



do more
feel better
live longer

**Extraordinary
times.
Extraordinary
efforts.**

GlaxoSmithKline Pharmaceuticals Limited
Annual Report 2019-20

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We aim to fulfil the underserved healthcare needs of a billion-plus Indians. The unprecedented pandemic of 2020 has only strengthened our resolve to ensure, nationally, an uninterrupted supply of essential medical solutions. Globally, our parent company is working with international partners to find the vaccine that will defeat the coronavirus and dispel fear from the world. These are uncertain times, but our commitment to delivering on our promise is a certainty.

**Extraordinary times.
Extraordinary efforts.**

GSK at a glance



Who we are

We are a science-led global healthcare company with a special purpose.



What we do

We aim to bring differentiated, high quality and needed healthcare products to as many people as possible, with our global business, scientific and technical know-how and talented people.



How we do it

Everyone at GSK is focused on 3 priorities:

Innovation

Performance

Trust



Why we do it

To help people do more, feel better, live longer

Message from the Chairperson



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The successful launches of Nucala and Menveo shall pave the way for introduction of strong patient-focused products from our global pipeline, in the coming years.

Dear Shareholders

As I complete my first year at GSK, I can earnestly say that each day has been an incredibly enriching and inspiring experience. I wish to thank Annaswamy Vaidheesh for his leadership during the last five years as a Managing Director. Vaidheesh has represented the company with great skill and has helped it to become a positive force for change on many important matters. I warmly welcome Sridhar Venkatesh to lead the company in our next phase of growth to serve the patients of India. It's both humbling and exciting to be a part of GSK's rich legacy and contribute to its future. While we had an amazing year, it was the last few days of the Financial Year 2019-20 where our purpose-driven culture was truly tested. I am pleased to inform you that amidst the global pandemic situation, we continued to remain patient-centric and be guided by our core principles of employee safety and wellbeing, business continuity, and social responsibility. This resulted in an unstinted supply of medicines to patients in need, while keeping our employees safe and healthy.

Recent events have highlighted the importance of building national and organisational capabilities, resilience and adaptability. The government has been quick to respond to the crisis, and has recognised the need to recalibrate healthcare sector priorities to include building local capabilities in manufacturing, testing and diagnosis, workforce skilling, hospital infrastructure, etc. People remain at the heart of organisation's resilience and agility. Your company continues to prioritise and invest in nurturing talent and development while also focusing on its diversity and inclusion agenda.

In the year gone by, your company leveraged its digital capabilities and gained from its skill-enhanced sales force to increase its share of voice for focus brands and substantially grow the number of customers' touchpoints and engagements. It makes me proud to see the focus and priority that your company demonstrated in execution of our product launches. The successes of Nucala and Menveo shall pave the way for introduction of strong patient-focused products from our global pipeline, in the coming years.

As a socially responsible corporate, GSK Plc is collaborating with companies and research groups across the world, working on promising COVID-19 vaccine candidates through use of our innovative vaccine adjuvant technology. Particularly significant is our partnership with Sanofi to develop an adjuvanted COVID-19 vaccine, which is expected to enter clinical trials in the second half of 2020 and, if successful and subject to regulatory considerations, aim to complete the development required for availability by the second half of 2021. This would be a significantly faster timeline than normal for vaccine development and teams from both companies are working on this urgently.

As we march into a post-pandemic world, the next few months will be challenging but your company's robust business model, strong financials, and deep relationships with customers, will play a critical role in keeping us ahead of the curve. The future of your company could not be in better hands than under the dynamic leadership of Sridhar Venkatesh, an industry stalwart and a GSK veteran, who joined us as Managing Director from 1 April 2020. I believe your company is poised to embrace the change and take the business to new heights.

As always, my sincere gratitude to all stakeholders for your continued trust, confidence, and support.

R.S. Karnad
Chairperson

Message from the Managing Director

Dear Shareholders

It is with a great sense of pride that I take on the role of Managing Director of this exceptional company. As Vaidheesh superannuates after completing his tenure, I would like to thank him, on behalf of the shareholders, the Board of Directors, and my colleagues at GSK, for the executive leadership, vision, and mentorship he provided.

The year has been extraordinary in more ways than one. Despite the headwinds caused by COVID-19 during the last few months, I am pleased with our overall performance during the year. Keeping patient safety at the core, GSK continues to serve the patients through a dedicated workforce that has ensured continued production and supply of medicines across the country during such challenging circumstances. Our investments into digital transformation have helped us immensely during these times to keep us connected to the healthcare professionals (HCPs) and pay closer attention to their needs.

In 2019, we continued to focus on delivering sustainable profitable growth. We witnessed an accelerated growth in the anti-infectives, dermatology and anti-pyretic therapy areas, through a skill-enhanced sales force and improved engagement with HCPs. In the first year of its launch, we increased access and adoption of Nucala - a biologic for patients suffering from severe refractory eosinophilic asthma in adults. In preventive healthcare, GSK continues to be the No. 1 vaccines company in the self-pay segment with



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Despite the headwinds caused by COVID-19 during the last few months, I am pleased with our overall performance during the year.

almost 40% value market share in represented segments. In December 2019, we launched Menveo (Quadrivalent Meningococcal Conjugate Vaccine), which has demonstrated early success and within four months of its launch has a 30% unit share.

Reliable supply is core to continued access to our medicines and vaccines. The challenging circumstances posed by COVID-19 put our supply-chain systems to extreme tests and I am pleased to inform you that we continue to operate at 100% of the production capacity at our Nashik manufacturing site. During the year, we also commenced operations at the new Eltroxin manufacturing facility at the Nashik site.

Patient safety remains our utmost priority. Our 2019-20 results were impacted due to the voluntary global recall of ranitidine products including Zinetac in India and trigger-based impairment charges primarily towards our manufacturing facility at Vemgal. We are currently exploring future options for the Vemgal facility including a potential sale of the site. Subject to approvals from the appropriate regulatory authorities, we have made a decision to discontinue the manufacture and supply of Zinetac tablets (150 mg and 300 mg products) in India.

In 2019, we won the 100 Best Companies for Women by Working Mother and AVTAR, Best Workplaces for Women by Great Place to Work and Advancement of Women Award by Community Business. During the year, we launched Spectrum, an employee resource group for raising awareness on LGBT+ among the employees. Several initiatives were undertaken to cater to the differently abled. We also launched a development programme GSK WeLeAP - GSK Women Leadership Action Programme - to develop high potential mid-level women talent.

A post-COVID business ecosystem shall warrant a better, sharper, faster mindset and way of working. At GSK, we have built a solid foundation for a growing business and have an enthusiastic team eager to accelerate patients' access to medicines. I can't imagine a better place for us to be.

Sridhar Venkatesh
Managing Director, India

Innovation

We aim to make available strong patient-focused products from our global pipeline, with the most competitive claims and labels and brilliant execution of our launches.

India innovative portfolio

This year, we successfully launched Menveo.



50 million
doses of Menveo sold
worldwide

Science behind Menveo:

Menveo (Meningococcal A, C, W-135, Y conjugate vaccine) is a conjugated meningococcal vaccine indicated for active immunisation of children (from 2 years of age), adolescents and adults to prevent invasive meningococcal disease caused by *Neisseria Meningitidis* groups A, C, W-135 and Y.

Neisseria meningitidis causes significant morbidity and mortality in children and young adults worldwide. The disease shows a rapid progression from initial, non-specific symptoms, such as fever and irritability to full-blown disease with complications and even death within 24–48 hours. High case-fatality rates (5–15%) are seen even where adequate medical facilities are available. Up to 20% of survivors may have long-term disabilities like hearing loss, visual disturbances, nervous system problems or behavioural problems.

In India, the disease has been reported in most parts with sporadic outbreaks occurring time and again. Recent documented outbreaks have been in New Delhi, Meghalaya and Tripura. *Neisseria Meningitidis* is the third most common cause of bacterial meningitis in India in children below 5 years of age. Outbreaks are also known to occur in adults

living in close quarters. Meningococcal vaccine is also recommended for adults who travel to endemic regions. It is a mandatory vaccine prior to Hajj travel.

In large scale pivotal trials, involving >50,000 subjects, Menveo has demonstrated robust immunogenicity against all four serogroups across age groups (>2 years of age) with a clinically acceptable safety profile. Long-term antibody persistence data following vaccination with Menveo are available up to 5 years after vaccination for both children (>2 years of age) and adolescents.



While Menveo was launched in India in December 2019, it comes with global experience of 10 years. It is licensed in >60 countries and 50 million doses of Menveo have been sold worldwide. In India, since launch, more than 50,000 doses have been sold.

first year of Nucala

In the first year of its launch, we increased access of Nucala, a biologic for patients suffering from severe refractory eosinophilic asthma in adults. India has around 30 million asthma patients and Nucala has the potential to bring relief to those among them who suffer from severe eosinophilic asthma. The commercial and medical teams actively engaged with pulmonologists in the country to disseminate the robust clinical and real-world evidence of Nucala amongst pulmonologists. The team held RespiTalk roundtable meetings across India to provide a user-nonuser interface to increase understanding about diagnosis of severe eosinophilic asthma and choose right treatment options based on phenotyping.



Global developments

Our new global R&D approach focuses on science related to the immune system, the use of human genetics and the application of advanced technologies, such as functional genomics, machine learning, artificial intelligence and cell therapy. This approach, powered by the multiplier effect of Science x Technology x Culture, is helping to strengthen our pipeline and accelerate the pace at which we discover, develop and deliver medicines to improve patients' lives.

Our R&D pipeline contains 37 potential new medicines, and 15 new vaccines in development. We have doubled the number of assets in our clinical oncology portfolio since early 2018.

In 2019, we advanced four assets into pivotal phase II/III studies and achieved positive regulatory decisions and data readouts across our portfolio. We received approvals for three medicines: Dovato, an HIV treatment; Dectova, a treatment for influenza A or B; and new self-administration options for our respiratory biologic, Nucala. We also received expanded indications for medicines including Zejula, our oral poly ADP-ribose polymerase (PARP) inhibitor for ovarian cancer and Benlysta, the world's first biologic treatment for systemic lupus erythematosus (SLE or 'lupus'). We submitted eight filings for regulatory approval.



Performance

We aim to achieve industry-leading growth by investing effectively in our business, developing our people and delivering flawlessly.



83%

Revenue comes from pharmaceuticals



17%

Revenue comes from vaccines



99%

Acute

Our focus in pharmaceuticals

- Anti-Infectives
- Dermatology

Our vaccines include

- Paediatric
- Adolescents

Calpol generates **2** prescriptions every second

Augmentin is the **#1** antibiotic in India

India sells **3.5** units of Betnovate N cream every second

Top pharmaceutical brands



Top vaccines brands



5 GSK brands feature in the top 50 Indian Pharmaceutical Market (IPM) brands –

Augmentin

Calpol

Synflorix

Zinnat

Betnovate-C

#1

in dermatology therapy area

#1

in vaccines self-pay market

#5

in terms of volume in IPM

#2

amongst MNCs in pharmaceuticals (by value)

Source - IQVIA data March 2020

Multi-channel marketing

In our continuous endeavour to enhance customer experience, our focus is to engage healthcare professionals (HCPs) with an integrated physical and digital approach. Skill enhancement and building the trust of our field force remains our prime focus while we continue to implement activities on increasing their data capability to encourage improved HCP interaction and effectiveness. Gaining customer insights at each digital touchpoint has enabled us to create opportunities for targeting and engaging the right customer (using intent-driven prediction), personalise touchpoints and improve the end-to-end customer journey.

Our increased emphasis on building data-driven environment with regular insights on campaign effectiveness and customer information has empowered marketing teams to gain decisive advantage for embedding data-led strategic targeting. Over the years, we have almost doubled our reach to HCPs. We are on our journey to enhance digital interactions while also building a technology savvy environment for our customers in this digital age.



Disease awareness

There has been an increased focus on driving awareness amongst consumers about vaccine preventable diseases. Two awareness campaigns were launched across digital platforms during the financial year. These campaigns focused on raising awareness about missed/due vaccines for school kids and 3-in-1 protection for pregnant women.





Trust

We are a responsible company and are committed to use our science and technology to address health needs, make our products affordable and available and to be a modern employer.

Society has high expectations of businesses, with people rightly expecting companies to behave responsibly and contribute to tackling societal challenges. Operating responsibly not only brings direct benefits to the society but also creates value for our shareholders. It supports our ability to attract and retain talent, manage costs and build trust with patients and stakeholders who influence our licence to operate.

Reliable supply

Reliable supply is core to continued access to our medicines and vaccines. We are creating a more modern, agile supply chain, underpinned by new technology, that can accelerate delivery across our portfolio. Our on-time-in-full (OTIF) supply performance levels to customers improved by 10 percentage points to 94% in 2019 (an improvement from 85% OTIF in 2018).

Our robust quality management systems support continuous improvement, helping us to maintain high standards for product quality and safety and comply with relevant regulations, including those on Good Manufacturing Practice, Good Laboratory Practice, Good Pharmacovigilance Practice and Good Clinical Practice.

We inaugurated the new Eltroxin manufacturing facility, which commenced operations in 2019 at the manufacturing site in Nashik.

Patient safety remains our utmost priority. In 2019, GSK was contacted by regulatory authorities regarding the detection of NDMA, a potential human carcinogen, in Zantac (ranitidine) products. Based on information received and correspondence with regulatory authorities, GSK made the decision in mid-September to initiate a voluntary recall (pharmacy/retail level recall) of Zantac products in all markets globally as a precautionary action. There was a voluntary recall of Zinetac in India, following which a strategic review of all associated assets was initiated and we took a decision to explore future options for Vemgal facility, including potential sale of the site.

Counterfeit products also present a risk to patient safety. We support efforts to prevent the manufacture and distribution of counterfeit GSK products by working closely with government bodies, customs authorities and industry associations. We also conduct our own investigations and work with enforcement agencies to tackle counterfeit GSK products.