

**CHAIRMAN**

S.J. Scarff, O.B.E

**MANAGING DIRECTOR**

Nicholas J. Massey (w.e.f. 1.11.2002)

**DIRECTORS**

A. Chatterjee  
 Ashok Dayal  
 A.S. Lakshamanan  
 Kunal Kashyap  
 P.S. Mukherjee  
 P. Murari  
 Sangita Reddy (till 31.10.2002)  
 S.S. Dugal  
 V. Thyagarajan  
 Colin Handcock  
 P. Dwarakanath  
 (Alternate Director to Colin Handcock)  
 Ian McPherson (w.e.f. 5.2.2002)  
 R. Subbarayan  
 (Alternate Director to Ian McPherson)

**COMPANY SECRETARY**

Surinder Kumar

**BANKERS**

Bank of America  
 Citibank N.A.  
 The Hongkong & Shanghai Banking  
 Corporation Limited  
 Standard Chartered Bank  
 State Bank of Patiala  
 ABN Amro Bank  
 BNP Paribas  
 Andhra Bank  
 Deutsche Bank

**AUDITORS**

Price Waterhouse

**REGISTERED OFFICE**

Patiala Road  
 Nabha 147 201 (Punjab)

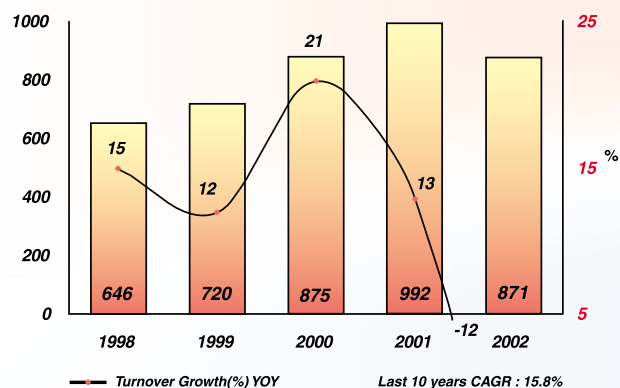
**HEAD OFFICE**

DLF Plaza Tower  
 DLF City, Phase-I  
 Gurgaon-122 002

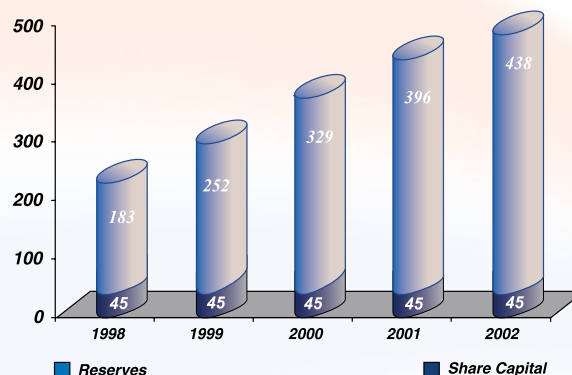
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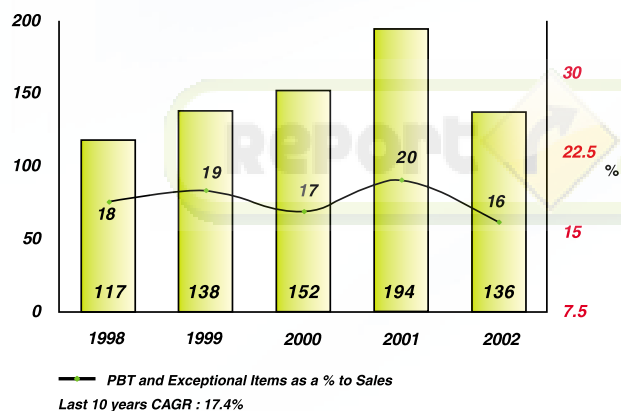
**TURNOVER**  
(Rs. Crores)



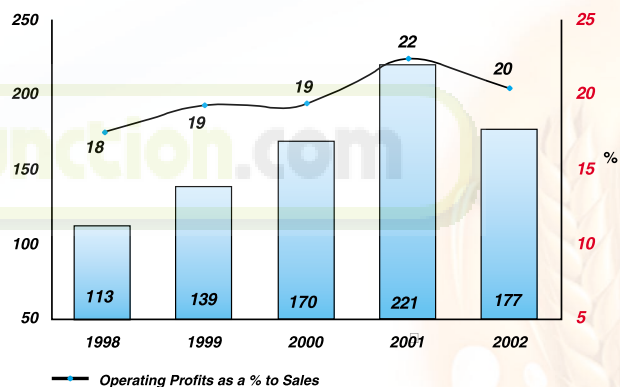
**VALUE ADDITION TO BUSINESS THROUGH RESERVES**  
(Rs. Crores)



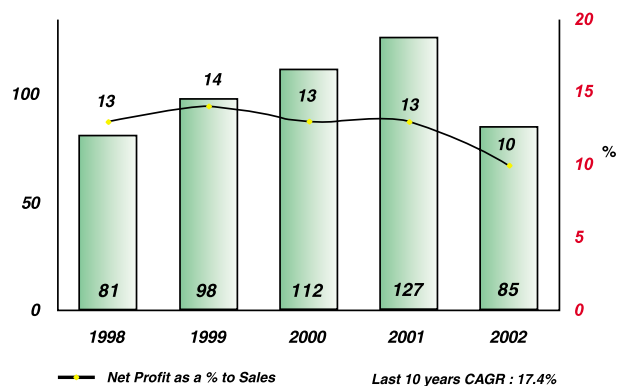
**PBT AND EXCEPTIONAL ITEMS**  
(Rs. Crores)



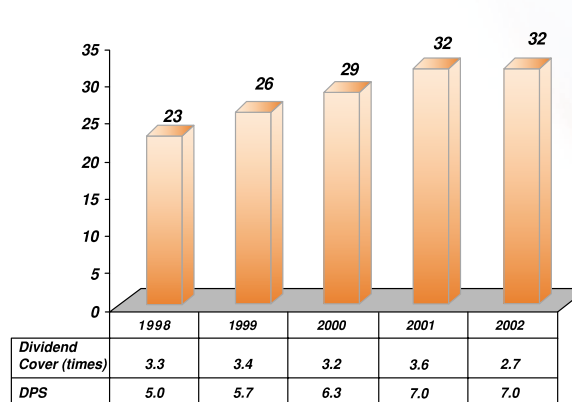
**OPERATING PROFITS**  
(Rs. Crores)



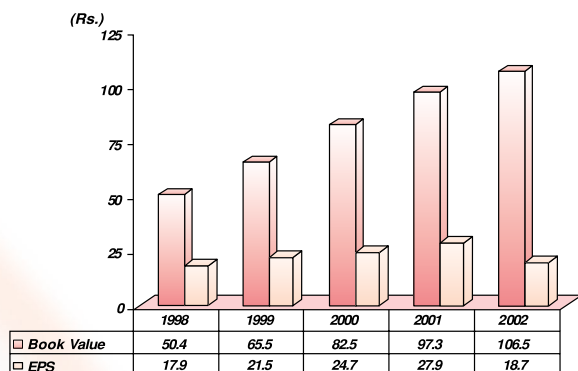
**NET PROFIT**  
(Rs. Crores)



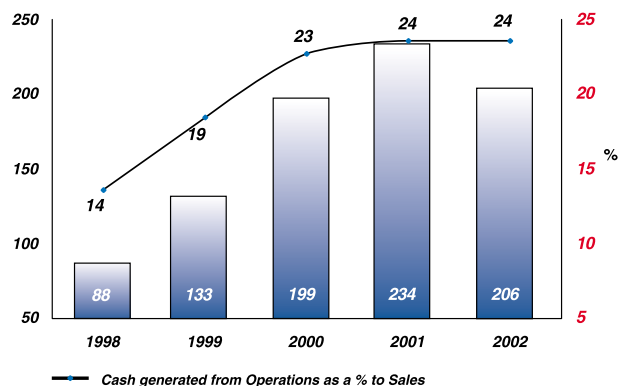
**DIVIDEND PAYOUT**  
(Rs. Crores)



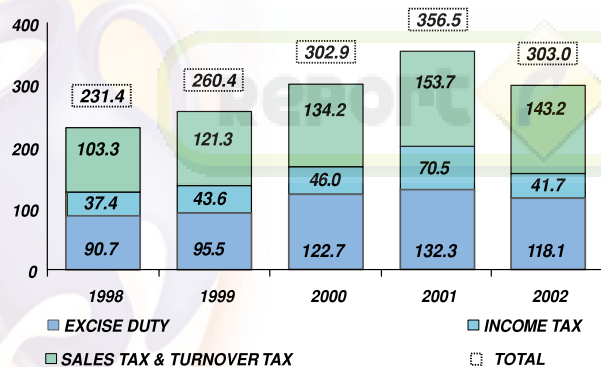
**EPS AND BOOK VALUE PER SHARE**



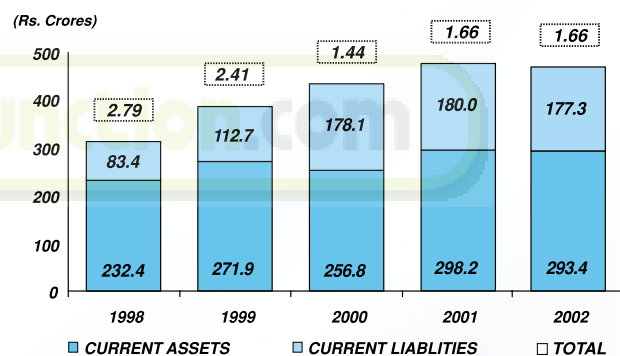
**CASH GENERATED FROM OPERATIONS**  
(Rs. Crores)



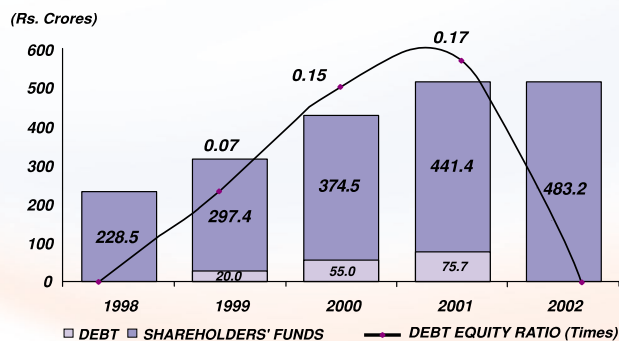
**CONTRIBUTION TO EXCHEQUER**  
(Rs. Crores)



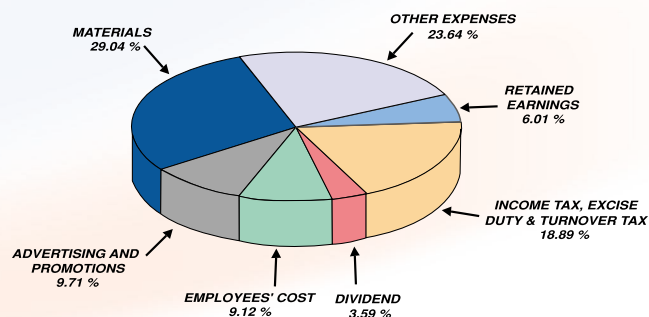
**CURRENT RATIO (Times)**



**DEBT EQUITY RATIO (Times)**



**SPLIT UP OF INCOME 2002**



## TEN YEAR FINANCIAL STATISTICS

Rs. Lakhs

1993 1994 1995 1996 1997 1998 1999 2000 2001 2002

## SOURCES AND APPLICATIONS OF FUNDS

## SOURCES OF FUNDS

Share Capital	1418	1418	2836	2836	4538	4538	4538	4538	4538	4538
Reserves & Surplus	5411	6266	6826	10269	12673	18312	25201	32916	39604	43784
TOTAL SHAREHOLDERS' FUNDS	6829	7684	9662	13105	17211	22850	29739	37454	44142	48322
BORROWINGS	586	1609	729	800	-	-	2000	5500	7566	-
<b>FUNDS EMPLOYED</b>	<b>7415</b>	<b>9293</b>	<b>10391</b>	<b>13905</b>	<b>17211</b>	<b>22850</b>	<b>31739</b>	<b>42954</b>	<b>51708</b>	<b>48322</b>

## APPLICATION OF FUNDS

Gross Fixed Assets	5439	5929	6898	7387	8836	12005	19574	40218	49690	51556
Depreciation	2059	2489	3007	3591	4311	5122	5867	7004	8455	12270
NET FIXED ASSETS	3380	3440	3891	3796	4525	6883	13707	33214	41235	39286
INVESTMENTS	3814	4540	3641	2900	2900	2900	2900	-	-	-
Gross Current Assets, Loans and Advances	3882	5115	7803	13788	17208	20341	24290	25680	29815	29343
Current Liabilities & Provisions	3661	3802	4944	6579	7699	8337	11269	17812	18004	17728
NET CURRENT ASSETS	221	1313	2859	7209	9509	12004	13021	7868	11811	11615
DEFERRED TAX ASSETS/ (LIABILITIES)	-	-	-	-	-	-	-	-	(2816)	(3563)
MISCELLANEOUS EXPENDITURE	-	-	-	-	277	1063	2111	1872	1478	984
<b>TOTAL APPLICATION</b>	<b>7415</b>	<b>9293</b>	<b>10391</b>	<b>13905</b>	<b>17211</b>	<b>22850</b>	<b>31739</b>	<b>42954</b>	<b>51708</b>	<b>48322</b>

## TEN YEAR TRACK RECORD

Rs. Lakhs

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
TURNOVER	23119	29474	36656	49575	56230	64562	72048	87512	99214	87053
PROFIT BEFORE TAX & EXCEPTIONAL ITEMS	3347	4896	6002	7931	9470	11651	13833	15173	19417	13635
NET PROFIT	1956	2415	3610	4694	6202	8135	9761	11202	12663	8501
DIVIDEND PAYOUT	1418	1560	1631	1702	1906	2269	2587	2859	3177	3177
CORPORATE DIVIDEND TAX	-	-	-	-	190	227	284	629	324	-
RETAINED EARNINGS	538	855	1979	2992	4106	5639	6890	7714	9162	5324
DIVIDEND - %	100	110	57.50*	60	42@	50	57	63	70	70
EARNINGS PER SHARE (Rs.)	13.79	17.03	12.73*	16.55	13.66@	17.93	21.51	24.68	27.90	18.73
BONUS ISSUE	-	-	1:1	-	3:5	-	-	-	-	-
NUMBER OF SHARE HOLDERS	24986	27621	28836	28831	30145	29413	31690	33019	31442	30607

\* POST ISSUE OF BONUS SHARES IN THE RATIO OF 1:1

@ POST ISSUE OF BONUS SHARES IN THE RATIO OF 3:5

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 year ended 31st December, 2002.

### FINANCIAL RESULTS

	(Rs. Lakhs)	
	2002	2001
Sales	87053.34	99213.83
Gross Profit (before Depreciation, Amortisation, Exceptional Items and Tax)	17680.34	21761.14
Less: Depreciation	2571.55	1363.55
Less: Amortisation of :		
- Patents and Trade Marks	980.33	490.46
- Deferred Revenue Expenditure	493.32	489.87
Profit before Tax and Exceptional Items	13635.14	19417.26
Less: Provision for Tax		
- Current Tax	3639.86	6656.90
- Deferred Tax	885.04	349.86
- Adjustment of previous years	-	(269.48)
	4524.90	6737.28
Profit after Tax and before Exceptional Items	9110.24	12679.98
Less Exceptional Items (Net of Tax)	609.73	17.10
Net Profit available for Appropriations	8500.51	12662.88
Previous year figures have been regrouped/reclassified wherever necessary to conform to this year's classification.		
<b>Appropriations</b>		
Dividends		
- First Interim	1497.57	1497.56
- Second Interim	1679.08	1679.08
Corporate Dividend Tax	-	324.02
Transferred to General Reserves	5323.86	9162.22
	8500.51	12662.88
Earnings Per Share (Basic & Diluted)	18.73	27.90

### PERFORMANCE OF THE COMPANY

The year 2002 has been a difficult one for your Company. Three consecutive bad agricultural years impacted the demand adversely. The GDP growth in the year 2002 - 03 is expected to be the lowest in the last decade. Industrial growth especially in the manufacturing sector has also been one of the lowest. Consumer spending declined as the overall confidence in the economic environment was low. There is a general sense of instability and absence of "feel good factor". This resulted in a considerable slowdown across the various FMCG sectors.

As against this backdrop, the turnover of the Company at Rs. 87053.34 lakhs declined by 12.26% over 2001. During the year- especially during the second quarter April-June -the trade pipeline inventory of the Company tended to go

up in view of the slowdown of demand when your Company decided to cut back on sales and bring back the trade inventory to a normal level in order to mitigate associated risks.

The Gross Profit before Depreciation, Amortisation, Exceptional Items and Tax at Rs. 17680.34 lakhs for the year ended 31st December, 2002 represents a decline of 18.75% over the previous year while Profit before Tax and Exceptional Items declined by 29.78 %. Pursuant to the issuance of the mandatory Accounting Standard-26 "Intangible Assets" by the Institute of Chartered Accountants of India the Company started amortising Patents and Trade Marks over a period of 10 years as against the earlier policy of amortising over 20 years. Accordingly Patents and Trade Marks have been restated at Rs. 7924.31 lakhs and the additional amortisation of Rs. 1143.72 lakhs has been adjusted from the opening General Reserves. Further, the current year amortisation is higher by Rs. 489.87 lakhs.

The Profit after Tax and before Exceptional Items has declined by 28.15% over 2001, while the Net Profit available for appropriations declined by 32.87%. The Gross Profit as a percentage to sales has marginally declined from 21.93 % last year to 20.31% in 2002. This decline in growth in profits has been to some extent mitigated by a continuing process of value re-engineering, innovations, effective management focus on costs and expenses, the increasing importance being given to the upgradation of product quality, increased productivity and continuous value addition to products and services. The favourable prices of milk / SMP – two of our most important raw materials during major part of the year also helped the Company in controlling the cost of production.

Exceptional Items of Rs. 963.93 lakhs (Gross of tax) comprise of an amount of Rs. 470.55 lakhs paid towards Voluntary Retirement Scheme (VRS) to the workers and the staff pursuant to the Company's restructuring operations and Rs. 493.38 lakhs paid as an additional contribution to the Superannuation/Pension Funds for the eligible management staff. The corresponding tax saving implications thereon - Current Tax Rs. 215.86 lakhs and Deferred Tax Rs. 138.34 lakhs.

### RESERVES

The total Reserves as on 31st December, 2002 stood at Rs. 43783.85 lakhs representing an increase of 10.55 % from last year.

### DIVIDENDS

The Directors consider that the two Interim dividends aggregating to Rs. 7.00 per share declared, to be reasonable and commensurate with the results for the year ended 31st December, 2002 and do not recommend a final dividend for the year.

### EXPORTS

During the year the Company's export earnings amounting to Rs. 4100.32 lakhs covering exports to Bangladesh, Myanmar, Sri Lanka, Middle East, Nepal and other markets represented a decline of 8.45 % over the previous year.



**RESEARCH AND DEVELOPMENT**

The Research and Development Centre of your Company continued to provide valuable support to improve the quality of existing products. As a result of this we were able to relaunch Horlicks with new claims, Maltova and Boost with revised formulations and substantially improving the packaging of other brand variants during the year. Currently work is progressing on the development of a number of new and improved products, as well as updating of production processes as per international standards.

**MODERNISATION OF FACILITIES**

The Company continued to modernise its existing Plant & Machinery and production facilities at its Plants at Nabha, Rajahmundry and the various Packing Stations across the country. There has been considerable improvements made in GMP standards, basic hygiene and safety parameters at all our manufacturing locations.

**CREATION OF NEW CAPACITY**

Your Directors are pleased to report that its new Spray Drier plant at Sonapat was commissioned and started commercial production effective 1<sup>st</sup> July, 2002. The Company has capitalised the Spray Drier Plant at a cost of Rs. 26175.84 lakhs. The plant at Sonapat has a state of the art plant and machinery, one of the biggest spray drying plant in Asia with European GMP and safety standards. The Company, as a responsible corporate citizen, has incorporated all the eco friendly measures in the new plant.

Further during the year Gussetted Pouch packing operations were relocated from Nabha factory to a "State of Art" greenfield facility set up by a contracted third party at Mangaldoi, Assam. This would enable your Company to avail of Tax incentives offered by the Central Government to promote development of north-eastern States.

**CLOSURE OF THE PACKING UNIT AT KOLKATA**

As a result of the ongoing restructuring process and with a view to enhance cost effectiveness, Company's packing facility at Kolkata was closed down effective September, 2002. The workers and the staff opted for VRS and all issues relating to the closure were amicably settled.

**ADDITIONAL BUSINESS**

Your Directors are pleased to inform you that effective 1<sup>st</sup> January, 2002 your Company is acting as the Consignment Sales Agent for Marketing, Selling & Distribution of the brand IODEX. The brand will continue to belong to GlaxoSmithKline Pharmaceuticals Limited. All the transactions between the principal and the agent are made at an arm's length basis and on generally accepted commercial terms and conditions.

**ISO 9002 ACCREDITATION**

Your Company's manufacturing facility at Rajahmundry and the packing facility at Hyderabad continue to maintain the prestigious ISO 9002 certification by SGS, a leading international certification company. The ISO 9002 certification for Nabha site and the packing facility at Ballabgarh is pending for renewal. Nabha, Rajahmundry

have also accredited with ISO 14000 Certification indicating our commitment for maintaining Global Environmental Standards.

**INFORMATION TECHNOLOGY**

Your Company has always been at the forefront of Information Technology having implemented two ERP packages and connecting up all its business locations all over the country via satellite links and terrestrial links.

During the year the Company extensively used B2B operations with its leading vendors for the purchase of raw materials, services and capital items and launched B2B portal for communicating and networking with all its employees. This initiative brought in considerable amount of savings in resources for the Company.

**CHANGE OF NAME**

The name of your Company has been changed to GlaxoSmithKline Consumer Healthcare Limited with effect from 23<sup>rd</sup> April, 2002.

**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**

Mr. Colin Handcock ceased to be the nominee Director of the Company under Article 97A of the Articles of Association of the Company. Consequently Mr. P. Dwarakanath also ceased to be an Alternate Director to Mr. Colin Handcock. Mr. Nicholas J. Massey was nominated by Horlicks Limited as a Director under Article 97A of the Articles of Association of the Company.

Mr. Nicholas J. Massey was appointed as the Managing Director of the Company w.e.f. 1<sup>st</sup> November, 2002 in place of Mr. S.J. Scarff who ceased to be the Managing Director of the Company w.e.f. 31<sup>st</sup> October, 2002.

Mr. S.J. Scarff was appointed as the Non Executive Chairman of the Board of Directors w.e.f. 1<sup>st</sup> November, 2002 and would continue to render valuable advise to the Company.

Mrs. Sangita Reddy tendered her resignation w.e.f. 31<sup>st</sup> October, 2002 to the Board of Directors and in her place Mr. Colin Handcock was appointed as a Director in casual vacancy w.e.f. 1<sup>st</sup> November, 2002. Mr. P. Dwarakanath has been appointed as an Alternate Director to Mr. Colin Handcock.

The Board of Directors wish to place on record their appreciation of the valuable advise and guidance rendered by Mrs. Sangita Reddy.

**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**

Harmonious industrial relations continued to prevail at all the units throughout the Company. The Company continued its focus on training and developing people through internal and external management development programmes and overseas assignments.

**ENVIRONMENT AND SOCIAL COMMITMENT**

Your Company, in its endeavour to serve the community, extended its reach to the villages around the Company's new state-of-art Sonapat factory in Khewra village. Your Company along with Business & Community Foundation (BCF) undertook an extensive Needs Analysis of the region and is working towards enhancing the education system, in order to build a secure future of many children.

Your Company has continued to support the Eye Care centre at Khewra, Sonapat, treating hundreds of patients and conducting around 1500 cataract operations per annum.

As in previous years your Company had organized regular Health check-up and animal husbandry camps around its factories at Nabha and Rajahmundry.

Your Company also contributed to the community at large, by encouraging the sale of Helpage and CRY cards during the season and also organized free Blood Donation Camp along with Rotary Blood Bank. Also Rs. 1 lakh was donated to District Red Cross Society, Gurgaon for purchase of medicines for medical camps organised by Health Authorities, Gurgaon.

**PARTICULARS OF EMPLOYEES**

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 are enclosed.

**ACKNOWLEDGEMENTS**

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

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

Your Directors look forward to the future with confidence.

For and on behalf of the Board

S. J. Scarff	Nicholas J. Massey	A. Chatterjee
<i>Chairman</i>	<i>Managing Director</i>	Ashok Dayal
		P. S. Mukherjee
		<i>Directors</i>

New Delhi

Dated : 31<sup>st</sup> January, 2003

**ANNEXURE TO THE DIRECTORS' REPORT 2002**

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

**A. CONSERVATION OF ENERGY****(a) Energy Conservation Measures Taken****1. Steam**

In continuation of the energy saving measures initiated by the Company the coal usage per ton of production has been reducing gradually over the years. Consumption of coal per ton of production has shown a reduction of 6.9 % compared to last year. This was achieved through various measures such as improving the Boiler efficiency by closely monitoring and controlling the Air-Fuel ratio based on fuel gas oxygen percentage, effective utilization of steam, avoiding steam wastage and by using better grade coal.

**2. Electricity**

Usage of electricity per unit of production has increased by 32.9 % in the current year primarily due to comparatively higher consumption of electricity in our new fully automated Sonapat plant which was not utilised to an optimum extent. In addition our production facilities at both Nabha and Rajahmundry operated at levels lower than the last year. However during the year installation of Co-Generation plant, at Rajahmundry site resulted in generating more than 25% of the power requirement using the steam generated for the process utilities. Installation of energy efficient centralised compressed air system and energy efficient lighting system also resulted in savings in electricity consumed during the year.

**(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 at Nabha and Rajahmundry plants and electricity at all the sites.

**(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**

As already mentioned in (a) 1. above, the coal consumption per ton of production has been continuously improving over the last five years to bring down the usage cost of coal per ton of production.

However in the current year electricity consumption per ton of production increased due to comparatively higher consumption of electricity in our new fully automated Sonapat plant which was not utilised to an optimum extent resulting in a relatively increased cost of electricity per ton of production.



## ANNEXURE TO THE DIRECTORS' REPORT 2002

- (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"

	2002	2001
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
a) Purchased Units (in Lakhs)	192.98	214.88
Total amount (Rs. Lakhs)	770.03	817.44
Rate/Unit (Rs.)	3.99	3.80
b) Own Generation		
Units (in Lakhs)	64.97	15.98
Units per litre of Diesel oil	3.79	3.43
Cost/Unit (Rs.)	4.31	4.70
<b>2. Coal Used in Boilers</b>		
Quality (Calorific value ranging between 2500 to 3500 BTU)		
Quantity (Tonnes)	23,287	30,238
Total Cost (Rs. Lakhs)	605.78	760.43
Average Rate (Rs.)	2,601.34	2,514.85

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

	Current Year		Previous Year	
	Coal	Power	Coal	Power
	MT	Units	MT	Units
1. Malted Milkfood/ Malted Food/ Malt Based Food/ Energy and Protein Rich Food/ Powdered Milk (Per Ton)	0.480	514	0.516	386
2. Ghee & Butter (Per Ton)	0.383	329	0.395	312

**B. TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT (R&D)****(1) Specific Areas in which R&D was carried out by the Company**

Research and Development Centre continued to provide valuable support for improvement in quality of existing products, development of new

products, and processes for better productivity, quality cost effectiveness, superior product claims and improved packaging.

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

Production processes have improved resulting in enhanced productivity, efficiency throughout and value addition.

**(3) Further Plan of Action**

Steps are continuously being initiated to upgrade the processing technologies, development of science based innovative products of higher nutritional value and to maximise production capacity at optimum cost.

**(4) Expenditure on R&D**

	(Rs. Lakhs)	
	2002	2001
a) Capital	72.39	55.85
b) Recurring	642.47	596.82
c) Total	714.86	652.67
d) Total R&D Exp. as a percentage of total turnover	0.82%	0.66%

**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 declined in the current year primarily from Bangladesh, Myanmar, Sri Lanka and Middle East markets. The efforts to broaden the export base to other countries in South East Asia and the Middle East are continuing.

**(b) Total Foreign Exchange used and earned:**

	(Rs. Lakhs)	
	2002	2001
Foreign Exchange earnings	2414.03	2291.43
Foreign Exchange outgo	1340.46	2141.88

## ANNEXURE TO THE DIRECTORS' REPORT 2002

INFORMATION AS PER SECTION 217(2A) OF COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2002.

Name	Age (Years)	Date of Commencement of Employment	Designation/ Nature of Duties	Gross Remuneration Rs.	Qualifications	Experience (Years)	Previous Employment/Position Held
<b>A. EMPLOYED THROUGHOUT THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING TO RS. 24,00,000/- PER ANNUM OR MORE</b>							
1 Abhinandan Chatterjee	52	11-07-1994	Director - Finance & Information Technology	5,769,900	B.Com.(Hons.),F.C.A.	30	General Manager, Eicher Goodearth Ltd.
2 Ambati Venu	33	01-06-1992	General Manager - Sales Eastern Region	2,691,487	B.E.(Mech.), P.G.D.M.	10	—
3 C. H. Lambert	49	01-04-1996	Vice President - G.M.S.	5,746,794	H.N.D.(Food Tech.).	26	Manager,Project-Operations,S.B.C.H. Singapore.
4 D.S.Thomas	36	15-11-2001	General Manager - Marketing (OHC)	3,388,236	B. Comm. (Marketing)	9	Senior Group Product Manager, GlaxoSmithKline, South Africa
5 K.G.K. Prasad	42	05-06-1982	General Manager - Sonapat Factory	2,475,747	B. Sc.(D.T.).	20	—
6 M.S.Chhachhi	48	16-08-1994	General Manager - Corporate Production Services	3,780,713	B.Tech.(Hons.),P.G.D.M.(IIM-C)	24	Factory Manager, Britannia Ind.Ltd.
7 Mohit Jain	36	01-04-1997	General Manager - Procurement	2,560,698	BSC in Chem Engg., M.M.S.	12	Regional Manager- Paper Products Ltd., New Delhi.
8 P. Dwarakanath	56	22-06-1979	Director - Human Resources & Admin.	6,466,683	B.Sc.,B.L.,P.G.D.M.(P.M. & I.R.).	34	Law Officer,I.D.L. Chemicals Ltd.Hyderabad.
9 P. K. Chaudhary	46	01-12-1979	General Manager - R. & D.	3,105,978	M.Sc.	23	—
10 P. M. Mathai *	52	01-05-1986	General Manager - C.E.S.	3,431,924	B.Tech.,P.G.D.M.	28	Branch Manager,Voltas Ltd.
11 P. S. Mukherjee	53	01-04-1977	Director - Legal & Corporate Affairs	5,945,686	M.A.,LL.B.	30	Legal Assistant,Indian Aluminium Co.Ltd., Calcutta.
12 R. Subbarayan	56	01-05-1972	Director - Sales & Marketing	7,095,853	B.Sc.	36	Sales Officer,Cochin Pharma. Co.
13 Sameer Goel	39	01-05-1987	Head of Sales	3,239,849	B.A.(H), P.G.D.M.	15	—
14 Sucheta Govil	39	01-05-1987	General Manager - Marketing (NHC)	2,690,644	B.A.(H), P.G.D.M.	16	Management Trainee, Burroughs Wellcome (India) Ltd., Mumbai.
15 Surinder Kumar	45	20-06-1984	General Manager Legal & Company Secretary	2,688,440	M.Com.,LL.B.,F.C.S.	18	—
16 V. K. Chopra	52	01-05-1970	Head of Central Quality	3,313,481	M.Sc.	32	Trainee Chemist,Indian Sugar & Gen.Engg. Co,Yamunanagar.
<b>B. EMPLOYED FOR A PART OF THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING TO RS. 2,00,000/- PER MONTH OR MORE</b>							
17 Chander Bhan Bhatija	58	03-01-1968	General Manager - Nabha Factory	5,134,574	B.Sc. (Dairying),Dip. in Project Planning.	35	Demonstrator, N.D.R.I.Karnal.
18 G. V. V. Rao	57	15-04-1973	Manager - MPD	1,795,816	B.V.Sc.	30	—
19 Jaswinder Singh Bansal	53	01-03-1983	Senior Manager - Projects	5,585,246	B. Sc. (Engg.).	29	Asstt. Plant Superintendent, D.C.M. Chemical Works, Delhi.
20 J.Banerjee	55	01-04-1972	Sales Training Manager	2,716,430	B.A.	31	Salesman, Tea Cronical.
21 Kashmira Chadha	36	12-08-1996	General Manager - Marketing - (OTC)	2,284,293	B.Com.,M.M.S.	12	Prod.Mgr.Colgate Palmolive (I) Ltd.
22 K. V. V. S. N. Murthy	56	19-10-1973	Deputy Manager - Finance	1,555,540	M. Com.	29	—
23 L. G. Banerjee	57	24-07-1965	Deputy Manager - Production	1,465,162	I.D.D.(D.T.)	37	—
24 L. N. Krishnan	56	17-02-1975	Manager - Board Administration	2,750,786	B.A.	37	Asst. Machine Tools(I) Ltd., New Delhi.
25 M. K. Tyagi	41	27-10-1993	Senior Manager - Manufacturing	3,153,384	M.Sc.Food Tech., M.B.A	18	Asst. G.M.-OPS, Hunter Foods Ltd.
26 Nicholas J. Massey	48	01-11-2002	Managing Director	1,097,501	M.A. in Politics, Philosophy and Economics	20	Vice President & General Manager - GlaxoSmithKline plc, U.K.
27 S. Dhandapani	58	01-07-1965	Manager - C.P.S.	1,590,606	B.Com.	36	—
28 S. J. Scarff	60	01-06-1978	Chairman & Managing Director	4,950,175	G.C.E. (U.K.).	40	Regional Group Manager,Beecham Products International,Dubai.
29 S. R. Chandila	55	12-11-1973	Deputy Manager - Packing Station - Ballabgarh	2,102,173	I.D.D.	29	Dairy Asst., Haryana Dairy Development Corporation
30 S. Ramakrishna Varma	52	01-07-1974	Manager - Purchase	3,827,266	B.Com.	28	Tr.Asst. Stores, Krishnam Rajee Corporation
31 S. S. Bedi	57	01-07-1966	Manager - Stores	1,872,325	Hr. Sec.	37	—
32 Sushil Kumar	58	11-02-1967	Senior Manager - Milk Procurement	3,655,602	B. Sc.(D.T.).	35	—
33 Swaran Singh	56	02-04-1990	Senior Manager - Projects	3,795,792	B. E. (Mech.).	25	Manager Technical, Delhi Flour Mills. Co. Ltd.
34 T. Suresh	56	01-04-1997	General Manager - H.R. & A.	636,078	B.Sc.,D.S.S.A.,LL.B.	33	Sr.Mgr., S.B.Pharma.
35 Y. P. Kakra	57	16-07-1965	Manager - Milk Procurement	1,833,700	I.D.D.(D.T.)	37	—

## NOTES:

\* Services seconded to another company.

Remuneration includes Salaries, Bonus, Allowances, Commission, Company's Contribution to Provident Fund and to Pension Fund, Leave Travel Allowance, Medical Insurance Premium, Personal Accident Insurance Premium and value of perquisites, wherever applicable. All appointments are/were on contractual basis. Other terms and conditions are as per Company's Rules. None of these employees are related to any Director of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The financial statements of the Company for the year ended 31<sup>st</sup> December, 2002 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 GlaxoSmithKline Consumer Healthcare Limited (GSKCH) accept 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 provision of the Companies Act, 1956. The system of internal controls 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 GSKCH 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

S. J. Scarff  
Chairman

Nicholas J. Massey  
Managing Director

A. Chatterjee  
Ashok Dayal  
P. S. Mukherjee  
Directors

New Delhi

Dated : 31<sup>st</sup> January, 2003