



GlaxoSmithKline Pharmaceuticals' Net Profit up 15.1 %

Mumbai, February 13, 2006: GlaxoSmithKline Pharmaceuticals Limited posted good performance for the year ended 31st December, 2005. Profit after Tax and before Exceptional Items is up 15.1 % to Rs. 306.28 crores in 2005.

The Board recommended a Dividend of Rs. 14 per Equity Share for the year (previous year Rs. 13 per Equity Share). If approved by the shareholders at the Annual General Meeting, the Dividend will absorb Rs. 135.2 crores inclusive of the Dividend Distribution Tax. With a favourable cash position over the last few years due to improved operating margins, tight working capital management and inflows from sale of properties, the Directors opined that a portion of surplus cash may be returned to shareholders. The Board, therefore, recommended a special additional one-time Dividend of Rs. 14 per Equity Share. If approved by the Shareholders at the Annual General Meeting, the special additional one-time Dividend will absorb Rs. 135.2 crores inclusive of the Dividend Distribution Tax.

Commenting on the performance, Mr. S. Kalyanasundaram, Managing Director, GlaxoSmithKline Pharmaceuticals Limited said, "The focus on priority products and their sterling performance have helped us report robust sales for the 4th successive year." He further added, "There are two seminal areas on which we have leveraged our expertise and resources in the past year i.e. value addition to the parent Company's global R&D through clinical research and a unique India-centric strategy. Going forward, I believe, our ability to understand science behind new medicines obtained through clinical research and data coupled with our expertise in medical communication, will give us cutting edge presence in a highly competitive market."

Highlights of the Year

The total sales of Rs. 1485.30 crores registered an overall growth of 8%. With a double digit growth of promoted products, net sales of the Pharmaceuticals business grew by 8.6% against industry growth of 5.3%.

GSK India continues to be the industry leader with a 6.5 % market share in the Indian Pharmaceuticals Market (source ORG IMS Stockist Audit December MAT 2005). Net sales of the Pharmaceuticals business segment was Rs. 1257 crores, constituting 85 % of the Company's total sales.

During the year, the Company launched four new products licensed from companies in the US and Japan viz. Parit (Rabeprazole) in alliance with Eisai, Japan, Ferronine (a novel chelated iron) in alliance with Albion, USA and two new oral contraceptives in alliance with Organon.

The Company also entered the diabetes segment through the launch of Windia and Windamet. Diabetes is one of the fastest growing therapeutic areas in India which is called the diabetes capital of the world with more than 30 million diabetics.

The Animal Health business achieved a growth of 10% and continued to maintain its No. 1 position with market share of approximately 10 per cent. The Qualigens Fine Chemicals business continued to hold the No. 1 position in the highly competitive Laboratory Chemicals market.

Research & Development

India has been identified as a major centre for clinical research across a number of disease areas such as breast cancer, central nervous system related disorders and infectious diseases. GSK India has made excellent progress in the last 2 years and has proven itself for its quality, speed and cost effectiveness.

Buyback of Shares of the Company

The Company commenced the Share Buyback program in May 2005 and has bought back 26,19,529 shares of Rs. 10 each for an aggregate consideration of Rs. 209,16.37 lakhs at an average price of Rs. 798.48 (inclusive of associated costs) from the open market through stock exchanges. The Buyback program was closed by the Company on 21st December, 2005, resulting in a reduction in the paid up Share Capital to Rs. 8470.30 lakhs from Rs. 8732.25 lakhs. Consequently, the promoter shareholding has increased from 49.15 % to 50.67 %.