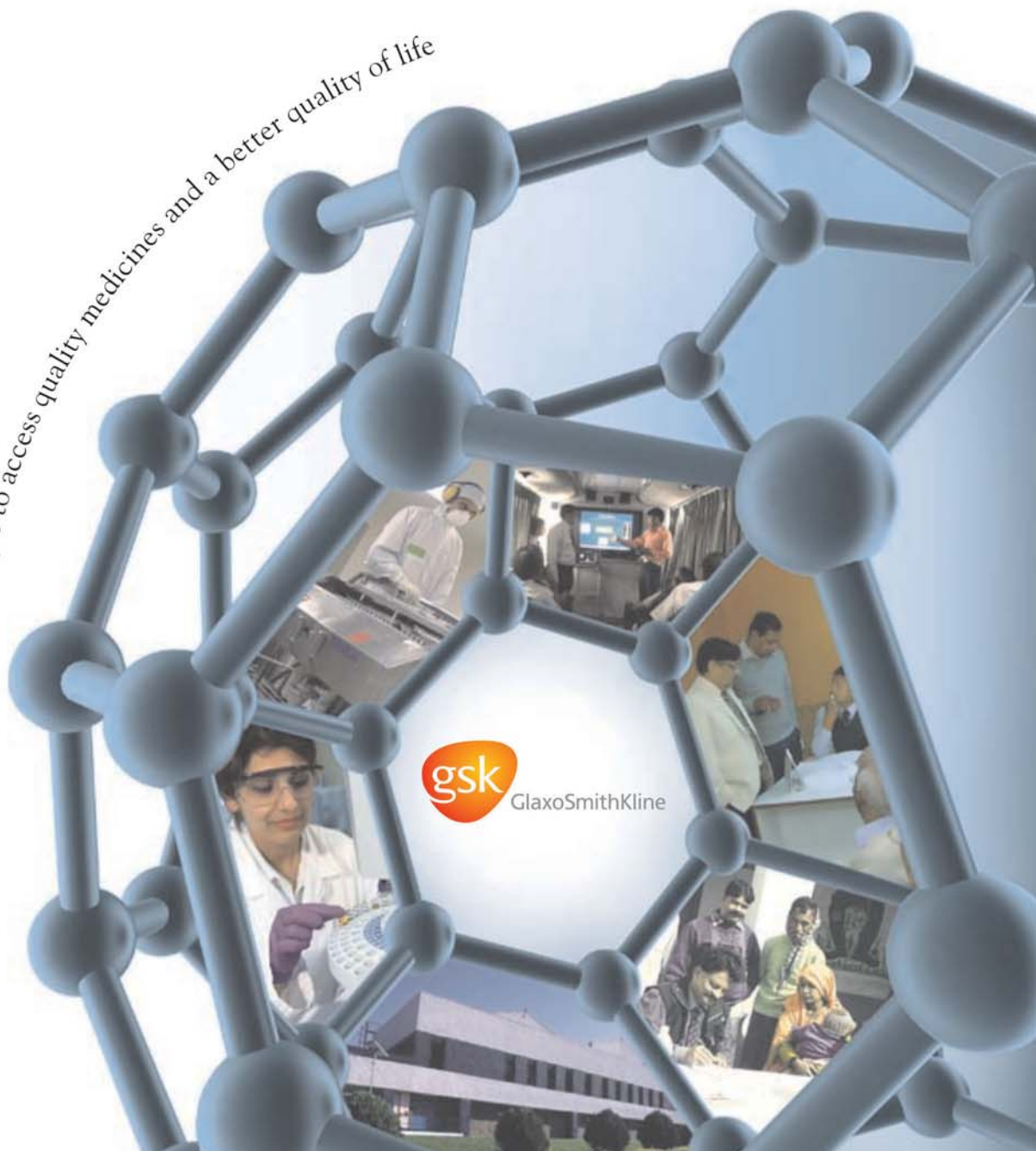


# Opening up a new world

*Enabling people to access quality medicines and a better quality of life*



GlaxoSmithKline



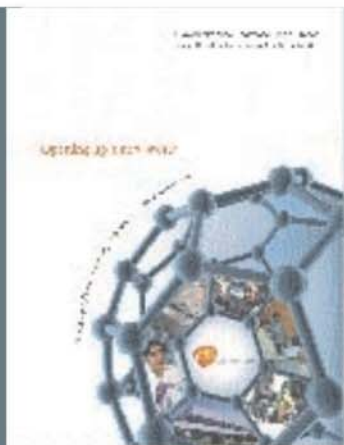
## A WORD FROM THE MANAGING DIRECTOR

The parent organization of your Company has been a pioneer in creating new ways of providing access to medicines. Multiple approaches have been crystallized to ensure this. Pricing of new products has been decided using a tiered pricing approach. This means that at a broad level, countries are clubbed into three broad classes i.e. Developed countries, Middle-income countries and Least Developed Countries (LDCs).

It is the policy of the parent organization to ensure that prices of its medicines and vaccines in LDCs are no more than 25% of the prices in the developed countries. Moreover, the intent which is being implemented, is to invest 20% of the profits earned in LDCs back in those countries to build sustainable projects that support healthcare infrastructure. Within the middle-income countries of which India is a member, prices are decided on a country by country basis. In this context, your Company has been a major beneficiary, whereby we have been able to launch products from the parent's pipeline, in the recent past at appropriate prices. Specifically, Tykerb, a medicine for breast cancer was launched at a price appropriate to India. Cervarix, the vaccine for cervical cancer was not only launched at an appropriate price, but prices were dropped further last year. Cervical cancer is the leading cause of mortality for women in India with respect to cancer and the objective was to make the vaccine as accessible as possible. Rotarix, the vaccine for rotaviral diarrhea was also launched at an India appropriate price.

Last year, your Company launched Votrient, a medicine for kidney cancer, at a price which was significantly lower than developed world prices. This was also true for Revolade, a medicine for a disease which causes reduction in platelet count. Pneumococcal disease is the leading cause of infant mortality in India and your Company launched a vaccine for the same again at a price appropriate to India last year. Even in the case of branded generics, your Company has launched medicines for reducing cholesterol at prices which were lower than similar products being marketed in India.

The parent organization of your Company was recognized as the leading Company by the Access to Medicines Index for its initiatives. Your Company aided by the policies of the parent organization is committed to pass on the benefits of continuous improvements in efficiencies by way of lower prices of medicines to patients in India. It has been doing so for many years and in the recent past has rededicated itself to this objective with renewed zeal and vigour.



At GSK we have taken some visionary initiatives to open up a new world of superior quality medicines and healthcare.

We believe this will help more and more people to be able to afford better medicines, wherever and whenever they need them.

## A new configuration for growth

---

The decade ahead will see more and more people aspiring to 'do more, feel better and live longer'.

Industry growth is being driven by chronic disease segments (like cardiovascular, diabetes, asthma, cancer, obesity and the like) influenced to a large extent by changing lifestyles.

The future trajectory for GSK India has been defined in a significant growth matrix which envisages three pillars for growth.

The first 'pillar' comprises 'Classic brands'. These are heritage equities where GSK India has assiduously built on a tradition of doctor preference and patient trust.

India is very much a classic brands market. The best example is Augmentin which is celebrating 30 years in the international market and is one of the leading brands amongst all pharma brands.

'Innovative brands' are the second 'pillar'. These brands are trend catalysts which address new disease and therapy needs. They are born out of the latest scientific breakthroughs. They have set new benchmarks in terms of patient access with India-specific affordability norms.

The third driver in the GSK India brand troika is Vaccines. GSK is a pioneer in this area of preventive medicine and wellness. In order to leverage on its three key brands, the vaccines field force has been doubled in the last two years. This has enabled the Company to achieve better reach and coverage and has led to significant growth for the Vaccines portfolio.





## Improving access

---

Historically, GSK has always believed in making drugs widely available and making them very India-specific in terms of affordability and price, for each class of patients. GSK was the first among MNCs to move manufacturing to India and the market responded by giving GSK a leadership position.



Today, GSK has taken another long term initiative for drug access and affordability. Tykerb for breast cancer, is an example of this new thinking. It is a new generation product, introduced in India on the heels of its US launch, at a price aligned to country and patient affordability. Soon after this, GSK India took other proactive steps to make prices even more patient friendly. While numbers have grown, patients have been able to derive the benefit of the latest and best-in-class drugs for critical ailments.

In the mass market segment, GSK India launched Calpol-T to reinforce the branded generics portfolio. This product filled an immediate need and the brand acquired the No. 2 slot within 6 months of launch (ORG-IMS data source). The success of GSK India's strategy in branded generics is reflected in the growth of two other brands. Zobactin ranked No. 2 in the Hospital Sales Audit (in a market that has more than 56 comparable brands) and Esblanem (the GSK brand in the Meropenem market) which has climbed from 26<sup>th</sup> to 6<sup>th</sup> place in the same report.

## Value network for deeper penetration

---

In a recent report, GSK was ranked No. 1 in the latest 'Access to Medicines Index'. IMS Health confirms that GSK India's products are the most widely available throughout India.

Availability and access are also the primary reason for launching the REACH division. IMS Health similarly confirms that GSK's penetration strategy for rural India has extended the frontiers of healthcare-GSK India is already at the No. 2 slot in the emerging 'rural' market.



## Board of Directors

(As on 16.02.2012)

### Chairman

D. S. Parekh

### Vice-Chairman

V. Thyagarajan

### Managing Director

Dr. H. B. Joshipura

### Directors

R. R. Bajaj

Dr. A. Banerjee (Alternate to S. Harford w.e.f.1.8.2011)

P. V. Bhide

S. Harford

M. B. Kapadia

N. Kaviratne CBE

R. Krishnaswamy (w.e.f.1.8.2011)

V. Narayanan

P. V. Nayak

A. N. Roy (w.e.f.4.11.2011)

R. C. Sequeira

D. Sundaram

### General Manager - Administration &

### Company Secretary

A. A. Nadkarni

### Factories

- 2<sup>nd</sup> Pokhran Road, Thane

- Ambad, Nashik

### Bankers

Citibank N.A.

Deutsche Bank

HDFC Bank Limited

Hongkong and Shanghai Banking Corporation Limited

### Auditors

Price Waterhouse & Co

252, Veer Savarkar Marg,

Shivaji Park, Dadar (West)

Mumbai 400 028

### Solicitors

Gagrat & Co.

### Registrars & Share Transfer Agents

Karvy Computershare Private Limited

Unit: GlaxoSmithKline Pharmaceuticals Limited

Plot No. 17-24, Vittal Rao Nagar

Madhapur, Hyderabad 500 081

Tel No. 040-23420818/23420828

Email: einward.ris@karvy.com

### Share Department

Dr. Annie Besant Road,

Mumbai 400 030

Telephone: 022-24959415/434

Fax: 022-24981526

Email: ajay.a.nadkarni@gsk.com

## Management Team

### Managing Director

Dr. H. B. Joshipura

### Senior Executive Directors

M. B. Kapadia

– Finance

– Corporate Communications,  
Secretarial & Administration

Dr. A. Banerjee

– Primary Manufacturing & Research

### Executive Director

R. C. Sequeira

– Human Resources

### Executive Vice-President

Dr. S. Joglekar

– Medical & Clinical Research

### Vice-Presidents

R. Bataria

– Pharmaceuticals

H. Buch

– Pharmaceuticals

S. Khanna

– Finance

K. Hazari

– Legal & Corporate Affairs

C. T. Renganathan

– Pharmaceuticals

### Registered Office

Dr. Annie Besant Road

Mumbai 400 030

Telephone: 022-24959595

Fax: 022-24959494

Website: [www.gsk-india.com](http://www.gsk-india.com)

## Contents

Performance Summary & Charts .....	2
Directors' Report .....	3
Annexure to Directors' Report .....	9
Report on Corporate Governance .....	12
Auditors' Report .....	25
Financial Statements .....	28
Statement pursuant to Section 212 .....	54
Biddle Sawyer Limited .....	55
Consolidated Financial Statements .....	61

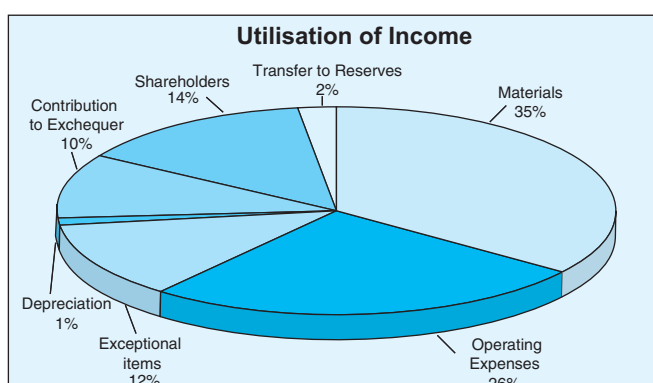
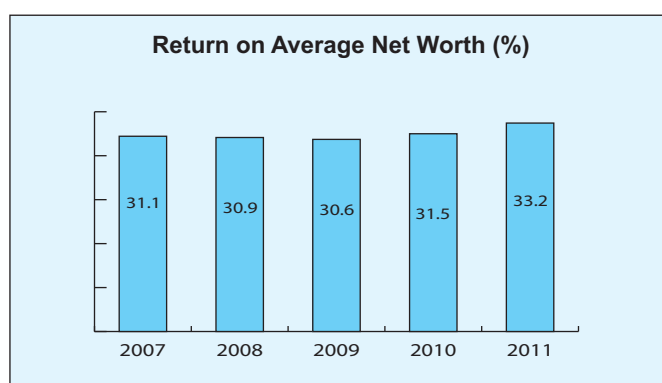
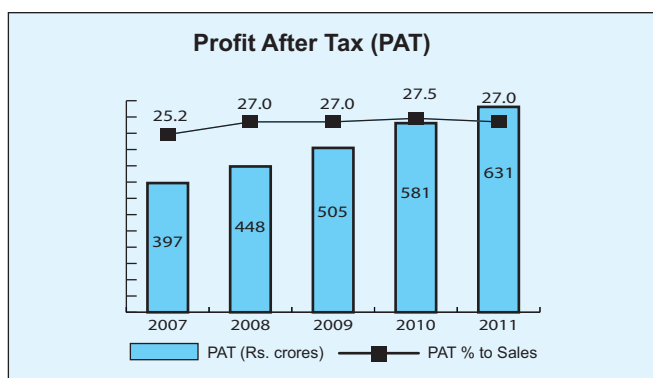
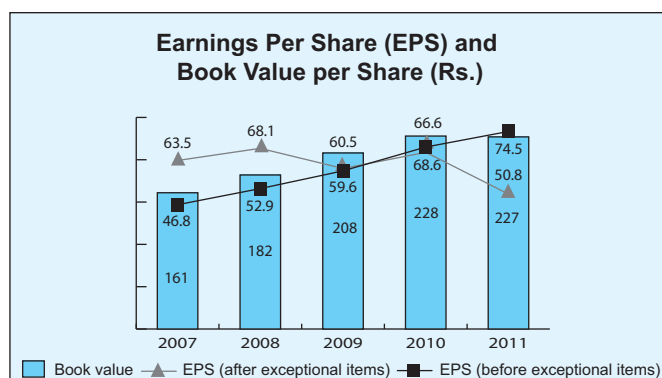
## Performance Summary

(Amounts in Rupees Lakhs)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>PROFIT AND LOSS ACCOUNT</b>										
Sales	2391.73	2155.08	1912.77	1751.56	1712.84	1677.57	1575.89	1479.59	1191.69	1148.22
Profit before tax	921.60	867.27	758.48	679.90	606.73	555.95	477.91	418.24	284.56	196.33
Tax	(290.24)	(285.89)	(253.59)	(231.54)	(209.94)	(194.23)	(171.63)	(152.19)	(102.70)	(67.86)
Profit after tax	631.36	581.38	504.89	448.36	396.79	361.72	306.28	266.05	181.86	128.47
Exceptional items (net of tax)	(200.76)	(17.69)	7.40	128.21	140.87	183.79	195.80	67.04	(9.63)	(30.41)
Net Profit	430.60	563.69	512.29	576.57	537.66	545.51	502.08	333.09	172.23	98.06
Balance brought forward	1164.53	1049.23	882.41	759.89	632.75	441.19	259.75	196.93	120.89	91.64
Dividends	(381.16)	(338.81)	(254.11)	(338.81)	(304.93)	(262.58)	(237.17)	(209.57)	(74.48)	(52.13)
Tax on distributed profit	(60.32)	(53.21)	(40.13)	(57.58)	(51.82)	(36.82)	(33.26)	(27.39)	(9.54)	(6.68)
Transfer to General Reserve	(43.06)	(56.37)	(51.23)	(57.66)	(53.77)	(54.55)	(50.21)	(33.31)	(17.50)	(10.00)
Balance carried forward	1110.59	1164.53	1049.23	882.41	759.89	632.75	441.19	259.75	191.60	120.89
<b>BALANCE SHEET</b>										
Equity Capital	84.70	84.70	84.70	84.70	84.70	84.70	84.70	87.32	74.48	74.48
Reserves	1835.23	1846.11	1674.45	1456.39	1276.21	1110.01	863.91	836.94	593.01	504.80
Net Worth	1919.93	1930.81	1759.15	1541.09	1360.91	1194.71	948.61	924.26	667.49	579.28
Borrowings	4.91	5.16	5.42	5.65	5.77	5.54	4.85	3.85	2.86	1.98
Total Capital Employed	1924.84	1935.97	1764.57	1546.74	1366.68	1200.25	953.46	928.11	670.35	581.26
Net Fixed Assets	124.54	117.65	114.17	100.35	92.90	94.46	96.94	91.49	99.38	115.40
Investments	159.80	160.35	190.91	751.87	1333.32	1139.41	913.06	776.82	409.12	162.00
Net Current Assets	1640.50	1657.97	1459.49	694.52	(59.54)	(33.62)	(56.54)	59.80	161.85	303.86
<b>OTHER KEY DATA</b>										
Rupees per Rs.10/- Equity Share										
DIVIDENDS	45.00	40.00	30.00	22.00	18.00	17.00	14.00	13.00	10.00	7.00
SPECIAL ADDITIONAL DIVIDEND	—	—	—	18.00	18.00	14.00	14.00	11.00	—	—
TOTAL	45.00	40.00	30.00	40.00	36.00	31.00	28.00	24.00	10.00	7.00
EARNINGS before exceptional items	74.54	68.64	59.61	52.93	46.84	42.70	35.69	30.47	24.42	17.25
EARNINGS after exceptional items	50.84	66.55	60.48	68.07	63.48	64.40	58.51	38.15	23.13	13.17
BOOK VALUE	226.67	227.96	207.69	181.95	160.67	141.05	112.00	105.85	89.63	77.78
Number of employees	5055	4338	4006	3722	3620	3850	4016	4136	4271	4654

### NOTES

- The Company has divested its Fine Chemicals business on 30th September, 2007 and its Animal Health business on 31st July, 2006.
- The Company has bought back and extinguished 26,19,529 equity shares during 2005.
- Burroughs Wellcome (India) Limited merged with the Company from 1.1.2004.
- The Marketing Undertaking of Megdoot Chemicals Limited has demerged into, and Croydon Chemical Works Limited has amalgamated with the Company from 1.1.2002.
- Profit And Loss Account balance brought forward as on 1.1.2004 includes Rs. 533 lakhs transferred from erstwhile Burroughs Wellcome (India) Limited, pursuant to the Scheme of Amalgamation.
- Figures have been adjusted/regrouped wherever necessary in line with the financial statements, to facilitate comparison.

## Charts



## Directors' Report

The Directors have pleasure in submitting their Report for the year ended 31<sup>st</sup> December 2011

### 1. Results & Dividend for the year ended 31<sup>st</sup> December 2011

	Year ended 31 <sup>st</sup> December 2011 Rs. in Lakhs	Year ended 31 <sup>st</sup> December 2010 Rs. in Lakhs
SALES (Gross) . . . . .	2391,73.39	2155,08.20
Less: Excise duty on Sales . . . . .	53,69.99	43,43.95
NET SALES . . . . .	2338,03.40	2111,64.25
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS . . . . .	921,59.78	867,26.60
Less: Provision for Taxation . . . . .	290,23.79	285,88.43
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS . . . . .	631,35.99	581,38.17
Exceptional Items (Net of Tax) . . . . .	(200,75.57)	(17,69.36)
NET PROFIT AFTER TAX . . . . .	430,60.42	563,68.81
Add: Balance brought forward from the previous year . . . . .	1164,52.81	1049,23.41
Amount available for disposal . . . . .	1595,13.23	1612,92.22
APPROPRIATIONS :		
General Reserve . . . . .	43,06.04	56,36.88
Equity Dividend . . . . .	381,16.35	338,81.20
Distribution Tax on Dividend . . . . .	60,31.69	53,21.33
Balance carried forward . . . . .	1110,59.15	1164,52.81

### 2. Dividend

The Directors recommend a Dividend of Rs. 45 per Equity Share for the year (previous year: Rs. 40 per Equity Share). If approved by the Shareholders at the Annual General Meeting, the Dividend will absorb Rs. 381 crores. The Dividend Distribution Tax borne by the Company will amount to Rs. 60 crores.

### 3. Management Discussion and Analysis

#### (a) Finance and Accounts

Your Company maintained its prominent position in the Pharmaceuticals market with Net Sales (net of Excise Duty) registering a growth of 10.7%. Profit After Tax and Before Exceptional Items grew by 8.6%. Sales of the Company's Pharmaceuticals business grew by 12.5%, supported by good growth in the vaccines, dermatologicals, hormonal preparations, gastro - intestinal and oncology therapeutic segments. Despite material cost escalations and significant expansion of the field force, Profit Before Investment Income and Tax amounted to 33% of Net Sales. Profit After Tax and Before Exceptional Items amounted to 27% of Net Sales.

Cash generation from operations was favourable, with your Company continuing to look for ways and means of deploying accumulated cash balances which remain invested largely in bank deposits.

Your Company has not accepted any fixed deposits during the year. There was no outstanding towards unclaimed deposit payable to depositors as on 31<sup>st</sup> December 2011.

#### (b) Pharmaceuticals Business performance and outlook

Your Company continues to enjoy a leadership position in the categories in which its products are represented.



The Mass Specialty business of your Company recorded double digit growth over the previous year. Some of the key brands grew ahead of the market thereby gaining Market share.

The foray into branded generics market with Zobactin and Esblanem yielded good results during the year. Zobactin is ranked as the No. 2 brand (Dec MAT 2011, H.S.A) in a market which has more than 56 brands of Piperacillin+Tazobactam. In the Meropenem market, Esblanem is ranked at 6<sup>th</sup> position (Dec MAT 2011, H.S.A).

Mycamine an in-licensed brand from Astellas became the 2<sup>nd</sup> largest brand (Dec MAT 2011, SSA) in the systemic antifungal market. Calcium Citrate Malate [CCM], the high strength Calcium, re-launched in 2010 has performed well in a cluttered market of more than 300 calcium oral solid brands and has jumped from 19<sup>th</sup> rank to the 2<sup>nd</sup> rank brand (Dec MAT 2011, SSA) in the calcium oral solids category during the year. In a market, with more than 70 generics, Ceftum continues to maintain its leadership position and has been awarded a Certificate of Marketing Excellence in Premium Brand Category by C-Marc-IPHMR in December 2011.

Your Company has taken the initiative to expand its presence in the Specialty business to widen its footprint in India. Your Company's endeavour in Oncology to bring the latest breakthrough/innovative products to enhance patient care is well acknowledged by the oncologists. After the successful launch of Tykerb in 2008, your Company has expanded its presence further by introducing two new segments, Kidney Cancer and Hematology with launch of Votrient™ and Revolade™. Votrient is indicated for the treatment of advanced renal cell carcinoma (RCC). Revolade is for the treatment of thrombocytopenia (reduced platelet count) in adults with the blood disorder chronic immune (idiopathic) thrombocytopenic purpura (ITP).

In the cardiovascular business, your Company continues to maintain the leadership with Lanoxin and strengthened the position with an in-licensed product, Benitec from Daiichi, Japan. After entering the fast growing Statin market, Rosutec slotted as the 4<sup>th</sup> best new introduction from a Multinational Company in the cardiology space, moved up 10 ranks to the 15<sup>th</sup> position (Dec MAT 2011, SSA). In the endeavour to consolidate the cardiovascular portfolio, your Company has launched Angiotec, Ranolazine one of the emerging chronic angina targets in India. In the Diabetes segment, your Company is in the process of strengthening its presence by the introduction of branded generics as volume builders like METLEAD (Metformin) and new launches of Metformin + Glimiperide (METLEAD G).

The Dermatology business of your Company continues to maintain the leadership position with 15% market share (Dec MAT 2011, SSA). The topical steroid portfolio of the Dermatology business is growing ahead of the market. Topical antibiotics, Anti-fungal and Anti-viral portfolio too have grown in double digits. The initiative to expand its presence in cosmetic dermatology through the Stiefel brand promoted by your Company has reflected in this year's performance by significant gain in market share. The three represented segments of cosmetic dermatology, acne, dry skin and sun protection are supporting this growth. Dermocalm, the 19<sup>th</sup> brand of calamine launched in 2009, attained 1<sup>st</sup> rank in 2011 (Dec MAT 2011, SSA).

Mass market activity brands comprising of acute care classic brands had crossed many landmarks in terms of turnover of brands. Calpol, which is ranked as No. 1 prescribed product in Indian Pharmaceutical Market as per (Dec MAT 2011, IMS Rx audit) and Zinetac have crossed Rs. 100 crores. Neosporin maintained its lead in the topical antibiotic market. Cobadex CZS remained as a leader in the segment. Calpol T, the new introduction in pain segment, overtook 75 brands and became No. 3 in Paracetamol+Tramadol market (Dec MAT 2011, SSA).

Your Company's Rural Marketing initiative continued the excellent pace of growth and rapidly expanded to many new villages. The growing equity in these markets was clearly reflective in double digit growth across the spectrum of brands.

Your Company's Vaccines business grew significantly higher than the overall vaccines market growth. The key drivers of growth were brands Havrix, Varilrix and Rotarix. The vaccines field force has doubled over the past two years thereby enabling better reach and coverage of pediatricians and non-paed specialties across the country. The year also saw the launch of Synflorix - a vaccine against invasive pneumococcal disease - the leading cause of childhood mortality in India. This vaccine will help reduce the burden of pneumococcal disease in India thereby help in achieving the United Nations Millennium Development Goals. Your Company continues to remain the leading company in the Indian vaccines market.

Your company continued the search for new Business Development opportunities in high growth therapeutic areas.

Exports recorded a sales turnover of Rs. 36.51 crores comprising both Bulk Drugs and Formulations. Exports of bulk drugs were to major markets like Japan, France, Indonesia, Jordan, U. K. and Germany.



**(c) Opportunities, risks, concerns and threats**

The industry growth is largely driven by chronic disease segments viz. cardiovascular, diabetes, asthma, cancer, and largely influenced by changing lifestyles. There are signs that health awareness has increased due to higher disposable incomes, urbanization and greater health insurance coverage, which could improve further with acceleration in Government spend on healthcare infrastructure. The adoption of intellectual property rights has encouraged innovation. The industry continues to remain under price control; the scope and coverage of the Government's new pharmaceuticals policy cannot be ascertained, since it is pending review by the Government and remains an area of uncertainty for the pharmaceutical industry. It is hoped that the Government will consider several representations made by industry associations in finalizing the policy. Data Exclusivity / Data Protection remain a concern area for the industry.

**(d) Research & Development and Regulatory Matters**

Your Company has received approval for 10 new products and 2 INDs from CDSCO, which will enable timely access to new and innovative therapeutic options to patients in our country. Additionally, to support the R&D efforts of GlaxoSmithKline, your Company submitted 7 global Clinical Trial applications to CDSCO, and have been granted approval to conduct 4 studies in the Indian population through the Clinical Operations team in India.

Some of the novel innovator products approved by the regulatory agency in India during the year under review, include a 10-valent pneumococcal vaccine (Synflorix) for immunisation of infants and children against sepsis, meningitis, pneumonia, bacteraemia and acute otitis media; topotecan capsules (Hycamtin), an oral oncology drug for the treatment of patients with relapsed small cell lung cancer. In addition, new indications approved for existing products, viz., micafungin (Mycamine) for use in patients with aspergillosis and albendazole (Zentel) for treatment of systemic helminth infections such as neurocysticercosis will be beneficial to Indian patients.

GlaxoSmithKline continues to be committed to Research and Development of medicines that will improve the quality of life of people around the world and truly make a difference to patients. Your company is one of the few with passion for research and with exemplary skills for turning that research into medicines, keeping a "patient first" attitude in everything that it does. Your Company's scientists work hard to discover new medicines that prevent, treat or cure diseases. The R&D effort of GlaxoSmithKline is supported by the Clinical Operations team, which conducts clinical studies across a number of disease areas ranging from breast cancer, head & neck cancer, lung cancer, gastric cancer, leukemia, malaria, influenza, osteoporosis and complicated urinary tract and intra-abdominal infections.

The R&D effort of GlaxoSmithKline Vaccines is also being supported by the Clinical Operations team in India by undertaking clinical studies for the vaccine initiatives, key among these are; TB vaccine (Phase II A), Conjugated Meningococcal vaccine, Herpes Zoster vaccine study (Phase III) and Epidemiology study to understand prevalence of *Streptococcus pneumoniae* serotypes in India.

Your company initiated 6 new clinical studies during the year, most of which were in oncology. A total of 85 patients participated in these studies. Your company has trained 36 new investigators on GCP and protocol related science at approximately 32 clinical trial sites across India. Quality continues to be a priority as demonstrated by a number of internal compliance audits with no critical/major findings.

The Medical Affairs team plays a pivotal role in communicating cutting edge scientific information to internal and external stakeholders. This team drives all the scientific engagement activities with external experts across all therapy areas and also ensures that GSK's promotional activities are in line with the existing guidelines and standard operating practices.

**(e) Internal Control Framework**

Your Company conducts its business with integrity and high standards of ethical behavior, and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self-assessment exercises. In addition to external audit, the financial and operating controls of your Company at various locations are reviewed by the Internal Auditors, who report significant findings to the Audit Committee of the Board. Compliance with laws and regulations is also monitored.

Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. In accordance with the Code of Conduct, and Standards

associated with the Code of Conduct, employees are required to become familiar with the legal requirements, policies and procedures applicable to their areas of operation, avoid conflicts of interest and are tasked with upward reporting of all unethical and illegal conduct. All employees are committed to the principle of performance with integrity and ensuring that activities comply with all applicable laws.

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

**(f) Human Resources**

In the Human Resources domain your Company continued to focus on the three strategic pillars of Capability Building, Talent Management and Employee Engagement.

Talent Management has focused on taking a structured approach emphasising on creating a talent pipeline at the leadership, the middle management and at the fresh management graduate intake level. Each function has been encouraged to identify key talent with a view to retain, grow and develop them. A few employees have also been moved to international markets as part of our planned development moves.

A carefully planned Learning and Development calendar was created and implemented to provide the necessary leadership and skill building capability to our employees. Under the Employee Assistance Programme - Wellness and Wellbeing Services were provided to those employees who needed it. HR surveys were conducted this year to gauge service levels and bring in better customer service to our employees. The survey findings indicate that your Company has scored well over the global average.

On the Industrial Relations front your Company's Unions have extended its support and cooperation in attaining your Company's business objectives.

On the sales training front over 44,000 man days of classroom training have been invested to enhance the Disease - Product Knowledge - Selling Skills. Additionally, internet based learning solutions was widely adopted to promote continuous distance learning.

Given the robust growth plans of your Company, ramp-up of sales personnel continued with over 600 new front-line sales personnel being inducted into the workforce last year. As a result, your Company had a staff strength of 5055 employees as on 31<sup>st</sup> December 2011, compared to 4338 employees at the end of 2010.

**(g) Procurement**

The year saw many uncontrollable factors affecting outlook adversely namely global and local economic downturn, high inflation and depreciating Indian Rupee - these posed risks in supply continuity coupled with increasing cost. However, a combination of strategic commodity management and integration with the global and regional management structure helped your Company in mitigating these price pressures to a great extent. A global program of ensuring 100% vendors being audited for global level quality compliance got completed which would assure RM/PM quality all the time and is a big step to ensure vendors becoming true partners for reliable supply, service and quality and with lowest possible total cost to your Company.

**(h) Manufacturing**

Your Company continues to invest in manufacturing capabilities and the supply network to support growth at optimum product cost. Nashik site continues to deliver Albendazole tablets to WHO as a part of the Lymphatic Filariasis eradication programme. Nashik manufacturing site continue to focus on waste reduction opportunities through optimising material usage and pack rationalization. There was considerable focus on improving Environment, Health and Safety and GMP compliance at both Nashik and Thane sites during the year.

The Nashik site has embarked upon major investment programmes to augment the capacity of various dose forms in line with the latest GMP requirements and the growing market volumes.

**Manufacturing Excellence**

Nashik site continues to support sales growth through significant volume contribution by creating supply capabilities through adding best in class manufacturing equipments. During the year Nashik site supplied ~ 7.2 Bn dose forms. There was focus on improving the Environment, Health and Safety at site through living safety training, Zero access machine guarding, and LOTO programme implementation. Nashik site has also received the WHO GMP certificate.