii. **Raw Material Consumption from January, 2013 to March, 2014**

S.No	Description of Raw Material	Unit	Total
1	Milk Powder	MT	12,514
2	Liquid Milk	MT	68,218
3	Malt and Malt Extract	MT	1,00,882
4	Flour (Wheat)	MT	43,855

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

All the sites have increased the usage of agri-waste bio-mass fuel (briquettes/pellets) for steam generation. This has resulted in a reduction of about 48,000 tonnes of CO₂ emissions, thereby significantly reducing carbon footprint and endeavoring support towards a clean and sustainable environment.

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

Not applicable.

3. **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.**

It is a focus area for the organization and we had started with our sites and planning to include supply base by creating awareness and identify areas to reduce CO₂, water and waste management.

4. **Has the company taken any steps to procure goods and services from local and 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?**

Yes, various steps have been taken at the local site level. Major activities under this arena is on Dairy Development wherein the following different activities are carried out to improve their capacity:

1. Animal Health Care
2. Breed Improvement
3. Dairy Farm Management
4. 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%. Details of the waste utilization are as follows:

Process:

Husk (Barley) : Sold as cattle feed.

Product waste : Bio composting used as manure Pollution control Facility

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 (on GSK Rolls)	3,502
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis	1,495
3.	Please indicate the Number of permanent women employees	109
4.	Please indicate the Number of permanent employees with disabilities	3
5.	Do you have an employee association that is recognized by management	Yes. Rajamundry: 1, Nabha: 2
6.	What percentage of your permanent employees is members of this recognized employee association?	Nabha: 88%, Rajahmundry: 92%

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	1	0
3.	Discriminatory employment	0	0	0

8. What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?

- Permanent Employees : 70%
- Permanent Women Employees : 80%
- Casual/Temporary/Contractual Employees : 80%
- 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/POs with the stakeholders with defined terms and conditions, service levels and compensation.

2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?

The Company has a process for identifying the Micro, Small & 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 and local schools, apart from street plays, meetings with key opinion leaders etc. to build consensus and ownership of health and hygiene as a focus area for the local community.
- The Company sponsors education for about 20 girl students studying in classes 10th to 12th 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 and 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:

- a. Free Veterinary Service
- b. Deworming Camps – Free deworming of animals
- c. Multipurpose Camps – Vety. treatment and awareness lectures
- d. Subsidy on Veterinary Medicines
- e. Subsidy on Feed Supplements – Mineral Mixture and Calcium Preparations

During the year, your Company's rural business also focused on building a unique 'Go to Market' model with the Village Level Entrepreneur (VLE)-network by developing 292 Women 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 of 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 2013-2014, 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?
Extends to all.
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.
One of the key initiatives taken during the year is 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?
Various energy saving initiatives and projects, implemented across the sites during the year. However, presently these are not having potential to be submitted under Clean Development Mechanism
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 agri-waste bio-mass fuel (briquettes/pellets) for steam generation. This has resulted in a reduction of about 48,000 tonnes of CO₂ emissions, thereby significantly reducing carbon footprint and endeavoring support towards a clean and sustainable environment.
Our Rajahmundry site has installed energy efficient Double-Effect Vapor Absorption system to reduce steam consumption. Rajahmundry, Nabha and Sonapat sites have enhanced thermal insulation and condensate recovery initiatives for better steam efficiencies.
 2. **Electricity**
Several energy conservation initiatives have been carried out during the year.
 - At Nabha, installation of Double-Effect Vapor Absorption system and energy efficient LED lights.
 - At Rajahmundry, installation of Variable Frequency Drives on Multiple-Effect Evaporator & cooling tower pumps and energy efficient LED lights were carried out during the year.
 - At Sonapat, optimization of equipment operations and control along with refurbishment of utility equipments were carried out during the year.
6. Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the 15 months period ended March 31, 2014 being reported?
Yes. Stack Emissions, Water Analysis and Ambient Air Quality Reports are well within the limits as defined by CPCB/PPCB.
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of 15 months period ended March 31, 2014.
There is no show cause notice pending by the end of the 15 months period ended March 31, 2014.

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/association:
 - 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, 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, give details thereof.
Yes. Your 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 GSK

- Improve people's health and 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 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 Uttarakhand and Orissa, we donated substantial amount of our nutritional products and medicines.

D. Volunteer time and expertise

At the very foundation of your Company's CSR activities is 'PULSE' – the skills-based volunteering initiative that enables GSK's employees to volunteer their professional expertise towards making a sustainable difference to communities and patients in need. This year three 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 Mother NGO under St. Stephens's Hospital (Delhi), Society for Child Development (Delhi) and Leonard Cheshire Disability (Colombo).

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

The initiatives are taken in two 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 and Rajamundry 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, where regular assessment of the impact is done 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. 1,48 Lacs towards various community development projects as listed herein.

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.

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 at the end of 15 months period ended March 31, 2014?

Your Company has an established Consumer Careline Cell which receives feedback from consumers through dedicated phone line (0124-4097237), email (consumer.2.co@gsk.com) or through snail mail (P.O. Box No.15, Gurgaon). This information is available on all the products manufactured and sold by the Company. The feedback received through all these three sources is routed to the concerned functions through an internal software application – Customer Delight System. Your 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, 2014, 94% 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 5 complaints received by the Company from Advertising Standards Council of India (ASCI) and all were resolved to their satisfaction and none of them are pending.

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

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



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 15 Months period ended March 31, 2014 are as under:

Name of the Director	Category of Directorship	No. of Board meetings attended	Attendance at last AGM held on April 9, 2013	No. of directorships in other Public Companies	No. of Committee Position held in Other Public Companies	
					Chairman	Member
Mr. Simon J. Scarff (till 30 April, 2013)	NEC	2	Yes	1	-	1
Mr. Subodh Bhargava (w.e.f May 1, 2014)	ID NEC	7	Yes	6	1	2
Mr. Zubair Ahmed	MD	7	Yes	1	-	-
Mr. Kunal Kashyap	ID	6	Yes	-	-	-
Mr. Mukesh H Butani	ID	6	No	1	1	-
Mr. Naresh Dayal	ID	6	Yes	1	-	1
Mr. P. Dwarakanath	ID	7	Yes	7	-	-
Ms Ireena Vittal (w.e.f May 1 2014)	ID	4	No	6	-	4
Mr. Jonathan Box (w.e.f. 9 April 2014)	NED	3	No	-	-	-
Mr. R Subramanian	WTD	7	Yes	-	-	-
Mr. Jaiboy Phillips	WTD	6	Yes	-	-	-

NEC – Non Executive Chairman

WTD – Wholetime Director

MD – Managing Director

ID – Independent Director

NED – Non Executive Director

Details of Board Meetings during the 15 months period ended 31 March 2014

The Board of Directors of the Company met seven times during the period from January 1, 2013 to March 31, 2014 on February 15, 2013; April 9, 2013; May 1, 2013; August 1, 2013; November 6, 2013; February 5, 2014 and March 10, 2014.

Information to the Board

The Company holds atleast 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 labour 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 judgement or order which may have passed strictures on the conduct of the Company.

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 three members, all of whom are Independent Directors and possess financial and/or accounting knowledge. The Audit Committee was reconstituted at the Board Meeting held on April 9, 2013 and thereafter again reconstituted at the Board Meeting held on May 1, 2013. The Committee presently comprised of Mr. Mukesh Butani as the Chairman and Mr. Kunal Kashyap and Ms. Ireena Vittal as the other two 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 partners of Price Waterhouse, the Statutory Auditors, KPMG Representatives (co-sourced internal auditors) and the Cost Auditors are also invited to the Audit Committee meetings.

The Company has a multi disciplinary 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 previous Chairman of the Audit Committee Mr. Kunal Kashyap attended the last Annual General Meeting held on April 9, 2013 to answer shareholders queries and thereafter Mr. Mukesh Butani was appointed as the Chairman of the Audit Committee at the Board Meeting held on April 9, 2013.

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

Six meetings of the Audit Committee were held during the 15 months period ended March 31, 2014. Attendance at meetings during the 15 months period ended March 31, 2014:

Director	No. of meetings attended
Mr. Subodh Bhargava (till May 1, 2013)	2
Mr. Mukesh H. Butani	6
Mr. Kunal Kashyap	5
Ms. Ireena Vittal (w.e.f. May 1, 2013)	3

b) Nomination & Remuneration Committee

The Company has a Remuneration Committee which comprises of three members. The Remuneration Committee was reconstituted at the Board Meeting held on April 9, 2013. 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. The change in nomenclature and terms of reference of the Committee was approved and adopted at the Board Meeting held on February 5, 2014 and it is now called as the Nomination & Remuneration 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:

- To identify persons qualified to become Directors and persons appointed in the Senior Management.
- To recommend to the Board the criteria for appointment and removal of persons eligible for Directorship/Senior Management.
- To carry out the evaluation of every Directors' performance.
- 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.
- Details of fixed component and performance linked incentives along with performance criteria.
- Service contracts, notice period, severance fees, etc.
- Stock option details, if any – and whether issued at a discount as well at the period over which accrued and over which exercisable.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 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.
- Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 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.
- All other aspects of benefits and compensation to employees.
- To determine the remuneration of the Non Executive Directors, which shall, finally be decided by entire Board of Directors.
- To review and advise the Company on the succession planning for the senior management and ensure the organisation's readiness for continuing leadership.
- Any other matter the Board may request/authorize the Committee to perform/review.

Three meetings of the Committee were held during the 15 months period ended March 31, 2014. Attendance at meetings during the 15 months period ended March 31, 2014:

Director	No. of meetings attended
Mr. Simon J. Scarff (till April 9, 2013)	1
Mr. P. Dwarakanath	3
Mr. Naresh Dayal (till April 9, 2013)	1
Mr. Kunal Kashyap (w.e.f. April 9, 2013)	2
Mr. Mukesh H. Butani (w.e.f. April 9, 2013)	2

Remuneration Policy

Payment of Commission and Sitting Fees to the Non Executive Directors and payment of Salary, Commission and Perquisites to the Wholetime 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 Wholetime 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 Wholetime Directors of the Company is 60 years while for Non Executive Directors it is 75 years. The Notice period for the Wholetime Directors is three months' notice on either side. The Service contracts are in the range of 3 to 5 years.

Remuneration of Directors

Details of remuneration of the Directors for the 15 months period ended March 31, 2014:

(Rs.)

S. No.	Name	Designation/ Position	Salary	Benefits	Performance Incentive	Grand Total
1.	Mr. Zubair Ahmed	Managing Director	7,14,95,653	1,05,03,235	2,59,38,310	10,79,37,198
2.	Mr. R. Subramanian	Director – Finance	2,61,96,666	40,54,229	1,04,96,777	4,07,47,672
3.	Mr. Jaiboy Phillips	Director – Operations	2,78,56,970	35,59,262	85,18,533	3,99,34,765

(Rs.)

S. No.	Name	Particulars	Sitting Fees	Commission	Total
1.	Mr. Simon J. Scarff	Non Executive Chairman (till April 30, 2013)	1,38,553	1,40,450	2,79,003
2.	Mr. Subodh Bhargava	Non Executive Chairman (w.e.f. May 1, 2013)	2,35,956	5,61,800	7,97,756
3.	Mr. Kunal Kashyap	Independent Director	2,42,754	5,61,800	8,04,554
4.	Mr. Mukesh H. Butani	Independent Director	2,82,080	5,61,800	8,43,880
5.	Mr. Naresh Dayal	Independent Director	2,35,956	5,61,800	7,97,756
6.	Mr. P. Dwarakanath	Independent Director	3,10,844	5,61,800	8,72,644
7.	Ms. Ireena Vittal	Independent Director	70,954	4,21,350	4,92,304
8.	Mr. Jonathan Box	Non Executive Director	-	-	-

Shareholding of Non Executive Directors

Mr. Mukesh H. Butani holds 239 shares in the Company.

None of the other Directors of the Company is holding any shares in the Company.

c) Investor Grievance & Stakeholder Relationship Committee

The Investor Grievance Committee of the Company has three members. The Committee was reconstituted at the Board Meeting held on April 9, 2013 and presently comprises of Mr. P. Dwarakanath as the Chairman and Mr. R. Subramanian and Mr. Naresh Dayal as the other two members. Ms. Sonali Khanna, Company Secretary acts as Secretary to the Committee and also as the Compliance Officer. The change in nomenclature and terms of reference of the Committee was approved and adopted at the Board Meeting held on February 5, 2014 and it is now called as the Investor Grievance & Stakeholder Relationship Committee w.e.f. February 5, 2014.

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 dematerialisation
 - 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.
- Five meetings of the Committee were held during the 15 months period ended March 31, 2014. Attendance at meetings during the 15 months period ended March 31, 2014:

Director	No. of meetings attended
Mr. Simon J. Scarff (till April 9, 2013)	1
Mr. P. Dwarakanath	5
Mr. R. Subramanian	5
Mr. Naresh Dayal (w.e.f. April 9, 2013)	3

The total numbers of complaints received and replied to the satisfaction of the shareholders during the 15 months period ended March 31, 2014 under review were 214. The Company ensures that the investor's correspondence is attended to 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, 2014. The Company has advised Karvy Computershare Pvt. Ltd., its Registrar and Share Transfer Agent to despatch 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 was constituted on March 10, 2014. It has 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 functioning and terms of reference of the Committee shall be in the manner prescribed under and in due compliance with the provisions of the Companies Act, 2013 and rules prescribed therein and subject to the following:

- Quorum shall be two Directors or one third of the members of the CSR Committee and minimum of 1 Independent Director, whichever is higher.
- Committee shall meet once in every quarter.
- Minutes of the Committee shall be placed before the Board for information of the Board of Directors.



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

1. Formulate, implement and monitor the CSR Policy of the Company from time to time.
2. Specify the projects and programmes that are to be undertaken.
3. Recommend the amount of expenditure to be incurred on the activities to be undertaken as per the CSR Policy
4. 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.
5. 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.
6. 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 a Company.
7. Ensure that the CSR Policy specifies that the corpus would include the following:
 - a. at least 2% of the average net profits during the three immediately preceding financial years;
 - b. any income arising therefrom;
 - c. surplus arising out of CSR activities.
8. Monitor the implementation of the projects/programmes/activities proposed to be undertaken by the Company.
9. 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.

GENERAL BODY MEETINGS

Particulars of last three AGMs

Year	Date	Time	Venue	Special Resolution passed
2011	March 29, 2011	09.30 a.m.	Punjab Public School Auditorium,	No Special Resolution
2012	March 22, 2012	09.30 a.m.	The Punjab Public School (Senior Wing),	No Special Resolution
2013	April 9, 2013	09:30 a.m.	Nabha – 147 201 (Punjab)	One Special Resolution

Postal Ballot Resolution

No Postal ballot resolution was passed during the 15 months period ended March 31, 2014. 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 15 months period ended March 31, 2014, the Company has related party transactions as envisaged under the Corporate Governance Code which have been mentioned in Note 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. For the 15 Months period ended March 31, 2014, the members of the Committee were Mr. Zubair Ahmed, Managing Director, Mr. Ramakrishnan Subramanian, Director – Finance, Mr. Jaiboy J. Phillips, Director – Operations, Mr. Surinder Kumar, EVP – Legal and Mr. Arun Sehgal, EVP – HR. Apart from these members, the Committee has a Coordinator. The Audit Committee reviews the mechanism and all Whistle Blower complaints and investigations of the Whistle Blower Committee, at all its meetings.

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. 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.

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. The Company has a Nomination & Remuneration Committee whose Composition is in conformity with the requirements of Clause 49. The details regarding composition and terms of reference of the Committee are given in this report.
2. The Company has adopted a Whistle Blower Policy, details of which regarding composition and terms of reference are given in this report. It is affirmed that no member has been denied access to the Audit Committee and the Whistle Blower Committee.

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 faxed 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.

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. Five (5) 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 faxed 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.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Date: The Fifty Fifth Annual General Meeting is scheduled to be held on Thursday, August 7, 2014

Time: 9.30 a.m.

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

Financial Year:

January 1, 2013 to March 31, 2014 (15 Months)

Financial Calendar:

Particulars	Date of Board meeting	Particulars	Date of Board meeting
1. Quarter ending March 31, 2014	May, 2014	2. Quarter ending June 30, 2014	August, 2014
3. Quarter ending September 30, 2014	November, 2014	4. Quarter ending December 31, 2014	February, 2015
5. Quarter ending March 31, 2015	May, 2015		

Book closure:

The books will be closed from July 31, 2014 to August 7, 2014 (both days inclusive).

Dividend payment:

For the 15 months period ended March 31, 2014, the Directors have recommended a dividend at the rate of Rs. 45 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 6, 2014 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 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 2013-2014 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 the 15 Months period from January, 2013 to March, 2014 on the Stock Exchange, Mumbai.

(Rs.)

Closing Share Price			Closing Share Price		
Month	High	Low	Month	High	Low
January, 2013	3,872.25	3,704.35	September, 2013	4,818.20	4,114.45
February, 2013	3,956.50	3,740.55	October, 2013	4,692.35	4,250.60
March, 2013	4,279.80	4,010.35	November, 2013	4,753.60	4,342.70
April, 2013	4,225.25	3,668.40	December, 2013	4,643.25	4,333.05
May, 2013	5,821.90	3,900.30	January, 2014	4,420.35	4,219.95
June, 2013	5,847.35	4,284.20	February, 2014	4,406.90	4,266.00
July, 2013	5,663.90	4,686.85	March, 2014	4,394.55	4,106.65
August, 2013	4,598.00	3,886.30			

Performance in comparison to BSE:



Registrar and Transfer Agents:

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittal Rao Nagar, Near Image Hospital, Madhapur, Hyderabad – 500 081

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 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, 2014:

S. No.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 250	21,508	81.40	12,20,339	2.90
2	251 - 500	3,153	11.93	10,68,598	2.54
3	501 - 1000	1,014	3.84	7,16,322	1.70
4	1001 - 2000	322	1.22	4,66,261	1.11
5	2001 - 3000	109	0.41	2,71,160	0.64
6	3001 - 4000	52	0.20	1,86,826	0.44
7	4001 - 5000	34	0.13	1,53,590	0.37
8	5001 - 10000	108	0.41	7,68,657	1.83
9	10001 & Above	123	0.47	3,72,03,785	88.46
	Total	26,423	100.00	4,20,55,538	100.00

S. No.	Particulars	No. of Shares Held	Percent of shares held (rounded off)
1.	Promoter and Promoter Group	3,04,71,992	72.46
2.	Mutual Funds	77,439	0.18
3.	Banks, Financial Institutions and Insurance Companies	2,68,814	0.64
4.	Foreign Institutional Investors	49,09,833	11.67
5.	Private Corporate Bodies	7,84,841	1.87
6.	Indian Public	54,43,249	12.94
7.	NRIs/OCBs	99,080	0.24
8.	Any others	280	0.00
	Total	4,20,55,538	100.00

Dematerialisation of shares and liquidity:

As on March 31, 2014, we have dematerialised 97.23% of our equity share capital, only 2.77% 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:

Nabha Plant: GlaxoSmithKline Consumer Healthcare Limited, Patiala Road, Nabha – 147 201 (Punjab)
Rajahmundry Plant: GlaxoSmithKline Consumer Healthcare Limited, Industrial Area, Dowleswaram – 533 124 (Andhra Pradesh)
Sonepat Plant: 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, DLF Plaza Tower, DLF City, Phase I, Gurgaon – 122 002 (Haryana)

Registrars and Share Transfer Agents:

Karvy Computershare Pvt. Limited, Plot No. 17-24 Vittal Rao Nagar, Near Image Hospital, Madhapur, Hyderabad – 500 081
 Telephone: 040-23420818; Facsimile: 040-23420814

Name, Address and Contact Numbers of the Compliance Officer:

Sonali Khanna, Company Secretary, DLF Plaza Tower, DLF City, Phase I, Gurgaon – 122 002,
 Telephone: 0124-4097207; Facsimile: 0124-254 0720 / 254 0721 / 4097279.

Email for Investors:

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

Company's website address:

www.gsk-ch.in

For and on behalf of the Board

Place : Gurgaon
 Dated : May 9, 2014

Zubair Ahmed
 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 the Code of Conduct for Directors and Senior Management of GlaxoSmithKline Consumer Healthcare Limited for the 15 months period ended March 31, 2014.

Place : Gurgaon
 Dated : May 9, 2014

Zubair Ahmed
 Managing Director



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 15 months period from January 1, 2013 to March 31, 2014, 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 9, 2014

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:

1. We have reviewed the financial statements and cash flow statement of the Company for the 15 months period ended March 31, 2014 ("period") and that to the best of our knowledge and belief, we state that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. 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.
4. We have indicated to the Auditors and the Audit committee:
 - a) significant changes, if any, in internal control over financial reporting during the period;
 - b) significant changes, if any, in accounting policies during the period and the same have been disclosed in the notes to the financial statements; and
 - c) 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 9, 2014

Ramakrishnan Subramanian
Director

Zubair Ahmed
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, 2014, and the Statement of Profit and Loss for the 15 months period from January 1, 2013 to March 31, 2014 (the "period") and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards 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.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 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 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Usha Rajeev
Partner

Place : Gurgaon
Dated : May 9, 2014

Membership No.: 087191

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of GlaxoSmithKline Consumer Healthcare Limited on the financial statements for the 15 months period ended March 31, 2014

- 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 3 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 period and no material discrepancies have been noticed on such verification.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the period.
- ii. (a) The inventory (excluding stocks with certain third parties) has been physically verified by the Management during the period. In respect of inventory lying with third parties, these have substantially been confirmed by them. 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/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, 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 and 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. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the period.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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 prescribed under clause (d) of sub-section (1) of Section 209 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.
- ix. (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, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty 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 and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and excise duty as at March 31, 2014 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
EXCISE DUTY				
The Central Excise Act 1944	Excise duty on clearance from excise exempt zone	48,42.97	2008-2014	Himachal Pradesh, High Court
The Central Excise Act 1944	Valuation cases, inadmissibility of credit on capital goods and other matters	1,76.01	1983-2011	Custom Excise Service Tax Appellate Tribunal, Delhi
The Central Excise Act 1944	Valuation cases and other matters	0.49	1991	Commissioner of Central Excise (Appeal), Chennai
The Central Excise Act 1944	Valuation cases, refund of duty and other matters	2,03.82	1995-2006	Commissioner/Additional/ Deputy/Assistant Commissioner of Central Excise, Various States
Sub Total (A)		52,23.29		
SERVICE TAX				
The Finance Act, 1944	Availment of service tax on outward transportation	19.19	2005-07	Customer Excise Service Tax Appellate Tribunal, Delhi

Name of the statute	Nature of dues	Amount (Rs. Lacs) #	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1944	Irregular availment of Service tax credit on Revenue civil works	4.28	Feb 2011-Feb 2013	Commissioner (Appeals)
Sub Total (B)		23.47		
SALES TAX				
As per the statute applicable in the state of Tamil Nadu and Andhra Pradesh	Turnover tax on milk and additions on account of concessional rates of tax	12,36.82	1990-2014	At High Courts of Andhra Pradesh and Tamil Nadu
As per the statute applicable in the state of Chhattisgarh, Uttar Pradesh, Assam, Maharashtra, West Bengal, Orissa, Bihar, Jharkhand and Andhra Pradesh	Additions on account of freebies and other disallowances	1,21.75	1998-2013	Sales Tax Appellate Tribunal/ Revenue Board
As per the statute applicable to Orissa, West Bengal, Madhya Pradesh, Maharashtra, Chhattisgarh, UP, Punjab, GOA and Kerala	VAT, Entry tax and Miscellaneous Demands	1,17.66	1999-2009	First Appellate Authorities at various levels
As per the statute applicable to Punjab, Andhra Pradesh, Delhi, Rajasthan, Uttar Pradesh, Assam, Bihar, Madhya Pradesh and West Bengal	Additions on account of freebies, Entry Tax and Miscellaneous Demands	1,21.45	2001-2010	Adjudication Level
Sub Total (C)		15,97.68		
INCOME TAX				
The Income Tax Act, 1961	Additions to Income Tax	43,69.39	AY 2009-10	Income Tax Appellate Tribunal
Sub Total (D)		43,69.39		
Grand Total= (A+B+C+D)		1,12,13.83		

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 appellate authorities in favour of the Company and the amount is not ascertainable.

Includes interest and penalty amounts as specified in the demand order

- x. The Company has no accumulated losses as at the end of the period and it has not incurred any cash losses in the financial period ended on that date or in the immediately preceding financial year.
- xi. 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 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. 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 period. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the period and does not have any debentures outstanding as at the beginning of the year and at the period end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the period. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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 period, 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 9, 2014

Membership No.: 087191



Balance Sheet

As at March 31, 2014

	Note	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	42,05.55	42,05.55
Reserves and surplus	3	17,70,79.38	13,18,92.19
		18,12,84.93	13,60,97.74
Non-current Liabilities			
Other long-term liabilities	4	9,38.46	11,48.31
Long-term provisions	5	1,12,63.37	76,79.68
		1,22,01.83	88,27.99
Current Liabilities			
Trade payables	6	6,71,59.06	4,78,43.75
Other current liabilities	7	5,23,66.24	3,51,55.82
Short-term provisions	8	2,81,34.85	2,75,30.79
		14,76,60.15	11,05,30.36
TOTAL		34,11,46.91	25,54,56.09
II. ASSETS			
Non-current Assets			
Fixed Assets			
Tangible assets	9	3,36,41.96	1,89,44.15
Intangible assets		3,49.02	4,39.08
Capital work-in-progress		38,45.02	1,97,23.86
Deferred tax assets (net)	10	90,30.31	61,62.63
Long-term loans and advances	11	1,88,87.74	58,90.02
		6,57,54.05	5,11,59.74
Current Assets			
Inventories	12	4,07,41.86	3,69,63.55
Trade receivables	13	2,99,34.58	1,12,61.44
Cash and bank balances	14	18,38,78.35	14,64,24.26
Short-term loans and advances	15	75,46.56	52,56.94
Other current assets	16	1,32,91.51	43,90.16
		27,53,92.86	20,42,96.35
TOTAL		34,11,46.91	25,54,56.09

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
Chairman

Ramakrishnan Subramanian
Mukesh H. Butani
Directors

Usha Rajeev
Partner
Membership No.: 087191

Zubair Ahmed
Managing Director

Sonali Khanna
Company Secretary

Place : Gurgaon
Dated : May 9, 2014

Profit and Loss Account

For The Fifteen Months Ended March 31, 2014

	Note	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
INCOME			
Revenue from operations (Gross)	17	51,44,48.58	33,66,97.01
Less: Excise duty		2,75,91.42	1,79,47.65
Revenue from operations (Net)		48,68,57.16	31,87,49.36
Other income	18	2,06,90.92	1,13,78.58
Total Revenue		50,75,48.08	33,01,27.94
EXPENSES			
Cost of materials consumed	19	15,24,13.17	10,19,89.18
Purchases of stock-in-trade		2,06,54.25	1,46,42.99
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	8,91.30	(14,47.47)
Employee benefits expense	21	4,70,05.48	3,01,11.95
Finance costs	22	1,05.23	2,42.33
Depreciation and amortization expense	9	62,54.66	36,08.37
Other expenses	23	17,86,16.79	11,61,11.74
Total expenses		40,59,40.88	26,52,59.09
Profit before tax		10,16,07.20	6,48,68.85
Tax expense			
Current tax		3,70,00.20	2,33,70.05
Deferred tax credit		(28,67.68)	(21,73.66)
Adjustments relating to previous years		-	(3.12)
Net current tax expense		3,41,32.52	2,11,93.27
[Refer Note 1.10 & 10]			
Profit for the period		6,74,74.68	4,36,75.58
Basic and Diluted earnings per equity share (Rs.)	35	160.44	103.85
[Nominal value of Rs. 10 each (Previous Year 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
Chairman

Ramakrishnan Subramanian
Mukesh H. Butani
Directors

Usha Rajeev
Partner
Membership No.: 087191

Zubair Ahmed
Managing Director

Sonali Khanna
Company Secretary

Place : Gurgaon
Dated : May 9, 2014



Cash Flow Statement

For The Fifteen Months Ended March 31, 2014

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	10,16,07.20	6,48,68.85
Add: Depreciation and amortization expense	62,54.66	36,08.37
Provision for doubtful debts	85.55	1,88.06
Provision for doubtful other current assets	76.00	74.90
Provision for stock obsolescence/stock written off	10,02.71	8,35.63
Interest expense	1,05.23	2,42.33
Loss on fixed assets retired from active use/Impairment losses (net)	2,36.17	15.38
Loss/(Profit) on sale of fixed assets (net)	76.37	(73.34)
Less: Interest income	(1,73,68.87)	(98,89.37)
Release of accruals	(8,38.00)	(5,84.51)
 Operating Profit Before Working Capital Changes	 9,12,37.02	 5,92,86.30
Add/ (Less): Changes in Working Capital		
Increase/(Decrease) in trade payables	1,93,15.31	1,19,06.89
Increase/(Decrease) in provisions	48,79.55	36,86.82
Increase/(Decrease) in other current liabilities	1,78,56.30	67,47.44
Increase/(Decrease) in other long term liabilities	(2,09.85)	1,51.63
(Increase)/Decrease in trade receivables	(1,87,58.69)	(15,30.43)
(Increase)/Decrease in inventories	(47,81.02)	(8,03.60)
(Increase)/Decrease in short-term loans and advances	(42,24.90)	(12,30.22)
(Increase)/Decrease in long-term loans and advances	(22,81.75)	2,17.15
(Increase)/Decrease in other current assets	(52,93.95)	(5,78.48)
 Cash Generated from Operations	 9,77,38.02	 7,78,53.50
Less: Taxes paid (net of refunds) [excludes tax deducted at source]	(3,32,87.99)	(2,24,20.34)
 Net Cash flow from Operating Activities	 6,44,50.03	 5,54,33.16
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/ Additions to Capital Work in Progress	(1,68,59.16)	(83,73.76)
Sale proceeds of Fixed Assets	1,08.22	1,85.61
Interest Received (Net of TDS)	1,19,74.43	87,13.80
Investments in Fixed Deposits	(31,31,00.00)	(24,98,50.00)
Redemption of Fixed Deposits	29,07,35.00	21,16,00.00
 Net Cash flow from Investing Activities	 (2,71,41.51)	 (3,77,24.35)



	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(1,28.86)	(4,40.05)
Dividend Paid	(1,89,24.99)	(1,47,19.45)
Dividend Tax Paid	(32,16.30)	(23,87.86)
Net cash flow from Financing Activities	(2,22,70.15)	(1,75,47.36)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,50,38.37	1,61.45
*Cash and Cash Equivalents at the beginning of the year	54,99.39	53,37.94
Cash and Bank Balances [including exchange fluctuation (gain)/loss Rs. 1.85 Lacs (Previous Year Rs. (0.93) Lacs)]		
*Cash and Cash Equivalents at the end of the year	2,05,37.76	54,99.39
Cash and Bank Balances [including exchange fluctuation (gain)/loss Nil (Previous Year Rs. (1.85) Lacs)]		
Net Increase/(Decrease) in Cash and Cash Equivalents	1,50,38.37	1,61.45

*Refer Note 14

Notes:

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

In terms of our report of even date.

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

Subodh Bhargava
Chairman

For and on behalf of the Board of Directors

Ramakrishnan Subramanian
Mukesh H. Butani
Directors

Usha Rajeev
Partner
Membership No.: 087191

Zubair Ahmed
Managing Director

Sonali Khanna
Company Secretary

Place : Gurgaon
Dated : May 9, 2014

Notes to the Financial Statements for the 15 months ended March 31, 2014

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. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, Circular 08/2014 dated April 4, 2014 and other relevant provisions of the Companies Act, 1956.

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 VI to the Companies Act, 1956.

1.2 Tangible Assets

All 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 the Straight Line Method of charging depreciation, on all its tangible fixed assets, on a pro-rata basis except for assets costing less than and upto Rs. 5,000, which are fully depreciated in the year of purchase. The Company has provided depreciation at higher of the rates determined by the management or those specified in Schedule XIV to the Companies Act, 1956. The depreciation rates which are different from the principal rates specified in Schedule XIV to the Companies Act, 1956 are as follows:-

(Rates in Percentages)

	Assets acquired after December 31, 1994	Assets acquired after April 30, 1986 but upto December 31, 1994	Assets acquired after March 31, 1983 but upto April 30, 1986	Assets acquired upto March 31, 1983
Buildings				
– Factory	-	-	3.5	2/3.5/5.5
– Non-factory	2/6.67	2	2	2/2.5
– Tubewells	10	10	10	10/100
Plant and Machinery				
– Triple Shift	12.5	12.5	-	-
– Double Shift	10/12.5	10/12.5	-	-
– Single Shift	10/12.5/20/33.33	10/12.5	-	-
Motor Vehicles	14.28/20	14.28/20	14.28/20	14.28/20/25
Furniture and Fittings	10/20	10/20	10/20	10/20
Office Equipment	10/12.5	10	10	10

Leasehold improvements are charged to Statement of Profit and Loss over the primary period of lease.

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 the estimated costs of completion and the 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 of the period 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: In respect of certain employees, 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. In respect of contributions made to government administered Provident Fund, the Company has no further obligations beyond its monthly contributions.

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 substantial 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

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. Provision for taxation for the 15 months period ended March 31, 2014 has been determined based on the results for 3 months ended March 31, 2013 (Assessment Year 2013-14) and ultimate liability of 12 months (Assessment Year 2013-2014) determined on the total income of the Company for the 12 months ending on March 31, 2014.

(ii) Deferred Tax

Deferred tax assets & liabilities resulting from timing differences between book profits and tax profits are accounted and measured at substantially enacted rates of tax at 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 March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
Authorised:		
6,00,00,000 Equity Shares of Rs. 10 each	60,00.00	60,00.00
Issued, Subscribed and Paid-up:		
4,20,55,538 (Previous Year 4,20,55,538) Equity Shares of Rs. 10 each fully paid up	42,05.55	42,05.55
	42,05.55	42,05.55

(A) Reconciliation of Equity Shares outstanding

Particulars	As at March 31, 2014		As at December 31, 2012	
	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 March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
Equity Shares:		
1,81,52,243 (PY: 1,81,52,243) Equity Shares are held by Horlicks Limited*	18,15.22	18,15.22
1,23,19,749 (PY: Nil) Equity Shares are held by GlaxoSmithKline Pte. Ltd.*	12,31.97	-
	30,47.19	18,15.22

*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, 2014		As at December 31, 2012	
	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%	-	-
Arisaig Partners (Asia) Pte. Ltd A/c Arisaig India	20,54,172	4.88%	21,06,101	5.01%

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

Opening balance	8,47,95.77	8,04,28.21
Add: Transfer from Statement of Profit and Loss	67,47.47	43,67.56
Closing balance	9,15,43.24	8,47,95.77

Capital Redemption Reserve*

	3,32.51	3,32.51
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Surplus in Statement of Profit and Loss

Opening balance	4,67,63.91	2,94,50.99
Profit for the period	6,74,74.68	4,36,75.58
Less: Appropriations		
Proposed Dividend on Equity Shares for the year	(1,89,24.99)	(1,89,24.99)
Dividend distribution tax on Proposed Dividend	(32,16.30)	(30,70.11)
Differential dividend distribution tax on Proposed Dividend of previous period	(1,46.20)	-
Transfer to General Reserve	(67,47.47)	(43,67.56)
Closing balance	8,52,03.63	4,67,63.91
Total	17,70,79.38	13,18,92.19

*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 was no movement during the 15 months period ended March 31, 2014.

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

	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
Employee benefits payable	9,38.46	11,48.31
Total	9,38.46	11,48.31

*Refer Note 1.8 & 21(e)

NOTE 5: LONG-TERM PROVISIONS*

Provision for employee benefits	40,41.61	31,98.97
Other provisions:		
Provision for Indirect tax matters	27,34.85	20,41.27
Miscellaneous provisions	44,86.91	24,39.44
Total	1,12,63.37	76,79.68

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

NOTE 6: TRADE PAYABLES

Total outstanding due to micro and small enterprises	17,63.75	20,45.22
Total outstanding due other than micro and small enterprises	6,53,95.31	4,57,98.53
Total	6,71,59.06	4,78,43.75

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 15 months period ended March 31, 2014 has been paid or is payable under the terms of the MSMED Act, 2006 (Previous Year Nil).

NOTE 7: OTHER CURRENT LIABILITIES*

Unclaimed dividend	2,75.59	2,24.87
Other payables:		
Employee benefits payable	49,27.66	51,62.72
Advances from customers	5,86.18	8,71.40
Payables to related parties towards consignment sales/other reimbursements	76,41.39	16,46.94
Statutory dues	2,65,46.02	1,67,98.12
Trade security deposits	72,47.22	56,08.54
Capital creditors	15,15.44	21,88.41
Unclaimed cheques/DD's	1,05.94	32.36
Other contractual liabilities	35,20.80	26,22.46
Total	5,23,66.24	3,51,55.82

*Refer Note 1.8, 21(e) & 34

Statutory dues include provisions towards disputed indirect taxes aggregating Rs. 1,89,69.74 Lacs (Previous Year Rs. 1,07,09.31 Lacs), which has been created basis legal advice obtained by the Company and merits of the case. Employee benefits payable includes payable of Rs. Nil (Previous Year Rs. 1.18 lacs) to a Director.

NOTE 8: SHORT-TERM PROVISIONS*

Provision for employee benefits*	15,96.69	8,70.54
Other provisions:		
Proposed dividend**	1,89,24.99	1,89,24.99
Dividend distribution tax on proposed dividend	32,16.30	30,70.11
Miscellaneous provisions	43,96.87	46,65.15
Total	2,81,34.85	2,75,30.79

*Refer Note 1.8, 1.13, 21 & 25

Includes short-term compensated absences for management, executives and staff of Rs. 4,62.51 lacs (Previous Year Nil)

**The Final Dividend proposed for the period @ Rs. 45 (Previous Year Rs. 45) per equity share aggregates to Rs. 1,89,24.99 Lacs (Previous Year Rs. 1,89,24.99 Lacs)



NOTE 9: FIXED ASSETS*

(Rs. Lacs)

	GROSS BLOCK			DEPRECIATION/AMORTIZATION				NET BLOCK		
	As At January 1, 2013	Additions	Deletions/ Adjustments	As At March 31, 2014	Upto January 1, 2013	During the Period#	Deletions/ Adjustments during the Period	Upto March 31, 2014	As at March 31, 2014	As at December 31, 2012
Tangible Assets										
Land (Freehold)	14,83.35	-	-	14,83.35	-	-	-	-	14,83.35	14,83.35
Buildings***	1,02,59.29	19,68.28	-	1,22,27.57	33,01.50	4,69.12	-	37,70.62	84,56.95	69,57.79
Plant & Equipment**o##	3,95,50.10	1,81,55.17	7,58.01	5,69,47.26	3,12,34.58	46,86.78	3,33.15	3,55,88.21	2,13,59.05	83,15.52
Information Technology Equipment ^o	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	8,55.72
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	3,42.55
Office Equipment ^o	14,13.75	44.28	57.05	14,00.98	11,42.28	80.97	55.75	11,67.50	2,33.48	2,71.47
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	5,24.13
Leasehold Improvements	10,52.50	-	-	10,52.50	8,58.88	1,44.13	69.83	9,33.18	1,19.32	1,93.62
Tangible Assets (A)	5,82,42.18	2,12,03.20	14,46.70	7,79,98.68	3,92,98.03	60,82.83	10,24.14	4,43,56.72	3,36,41.96	1,89,44.15
Intangible Assets										
Patents & Trade Marks***	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	4,39.08
Intangible Assets (B)	73,81.50	82.08	-	74,63.58	69,42.42	1,72.14	-	71,14.56	3,49.02	4,39.08
Total (A) + (B)	6,56,23.68	2,12,85.28	14,46.70	8,54,62.26	4,62,40.45	62,54.97	10,24.14	5,14,71.28	3,39,90.98	1,93,83.23
Previous Year	6,36,66.29	30,36.57	10,79.18	6,56,23.68	4,35,97.35	36,10.01	9,66.91	4,62,40.45	38,45.02	1,97,23.86
Capital Work in Progress****									3,78,36.00	3,91,07.09

* Refer Note 1.2 to 1.5 and 1.11

Includes Depreciation amounting to Rs. 0.31 Lacs (Previous Year Rs. 1.64 Lacs) on assets used for Capital Project 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 Year Rs. 1,23.95 Lacs) and Patents & Trade Marks valuing Rs. 66,41.72 Lacs (Previous Year 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. 39.92 Lacs (Previous Year Rs. 14.21 Lacs).

**** Net of Provision for Capital Work in Progress aggregating Rs. 2,06.57 Lacs (Previous Year Rs. 2,52.4 Lacs).

Impairment charge of Rs. 2,37.96 Lacs (Previous Year Rs. Nil) on Plant and Equipment has been included in other general expenses in the Statement of Profit and Loss.

NOTE 10: DEFERRED TAX ASSETS (NET)*

(Rs. Lacs)

Particulars	Balance as at		Charge/(Credit)		Balance as at	
	January 1, 2013	January 1, 2012	15 months ended March 31, 2014	12 months ended December 31, 2012	March 31, 2014	December 31, 2012
Depreciation/Amortization	6,82.91	7,89.81	9,71.21	(1,06.90)	16,54.12	6,82.91
Section 43B – Disallowances	(42,43.24)	(29,66.95)	(31,50.35)	(12,76.29)	(73,93.59)	(42,43.24)
VRS	(35.02)	(80.38)	35.02	45.36	-	(35.02)
Provision for Doubtful Debts	(1,52.50)	(79.65)	(36.34)	(72.85)	(1,88.84)	(1,52.50)
Other Disallowances	(24,14.78)	(16,51.80)	(6,87.22)	(7,62.98)	(31,02.00)	(24,14.78)
Deferred Tax Liability/(Asset)	(61,62.63)	(39,88.97)	(28,67.68)	(21,73.66)	(90,30.31)	(61,62.63)

*Refer Note 1.10 (ii)

NOTE 11: LONG-TERM LOANS AND ADVANCES

	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
A. Secured, considered good		
Vehicle loans to employees	2,81.64	2,19.92
B. Unsecured, considered good (unless otherwise stated)		
Capital advances	1,26,20.31	18,38.45
Security deposits	20,34.87	17,10.72
Other loan and advances:		
– Advances to suppliers	30.28	31.76
– Balance with government authorities	23.37	18.58
– Loans and advances to employees	23,82.41	4,94.33
– Prepaid expenses	9.04	4.55
– Advance income tax	15,05.82	15,71.71
(Net of Provisions Rs. 15,10,40.81 Lacs (Previous Year Rs. 11,40,28.61 Lacs))		
Total	1,88,87.74	58,90.02

**NOTE 12: INVENTORIES***

	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
Raw materials [Includes goods in transit Rs. 3,55.48 Lacs (Previous Year Rs. 2,73.88 Lacs)]	1,14,77.44	69,38.18
Packing materials [Includes goods in transit Rs. 25.16 Lacs (Previous Year Rs. 37.83 Lacs)]	15,35.55	12,82.59
Work-in-progress**	41,90.99	24,31.42
Stock-in-trade (in respect of goods acquired for trading)***	11,06.86	17,04.40
Finished goods (including bulk powder)	2,13,10.85	2,33,69.45
Stores and spares [Includes goods-in-transit Rs. 1,73.89 Lacs (Previous Year Rs. 74.08 Lacs)]	10,42.56	11,65.17
By-products (at net realisable value)	77.61	72.34
Total	4,07,41.86	3,69,63.55

* Refer Note 1.6 & 30

** Work-in-progress represents semi-finished stocks of Malt based foods Rs. 41,23.00 Lacs (Previous Year Rs. 24,31.42 Lacs) and Cereal based beverages Rs. 67.99 Lacs (Previous Year Rs. Nil)

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

Details of Finished Goods & By-product Inventory

1. Malt based foods	1,84,93.23	2,05,09.35
2. Cereal based beverage	16,38.53	15,81.91
3. Protein rich foods	8,15.48	9,59.65
4. Nutritional food powder	55.56	1,74.47
5. Packaged foods	3,08.05	1,44.07
Total (1+2+3+4+5)	2,13,10.85	2,33,69.45
6. Ghee	77.61	72.34
Total	2,13,88.46	2,34,41.79

NOTE 13: TRADE RECEIVABLES

Outstanding for a period exceeding 6 months from the date they are due for payment		
Secured, considered good	-	32.52
Unsecured, considered good	17.66	72.60
Doubtful	5,43.32	4,19.56
Less: Provision for doubtful receivable	(5,43.32)	(4,19.56)
	17.66	1,05.12
Others		
Secured, considered good	64,57.70	30,74.29
Unsecured, considered good	2,34,59.22	80,82.03
Doubtful	12.25	50.46
Less: Provision for doubtful receivable	(12.25)	(50.46)
	2,99,16.92	1,11,56.32
Total	2,99,34.58	1,12,61.44

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

Cheques on hand	98.49	1.24
Banks balances:		
In current accounts	11,39.27	98.15
In fixed deposit accounts (less than 3 months maturity)	1,93,00.00	54,00.00
	2,05,37.76	54,99.39

Other bank balances

With Scheduled Banks:		
In fixed deposit accounts (maturity more than 3 months but less than 12 months)	16,30,65.00	14,07,00.00
On dividend accounts	2,75.59	2,24.87
	16,33,40.59	14,09,24.87
Total	18,38,78.35	14,64,24.26

*Refer Note 1.15

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

	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
A. Secured, considered good		
Vehicle loans to employees	1,25.16	1,05.11
B. Unsecured, considered good (unless otherwise stated)		
Security deposit	-	55.01
Other loan and advances:		
– Advances to Suppliers		
Considered good	15,49.91	22,84.34
Considered doubtful	-	60.60
Less: Provision for doubtful loans and advances	-	(60.60)
– Balance with government authorities		
– With Excise authorities (PLA)	48.72	21.17
– Others	29,28.66	15,95.22
– Loans and advances to employees*	17,40.03	8,22.95
– Prepaid expenses	11,54.08	3,73.14
Total	75,46.56	52,56.94

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

NOTE 16: OTHER CURRENT ASSETS*

(Unsecured, considered good - unless otherwise stated)		
Interest accrued on fixed deposit accounts/loans	62,28.40	25,45.00
Consignment Debtors	59,70.37	10,27.50
Claims Recoverable		
Considered good	1,41.57	1,48.44
Considered doubtful	1,40.47	64.47
Less: Provision for Doubtful receivables	(1,40.47)	(64.47)
Receivables from related parties towards services rendered/expense reimbursement	9,51.17	6,69.22
Total	1,32,91.51	43,90.16

*Refer Note 34

NOTE 17: REVENUE FROM OPERATIONS*

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
Sale of Products		
– Finished Goods	46,85,64.64	30,59,25.14
– Traded Goods	2,73,18.42	1,99,58.21
Other Operating Revenue		
– Business auxiliary service commission	1,68,07.70	97,21.68
– Miscellaneous income**	17,57.82	10,91.98
	51,44,48.58	33,66,97.01
Less: Excise Duty	2,75,91.42	1,79,47.65
Total	48,68,57.16	31,87,49.36

* Refer Note 1.9

** Includes mark-up on sales of raw material (gross sales Rs. 2,96.64 Lacs (Previous Year Rs. 2,72.55 Lacs)) and certain amounts cross charged to related parties on a net basis (gross amount Rs. 42,02.58 Lacs (Previous Year Rs. 33,39.40 Lacs)).

Details of Sale of Products

Finished Goods		
(i) Malt Based Food/Cereal Based Beverage/Protein Rich Food	46,81,53.62	30,55,57.79
(ii) Ghee (By Product)	4,11.02	3,67.35
Total (i) + (ii)	46,85,64.64	30,59,25.14
Traded Goods		
(iii) Packaged Foods	2,73,18.42	1,99,58.21
Grand Total (i) + (ii) + (iii)	49,58,83.06	32,58,83.35



Earnings in Foreign Exchange:

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
– Export of finished goods on F.O.B. basis	3,16,14.21	1,91,46.94
– Miscellaneous Income	9,35.44	6,32.42

NOTE 18: OTHER INCOME*

Profit on sale of fixed assets (net)	-	73.34
Exchange fluctuations (net)	9,20.90	5,25.43
Rent received	22.66	19.81
Interest income (gross)	1,73,68.87	98,89.37
Miscellaneous income	23,78.49	8,70.63
Total	2,06,90.92	1,13,78.58

*Refer Note 1.2, 1.5, 1.9 & 1.12

NOTE 19: COST OF MATERIAL CONSUMED

Raw material consumed	11,62,24.07	7,78,02.30
Packing material consumed	3,61,89.10	2,41,86.88
Total	15,24,13.17	10,19,89.18

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

Milk Powder	2,60,19.74	1,72,11.49
Liquid Milk	1,94,22.31	1,35,32.57
Malt and Malt Extract	2,71,67.53	1,87,48.07
Wheat Flour	91,93.48	54,84.20
Others	3,69,26.00	2,39,98.29
Total	11,87,29.06	7,89,74.62

Imported & Indigenous Raw Material*

	Percentage	Value (Rs. Lacs)	Percentage	Value (Rs. Lacs)
Raw Material				
Imported	3.1%	36,97.29	2.6%	20,59.59
Indigenous	96.9%	11,50,31.77	97.4%	7,69,15.03
		<u>11,87,29.06</u>		<u>7,89,74.62</u>

*"Raw Material consumed" and "Imported & Indigenous Raw Material" as shown above includes Rs. 24,81.47 Lacs (Previous year Rs. 11,38.24 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. 23.52 Lacs (Previous year Rs. 34.08 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)		2,33,69.45	2,12,98.45
Work-in-progress		24,31.42	35,05.38
Stock-in-trade (in respect of goods acquired for trading)		17,04.40	12,68.69
By-products		72.34	57.62
		<u>2,75,77.61</u>	2,61,30.14
Less: Closing stock			
Finished goods (including bulk powder)		2,13,10.85	2,33,69.45
Work-in-progress		41,90.99	24,31.42
Stock-in-trade (in respect of goods acquired for trading)		11,06.86	17,04.40
By-Products		77.61	72.34
		<u>2,66,86.31</u>	2,75,77.61
Net (Increase)/Decrease		8,91.30	(14,47.47)

**NOTE 21: EMPLOYEE BENEFIT EXPENSE***

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
Salaries and wages	3,67,91.27	2,41,11.28
Contribution to provident and other funds	56,29.48	26,11.91
Staff welfare expenses	45,84.73	33,88.76
Total	4,70,05.48	3,01,11.95

*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*	5,19.20	3,89.11
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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 *	5.77	7.83
– Employers' Contribution to Employee's Pension Scheme 1995 *	3,00.05	2,34.68

*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, 2014 in respect of following Defined Benefit 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/ Compensated Absences		Employees Gratuity Fund		Senior Staff Gratuity Fund		Provident Fund	
	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Discount Rate (Per Annum)	8.70%	8.15%	8.70%	8.15%	8.70%	8.15%	8.70%	8.15%
Rate of Return on Plan Assets	N.A.	N.A.	8.54%	8.74%	8.67%	8.72%	N.A.	N.A.
Expected Average remaining working lives of employees (Years)	11.58/ 12.31	12.26/ 13.00	14.41	14.34	20.60	20.61	N.A.	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, 2015 has not been worked out as the same is based on the increase in the basic salary and allowances in April, 2015.
- (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, 2014 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/ Compensated Absences		Employees Gratuity Fund		Senior Staff Gratuity Fund	
	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Present Value of Obligation as at January 1	3,70.72	3,02.34	31,37.70	26,23.71	47,07.69	47,73.44
Interest Cost	35.52	24.18	3,19.65	2,13.83	4,79.60	3,89.04
Past Service Cost	-	-	-	-	-	-
Current Service Cost	1,46.51	56.50	6,39.84	2,90.60	8,82.35	4,95.36
Curtailment Cost/(Credit)	-	-	-	-	-	-
Settlement Cost/(Credit)	-	-	-	-	-	-
Benefits Paid	(29.11)	(10.56)	(3,77.27)	(1,94.70)	(8,33.88)	(9,54.66)
Actuarial (gain)/loss on obligations	2,60.60	(1.74)	12,81.06	2,04.26	1,72.65	4.51
Present Value of Obligation as at Balance Sheet date	7,84.24	3,70.72	50,00.98	31,37.70	54,08.42	47,07.69

(B) Changes in the Fair value of Plan Assets

(Rs. Lacs)

	Leave Encashment/ Compensated Absences		Employees Gratuity Fund		Senior Staff Gratuity Fund	
	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Fair Value of Plan Assets as at January 1	-	-	28,93.30	25,83.71	46,45.39	46,07.66
Expected Return on Plan Assets	N.A.	N.A.	3,16.09	2,25.82	5,06.35	4,01.79
Actuarial Gains/Losses	N.A.	N.A.	(2.89)	3.12	45.56	(15.31)
Contributions	-	-	22,72.70	2,75.35	7,85.04	6,05.91
Benefits Paid	-	-	(3,77.27)	(1,94.70)	(8,33.88)	(9,54.66)
Fair Value of Plan Assets as at Balance Sheet date	-	-	51,01.93	28,93.30	51,48.46	46,45.39
Unpaid Amount	-	-	(0.22)	(0.22)	-	-
Fair Value of Plan Assets as at Balance Sheet date (Net of unpaid amount)	-	-	51,01.71	28,93.08	51,48.46	46,45.39



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

(Rs. Lacs)

	Leave Encashment/ Compensated Absences		Employees Gratuity Fund		Senior Staff Gratuity Fund	
	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Present Value of funded/ (unfunded) obligation as at Balance Sheet date	(7,84.24)	(3,70.72)	50,00.98	31,37.70	54,08.42	47,07.69
Fair Value of Plan Assets as at the end of the period	-	-	51,01.71	28,93.08	51,48.46	46,45.39
Funded Status	-	-	1,00.73	(2,44.62)	(2,59.96)	(62.30)
Present Value of unfunded obligation as at Balance Sheet date	7,84.24	3,70.72	-	-	-	-
Unrecognized Actuarial (gains)/losses	-	-	-	-	-	-
Unfunded Net Asset/ (Liability) recognized in Balance Sheet*	(7,84.24)	(3,70.72)	1,00.73	(2,44.62)	(2,59.96)	(62.30)

*Included in Employee Benefits (Refer Note 8)

(D) Expense recognised in Statement of Profit and Loss

(Rs. Lacs)

	Leave Encashment/ Compensated Absences		Employees Gratuity Fund		Senior Staff Gratuity Fund	
	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012	15 Months ended March 31, 2014	12 Months ended December 31, 2012
Current Service Cost	1,46.51	56.50	6,39.84	2,90.60	8,82.35	4,95.36
Past Service Cost	-	-	-	-	-	-
Interest cost	35.52	24.18	3,19.65	2,13.83	4,79.60	3,89.04
Expected Return on Plan Assets	N.A.	N.A.	(3,16.09)	(2,25.82)	(5,06.35)	(4,01.79)
Curtailement Cost/(Credit)	-	-	-	-	-	-
Settlement Cost/(Credit)	-	-	-	-	-	-
Net actuarial (gain)/loss recognized in the period	2,60.60	(1.74)	12,83.95	2,01.14	1,27.09	19.83
Total expenses recognized in the Statement of Profit and Loss	4,42.63 ***	78.94 ***	19,27.35 **	4,79.75 **	9,82.69 **	5,02.44 **

**Included in Contribution to provident and other funds

***Included in Salaries and Wages

(E) Constitution of Plan Assets

(Rs. Lacs)

	Leave Encashment/ Compensated Absences		Employees Gratuity Fund		Senior Staff Gratuity Fund	
	As at March 31, 2014	As at December 31, 2012	As at March 31, 2014	As at December 31, 2012	As at March 31, 2014	As at December 31, 2012
Equity Instruments	N.A.	N.A.	-	-	-	-
Debt Instruments	N.A.	N.A.	49,66.68	27,66.68	49,98.47	46,05.97
Property	N.A.	N.A.	-	-	-	-
Other Assets (Net)	N.A.	N.A.	1,35.03	1,26.40	1,49.99	39.42
Total of the Plan Assets	N.A.	N.A.	51,01.71	28,93.08	51,48.46	46,45.39

(F) Amounts recognised in current period and previous four years

(Rs. Lacs)

	March 31, 2014	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Leave Encashment/ Compensated Absences					
Defined Benefit Obligation	(7,84.24)	(3,70.72)	(3,02.34)	(2,74.57)	(2,14.33)
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(7,84.24)	(3,70.72)	(3,02.34)	(2,74.57)	(2,14.33)
Employees Gratuity Fund					
Defined Benefit Obligation	50,00.98	31,37.70	26,23.71	23,79.65	20,15.32
Plan Assets	51,01.71	28,93.08	25,83.49	22,71.42	18,97.63
Surplus/(Deficit)	1,00.73	(2,44.62)	(40.22)	(1,08.23)	(1,17.69)
Senior Staff Gratuity Fund					
Defined Benefit Obligation	54,08.42	47,07.69	47,73.44	42,50.49	38,67.87
Plan Assets	51,48.46	46,45.39	46,07.66	40,79.29	37,52.09
Surplus/(Deficit)	(2,59.96)	(62.30)	(1,65.78)	(1,71.20)	(1,15.78)

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 Rs. Nil (Previous Year Rs. 20.15 Lacs) determined on the basis of an actuarial valuation carried out as at Balance Sheet date, as other long term benefit. Contribution made by the Company during the period is Rs. 18,94.42 Lacs (Previous Year Rs. 9,98.10 Lacs). The net actuarial gain recognised in the period is Rs. 7.29 Lacs (Previous Year Rs. 8.38 Lacs). Detailed information as considered appropriate and necessary has been included by the actuary in the actuarial certificate, which 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. 42,32.54 Lacs (Previous Year Rs. 33,67.38 Lacs) [Refer Note 5 & 8] determined on the basis of an actuarial valuation carried out at Balance Sheet date. The net actuarial gain recognised in the period is Rs. 36.61 Lacs (Previous Year Rs. 31.68 Lacs). Detailed information as considered appropriate and necessary has been included by the actuary in the actuarial certificate, which 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. Nil (Previous Year Rs. 3,07.69 Lacs) 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 period Company has allotted 2,36,749 shares to the employees.
 - 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 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. 18,74.69 Lacs (Previous year Rs. 3,63.84 Lacs) has been accounted in the financial statements as Salaries and Wages under 'Employees cost' and the total carrying amount at the end of the period is Rs. 31,57.64 Lacs (Previous year Rs. 19,96.62 Lacs), included under other long term liabilities Rs. 9,27.66 Lacs (Previous year Rs. 11,36.67 Lacs) and other current liabilities Rs. 22,29.98 Lacs (Previous Year Rs. 8,59.95 Lacs).

NOTE 22: FINANCE COSTS*

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
Interest expense on trade deposits	1,05.23	2,42.33
Total	1,05.23	2,42.33

*Refer Note 1.11

NOTE 23: OTHER EXPENSES*

Consumption of stores and spare parts	5,96.29	2,77.35
Conversion charges to third parties	1,76,60.61	1,13,78.88
Repairs & Maintenance		
Buildings	3,00.40	1,59.92
Plant & Machinery	21,54.39	12,69.04
Others	9,57.97	8,77.18
Power and fuel	98,18.82	62,86.01
Rent	41,18.58	29,09.58
Rates and taxes	64,48.07	40,20.77
Insurance	6,65.56	4,51.11
Carriage and freight	2,24,17.43	1,57,06.42
Donations	1,73.38	83.08
Advertising and promotion	8,10,61.54	4,96,46.87
Royalty	1,56,79.95	1,05,60.62
Excise duty adjustment due to (Increase)/Decrease in Stock of Finished Goods and Work-in-progress	(4,39.37)	7,60.34
Other general expenses	1,70,03.17	1,17,24.57
Total	17,86,16.79	11,61,11.74

*Refer Note 1.7 & 1.12

Stores and spares parts consumed entirely comprised indigenously purchased materials

(a) Disclosure in accordance with the requirements of Accounting Standard (AS) – 19 'Leases':

The Company has entered into three non-cancellable operating leases in respect of office premises, which range for a period between 1 to 5 years. The terms of the said lease include terms for renewal, increase in rents in future periods for premises and terms of cancellation. The total lease payments recognized in the Statement of Profit and Loss Account for the period amount to Rs. 11,44.45 Lacs (Previous Year Rs. 7,67.10 Lacs). 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. Total of future Minimum Lease Payments under non-cancellable leases in case of the premise on lease:

Total Lease Payments	11,44.45	7,67.10
Not later than 1 year	6,00.44	2,31.41
Later than one year and not later than 5 years	2,45.08	16.01
Later than 5 years	Nil	Nil

NOTE 24: CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debt

	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
a) Direct tax	3,92,96.64	2,83,78.96
b) Indirect taxes - net of tax impact Rs. 10.58 Lacs (Previous Year Rs. 42.55 Lacs)	20.55	88.59

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 AS 29 - "Provisions, Contingent Liabilities and Contingent Assets, the Company has been prudent to consider the following provisions which have been disclosed as under:

	<i>Rs. Lacs</i>	
	Indirect taxes	Other provisions
Balance as at January 1, 2013	20,41.27	71,04.59
Additions	6,93.58	55,02.23
Utilizations/Reversals	-	(37,23.04)
Balance as at March 31, 2014	<u>27,34.85</u>	<u>88,83.78</u>
Classified as Non-Current	27,34.85	44,86.91
Classified as Current	-	43,96.87

- (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

	As at March 31, 2014 (Rs. Lacs)	As at December 31, 2012 (Rs. Lacs)
Estimated amount of Contracts remaining to be executed on Capital account (net of Capital Advance) and not provided for	32,44.06	1,57,38.07
Other commitments	NIL	Nil

NOTE 27: AUDITORS' REMUNERATION*

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
(i) As auditor	70.20	53.37
(ii) As advisors or in any capacity for services rendered in respect of:		
– Taxation matters	Nil	Nil
– Company law matters	Nil	Nil
– Management services	Nil	Nil
(iii) In any other manner (for tax audit and other certificates)	36.85	26.62
(iv) Out-of-Pocket expenses	23.46	12.61
Total	<u>1,30.51</u>	<u>92.60</u>

*Includes service tax

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

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
Consumption of Stores and Spare Parts*	70,22.31	47,62.68
Insurance expenses**	8,81.23	5,88.42
Scientific Research & Development***	3,90.92	2,56.95

*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	39,62.94	21,64.41
Capitals Goods	4.45	3,70.44
	39,67.39	25,34.85

NOTE 30: DETAILS OF PURCHASED FINISHED GOODS

	Opening stock		Purchases		Closing Stock*	
	As at January 1, 2013 Value (Rs. Lacs)	As at January 1, 2012 Value (Rs. Lacs)	15 Months ended March 31, 2014 Value (Rs. Lacs)	12 months ended December 31, 2012 Value (Rs. Lacs)	As at March 31, 2014 Value (Rs. Lacs)	As at December 31, 2012 Value (Rs. Lacs)
Packaged Foods	17,04.40	12,68.69	2,06,54.26	1,46,43.01	11,06.86	17,04.40
	17,04.40	12,68.69	2,06,54.26	1,46,43.01	11,06.86	17,04.40

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

NOTE 31: EXPENDITURE IN FOREIGN CURRENCY

	15 months ended March 31, 2014 (Rs. Lacs)	12 months ended December 31, 2012 (Rs. Lacs)
Travelling	64.82	24.67
Advertisement & Promotions	20,13.34	Nil
Consultancy	2,53.51	27.68
Others	4,34.75	6,46.98
Total	27,66.42	6,99.33

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

Currency Exchange	AUD	GBP	USD	Euro
Unhedged exposure in currency (Lacs)				
<i>Current Year</i>				
Receivable	-	2.36	103.93	-
Payable	-	(3.01)	(0.46)	(3.70)
<i>Previous Year</i>				
Receivable	-	2.44	178.52	-
Payable	(0.96)	(1.45)	(1.30)	(9.15)

NOTE 33: AMOUNT REMITTED IN FOREIGN CURRENCY FOR DIVIDEND

(a) Number of non-resident shareholders	2	1
(b) Number of share held (Equity shares of Rs. 10 each)	3,04,71,992	1,81,52,243
(c) Dividend (Rs. Lacs)	1,37,12.40	63,53.29
(d) Year to which the dividend relates to	2012	2011

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, (subsidiary of GlaxoSmithKline Plc UK) holds 43.16% of equity shares of the Company.
GlaxoSmithKline Pte. Ltd., (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 transaction has taken place during the period-

- (a) Glaxo Operations UK Limited
- (b) GlaxoSmithKline Bangladesh Limited
- (c) GlaxoSmithKline Export Ltd.
- (d) PT Glaxo Wellcome Indonesia
- (e) GlaxoSmithKline Asia Pvt. Ltd.
- (f) GlaxoSmithKline Australia Pty Ltd.
- (g) GlaxoSmithKline Consumer Healthcare Pte. Ltd.
- (h) GlaxoSmithKline Consumer Healthcare Sdn Bhd
- (i) GlaxoSmithKline Pharmaceuticals Limited
- (j) GlaxoSmithKline Philippines Inc.
- (k) GlaxoSmithKline Services Unlimited
- (l) GlaxoSmithKline Consumer Nigeria Plc
- (m) GlaxoSmithKline Plc
- (n) PT Sterling Products Indonesia
- (o) SB Corp. CB (USA)
- (p) SB Pharmaceutical Services
- (q) SB Research Ltd.
- (r) SB Corporate Centre
- (s) SmithKline Beecham (Pvt.) Ltd., Sri Lanka
- (t) SmithKline Beecham Corporation
- (u) Sterling Drugs (Malaya) Sdn Bhd
- (v) GlaxoSmithKline (China) Investment Co. Ltd.
- (w) GlaxoSmithKline South Africa Pty Ltd.

- (x) Glaxo Saudi Arabia Ltd.
- (y) GlaxoSmithKline Pakistan Limited
- (z) Glaxo Opeartion UK Limited
- (aa) GlaxoSmithKline SP.ZOO

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. Praveen Kumar Gupta, Director – Operations (Upto January 31, 2012)
- c. R. Subramanian, Director – Finance
- d. Jaiboy Phillips, Director – Operations (w.e.f. February 6, 2012)

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

Particulars	15 months period ended March 31, 2014				12 months period ended December 31, 2012					
	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
Sale of goods (Exports)	-	2,05,28.61	-	-	2,05,28.61	-	1,33,39.11	-	-	1,33,39.11
SmithKline Beecham (Pvt.) Ltd., Sri Lanka	-	72,30.77	-	-	72,30.77	-	47,27.77	-	-	47,27.77
GlaxoSmithKline Bangladesh Limited	-	1,09,67.94	-	-	1,09,67.94	-	81,34.33	-	-	81,34.33
GlaxoSmithKline Pakistan Limited	-	22,00.25	-	-	22,00.25	-	0.60	-	-	0.60
Others	-	1,29.65	-	-	1,29.65	-	4,76.41	-	-	4,76.41
Sale of Raw Materials/Packing Materials	-	2,96.64	-	-	2,96.64	-	2,72.55	-	-	2,72.55
GlaxoSmithKline Bangladesh Limited	-	2,96.64	-	-	2,96.64	-	2,72.55	-	-	2,72.55
Consignment Sales (Gross)	-	11,24,75.17	-	-	11,24,75.17	-	6,23,64.41	-	-	6,23,64.41
GlaxoSmithKline Asia Pvt. Ltd.	-	8,84,49.68	-	-	8,84,49.68	-	5,23,64.51	-	-	5,23,64.51
GlaxoSmithKline Pharmaceuticals Limited	-	2,40,25.49	-	-	2,40,25.49	-	99,99.90	-	-	99,99.90
Sales through related party (on consignment basis)	-	10,02.50	-	-	10,02.50	-	-	-	-	-
GlaxoSmithKline Pharmaceuticals Limited	-	10,02.50	-	-	10,02.50	-	-	-	-	-
Services received (Paid/Payable)	-	1,92.59	-	-	1,92.59	-	54.17	-	-	54.17
GlaxoSmithKline Services Unlimited	-	8.96	-	-	8.96	-	7.51	-	-	7.51
Glaxo Operations UK Limited	-	1,41.74	-	-	1,41.74	-	13.06	-	-	13.06
GlaxoSmithKline Australia Pty Ltd.	-	-	-	-	-	-	33.60	-	-	33.60
GlaxoSmithKline Export Ltd.	-	24.13	-	-	24.13	-	-	-	-	-
Others	-	17.76	-	-	17.76	-	-	-	-	-
Services provided (Received/Receivable) **	-	27,60.69	-	-	27,60.69	-	-	-	-	-
GlaxoSmithKline Plc	-	4,07.49	-	-	4,07.49	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Sdn Bhd	-	3,36.96	-	-	3,36.96	-	-	-	-	-
GlaxoSmithKline Services Unlimited	-	3,28.43	-	-	3,28.43	-	-	-	-	-
GlaxoSmithKline Export Ltd.	-	5,14.86	-	-	5,14.86	-	-	-	-	-
Others	-	11,72.95	-	-	11,72.95	-	-	-	-	-
Payment on Behalf of Fellow Subsidiaries (Received/Receivable) **	13.88	1,22,43.34	-	-	1,22,57.22	14.94	95,71.03	-	-	95,85.97
GlaxoSmithKline Asia Pvt. Ltd.	-	71,39.05	-	-	71,39.05	-	47,69.58	-	-	47,69.58
GlaxoSmithKline Pharmaceuticals Limited	-	30,13.65	-	-	30,13.65	-	11,05.42	-	-	11,05.42
GlaxoSmithKline Pte. Ltd.	13.88	-	-	-	13.88	14.94	-	-	-	14.94
Others	-	20,90.64	-	-	20,90.64	-	36,96.03	-	-	36,96.03
Reimbursement of Expenses (Paid/Payable) **	-	8,74.85	-	-	8,74.85	2.30	4,59.55	-	-	4,61.85
SB Corporate Centre	-	-	-	-	-	-	49.14	-	-	49.14
GlaxoSmithKline Services Unlimited	-	98.96	-	-	98.96	-	43.31	-	-	43.31
Glaxo Operations UK Limited	-	-	-	-	-	-	47.68	-	-	47.68
GlaxoSmithKline Consumer Nigeria Plc	-	-	-	-	-	-	1,09.85	-	-	1,09.85
GlaxoSmithKline Pharmaceuticals Limited	-	7,59.05	-	-	7,59.05	-	-	-	-	-
GlaxoSmithKline Pte. Ltd.	-	-	-	-	-	2.30	-	-	-	2.30
GlaxoSmithKline Export Ltd.	-	-	-	-	-	-	67.04	-	-	67.04
Others	-	16.84	-	-	16.84	-	1,42.53	-	-	1,42.53
Business Auxiliary Service Commission *	-	1,89,13.87	-	-	1,89,13.87	-	1,08,78.92	-	-	1,08,78.92
GlaxoSmithKline Asia Pvt. Ltd.	-	1,61,96.05	-	-	1,61,96.05	-	97,70.75	-	-	97,70.75
GlaxoSmithKline Pharmaceuticals Limited	-	27,17.82	-	-	27,17.82	-	11,08.17	-	-	11,08.17
Business Auxiliary Service Commission (Paid/Payable)	-	1,01.12	-	-	1,01.12	-	-	-	-	-
GlaxoSmithKline Pharmaceuticals Limited	-	1,01.12	-	-	1,01.12	-	-	-	-	-
Rent paid *	-	2,70.91	-	-	2,70.91	-	2,15.74	-	-	2,15.74
GlaxoSmithKline Asia Pvt. Ltd.	-	2,70.91	-	-	2,70.91	-	2,15.74	-	-	2,15.74
Rent received *	-	8.01	-	-	8.01	-	7.73	-	-	7.73
GlaxoSmithKline Asia Pvt. Ltd.	-	8.01	-	-	8.01	-	7.73	-	-	7.73
Licence agreement (Royalty Paid/Payable) *	-	1,62,54.12	-	-	1,62,54.12	-	1,09,39.61	-	-	1,09,39.61
GlaxoSmithKline Asia Pvt. Ltd.	-	1,62,54.12	-	-	1,62,54.12	-	1,09,39.61	-	-	1,09,39.61
Dividend Paid	1,37,12.40	-	-	-	1,37,12.40	63,53.29	-	-	-	63,53.29
Horlicks Limited	81,68.51	-	-	-	81,68.51	63,53.29	-	-	-	63,53.29
GlaxoSmithKline Pte. Ltd.	55,43.89	-	-	-	55,43.89	-	-	-	-	-



Particulars	15 months period ended March 31, 2014				12 months period ended December 31, 2012					
	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
Remuneration paid ***	-	-	18,86.20	-	18,86.20	-	-	11,60.56	-	11,60.56
Praveen Kumar Gupta	-	-	-	-	-	-	-	1,67.61	-	1,67.61
Zubair Ahmed	-	-	10,79.37	-	10,79.37	-	-	5,23.15	-	5,23.15
R Subramanian	-	-	4,07.48	-	4,07.48	-	-	2,34.70	-	2,34.70
Jaiboy Phillips	-	-	3,99.35	-	3,99.35	-	-	2,35.10	-	2,35.10
Annual Contributions made by the Company	-	-	-	1,11,65.42	1,11,65.42	-	-	-	63,48.69	63,48.69
GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund	-	-	-	75,47.42	75,47.42	-	-	-	47,87.04	47,87.04
GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund	-	-	-	10,44.99	10,44.99	-	-	-	5,02.43	5,02.43
GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund	-	-	-	19,27.35	19,27.35	-	-	-	4,79.53	4,79.53
GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF	-	-	-	6,45.66	6,45.66	-	-	-	5,79.69	5,79.69
Payments made by the Company to the employees on behalf of Trust towards their settlement	-	-	57,03.03	-	57,03.03	-	-	-	53,74.26	53,74.26
GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund	-	-	-	42,52.65	42,52.65	-	-	-	39,26.96	39,26.96
GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund	-	-	-	6,70.30	6,70.30	-	-	-	9,49.58	9,49.58
GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund	-	-	-	3,86.04	3,86.04	-	-	-	2,00.15	2,00.15
GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF	-	-	-	3,94.04	3,94.04	-	-	-	2,97.57	2,97.57
Recoveries made from Trusts on account of settlement and Investments	-	-	-	57,70.73	57,70.73	-	-	-	51,37.87	51,37.87
GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund	-	-	-	42,16.10	42,16.10	-	-	-	37,70.62	37,70.62
GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund	-	-	-	7,97.29	7,97.29	-	-	-	8,35.68	8,35.68
GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund	-	-	-	3,97.38	3,97.38	-	-	-	1,93.96	1,93.96
GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF	-	-	-	3,59.96	3,59.96	-	-	-	3,37.61	3,37.61
Interest Shortfall on Provident Fund Trust	-	-	-	-	-	-	-	-	49.07	49.07
GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund	-	-	-	-	-	-	-	-	49.07	49.07
Balances as at year end – Receivables (Net)	-	31,21.80	0.30	1,16.86	32,38.96	3.00	29,31.72	-	5,12.74	34,47.46
SmithKline Beecham (Pvt.) Ltd., Sri Lanka	-	10,17.28	-	-	10,17.28	3.00	8,28.85	-	-	8,28.85
GlaxoSmithKline Pte. Ltd.	-	-	-	-	-	-	-	-	-	3.00
GlaxoSmithKline Bangladesh Ltd.	-	10,13.19	-	-	10,13.19	-	15,76.54	-	-	15,76.54
Zubair Ahmed	-	-	0.30	-	0.30	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund	-	-	-	-	-	-	-	-	3,41.94	3,41.94
GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund	-	-	-	-	-	-	-	-	1,37.06	1,37.06
GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund	-	-	-	1,04.05	1,04.05	-	-	-	14.44	14.44
GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF	-	-	-	12.81	12.81	-	-	-	19.30	19.30
Balances as at year end – Payables (Net)	2.49	10,91.33	-	4,19.13	10,91.33	-	5,26.33	-	-	5,26.33
GlaxoSmithKline Asia Pvt. Ltd.	2.49	76,00.74	-	4,19.13	80,22.36	-	15,05.03	1.18	7,82.61	22,89.82
GlaxoSmithKline Pharmaceuticals Limited	-	57,25.84	-	-	57,25.84	-	8,64.08	-	-	8,64.08
GlaxoSmithKline Pte. Ltd.	2.49	16,71.15	-	-	16,71.15	-	5,61.05	-	-	5,61.05
Zubair Ahmed	-	-	-	-	-	-	2.49	-	-	-
GlaxoSmithKline Consumer Healthcare Ltd. Provident Fund	-	-	-	1,69.23	1,69.23	-	-	1.18	-	1.18
GlaxoSmithKline Consumer Healthcare Ltd. Sr. Staff Gratuity Fund	-	-	-	2,49.90	2,49.90	-	-	-	4,33.07	4,33.07
GlaxoSmithKline Consumer Healthcare Ltd. Employees Gratuity Fund	-	-	-	-	-	-	-	-	62.31	62.31
GlaxoSmithKline Consumer Healthcare Ltd. Indian Sr. Executives SAF	-	-	-	-	-	-	-	-	2,44.40	2,44.40
Others	-	2,03.75	-	-	2,03.75	-	80.90	-	42.83	42.83

* 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

		15 months ended March 31, 2014	12 months ended December 31, 2012
Profit attributable to the Equity Shareholders (Rs.)	(A)	6,74,74,68,415	4,36,75,58,811
Basic/Weighted average number of Equity Shares outstanding during the year	(B)	4,20,55,538	4,20,55,538
Nominal value of Equity Shares (Rs.)		10.00	10.00
Basic/Diluted Earnings Per Share (Rs.)	(A)/(B)	160.44	103.85

NOTE 36: CHANGE OF ACCOUNTING YEAR

The Accounting Year of the Company has been changed from January-December to April-March in line with the provisions of the Companies Act, 2013, which prescribe a uniform financial year. Accordingly, current year's financial statements of the Company are for a period of fifteen months, from January 1, 2013 to March 31, 2014. These figures, therefore, are not comparable with those of the previous year ended December 31, 2012.

NOTE 37: PREVIOUS YEAR'S FIGURES

Previous Year's figures have been regrouped wherever necessary to conform to the current period's classification.

For and on behalf of the Board of Directors

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

Subodh Bhargava
Chairman

Ramakrishnan Subramanian
Mukesh H. Butani
Directors

Usha Rajeev
Partner
Membership No.: 087191

Zubair Ahmed
Managing Director

Sonali Khanna
Company Secretary

Place : Gurgaon
Dated : May 9, 2014



***Boost is the secret of
winning energy!***

Boost is a nourishing beverage to be consumed as a part of your daily diet. In a 20-m shuttle test measuring whole body endurance, an independent study conducted in 2009 (J. Nutr. 141:2017-2023,2011), the no. of shuttles completed by BOOST consuming children increased by 25% as compared to 8% increase in children who consumed a popular fortified chocolate beverage. ++Recommended daily serve = 40g.



Horlicks®

Kesar Badam



Horlicks®

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-S20, comparing micronutrient enriched beverage vs. non fortified placebo. **Claims based on a recommended daily serve of 2 cups (54g). Enlarged images in the visual are intended for clear representation purpose only. These may not be visible in each serving.

