Board of Directors

(As on 18.02.2009)

Chairman
D. S. Parekh

Vice-Chairman
V. Thyagarajan

Managing Director
Dr. H. B. Joshipura

Directors
P. Bains
R. R. Bajaaj
Dr. A. Banerjee
M. B. Kapadia
N. Kaviratne, CBE
V. Narayanan
P. V. Nayak
Dr. M. Reilly
R. C. Sequeira

Company Secretary
A. A. Nadkarni

Factories
– 2nd Pokhran Road, Thane
– Ambad, Nashik

Bankers
Citibank N.A.
HDFC Bank Limited
Hongkong and Shanghai Banking Corporation Limited
State Bank of India

Auditors
Price Waterhouse & Co.

Solicitors
Crawford Bayley & Co.
Gagrat & Co.

Registrars & Share Transfer Agents
Karvy Computershare Private Limited
Unit: GlaxoSmithKline Pharmaceuticals Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad 500 081
Tel No. 040 - 23420818/23420828
Fax No. 040 - 23420814
Email: satheesh@karvy.com

Share Department
Dr. Annie Besant Road,
Mumbai 400 030
Tel: 022 - 24959415/434
Fax: 022 - 24981526
Email: ajay.a.nadkarni@gsk.com

Management Team

Managing Director
Dr. H. B. Joshipura

Senior Executive Director
M. B. Kapadia
– *Finance, Legal & Corporate Affairs*
– *Corporate Communications & Administration*

Executive Directors
Dr. A. Banerjee
– *Technical*

R. C. Sequeira
– *Human Resources*

Executive Vice-Presidents
H. Singh
– *Pharmaceuticals*

M. K. Vasanth Kumar
– *Information Technology & Supply Chain*

Vice-Presidents
Dr. S. Joglekar
– *Medical & Clinical Research*

S. Khanna
– *Finance*

R. Limaye
– *Pharmaceuticals*

S. Patel
– *Legal & Corporate Affairs*

General Manager
Sunder Rajan
– *Corporate Communications*

Registered Office
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Mumbai 400 030
Tel: 022 - 24959595
Fax: 022 - 24959494
Website: *www.gsk-india.com*

Contents

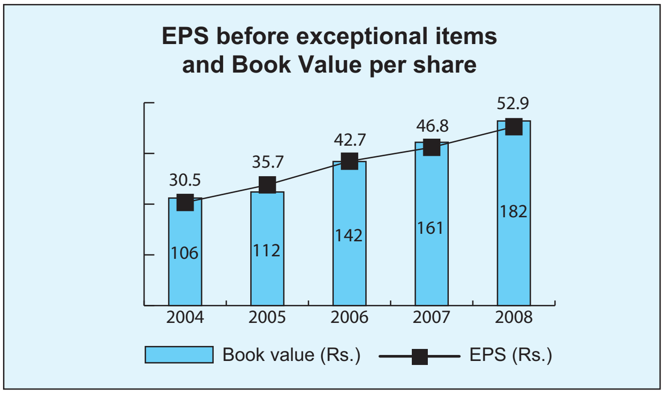
Financial Summary

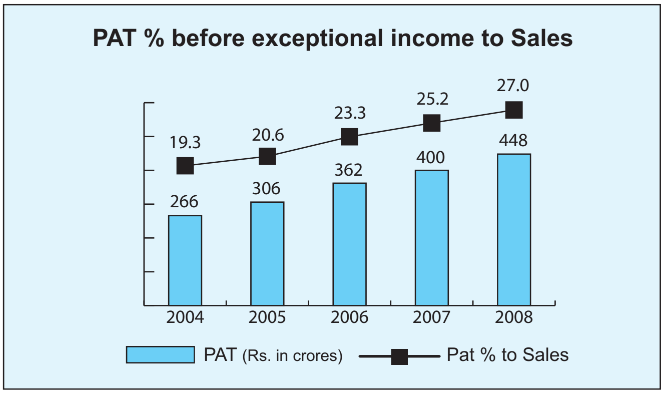
(Amounts in Rupees Lakhs)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
PROFIT AND LOSS ACCOUNT										
Sales	1751,56	1712,84	1677,57	1575,89	1479,59	1191,69	1148,22	1097,37	934,62	885,50
Profit before tax	679,90	606,73	555,95	477,91	418,24	284,56	196,33	115,58	84,84	104,95
Tax	231,54	209,94	194,23	171,63	152,19	102,70	67,86	40,26	32,52	27,89
Profit after tax	448,36	396,79	361,72	306,28	266,05	181,86	128,47	75,32	52,32	77,06
Exceptional items (net of tax)	128,21	140,87	183,79	195,80	67,04	(9,63)	(30,41)	(31,34)	18,22	—
Net Profit	576,57	537,66	545,51	502,08	333,09	172,23	98,06	43,98	70,54	77,06
Dividends-equity	338,81	304,93	262,58	237,17	209,57	74,47	52,13	40,96	29,89	35,87
Tax on distributed profit	57,58	51,82	36,83	33,26	27,39	9,54	6,68	(5,16)	6,75	4,24
Retained Earnings	180,18	180,91	246,10	231,65	96,13	88,22	39,25	8,18	33,90	36,95
BALANCE SHEET										
Equity Capital	84,70	84,70	84,70	84,70	87,32	74,48	74,48	74,48	59,78	59,78
Reserves	1456,39	1276,21	1110,01	863,91	836,94	593,01	504,80	486,10	334,67	300,78
Net Worth	1541,09	1360,91	1194,71	948,61	924,26	667,49	579,28	560,58	394,45	360,56
Borrowings	5,65	5,77	5,54	4,85	3,85	2,86	1,98	9,71	34,85	20,70
Total Capital Employed	1546,74	1366,68	1200,25	953,46	928,11	670,35	581,26	570,29	429,30	381,26
Net Fixed Assets	100,35	92,90	94,46	96,94	91,49	99,38	115,40	137,62	101,37	104,56
Investments	751,87	1333,32	1139,41	913,06	776,82	409,12	162,00	151,68	124,87	115,55
Net Current Assets	694,52	(59,54)	(33,62)	(56,54)	59,80	161,85	303,86	280,99	203,06	161,15
OTHER KEY DATA										
Rupees per Rs.10/- Equity Share										
DIVIDENDS	22.00	18.00	17.00	14.00	13.00	10.00	7.00	5.50	5.00	4.00
SPECIAL ADDITIONAL DIVIDEND	18.00	18.00	14.00	14.00	11.00	—	—	—	—	2.00
TOTAL	40.00	36.00	31.00	28.00	24.00	10.00	7.00	5.50	5.00	6.00
EARNINGS before exceptional items	52.93	46.84	42.70	35.69	30.47	24.42	17.25	10.11	8.75	12.89
EARNINGS after exceptional items	68.07	63.48	64.40	58.51	38.15	23.13	13.17	5.90	11.80	12.89
BOOK VALUE	181.95	160.67	141.05	112.00	105.85	89.63	77.78	75.27	65.99	60.31
Number of employees	3722	3620	3850	4016	4136	4271	4654	5338	4943	4529

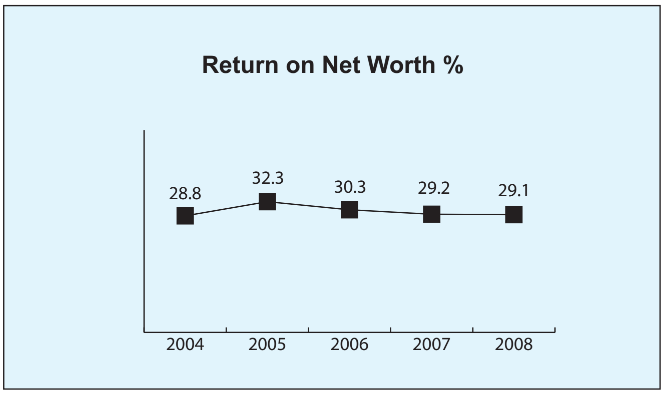
NOTES

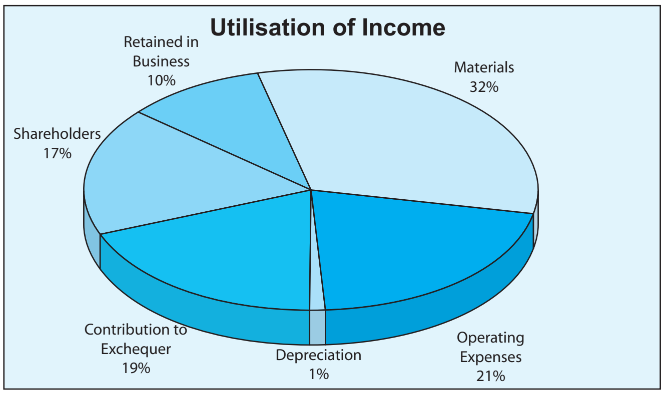
1. The Company has divested its Fine Chemicals business on 30th September, 2007 and its Animal Health business on 31st July, 2006.
2. The Company has bought back and extinguished 26,19,529 equity shares during 2005.
3. Burroughs Wellcome (India) Limited merged with the Company from 1.1.2004.
4. The Marketing Undertaking of Megdoot Chemicals Limited has demerged into, and Croydon Chemical Works Limited has amalgamated with the Company from 1.1.2002.
5. SmithKline Beecham Pharmaceuticals (India) Limited merged with the Company from 1.1.2001.
6. The figures for 1999 include profit on sale of property Rs. 21,87 Lakhs.
7. Figures have been adjusted/regrouped wherever necessary in line with the Accounts, to facilitate comparison.

Charts









Directors' Report

The Directors have pleasure in submitting their Report for the year ended 31st December 2008

1. Results & Dividend for the year ended 31st December 2008

	Year ended 31st December 2008 Rs. in Lakhs	Year ended 31st December 2007 Rs. in Lakhs
SALES (Gross)	1751,56.06	1712,84.15
Less: Excise duty on Sales	91,15.53	135,70.03
NET SALES	1660,40.53	1577,14.12
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS	679,89.76	606,73.06
Less: Provision for Taxation	231,53.94	209,94.66
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS	448,35.82	396,78.40
Exceptional Items (Net of Tax)	128,21.08	140,87.45
NET PROFIT AFTER TAX	576,56.90	537,65.85
Add: Balance brought forward from the previous year . .	759,88.90	632,75.02
Amount available for disposal	1336,45.80	1170,40.87
APPROPRIATIONS :		
General Reserve	57,65.69	53,76.59
Equity Dividend (including special additional Dividend) . .	338,81.20	304,93.08
Distribution Tax on Dividend	57,58.11	51,82.30
Balance carried forward	882,40.80	759,88.90

Note: The financial results for 2007 and 2008 are not comparable in view of the sale of the Fine Chemicals business on 30th September 2007.

The growth in Net Sales (net of Excise duty), excluding the Fine Chemicals business which was divested last year, was 10.1% and in Profit before Tax and Exceptional Items was 14.6% for the year ended 31st December 2008 on a comparable basis. The growth in Gross Sales was impacted due to the sale of the Fine Chemicals business last year and on account of lower selling prices as a result of the benefit of excise duty reduction being passed on to the consumer. The Profit before Tax and Exceptional Items as a percentage of Net Sales improved to 40.9% in 2008 compared to 39.3% last year, on a comparable basis.

2. Dividend

The Directors recommend a Dividend of Rs. 22.00 per Equity Share for the year (previous year Rs.18.00 per Equity Share). If approved by the Shareholders at the Annual General Meeting, the Dividend will absorb Rs. 186.35 crores. The Dividend Distribution Tax borne by the Company will amount to Rs. 31.67 crores.

Having regard to the Company's cash position and the Exceptional Income earned during the year from the profit on sale of investments, the Directors are of the view that a portion of the surplus cash be returned to the shareholders. The Directors are therefore pleased to recommend a special additional Dividend of Rs. 18.00 per Equity Share. If approved by the Shareholders at the Annual General Meeting, the special additional Dividend will absorb Rs. 152.46 crores. The Dividend Distribution Tax borne by the Company on this dividend will amount to Rs. 25.91 crores.

3. **Management Discussion and Analysis**

(a) Your Company maintained its leadership position in the Pharmaceuticals market with Net Sales of the continuing businesses, excluding the Fine Chemicals business, registering a growth of 10.1%.

Profit Before Tax and Exceptional Items of the Company's continuing businesses grew by 14.6% on a comparable basis. The continued focus on sales of priority products, new product introductions and tight expense control helped improve profits. This was achieved despite cost escalations of certain imported ingredients and inflationary pressures on utilities and freight costs. Higher income from investments contributed further to the improvement in profits.

Cash generation from operations was favourable, driven by the strong business performance and management of working capital. Pursuant to global and local developments in the financial market, appropriate changes were made in the Company's investments portfolio, with cash surpluses continuing to remain deployed largely in Bank Deposits.

(b) Pharmaceuticals Business Performance, Opportunities and Outlook

The Indian Pharmaceuticals Market grew by 10% (Source: [ORG IMS] SSA MAT December 2008).

Net sales of the Pharmaceuticals business segment was Rs. 1601 crores.

Your Company enjoys a leadership position in the segments in which its products are represented including Dermatologicals, Corticosteroids, Anti-parasitic, Vitamins, Minerals, Nutritionals and Pain/Analgesics. Augmentin continues to be a leader in the Anti-infectives segment. Betnesol, Eltroxin and Zentel are leaders in the Corticosteroids, Thyroid preparations and Anti-parasitic segments respectively. Calpol, Neosporin and Cobadex CZS maintained their leadership position in the Anti-pyretic, Topical Antibiotic and Antioxidants segments respectively. Cetzine is the number one brand in the Cetrizine oral solid segment and Zobactin continues to be the 4th largest brand in the piperacillin combination segment.

In 2008, your Company launched its flagship patented product in the field of Oncology i.e. Tykerb. The response from Doctors is most encouraging and this launch heralds your Company's entry in the Oncology segment with more products expected from GlaxoSmithKline's research pipeline.

In 2008, your Company signed two business development deals with leading Japanese companies. The deal with Daiichi Sankyo for Olmesartan, a latest Angiotensin Receptor Blocker for treating hypertension, resulted in the launch of Benitec in the fourth quarter of 2008. The agreement with Astellas for Micafungin, a critical care anti-fungal, aligns well with your Company's critical care and hospital portfolio. Your Company now has a relationship with three out of the four top Japanese pharmaceutical majors.

Going forward, your Company intends to focus on high growth segments such as CNS (central nervous system), CVS (cardio vascular system) and diabetology, known collectively as the lifestyle diseases segment. Appropriate investments are planned to support such strategic priorities and provide sufficient traction to new product introductions.

On the premise that prevention is less expensive than therapy, Vaccines technology is rapidly evolving with newer and more sophisticated vaccines being introduced, apart from the development of therapeutic vaccines. Your Company's long presence in the Vaccines business will ensure that Indian patients benefit from the GlaxoSmithKline's research-based dynamic vaccines pipeline. Your Company proposes to launch 'Cervarix', a vaccine which prevents cervical cancer.

(c) Risk, Concerns and Threats

While the global economic recession will undoubtedly have its repercussions in India, the pharmaceutical industry does not expect any significant impact on its growth prospects. The growth of the Indian pharmaceutical market will be driven by the chronic disease segment due to life style changes, growing disposable incomes particularly in middle class households, improved medical facilities and greater health insurance coverage, all of which are expected to increase the demand for healthcare. The industry continues to remain under price control. The implementation of the new pharmaceutical policy announced by the Government is pending, the impact of which cannot be ascertained. The industry is also faced with suo moto reductions in drug prices by the Government from time to time.

(d) **Research & Development and Regulatory Matters**

GlaxoSmithKline is committed to research and development of medicines that will improve the quality of life of people around the world and which truly make a difference to patients. This R&D effort is supported by the Clinical Operations group in India, which conducts clinical studies across a number of disease areas ranging from Cancer, Depression, Acute Coronary Syndrome, Congestive Coronary Heart Disease, Diabetes and Hepatitis C.

Last year, your Company conducted 17 clinical trials, of which 9 were new studies initiated in 2008 and 280 patients participated. A large number of the clinical trials initiated in 2008 have been in the field of Oncology and Neuropsychiatry. Your Company has trained more than 150 investigators over 60 hospitals across India. The quality of work continues to be of a high order, evidenced by a number of successful internal compliance audits.

During the year under review, in order to support the launch of new drugs that would benefit and improve the quality of life of Indian patients suffering from various diseases, your Company submitted 9 NDAs (New Drug Applications) for GlaxoSmithKline innovator and in-licensed products and 2 INDs (Investigational New Drug Applications) to the CDSCO (Central Drugs Standard Control Organization), Ministry of Health and Family Welfare, Government of India. Your Company has received approval for 4 NDAs and 1 IND from CDSCO which paves the way for speedy introduction of these new drugs. Additionally, to support the R&D efforts of GlaxoSmithKline, your Company submitted 5 global Clinical Trial applications to the CDSCO, and was granted approval to conduct these studies in the Indian population through the Clinical Operations group in India.

Efforts towards a speedy review and approval by local authorities for GlaxoSmithKline's innovator products particularly Tykerb, Arixtra and Cervarix have resulted in early access to new and innovative therapeutic options to patients in the country.

(e) **Exports**

Exports recorded a sales turnover of Rs. 59.27 crores (last year: Rs. 40.32 crores), comprising both Bulk Drugs and Formulations. Exports of bulk drugs were to major markets like Japan, Mexico, France, Indonesia, Korea and Jordan.

(f) **Internal Control Framework**

Your Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, including suitable monitoring procedures and self-assessment exercises. In addition to external audit, the financial and operating controls of your Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. Compliance with laws and regulations is also monitored.

Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. In accordance with the Code of Conduct and standards associated with the Code of Conduct, employees are required to become familiar with the legal requirements, policies and procedures applicable to their areas of operation, avoid conflicts of interest and are tasked with upward reporting of all unethical and illegal conduct. All employees are committed to the principle of performance with integrity and ensuring that activities comply with all applicable laws.

Additionally, Managers are required to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violative of the Code of Conduct. Strong oversight and self monitoring policies and procedures demonstrate your Company's commitment to the highest standards of integrity.

(g) **Human Resources**

Management of Human Resources is a key element of your Company's strategy to drive growth and organisational competitiveness. To this end, your Company continues to lay strong emphasis on Sales training for its field force both at the induction level and through refresher programs to accredit front-line Medical Representatives and Managers on Pathology-Product-Promotion. The Global Sales Leadership Excellence Program has been tailored to the Indian context with all Marketing and Sales employees being introduced to the new competencies - 'High Performance Behaviors' (for Managers) and 'World Class Practices' (for Medical Representatives). Managers are also committed to holding quarterly ‘Real Conversations’ meetings with their sales teams around ‘Total Sales/ Marketing Practices’ and setting clear standards focusing on ‘Results-Activities-Behavior’.

Your Company continues to lay emphasis on building organization capability to meet new business needs. In order to support your Company’s entry into Oncology, a new Business Unit has been set up and a complete new team with talent and expertise in Oncology has been hired. Key Talent has also been hired in Quality and Procurement to support our manufacturing initiatives. A new structure to ensure greater customer focus was put in place to leverage strengths in the mass market segment, while at the same time allowing the flexibility to develop and grow the semi-specialty and specialty segments of Vaccines, Cardio Vascular/ Diabetes, Dermatology and Oncology. This structure also optimizes on the skills of your Company’s workforce while providing them an opportunity for growth and development in the area of their choice.

On the Industrial Relations front, your Company has had a cordial relationship with its employees and unions throughout 2008.

Your Company had a staff strength of 3722 employees as on 31st December, 2008 compared to 3620 employees at the end of the previous year. The increased headcount is mainly on account of additional sales executives hired in the newly set up Oncology and Cardio Vascular teams.

(h) Procurement

Year 2008 has proved to be challenging year for the Procurement fraternity and the Pharmaceutical Industry in particular. Various factors including rising crude prices, unpredictable supply of Active Pharmaceutical Ingredients from China and rising commodity prices called for analysis of the supply chain for risk analysis and development of mitigation plans. With the help of globally designed systems, procurement initiated the process of analyzing the vulnerability of vendor base and decoupling it from various uncontrollable factors. Focus on Strategic Sourcing initiatives, eProcurement and Sourcing tools continued throughout the year. Several e-sourcing events were conducted during the year to identify the capabilities of the supply base, benchmark prices and generate competitive advantage in the market. These strategic sourcing efforts and prudent decisions on buying/deferring, helped counter inflationary pressures to a great extent, thus assisting in assurance of supply to the market. Supplier Relationship Management along with other Operational Excellence tools in key categories helped your Company in generating partnership spirit and to be termed as preferred customer among GlaxoSmithKline’s vendors base across the world.

(i) Manufacturing

Your Company’s Thane site was approved by the Japanese regulatory authority PMDA and Korean regulatory authority KFDA for the supply of Betamethasone and its derivatives. This was in addition to the already existing MHRA approval. The site has further upgraded the quality systems to meet the requirements of the regulated markets. The Nashik site of your Company has improved the equipment efficiencies of various manufacturing and packing lines through various innovative approaches and technology upgradation. The R&D laboratory at the Nashik site has been upgraded and modernized.

(j) Information Technology (IT) & Supply Chain

Three new Business Partnering initiatives were rolled out during the year. A Query Management System, ‘Field Serve’ was implemented to enable field staff to raise queries with all support functions at Head Office for a speedy resolution. A field Human Resource Management System was implemented to monitor and fill up vacant territories faster. A Compliance Management System was deployed to assist the Corporate Legal department in tracking compliance levels across the organisation.

The Disaster Recovery plan for IT systems and all communication links to factories and Mumbai Worli office were tested successfully.

Through the ‘Stockist Connect’ initiative, your Company has now linked over 1000 stockists using the Internet, most of whom are now actively using the portal to place orders, download company circulars, etc. Supply chain planning and obsolescence control remain a key area of focus.

(k) Corporate Social Responsibility

During the year, your Company continued with its long term ongoing projects while undertaking many new social responsibility field projects across India. Gramin Arogya Vikas Sanstha (GAVS), a Trust supported by the Company launched two new Medical Centers in predominantly tribal regions in Peth Taluka, Nashik with the objective of providing basic healthcare facilities to rural tribal people. Over 30,000 tribal people are benefited by this new healthcare initiative. GAVS also launched three Vocational Training Centers in Peth Taluka, Nashik. The project was undertaken with the long term objective of imparting specialized skills and making them more employable.

The Company in collaboration with Pratham, a Non Government Organization (NGO), started a Shelter for children, located in Behraich, Lucknow, one of the regions from which a large number of children are sent as child labour. The Shelter provides education, food and shelter with psycho-social support to their families. Your Company has, in collaboration with the Niramaya Health Foundation supported a medical centre in the Deonar dumping ground to provide medical facilities to rag-pickers and their families who work in this biggest dumping ground in Mumbai.

The Company continued its initiative of providing telephonic counselling through the GSK HIV / AIDS Helpline and disseminated information on the disease with psycho-social support to callers. Donation of essential medicines / products for humanitarian causes continued through the year. Your Company continued its support to ISKCON Foundation's Mid-Day Meal project in Mumbai for less privileged children. The Company also supported the Salvation Army, an NGO, in upgrading infrastructure facilities at its Shelter Home for destitute children in Ahmednagar, Maharashtra. The Cancer Patients' Aid Association was supported with a donation for a mammography machine for their center in Mumbai.

India is increasingly becoming an integral part of GlaxoSmithKline's social initiatives. During the year, GlaxoSmithKline announced plans to upscale its existing efforts in India and build a new production line at the Company's Nashik factory to supplement its efforts in eliminating Lymphatic Filariasis by 2020 which is regarded as the largest drug donation programme in the global Pharmaceutical Industry. The proposal is expected to deliver an additional 300 million treatments of albendazole per year.

(l) Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

4. Directors

Dr. A. Banerjee, Mr. N. Kaviratne and Mr. P. V. Nayak retire by rotation and, being eligible, offer themselves for re-appointment.

5. Directors' Responsibility Statement

Your Directors confirm:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st December 2008 and of the profit of the Company for that year;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a going concern basis.

6. **Corporate Governance**

Your Company is part of the GlaxoSmithKline plc group and conforms to norms of Corporate Governance adopted by them. As a Listed Company, necessary measures are taken to comply with the Listing Agreements with the Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, given in Annexure 'B', forms a part of this Report.

7. **Auditors**

Members are requested to re-appoint M/s. Price Waterhouse & Co., Chartered Accountants, as the Auditors of the Company and authorise the Audit Committee to fix their remuneration.

8. **General**

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' forming part of this Report. The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the rules thereunder, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company. Further, attached to the accounts of the Company are the Report and Audited Accounts of Biddle Sawyer Limited.

9. **Employees**

The Directors express their appreciation for the contribution made by the employees to the significant improvement in the operations of the Company and for the support received from all other stakeholders, including shareholders, doctors, medical professionals, customers, suppliers and business partners.

On behalf of the Board of Directors

D.S. Parekh
Chairman

Mumbai, 18th February 2009

Annexure 'A' to the Directors' Report

I. Conservation of Energy:

The Thane and Nashik factories continued their efforts in identifying and implementing energy Conservation measures. Regular review of energy consumption and effective control on its utilisation was carried out. With crude oil prices soaring high during a large part of the year, the sites focussed on mitigating the impact on growing energy cost by improving energy efficiency. Some of the measures undertaken during the year are listed below -

Energy Conservation measures taken during the year:

- Replacement of reciprocating air compressor with screw compressor.
- Replacement of solid shaft with hollow shaft for hydrogenator.
- Fuel additives to improve the boiler efficiency.
- Air, steam and Nitrogen system leakage audit.
- Replacement of HCFC based chillers with R134a screw chillers.
- Variable frequency drives for pumps.
- Use of high efficiency electrical motors & pumps.
- Building Management systems for control and tracking of air handling systems for efficient operations.

Apart from the above measures, monitoring of noise levels and re-cycling of waste was carried out. Gaseous emission from boiler chimney was monitored and controlled by ensuring proper combustion efficiency of the equipment.

A) Power and Fuel Consumption

		Year Ended 31st December 2008	Year Ended 31st December 2007
1. Electricity			
(a) Purchased units	KWH'000	21,189.36	20,715.03
Total amount	Rs.Lacs	10,37.11	10,17.70
Rate/Unit	Rs.	4.89	4.91
(b) Own generation			
(i) Through DG			
Units	KWH'000	194.87	88.31
Units /Ltr of HSD	KWH'000	5.31	4.60
Cost per unit	Rs.	15.44	22.20
(ii) Coal		—	—
2. Furnace Oil, LDO & LSHS			
Quantity	KL	3,023.80	2,988.61
Total amount	Rs.Lacs	8,93.06	5,78.58
Average rate	Rs./KL	29,534.36	19,359.48
3. Others		—	—

B) Consumption PU of production

		Year ended 31st December 2008		Year ended 31st December 2007	
		Chemicals (Incl.Bulk Drugs) Per Tonne*	Formulations Per Million Packs	Chemicals (Incl.Bulk Drugs) Per Tonne*	Formulations Per Million Packs
Electricity	Units	352,629	62,049	158,066	66,418
Furnace Oil, LDO & LSHS	KLtrs	71.03	5.75	30.20	4.91

* Note: Figures are not comparable. The year 2007 bulk drug production includes 49 tonnes of Treated Sena Powder which was not produced during 2008. The utility consumption for this activity is low.

II. Research and Development (R&D)

The company has two R&D units, namely Chemistry Research & Development (CR&D) and Pharmaceutical Research & Development (PR&D). Both are approved by Department of Science and Industrial Research, Government of India.

A. Chemistry Research & Development (CR&D), Thane

CR&D at Thane carries out custom synthesis for the Discovery Medicinal Chemistry – Molecular Discovery Research (DMC-MDR) group of GSK R&D, UK. These activities are in the area of early phase of drug discovery. The work consists of synthesis of monomers (or building blocks) and also array synthesis. More than 350 new molecules generated by array synthesis have been registered under the Company's collection for high throughput library.

B. Pharmaceutical Research and Development (PR&D)

GSK plc is keen to enhance and accelerate its technology development capability. As a part of this strategy, the existing PR&D facility is being upgraded to cater to these needs. As a part of the upgrade, a laboratory scale and pilot scale equipment for tablets, oral liquids and semisolids are being installed.

By utilizing the technical skills in India, the facility is expected to support local business and GSK plc for short listing of bulk drugs for pilot scale studies, process understanding and identification of "critical to quality" and "critical to process" parameters. The facility will work in collaboration with GSK plc's Technical Development facility at Mayenne - France.

Specific areas in which R&D is carried on by the Company :

- Pharmaceutical R&D has developed a newer strength of anti-infective formulation in the form of dry powder which can be reconstituted to form a suspension and a topical combination preparation with corticosteroid.
- The department has also evaluated a number of cardiac formulations in collaboration with leading pharmaceutical companies.
- The department undertook a number of trials to implement environmental friendly coating process which will eliminate the use of solvents in the coating formulation.
- The manufacturing processes for many products were simplified and the raw & packaging material were rationalised.
- Anti-counterfeit features are being developed for a number of products.

Benefits derived as a result of the above R&D:

PR&D efforts have helped to introduce new products to grow a diversified business and to deliver more value to the customer. It has also brought out an improvement in processes, product design and operating efficiencies. R&D work has also resulted in improved stability of products and cost reduction. A few processes received from abroad have been successfully modified and commissioned locally. Implementation of Anti-counterfeit features would improve the confidence of our customers in company products.