



do more
feel better
live longer

Leading with Science

*Powered by
Values*

GlaxoSmithKline Pharmaceuticals Limited
Annual Report 2018-19

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Note: Members are requested to kindly bring their copy of Annual Report to the Meeting.

Annual General Meeting
Monday, 22nd July, 2019 at 2:30 pm
Birla Matushri Sabhagar, 19, Sir Vithaldas
Thackersey Marg, Mumbai 400 020

We are committed to meet the unmet and under served healthcare needs of the next billion Indians. To achieve this, we are harnessing the power of science to deliver innovative medicines that truly make a difference to patients. In our endeavour, we are powered by our values, which guide us to do the right thing every time for our patients, customers, employees and the community at large.

**Leading with
Science**
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Values*

Message from the Managing Director



With digitisation rapidly remoulding the healthcare landscape, we have been at the forefront of leveraging new and emerging technologies in our business.

Dear Shareholders,

I am delighted to report that our strategy, to put energy where it matters for increased focus and efficiency to accelerate growth, has borne fruit. We have come a long way since we put in place an optimal model for growth. We invested in increasing our people in the frontline, equipping them with the capabilities required to excel at the job. We reduced spend in non-customer-facing activity. We optimised our product portfolio, identifying key brands behind which we put resources to actively promote. We also have a more structured approach to engaging our trade channel partners, with a dedicated team to engage stockists and retailers. This approach has helped us serve our patients and you, our shareholders, better in 2018-19.

As a science-led company, we have always harnessed the power of science and technology for achieving better patient outcomes. This year was no different. We recently launched Nucala, an advanced biologic therapy for the treatment of severe refractory eosinophilic asthma. India has around 30 million asthma patients - this will bring significant relief to those among them who have severe eosinophilic asthma. We are committed to bringing innovative and differentiated medicines from our global pipeline to India, as and when appropriate, for meeting unmet and under served

healthcare needs. I am proud to share that our parent company completed the acquisition of Tesaro, an oncology-focussed biopharmaceutical company, during the year. Tesaro is on the verge of making significant breakthroughs in the treatment of advanced endometrial cancer.

With digitisation rapidly remoulding the healthcare landscape, we have been at the forefront of leveraging new and emerging technologies in our business. By embracing the power of Digital, Data & Analytics, we are evolving and aspiring to a state of transformation, whereby highly credible scientific data, digital tools, and experiential learning will significantly improve customer engagement and experience.

The breadth of our scientific and technical competencies is amply reflected in our manufacturing excellence as well. The plant at Nashik, Maharashtra demonstrates best practices in manufacturing while continually embedding process improvements. Our scientific mindset has inspired us to invest upwards of ₹ 1000 crore in a state-of-the-art greenfield facility at Vemgal, Karnataka. Both the facilities emphasise a safe working environment and production of the highest quality products. Further, with this upcoming facility, we are moving towards becoming an unconstrained supply chain

organisation to serve growing healthcare needs.

Led by our key global priorities of Innovation Performance Trust, we will continue to fast-forward to the future with our scientific way of thinking and execution. As an important pillar of our Trust priority, we have made an important commitment to be a modern employer, nurturing our employees to be the best version of themselves, resulting in highly engaged employees (GSK Culture Survey in April 2019 revealed an engagement score of 92%). In alignment with our strategy to put energy where it matters, we are committed to enhancing shareholder value by accelerating sustainable profitable growth.

At GSK, we believe that it is not just what you achieve that counts, but how you achieve it. Our journey over the decades is based on the foundation of our core values and expectations. We will continue to live our core value of patient focus, to realise our goal of being one of the world's most innovative, best performing and trusted healthcare companies. My deep appreciation to all our shareholders for their continued confidence and support.

A. Vaidheesh

Vice President, South Asia
Managing Director, India

GSK at a Glance

Who we are

We are a science-led global healthcare company with a purpose to help people do more, feel better, live longer.

We have world-leading businesses that research, develop and manufacture innovative pharmaceutical medicines and vaccines.

Over 4,500 people work in our advanced manufacturing facilities, offices and field across India to ensure that our healthcare solutions reach patients in need.

What we do

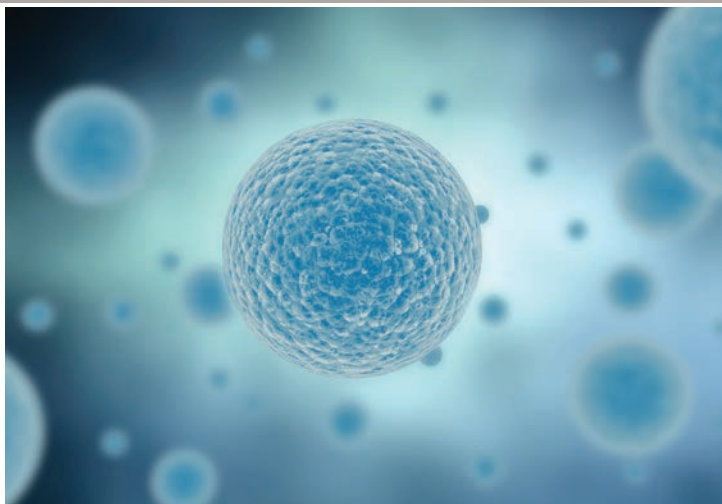
We leverage the power of science through new innovations in both preventive and curative healthcare to enhance the quality of life. By foraying into diverse segments, creating products that people value, making them widely accessible and operating efficiently, we aim to truly make a difference to patients.

Our focus areas

Pharmaceuticals

We are one of India's leading pharmaceutical companies.

We have market leadership in several therapeutic segments, with a wide range of prescription medicines across areas covering anti-infectives, gastrointestinal, dermatology, analgesic, respiratory diseases and vaccines.



Vaccines

In the area of preventive healthcare, we are the leading vaccines company in the private vaccines market in India.

We offer a range of vaccines for the prevention of hepatitis A, hepatitis B, invasive disease caused by *H. Influenzae*, chickenpox, diphtheria, pertussis, tetanus, rotavirus diarrhea, cervical cancer, and invasive pneumococcal among others.



Our Purpose

We help people do more, feel better, live longer.

Our Priorities

We want to be one of the world's most innovative, best performing and trusted healthcare company.

Innovation

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



Performance

We will focus our energy where it matters to deliver sustained industry-leading growth with competitive costs, margin and cash flow.



Trust

We are committed to maximise our social impact by ensuring reliable supply of high-quality and affordable products and having highly engaged employees.



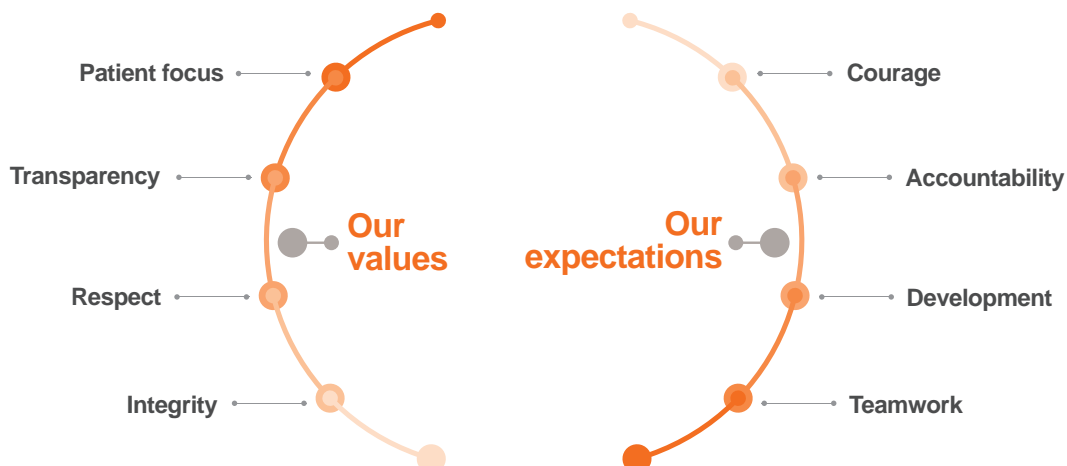
Our Culture

IPT^c

IPT^c

Where c = Our Values + Our Expectations

Our culture is the substratum of our Innovation, Performance, Trust (IPT) strategy. It refers to the environment that we need to create - the values we must imbibe and the behaviour we are expected to demonstrate in our day-to-day professional lives. Comprising our Values and Expectations, our culture empowers us to deliver extraordinary things for our patients and customers and make GSK a brilliant place to work.



Innovation

A strong patient-focussed pipeline, with the most competitive claims and labels, and brilliant execution of our launches.

India Innovative Portfolio

Science behind Nucala



Nucala (Mepolizumab) is a humanised monoclonal antibody which is indicated as an add-on treatment for severe refractory eosinophilic asthma in adult patients. According to estimates, India is home to 30 million asthma patients and 3% of the asthmatic population suffer from severe eosinophilic asthma. 54% of patients suffering from severe asthma require three or more bursts of oral corticosteroids (OCS) in a year and almost 25% of them had a near-fatal event in the past.

With Nucala, there is 53-73% reduction in exacerbations; with 61% reduction in exacerbations requiring hospitalisation/emergency department visits. Nucala also gives powerful and lasting reduction in daily OCS dose, while maintaining asthma control. Nucala is the only biologic for severe refractory eosinophilic asthma with long-term efficacy and safety data up to 4.5 years. This product was launched in March 2019.

Successful first year for Infanrix Hexa

Innovation is our top global priority and in alignment with this, your Company launched the World's No. 1 hexavalent DTaP vaccine, Infanrix Hexa, in April 2018. The vaccine can be administered to infants to provide protection against these six serious diseases: diphtheria, tetanus, pertussis, Hib, hepatitis B and polio.

Infanrix Hexa is No. 4 in the vaccines private market (IMS March 2019).

The success of the vaccine in such a short span of time underlines the strong acceptance of this differentiated product among healthcare professionals.



Global Developments

New scientific capabilities with TESARO, Inc. acquisition

Our parent company completed the acquisition of TESARO, Inc. an oncology-focussed company in January 2019. The transaction, which was announced in December 2018, significantly strengthens our oncology pipeline and brings new scientific capabilities and expertise that will increase the pace and scale at which we can help patients living with cancer.

Zejula (Niraparib), an oral poly ADP ribose polymerase (PARP) inhibitor currently approved for use in ovarian cancer, is a major marketed product of TESARO. PARP inhibitors are transforming the treatment of ovarian cancer, notably demonstrating marked clinical benefit in patients with and without germline mutations in a BRCA gene (gBRCA). Zejula is currently approved in the US and Europe as a treatment for adult patients with recurrent ovarian cancer who are in response to platinum-based chemotherapy, regardless of BRCA mutation or biomarker status. Clinical trials are also underway to assess the possibility of use of Zejula for treatment of several other cancers.

In addition to Zejula, TESARO has several more oncology assets in its pipeline.



Positive findings of Dostarlimab for meeting critical unmet needs

Dostarlimab is TESARO'S own anti-PD-1 antibody in the pipeline. The first of the two-phased GARNET study evaluating the potential of dostarlimab for treatment of recurrent or advanced endometrial cancer in women has demonstrated positive response. GARNET is the single largest study to date of an anti-PD-1 monotherapy in women with advanced or recurrent endometrial cancer.

Endometrial cancer is the most common gynaecologic malignancy in the U.S. Currently, treatment options for women with advanced or recurrent endometrial cancer are limited. Phase 1 findings of the GARNET study, combined with earlier data in patients with non-small cell lung cancer, reinforces the potential of dostarlimab in treating patients with a variety of solid tumours. The preliminary results, along with further data from the GARNET study, will be used to support regulatory filing for dostarlimab in endometrial cancer at the end of 2019.

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Performance

Sustained industry-leading growth with competitive costs, margin and cash flow.

New commercial model

To deliver on our strategy to put energy where it matters for accelerated sustainable profitable growth, a new commercial model has been put in place. As part of this new model, our product portfolio has been optimised to ensure that our priority therapy areas get greater attention. Measures have also been taken to simplify our operations and drive improved efficiency. An essential element of our new commercial model is the increase in investments in the customer-facing part of our business, with a reduction in spends in the non-customer-facing business segment. We have invested significantly in expanding our field force. We have also set up a new Commercial Trade Channel (CTC) team to engage with stockists and drive retail level availability, inventory and visibility of our core brands. We are upbeat about growing together with all our partners as this new commercial model gains momentum.

Digital transformation

We are riding the digital wave and have transformed our ways of working. Our leap into the future covers all aspects of our business, with advanced data and analytics driving our customer insights, to artificial intelligence, advanced technology platforms and Customer Relationship Management (CRM) tools, making it easier to achieve

focussed goals. Paying closer attention to the needs of the healthcare professionals (HCPs), we disseminate high-quality scientific content using innovative technology solutions. Our sales force is equipped with iPads for easy access to scientific information and marketing material. Deployment of robotics and automation and setting up of Tech-enabled Smart Offices have also been incorporated into our digital transformation strategy for improved efficiency and productivity.



At the Connected Health India Summit 2018, GSK India was acknowledged as the Digital Pioneer of the Year

Science-based multi-channel customer engagement



We engage our customers with high-quality scientific knowledge. In addition to our internal medical experts, we have also trained our medical representatives who understand the science behind our products. To strengthen our focus on science, GSK incentivises our field force on the basis of their scientific knowledge and not on sales targets. Real-time information support is also given to our sales force through CRM tools.

We are reaching our customers through their preferred channels, which include webinars, e-mails, text messages and virtual calls, among others, in addition to our face-to-face in-clinic interactions. The first-ever HCP portal and a specialised website on the respiratory therapy area that features hundreds of videos by worldwide experts to address scientific questions on pulmonary diseases were launched during the year. Other key highlights of our scientific engagement during the year include connecting with pulmonologists to disseminate data on Nucala and conducting a mass TV and digital campaign to increase public awareness on pneumococcal diseases.

We are also encouraging scientific engagement through our forum BRIDGE (Bringing Insights from Dermatology Group of Experts), with participation at national and state level medical conferences, conducting health workshops and partnering with medical organisations to drive increased health awareness. Our multi-channel engagement strategy has brought about a quantum increase in our customer touchpoints, with total touchpoints increasing 5 times over the previous year, in addition to continuous improvements carried out during the year.

New marketing model

The opportunities to gather insights from data are endless and have a profound impact on our ability to drive higher performance. Under our new marketing model, we are thus accelerating the use of highly credible scientific data, data analytics and digital tools across our operations. We increased the hiring of experts in digital technology and data analytics this year. As part of our data analytics programme, we are unifying silos of customer data and acting upon it to translate them into actionable insights. Finally, by transforming customer insights into strategic action, we are confident of significantly improving the engagement and experience for our healthcare professionals and realise the full potential of our medicines and vaccines for patients.

The opportunities to gather insights from data are endless and have a profound impact on our ability to drive higher performance

No.1

GSK India is No.1 in the Vaccines Self-pay market

No.3

GSK India's ranking in the Indian Pharma Market (in volume terms)

7

GSK brands feature in the Top-50 brands of the India Pharmaceutical Market (IPM)

As per IQVIA TSA data, March 2019

Trust

Maximising our social impact, ensuring the reliable supply of our high-quality products to as many people as possible, and having highly engaged employees.

Manufacturing Excellence

New Facilities

In a true scientific leap into the future, we are raising the bar by building highly advanced manufacturing facilities. The increase in our manufacturing capacity further secures reliable supply of our high-quality medicines that helps serve the needs of our Indian patients.

Vemgal, Karnataka

With an investment of over ₹ 1000 crore, our upcoming manufacturing facility at Vemgal, Karnataka, will be the first greenfield pharmaceutical manufacturing site that GSK has built globally over the past ten years. It is also the first facility designed for the new GSK Production Systems (GPS), whereby it will deliver the concepts of zero accidents, zero defects and zero waste.

The site supports easy scale up of manufacturing. Initially, it will supply a range of solid dose form products. Manufacturing is expected to commence in 2019 with validation batches, to be followed by commercial supplies towards the end of the year. Focussing on 'Make in India', the facility is designed to produce 8 billion tablets and 1 billion capsules per year for the Indian market. All relevant approvals have been received.



New Eltroxin facility, Nashik

During the year, we also commissioned a new high-containment facility at our Nashik site for the manufacture of our thyroid hormone, Eltroxin. This facility has a manufacturing and packaging capacity of 3.6 billion tablets. Supporting the highest safety standards, the world-class facility provides superior protection to employees who manufacture and pack this highly potent hormone-based product. The facility is fully operational and commercial supplies have commenced.

Our facility at Nashik has been awarded 'Best-in-Class Excellence in Continuous Improvement' at the Manufacturing Supply Chain Awards Summit presented by the Future Supply Chain Solutions Group

Best Practices

At GSK India, the value of trust encompasses not just securing reliable supply of our medicines, but also reinforcing their safety and efficacy. The Nashik site continues to deliver on this strategic intent through strategic investments in safety and quality. It received the Good Manufacturing Practice (GMP) and Good Laboratory Practice (GLP) certification from the United States Food and Drug Administration (USFDA) in 2018. The site has also set new benchmarks for GPS based on lean working principles. Along with management staff, shop floor employees are also part of the continuous improvement culture. During the year under review, the site reported more than 500 Kaizens (continuous improvement) along with a significant improvement in productivity and lab efficiency. The best practices were shared with our Contract Manufacturing Organisations (CMO) partners.