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**Subject: GST rate transition for Pharma products**

Warm greetings!

Government of India recently announced a forward-thinking approach in restructuring GST rates for pharmaceutical products which will take effect from 22nd September 2025. As part of the Next-Generation GST reforms, the Government has simplified the tax structure, with complete GST exemption on lifesaving drugs and reduction of GST on majority of all other medicines from 12% to 5%.

The transition to this new GST framework may temporarily affect your working capital management, particularly concerning inventory held on the transition date. This transition will result in additional Input Tax Credit being reflected in your GST portal corresponding to your stock position. While this credit remains fully available for offset against future output tax liabilities, the utilization timeline may vary based on your business turnover patterns and margin structures.

We recognize the operational considerations and transition issues for our channel/distribution partners and remain committed to evaluating and addressing any challenges that may arise during this implementation phase. GSK will ensure solutions that align with industry best practices and mutual business interests, carefully assessing the impact on all our business partners throughout this positive transformation.

During this transitional period, it is imperative that we maintain uninterrupted supply chains to prevent any shortages in the marketplace. We therefore request all our channel partners to continue their regular procurement activities and maintain adequate stock levels to prevent market disruptions and ensure continuous availability of essential medications for healthcare providers and patients effectively. Your continued cooperation will be instrumental in ensuring seamless business operations while adapting to the new tax framework.

We appreciate your partnership and look forward to your support in maintaining business continuity during this beneficial change in India's tax system, which will ultimately benefit both our businesses and the healthcare sector at large.

Yours sincerely,

**For GlaxoSmithKline Pharmaceuticals Limited**

Name: Jai Dawane

Designation: Head – Warehousing and Distribution (India)