



do more
feel better
live longer

Building a Legacy for the Future

GlaxoSmithKline Pharmaceuticals Limited
Annual Report 2016-17

Message from the Managing Director



Dear Shareholders,

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

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

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

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

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

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

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

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


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

A. Vaidheesh



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

Building a Legacy for the Future



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

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

Our upcoming manufacturing facility in Vemgal, Karnataka

Building a Legacy by Leading the Way



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

New Products

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

Priorix Tetra

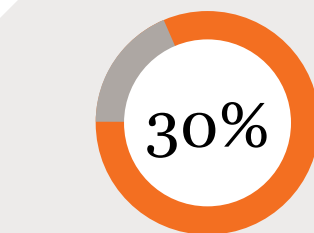
India's first combination MMRV (Measles, Mumps, Rubella and



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

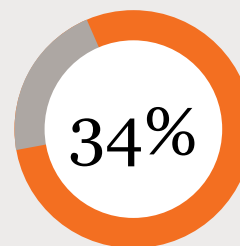
EnteroPlus

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



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

Source: GSK plc



market share in Vaccines in the self-pay segment

Source: IMS

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

Enhancing our pipeline

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

New Ways of Working

Engagement of healthcare professionals

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

Criteria for sales force compensation

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

Employee training and development

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

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

Supply Chain

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

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

Cool/Cold Chain for Vaccines

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

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

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

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

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



Building a Legacy through Execution Excellence



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

HCP Engagement

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

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

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

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

Neosporin Re-launch

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

15

GSK brands in
Top 300 ranking as per IPM

#1

In Vaccines self-pay
segment



7

GSK brands in Top 50
ranking as per IPM

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



Building a Legacy through our Patient Focus



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

Securing reliable supply of our medicines

Upcoming manufacturing plant in Vemgal, Karnataka

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

Upgrades at existing Nashik facility

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



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

8 Bn
tablets

1 Bn
capsules

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

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

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



Building a Legacy by Investing in our Communities

Saving our newborns



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

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

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

Partnering India to eliminate LF



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

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

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

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

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

School sanitation in Nashik



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

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

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

Improving employability at Vemgal

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

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

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

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

Our employees volunteer to help communities

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

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

51 million
albendazole tablets
donated during the year
to eliminate LF

8,000
newborn babies saved

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

Skills-building training to
300 at Vemgal

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



Accolades & Recognition

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

External Awards

Porter Prize for Creating Shared Value, 2017



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

Commendation from CII for Human Resources Excellence



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

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



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

Scrip Community Partnership of the Year Award 2016

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