

GLAXOSMITHKLINE PHARMACEUTICALS LTD. \$

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PHARMACEUTICALS

M N C

Chairman: Deepak Parekh

SEC: A. A. Nadkarni

AUD: Price Waterhouse & Co.

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1924	500660	GLXO.IN	10	1,112.2	-5.5	6.7	18.6	17.9	2.5	94,203.3	18.6	INE159A01016

SHAREHOLDING

		FX Transaction (CY05)	
Indian Promoters	: 0.0%	Exports (fob)	Rs m 273
Foreign collaborators	: 46.9%	Imports (cif)	Rs m 1,150
Indian inst/Mut Fund	: 13.5%	Fx inflow	Rs m 460
FII's/GDR	: 18.8%	Fx outflow	Rs m 2,199
Free float	: 20.8%	Net fx	Rs m -1,739
Shareholders	: 120,307		

No. of months	12	12	12
Year ending	31/12/03	31/12/04	31/12/05

EQUITY SHARE DATA

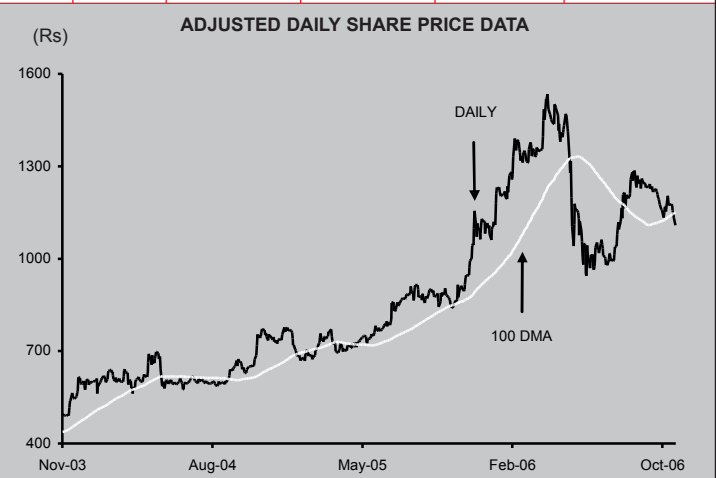
High	Rs	623	793	1,175
Low	Rs	312	542	667
Sales per share	Rs	152.6	161.4	179.3
Earnings per share	Rs	23.5	38.7	59.9
Cash flow per share	Rs	27.8	33.5	39.2
Dividends per share	Rs	10.00	24.00	28.00
Dividend yield (eoy)	%	2.1	3.6	3.0
Book value per share	Rs	88.9	105.8	112.5
Shares outstanding (eoy)	m	74.48	87.32	84.70
Bonus/Rights/Conversions		-	A	BB
Price / Sales ratio	x	3.1	4.1	5.1
Avg P/E ratio	x	19.9	17.3	15.4
P/CF ratio (eoy)	x	17.6	16.2	14.8
Price / Book Value ratio	x	5.3	6.3	8.2
Dividend payout	%	42.5	62.1	46.8
Avg Mkt Cap	Rs m	34,819	58,286	78,009
No. of employees	'000	4	4	4
Total wages/salary	Rs m	1,301	1,441	1,555
Avg. sales/employee	Rs Th	2,661.4	3,408.4	3,781.1
Avg. wages/employee	Rs Th	304.6	348.4	387.2
Avg. net profit/employee	Rs Th	410.2	816.2	1,262.7

INCOME DATA

Net Sales	Rs m	11,367	14,097	15,185
Other income	Rs m	564	552	677
Total revenues	Rs m	11,931	14,649	15,862
Gross profit	Rs m	2,594	3,963	4,424
Depreciation	Rs m	222	217	200
Interest	Rs m	19	19	17
Profit before tax	Rs m	2,917	4,279	4,884
Minority Interest	Rs m	0	0	0
Prior Period Items	Rs m	0	0	0
Extraordinary Inc (Exp)	Rs m	-97	670	1,954
Tax	Rs m	1,068	1,573	1,767
Profit after tax	Rs m	1,752	3,376	5,071
Gross profit margin	%	22.8	28.1	29.1
Effective tax rate	%	36.6	36.8	36.2
Net profit margin	%	15.4	23.9	33.4

BALANCE SHEET DATA

Current assets	Rs m	4,618	5,005	4,686
Current liabilities	Rs m	3,046	4,713	5,465
Net working cap to sales	%	13.8	2.1	-5.1
Current ratio	x	1.5	1.1	0.9
Inventory Turnover	Days	66	60	53
Debtors Turnover	Days	22	20	16
Net fixed assets	Rs m	1,165	1,044	1,056
Share capital	Rs m	745	873	847
"Free" reserves	Rs m	5,862	8,347	8,667
Net worth	Rs m	6,624	9,237	9,532
Long term debt	Rs m	28	38	48
Total assets	Rs m	9,399	13,540	14,746
Interest coverage	x	154.5	226.2	288.3
Debt to equity ratio	x	0.0	0.0	0.0
Sales to assets ratio	x	1.2	1.0	1.0
Return on assets	%	18.6	24.9	34.4
Return on equity	%	26.4	36.5	53.2
Return on capital	%	26.6	36.6	53.1
Exports to sales	%	3.0	2.0	1.8
Imports to sales	%	7.7	8.4	7.6



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Year ending	31/12/03	31/12/04	31/12/05

CASH FLOW

From Operations	Rs m	1,839	2,290	3,494
From Investments	Rs m	-1,877	-1,518	708
From Financial Activity	Rs m	-600	-1,000	-4,440
Net Cashflow	Rs m	-638	-228	-238

INTERIM RESULTS

		4QCY05	1QCY06	2QCY06	3QCY06
Net sales	Rs m	3,234	4,262	4,074	3,992
Gross profit	Rs m	662	1,390	1,252	1,283
Gross profit margin	%	20.5	32.6	30.7	32.1
Net profit	Rs m	512	1,013	911	991
Net profit margin	%	15.8	23.8	22.4	24.8

KEY DATA

Parameters	Unit	CY03	CY04	CY05
Pharmaceuticals (revenues)	% of sales	82.2	84.0	85.1
Other businesses (revenues)	% of sales	17.8	16.0	14.9
Raw material costs	% of sales	44.8	42.8	42.1
SG&A expenses	% of sales	20.9	18.7	18.6

NOTES

GSK Pharma is the largest pharma company in the domestic pharma market. It is a 51% subsidiary of the US\$ 40 bn Glaxo Group, the world's second-largest pharma company with an R&D war chest of US\$ 6 bn. GSK Pharma's product portfolio boasts of some of the leading brands like Augmentin, Cobadex and Zevit in the domestic pharma market. It derives its revenues from pharmaceuticals and fine chemicals. In May 2006, the company sold off its animal healthcare business to Virbac Animal Health India Pvt Ltd.

The 6% YoY revenue growth in 9mCY06 can be attributed to a strong performance by its 30 power brands in the pharma division (85% of total sales) and contribution from new products launched last year. However, revenues in 3QCY06 were affected due to a temporary shortage of product supply from third party manufacturers. The company also sold its animal healthcare business in India (Agrivet Farm Care) to Virbac to focus on its core business of pharmaceuticals. Operating margin expansion was attributed to a better product mix and a fall in raw material costs. The company enjoys the highest EBIDTA margins amongst its MNC peers.

Glaxo's focus on power brands is expected to contribute strongly to revenues going forward. The company is looking to launch new products in the country through the in-licensing route and has also unveiled plans to launch patented products from its parent's folio. These products include 'Lapatinib' (anti-cancer) and two vaccines, which will be launched CY07 onwards. Besides this, it is shifting its focus to chronic therapy related areas and is focusing on launching drugs in the cardiovascular, CNS and diabetes segments. The company is planning to increase activities on the clinical trials front, which shows that the Indian subsidiary is high on the parent's radar.