

GlaxoSmithKline Pharmaceuticals Limited

Registered Office: Dr. Annie Besant Road, Mumbai - 400 030

**UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31ST MARCH, 2011**

(Rs. lakhs)

	Unaudited		Audited
	3 months ended 31.03.2011	3 months ended 31.03.2010	Year ended 31.12.2010
Sales	61440	55212	215508
Less: Excise Duty on Sales	1150	1102	4344
Net Sales	60290	54110	211164
Other Operating Income	691	544	3240
Income from Operations	60981	54654	214404
Expenditure			
(Increase) / decrease in stock-in-trade and work in progress	(1991)	(184)	(2019)
Consumption of raw and packing materials	11328	10627	41982
Purchase of traded goods	13632	9906	37737
Total materials consumed	22969	20349	77700
Excise duty on samples and (increase) / decrease in stock-in-trade	79	(30)	(239)
Employees cost	6444	5532	24085
Depreciation	443	376	1763
Other expenditure	10541	9077	40131
Expenses relating to service income	(837)	(831)	(4292)
Total operating expenses	16670	14124	61448
Total expenditure	39639	34473	139148
Profit from Operations before Other Income, Interest and Exceptional Items	21342	20181	75256
Other Income	1800	1800	1800
Interest Income (net)	3310	2034	9671
Profit before Tax and Exceptional Items	26452	24015	86727
Tax Expense			
Current tax (net of write back of provision for fringe benefits tax for earlier years)	7867	7908	28952
Deferred tax	(48)	(12)	(363)
Total	7819	7896	28589
Net Profit after Tax before Exceptional Items	18633	16119	58138
Exceptional Items (net of tax)	(18587)	-	(1769)
Net Profit	46	16119	56369
Paid-up Equity Share Capital (Face value per share Rs. 10)	8470	8470	8470
Reserves excluding Revaluation Reserves			184611
Earnings Per Share (EPS)			
Basic and diluted EPS before exceptional items (Rs.)	22.0	19.0	68.6
Basic and diluted EPS after exceptional items (Rs.)	0.1	19.0	66.6
Public Shareholding			
Number of shares	41785529	41785529	41785529
Percentage of shareholding	49.3%	49.3%	49.3%
Promoters and promoter group			
Shareholding			
(a) Pledged/Encumbered			
- Number of shares	Nil	Nil	Nil
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil
- Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil
(b) Non-encumbered			
- Number of shares	42917488	42917488	42917488
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%
- Percentage of shares (as a % of the total share capital of the company)	50.7%	50.7%	50.7%

- Net Sales of the Pharmaceuticals business grew by 12.4% during the quarter ended 31st March, 2011. Overall, Net Sales which includes domestic Pharmaceuticals and Exports have grown by 11.4% during the quarter ended 31st March, 2011.
- The demand of Rs.71.79 crores made by the Central Government on the Company in respect of Betamethasone bulk drugs and formulations made therefrom during the period May 1981 to August 1987 has been under litigation for a period spanning nearly 30 years. Pursuant to the special leave petition of the Central Government in the Supreme Court of India against the Delhi High Court's Judgment and Order dated 19th October 2001 which held in favour of the Company, the Supreme Court has, vide its Judgment and Order dated 30th March 2011, upheld the demand. The Company had accrued a liability of Rs.18.68 crores in earlier years and a further provision of Rs.53.11 crores (net of tax Rs.24.45 crores - see note 3 below) is disclosed in Exceptional Items for the quarter ended 31st March, 2011. Based on a legal advice, the Company has filed an Application in the Supreme Court seeking, inter alia, clarifications on some aspects of the Judgement and directions for recomputation of the demand. Simultaneously, the Company without prejudice to and subject to the outcome of the Application filed in the Supreme Court, has tendered as a further deposit, an amount of Rs.63.60 crores, which together with the amount of Rs.8.19 crores previously deposited with the Government, aggregates to the demand of Rs.71.79 crores made by the Government in November 1990.

In October 1996, the Government had claimed interest of Rs. 117.66 crores for the period 12th May 1981 to 17th October 1996, for which no provision was made in earlier years. The Government has vide letter dated 4th May 2011 called upon the Company to discharge the entire liability, including upto date interest calculated at 15% p.a. The Company will take such further steps as it may be legally advised in relation to the demand for interest. In the meanwhile, without prejudice to its position that interest is not payable, the Company has recognized a provision of Rs. 246.77 crores (net of tax Rs.161.01 crores - see note 3 below) in respect of the Government's claim for interest disclosed in Exceptional Items.

- Exceptional Items (net of tax) for the quarter ended 31st March, 2011 represent:

	Rs. lakhs
Provision for pricing of bulk drugs and formulations (Note 2)	(5311)
Provision for interest claim (Note 2)	(24677)
Expenses for rationalisation initiatives	(61)
Current tax for the period and for earlier years (net)	11811
Deferred tax for earlier years	(349)
	<u>(18587)</u>

- The Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.
- There were no investor complaints pending as at the beginning of the quarter. The Company has received 17 complaints from the investors during the quarter and all of them have since been resolved, leaving no investor complaints unresolved at the end of the quarter.
- The above Results were reviewed by the Audit Committee and were thereafter approved by the Board of Directors at their respective meetings held on 6th May, 2011.
- The statutory auditors have carried out a limited review of the results for the quarter ended 31st March, 2011. The figures for 2010 have been regrouped wherever necessary to facilitate comparison.

By Order of the Board

Dr. Hasit B. Josphura
Managing Director

6th May, 2011