



# Performance 2008

20<sup>th</sup> February 2009

Presentation by  
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# Key Highlights

- Net Sales growth at 10.1%
  - Priority products and Vaccines grow at 10%
  - Tykerb heralds entry in Oncology; 2 in-licensing deals signed for Olmesartan and Micafungin
- Focus on product mix, managing material cost escalations and tight expense control
- Trading Profit maintained at 35%
- PBT growth 15% excluding Fine Chemicals sold on 1st October 2007
- EPS before exceptional items Rs.52.9, growing at 13.0% on “as is” basis

***What We Presented in February 2008...***

# What We Presented.....

## New Pharma Products

**Zemetril<sup>®</sup> 250 mg**

**AriXtra<sup>™</sup> 2.5 mg/0.5 ml**

**CARZEC<sup>®</sup> Tablets**

**INFLAPEN<sup>®</sup> Tablets**

NCE	India launch	Key Differentiation
Tykerb	2008	1st in Class. Dual mechanism to cut of blood supply to the tumor
Inlicensed - Cardio Vascular	H1-2008	Cardiovascular
Inlicensed - Critical Care	2009	Critical Care
Allermist	2009	New corticosteoid in a novel device - works on both nasal and ocular symptoms of allergy
Eltrombopag	2009	Thrombocytopenia

# What we Presented.....

## Vaccines

NCE	India launch	Key Differentiation
Rotarix	Q2-2008	Rotavirus - biggest cause of diarrhoea
Cervarix	2009	Cervical cancer vaccine
Infanrix Hexa	2009	DTPa + Hib + HB + IPV
Synflorix	2010	Strep-Pneumonia - vaccine

# Reorganisation of Business Units.....

Consolidate GSK strength in Primary care

Enhance presence in growing therapy areas/specialties

Improve penetration in Rural /extra urban markets

Consolidate Presence in Hospitals

Maximize resources for growth

# Achievements to date...

## Rx



## Vaccines



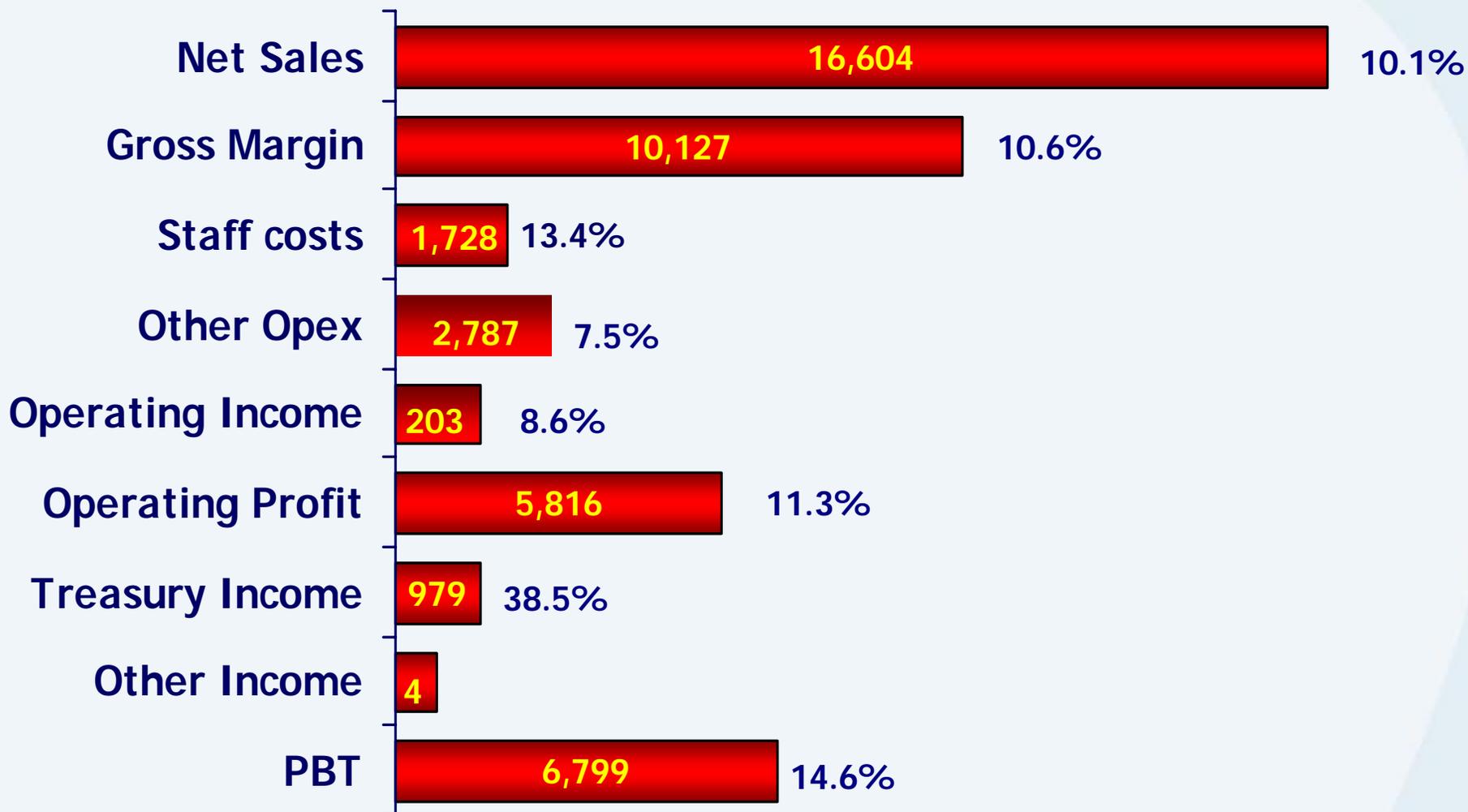
## In Progress



# Growth 2008

*In INR Mn*

*Continuing Businesses*



# Financials – As Is basis

Jan - Dec 07			Jan - Dec 08		Change	
Rs. Lakhs	% to Sales		Rs. Lakhs	% to Sales	Rs. Lakhs	% Growth
1712,84		Sales	1751,56			
135,70		Less: Excise Duty on Sales	91,15			
<b>1577,14</b>	<b>100</b>	<b>Net Sales</b>	<b>1660,41</b>	<b>100</b>	<b>83,27</b>	<b>5</b>
19,03		Other Operating Income	20,27			
<b>1596,17</b>	<b>101</b>	<b>Income from Operations</b>	<b>1680,68</b>	<b>101</b>	<b>84,51</b>	<b>(5)</b>
32,73		(Increase)/Decrease in stock-in-trade and work in progress	(2,33)			
321,52		Consumption of raw and packing materials	351,87			
293,65		Purchase of traded goods	298,07			
(19,44)		Transfer of stock pursuant to sale of business	-			
<b>628,46</b>	<b>40</b>	<b>Total materials consumed</b>	<b>647,61</b>	<b>39</b>	<b>19,15</b>	<b>(3)</b>

# Financials – As Is basis

Jan - Dec 07			Jan - Dec 08		Change	
Rs. Lakhs	% to Sales		Rs. Lakhs	% to Sales	Rs. Lakhs	% Growth
		<b>Operating Expenses</b>				
6,84		Excise Duty on stock/samples	(4,88)			
155,70		Employees cost	172,75	10	17,05	(11)
16,16		Depreciation	16,34			
300,08	19	Other Expenditure	308,60	19	8,52	(3)
(6,73)		Recovery of expenses (net)	(7,96)			
(40,27)		Expenses relating to service income	(33,40)			
<b>431,78</b>	<b>27</b>	<b>Total Operating Expenses</b>	<b>451,45</b>	<b>27</b>	<b>19,67</b>	<b>(5)</b>
25,58		Other Income (Net)	28,26		2,68	
45,23		Interest income (Net)	70,02		24,80	
<b>606,74</b>	<b>38</b>	<b>PBT before exceptional</b>	<b>679,90</b>	<b>41</b>	<b>73,16</b>	<b>12</b>
209,95	13	Provision for Taxation (incl. FBT)	231,54	14	21,59	
<b>396,79</b>	<b>25</b>	<b>PAT before exceptional</b>	<b>448,36</b>	<b>27</b>	<b>51,57</b>	<b>13</b>
140,87		Exceptional net of tax	128,21			
<b>537,66</b>	<b>34</b>	<b>Net Profit</b>	<b>576,57</b>	<b>35</b>		

*Capital gains Rs 14 crores from divestment of mutual funds now categorised as exceptional income*

# Financials 2008

*Continuing Businesses*

Jan - Dec 07			Jan - Dec 08		Change	
Rs. Lakhs	% to Sales		Rs. Lakhs	% to Sales	Rs. Lakhs	% Growth
1635,91		Sales	1751,56			
127,60		Less: Excise Duty on Sales	91,15			
<b>1508,31</b>	<b>100</b>	<b>Net Sales</b>	<b>1660,41</b>	<b>100</b>	<b>152,10</b>	<b>10</b>
18,70		Other Operating Income	20,27			
<b>1527,01</b>	<b>101</b>	<b>Income from Operations</b>	<b>1680,68</b>	<b>101</b>	<b>153,67</b>	
14,55		(Increase)/Decrease in stock-in-trade and work in progress	(2,33)			
291,11		Consumption of raw and packing materials	351,87			
287,12		Purchase of traded goods	298,07			
<b>592,78</b>	<b>39</b>	<b>Total materials consumed</b>	<b>647,61</b>	<b>39</b>	<b>54,83</b>	<b>(9)</b>
<b>915,53</b>	<b>61</b>	<b>Gross Margin</b>	<b>1012,80</b>	<b>61</b>	<b>97,27</b>	<b>(11)</b>

# Financials 2008

## Continuing Businesses

Jan - Dec 07		Jan - Dec 08		Change	
Rs. Lakhs	% to Sales	Rs. Lakhs	% to Sales	Rs. Lakhs	% Growth
<b>Operating Expenses</b>					
2,57		(4,88)			
152,35	10	172,75	10	20,40	(13)
16,02		16,34			
287,67	19	308,60	19	20,93	(7)
(6,73)		(7,96)			
(40,27)		(33,40)			
<b>411,61</b>	<b>27</b>	<b>451,45</b>	<b>27</b>	<b>39,84</b>	<b>(10)</b>
<b>1004,39</b>	<b>67</b>	<b>1099,06</b>	<b>66</b>	<b>94,67</b>	
<b>522,62</b>	<b>35</b>	<b>581,62</b>	<b>35</b>	<b>59,00</b>	<b>(11)</b>
25,58		28,26			
45,23		70,02			
<b>593,43</b>	<b>39</b>	<b>679,90</b>	<b>41</b>	<b>86,47</b>	<b>15</b>
<b>915,53</b>	<b>61</b>	<b>1012,80</b>	<b>61</b>	<b>97,27</b>	<b>11</b>

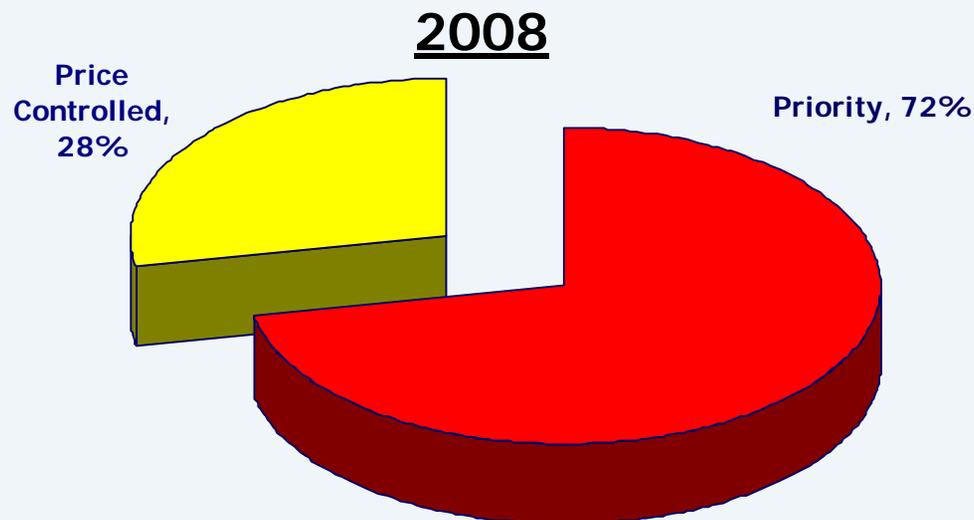
*Capital gains Rs 14 crores from divestment of mutual funds now categorised as exceptional income*

# Net Sales

*In INR Mn*

Category	FY 2007	FY 2008	Gr%
Priority	10,025	10,879	
Price Controlled	4,005	4,408	
<b>Rx Sales</b>	<b>14,048</b>	<b>15,318</b>	<b>9%</b>
Exports/ Iodex	1,035	1,286	
<b>Net Sales</b>	<b>15,083</b>	<b>16,604</b>	<b>10%</b>

**10%**, Adjusted for ED reduction on purchased formulations which is not reflected in Net Sales but reduces Consumption

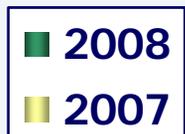
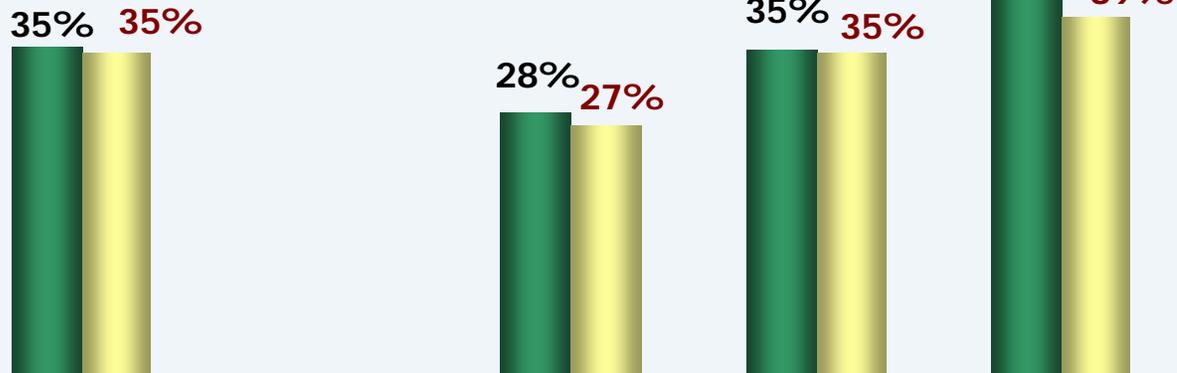


# Segmental Performance 2008

In INR Mn

Net Sales	15,318	593	694	16,604	16,604	<i>(As is basis)</i>
Growth %	9		10	10	10	5

PBT margins



Pharma

Exports

Iodex

Continuing  
Businesses

Overall

Treasury  
Income

979

Profit	5,388	102	196	5,820	6,799	<i>(As is basis)</i>
Growth %	11		15	11	15	12

# Other Income

*In INR Mn*

	2008	2007
<b>Operating income</b>		
Service income	69	50
Others	133	137
	<u>203</u>	<u>187</u>
Treasury income	279	254
Interest income	700	452
Other income	4	2

# Exceptional Items

*In INR Mn*

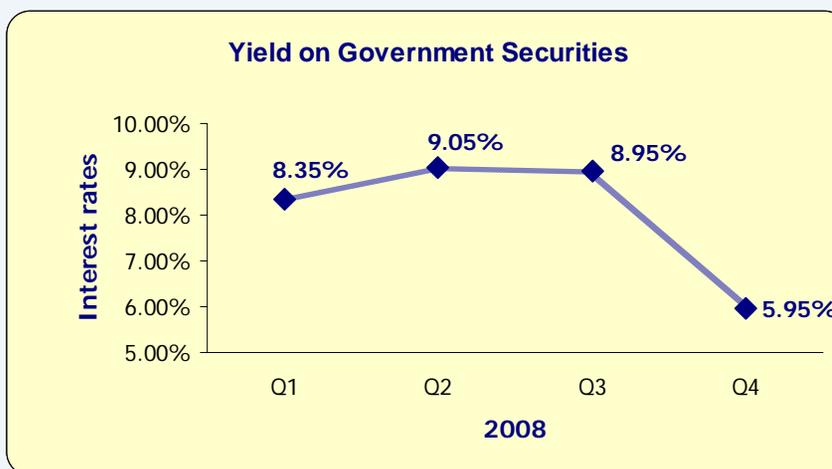
	2008	2007
Profit on sale of Fine Chemicals business	-	1,809
Profit on sale of HDFC shares	1,327	-
Profit on sale / redemption Mutual Funds	145	-
Government grant for refund of octroi duty	30	-
Voluntary Retirement Schemes	-	(8)
Actuarial Gains/(Losses)	(235)	44
Provision for Pricing of Formulations	(43)	-
Tax thereon	58	(436)
<b>Profit net of tax</b>	<b>1,282</b>	<b>1,409</b>

# Interest Rate Impact on Actuarial Valuations

INR 3.5 Lakhs payable after 11 years

Disc Rates	Years												
	0	1	2	3	4	5	6	7	8	9	10	11	12
<b>Outflow</b>	-	-	-	-	-	-	-	-	-	-	-	-	350,000
<b>Inflows</b>													
5.95%	174,927	185,335	196,362	208,046	220,425	233,540	247,436	262,158	277,756	294,283	311,793	330,345	350,000
6.95%	156,278	167,140	178,756	191,179	204,466	218,677	233,875	250,129	267,513	286,105	305,989	327,256	350,000
7.95%	139,764	150,876	162,870	175,818	189,796	204,885	221,173	238,756	257,737	278,228	300,347	324,224	350,000
8.35%	133,697	144,860	156,956	170,062	184,262	199,648	216,319	234,382	253,952	275,157	298,133	323,027	350,000

Disc Rates	Year '0'	Inc. %
5.95%	-	
6.95%	18,649	12%
7.95%	35,163	25%
8.35%	41,230	31%



17<sup>th</sup> February 2009 - 6.95%

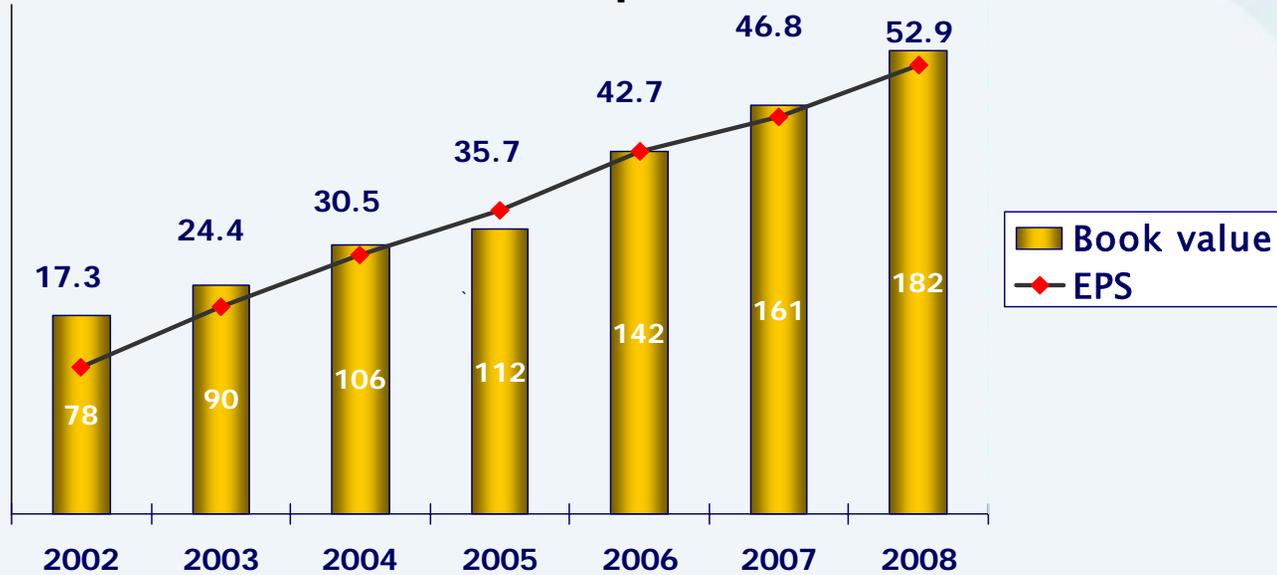
# Cash Flow

*In INR Mn*

	31-Dec-08	31-Dec-07	Cashflow
<b>Cash and Bank balance as at 1st January 2008:</b>			<b>1,550</b>
Add: Net Profit earned during the year	<b>5,766</b>		
<b>Adjustments for:</b>			
Depreciation	163		
Deferred tax	(95)		
Profit on sale of investments / fixed assets	(1,460)		<b>4,374</b>
<b>Changes in Current Assets and Current Liabilities which impact Cashflow:</b>			
Inventories	2,284	2,060	(224)
Debtors	579	378	(202)
Other Current Assets	440	279	(161)
Loans and Advances	1,542	1,310	(232)
Less:			
Current Liabilities	2,716	2,448	268
Provisions (excluding dividend)	581	358	223
<b>Net Working Capital</b>	<b>1,548</b>	<b>1,221</b>	<b>(327)</b>
<b>Other Cashflow movements:</b>			
Purchase of fixed assets (net)			(236)
Sale of equity shares			1,338
Divestment of mutual funds			5,934
Repayment of SICOM deferrals			(1)
Dividend and dividend tax paid			(3,568)
<b>Cash and Bank balance as at 31st December 2008:</b>			<b>9,065</b>

# Financial performance

## EPS and Book Value per share



## PAT % to Sales



## Return on Net Worth %





**Do more,  
feel better,  
live longer**

