



“GlaxoSmithKline Pharmaceuticals Limited Q2
FY2026 Earnings Conference Call”

November 06, 2025



**MANAGEMENT: MR. BHUSHAN AKSHIKAR – MANAGING DIRECTOR,
GLAXOSMITHKLINE PHARMACEUTICALS LIMITED
MR. JUBY CHANDY – CHIEF FINANCIAL OFFICER,
GLAXOSMITHKLINE PHARMACEUTICALS LIMITED**



Moderator: Hi, good evening, everyone. This is Dorwin Dias, your moderator from Chorus Call. Welcome to the GlaxoSmithKline Pharmaceuticals Limited Q2 FY 2026 Conference.

From the management at GlaxoSmithKline Pharmaceuticals Limited, we have Mr. Bhushan Akshikar – Managing Director, GlaxoSmithKline Pharmaceuticals Limited, and Mr. Juby Chandy – Chief Financial Officer, GlaxoSmithKline Pharmaceuticals Limited.

By participating in this event, you consent to the recording, distribution, and publication of this event. Kindly note that this call is meant for investors and analysts only. All participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation from the management concludes. I now hand the conference over to Mr. Bhushan Akshikar. Thank you and over to you, sir.

Bhushan Akshikar: Thank you very much, Dorwin. Once again, a very good afternoon to all the investors and analysts on this Q2 call. I want to begin by acknowledging the inconvenience this may have caused in terms of pushing the timeline by about 30 minutes. Much appreciate your patience. Thank you very much.

You can move on to the next slides. As the slides move on, I think I will start off. I can't see the slides moving here on the screen. If you recall, three months ago, we came back and said we will share the results with you of Q2, but more importantly, share with you some of the significant highlights and developments that have happened in this Quarter. I think the slides will come up and let's continue. In a week's time, we will complete our 101st year of operations of GSK in India and start off the 102nd year, which is truly a memorable occasion for us. And as we step into our 102nd year of operations in India, it's important to therefore step back and reflect on how this continued journey of evolution is for us as an organization. We continue to be one of the most broadly based pharmaceutical company operating at both ends of spectrum. General medicines, all the medicines that really impact millions of lives at scale, led by some of the most iconic trust marks that we have in our portfolio. And more importantly, have a significant presence in the area of prevention, both paediatric as well as adult vaccines. So that continues to be the mainstay.

I think what's important is as stated and as shared by both me and Juby over the last three years, we continue to build our strength and build one muscle at a time in the Speciality area. We began a few years ago with Nucala and Trelegy Ellipta. And I think the Q2 is quite symbolic because we have just announced our comeback in the exciting area of Oncology. 15th of August, which was also our Independence Day, is the day when we launched our Oncology business and stated clearly our intent to solidify our presence in this area with the launch of innovative medicines. I think our purpose in India continues to remain focused, getting all the innovative medicines and vaccines and do this with continued agility that has helped us stay abreast for the last 101 years in India with this continuous transformation. Underpinning all of this is the cultural shift that we are making in terms of not only creating impact with our general medicines and paediatric

vaccines portfolio, which still remain relevant on a daily basis, but more importantly, bolt on all the growth platforms on top of these business units.

Coming straight to the external performance, I will just spend a couple of minutes on giving you the external sense of how this Q2 panned out. As we all know, the July to September Quarter is typically the biggest quarter for the pharmaceutical industry, traditionally speaking, especially in areas like the acute portfolio segments. This quarter was slightly muted. So, if you look at the Indian pharmaceutical market's growth for the quarter and then zero down on how the acute segments panned out, the growth of the acute segments was really below 5%, where we predominantly operate with many of our therapy areas, including anti-infectives, pain, dermat and so on. I think that's one of the strong headwinds that we face. I think the important part is in spite of these significant headwinds in terms of a suppressed external market growth, we maintained our competitive performance. So if you reflect on all the syndicated research available, both AIOCD, IVAX, as well as IQVIA, as you can see on that slide, our mainstay with the brands continued with both EIs in excess of 100, which means we did better than the market, as well as continued to hold or gain shares for all the respective brands, except for a couple of brands, as you can see in that slide, where we had significant headwinds, especially, unfortunately, because of a significant event that happened which was a fire at one of our CMOs in Q1, but that has taken some time for us to remediate. So that's the main news on General Medicines.

The business unit that contributes the significant portion of our top-line revenue had these headwinds, and that's really led to two things. One, our promoted portfolio has continued to drive ahead of the market. So, we really have significant growth rates for some of the significant brands that we have, but we were clearly held back with the supply availability issues, especially on the brands that you see coming out of their CMO which really didn't allow us to grow for the quarter for the Gen Med business.

On the vaccines front, over the last almost 7-8 quarters, we have not only stabilized but we have grown the business quarter-to-quarter, and we had a strong double-digit growth in both paediatric vaccines as well as the adult vaccine to prevent shingles. And these two businesses put together had growth for Q2 in excess of double-digit. As I said, we are building our growth muscles in the form of our speciality business. So Nucala and Trelegy, in the respiratory area continued to bring more benefit to patients, and both these businesses put together have grown in excess of 20%. I think the Q2 was very important for us because in line with the stated intent, we launched two of our important global assets, Jemperli and Zejula, in the areas of endometrial and ovarian cancer, respectively, and clearly set our tone for the coming quarters. We have also continued to invest heavily on top of our face-to-face interactions led by our commercial teams on the digital front.

Just one slide on what we did with Oncology. I'm sure many of you must have followed us in terms of the media coverage that we had. But on the 15th of August, we clearly stated our intent of our comeback in Oncology. We made our inroads with a specialized team in the area of

endometrial cancer with Jemperli and ovarian cancer with Zejula. So, both these opportunities continue to bring new avenues of growth for us in the coming quarters and that's something that we will continue to build on in Q3 and Q4.

I will hand it over to Juby to share a quick snapshot of the financials, and then we will open it up for questions and answers which is the main reason why we're here.

Juby Chandy:

Thank you, Bhushan. So, I will just give you a quick high-level summary on the financials.

If you see the sales, it's 974 crores, a decline of 2.6. As Bhushan alluded to, there are two factors that's impacting this top line. One is the fire at a CMO, which is an important CMO which has been impacting close to 40 crores in terms of top line, and also the GST transitional impact. On a positive note, we have very strong growth on specialty, double-digit growth on vaccines, and also the shingles vaccine, which is also taking good shape over the last many quarters.

Now if you see the EBITDA profile, EBITDA has further improved to 34.4%, a 250-basis point improvement. Despite the impact on the top line, our EBITDA is growing consistently and improving the margin profile on quarter-on-quarter. So, on the backdrop of strong cost savings, gross margin improvements on a better mix, as well as the field cost productivity which has also been maintained. Profit after tax, it's still tracking the same EBITDA profile, 150 basis point improvement, and consequently our EPS for the Quarter 2 has been 15.06, which is a 3% improvement.

So, this is the profile of our product transformation which we have been working on over the last couple of quarters, if you've been closely following our portfolio transformation, we have been moving to high-category growth innovative assets which is where oncology gets launched. Last year we had Nucala Trelegy taking scale, and that's all helping us to improve our profitability. If you see the last several quarters, we have been inching upon higher levels on profitability, and as we speak, it is 34.4% as EBITDA margins, and also, we're maintaining the market share close to 27.6 improving over the many quarters. So broadly, we are launching new products, improving profitability, maintaining the competitive share, and on a one-off, we had impacts on the CMO fire incident, which Bhushan has explained, as well as we had some impact on the transitional GST on the last quarter. That's a brief summary, Bhushan.

Bhushan Akshikar:

We will open it up for questions. More than happy to answer your questions.

Moderator:

Thank you. We will now begin the question-and-answer session. We have our first question from Gokul Maheshwari.

Gokul:

This is Gokul from Awriga Capital. Just a couple of questions. So, one is on the H1 numbers. Your numbers are like flattish for the first half, and there was an aspiration to grow the business at the double digits. So, given we had some supply chain issues, and the market was soft, would you be able to achieve your aspiration of double digit or it will be more like a flattish year, that is one? Second is on your employee cost numbers have come off a bit, quarter-on-quarter, year-

on-year as well. Is there any one-off in this or this is sort of the new normal if you could just comment on these two things?

Bhushan Akshikar:

Mr. Maheshwari, both the questions are brilliant and thank you very much for that. I think the first question that you asked, our aspiration and objective of delivering the double-digit ambition for the GSK India business remains intact, that remains undiluted in terms of both the resourcing, the wherewithal that we have in the organization. As I have stated in the Q1 results also, this was a very significant fire incident at one of the largest CMOs that we had. And as much as now, we are out of the woods in terms of the remediation. From Q3, we clearly have visibility. But yes, to a large extent, as you heard from Juby also, the impact in Q2 alone was in excess of 40 crores in terms of the supply issues from this CMO. Added to that was the softer transitional impact of the GST reforms which is a one-off. We certainly anticipate that coming back to scale in Q3 and beyond. So, I think to answer your first question, led by these innovative launches, coupled with the fact that we are confident of bouncing back, as I said, the vaccine business is showing a strong 13%-14% growth on a quarterly basis. If you were to look at these one-off effects of both supplies and the GST reform transitional effect, you're talking almost of an adjusted growth of anywhere between 6%-7%. So that remains intact. I think we remain steadfast in terms of our aspiration of delivering that growth line in the coming quarters. As we close out the full year, we will see how much of this can be recoverable. But I think on a quarterly basis, we remain completely committed to delivering that double digit ambition.

Your second question around employee cost, clearly there's nothing underlying. There's nothing that we have announced. I think I will ask Juby to give some flavor on that. Knowing fully well that we are taking a longer to remediate, I think we have also been focused on expanding the gross margin, really focusing on cost containment and those are some of the attributes in terms of why our employee costs are where they are.

Juby Chandy:

Maybe I will add some more details here. So, employee headcount numbers remain constant and there is no underlying impact. However, there is a one-off 16 crore to the extent of remaining flat on employee cost on some of the benefits true up which we had done during the quarter. But broadly, our employee headcounts remain flat, and employee cost also remain flat excluding those one-offs.

Gokul:

So, you are saying that 16 crores was a benefit or it was one-off benefit?

Juby Chandy:

One-off reversal of some provisions which we didn't add to for the true up of some of the benefits. So, we were expecting higher benefits to be provided, but that didn't happen. Hence, we had reversed in the quarter. So, it's a true up of the benefits provision. That's one-off in the quarter to the tune of 16 crores, excluding that, it's flat.

Moderator:

Our next question is from Amit Mada.

Amit Mada:

I have two questions. Firstly, to understand the impact of the CMO piece which you spoke about. In this context, the fire impact of one of your CMOs is behind us or will the supply impact will

continue in Q3 as well? And if no, then I'm assuming you will have low channel inventory with some of your customers. Can you give some context on that, that will be helpful. Secondly, in terms of API prices and gross margins, what are the trends you are witnessing in real time now? Do you see any risk to the gross margin which you have been reporting recently?

Bhushan Akshikar:

Thank you very much for both brilliant questions, Mr. Amit. So first and foremost, yes, it was a very difficult and unfortunate event. As I said, at the end of the Q1 results also, there was a fatality. All the remediation is behind us. So, the good news is as we speak with October behind us, we clearly have moved full stream on the remediation. Moving forward, all the supply constraints that I talked of both in Q1 and Q2 which are in excess of, if you add both the quarters together, it's in excess of 70-75 crores, that's behind us now. Moving forward from Q3 onwards, we definitely expect to not only stabilize, but start building the inventories to the question that you asked in terms of some of these assets and some of these products not being available, therefore in the channel. So that will remain the focus. So that's the first part of the question. Second question about the gross margin. I think if you remember three years ago, we clearly stated that it's our objective to expand the gross margin. And I think what you're seeing here is definitely, we believe as a team that this sustainable margin that we have in the coming quarters as well. I don't know Juby if you want to add any color there.

Juby Chandy:

It's completely right. So, we will be able to sustain the margins. We are seeing stable prices on raw materials. We are not seeing any spike in the raw material prices and hence we will be able to sustain the gross margins what you're seeing.

Amit Mada:

Just a follow-up on this question. In the current quarter gross margins are relatively lower than what we have seen in the past many, many quarters. I think so.

Juby Chandy:

There's a seasonal impact on the gross margins on that front because some of the products which on the monsoon season has relatively low margin, but on a full year basis when you compare, you will see a gross margin improvement which we will be able to sustain. Quarter-on-quarter, there will be some impacts because of the product mix which goes in the market.

Moderator:

Our next question is a text question from Nikhil Upadhyay. What was the growth of general medicine this Quarter? And what was the impact of fire and GST impact on primary sales? Is the fire impact remediated now?

Bhushan Akshikar:

Thank you very much, Mr. Upadhyay. I think I have answered part of your questions in the earlier question, but I think, yes, we have remediated and worked very closely with the CMO to ensure that not only are we having full access and availability of the medicines that were coming from this particular CMO, but more importantly have extra safeguards to ensure that the quality of each of these products that comes from this CMO remains at the best level as per the standards of GSK. So that's the first part. I think your question around what was the growth of general medicines, I think I did share that we lost almost to the tune of 65 crores to 70 crores. If you see the one-off on supplies which is in excess of 40 crores of non-availability of stocks coming from this one CMO. And on top of that, if you see the transitional impact of the GST reforms which

is another 30-32 crores, we're talking of almost 70 crores which is roughly about 6-6.5%. If you look at adjusted growth it could be in the range of 5% to 6%. Since these two events didn't happen, I mean, we were not able to productively address them in Q2, the gen med business actually declined for Q2 and remained flat, almost flattish.

Juby Chandy:

But both the issues are resolved.

Bhushan Akshikar:

They are behind us. That's why I said, the first part is they're behind us. We certainly see the impact of the GST reforms which were really transitional coming back in a strong way in Q3. But more importantly, the fire incident is behind us, and we have addressed and remediated.

Moderator:

We have a second question from Nikhil Upadhyay. We have been having issues with CMO facilities multiple times in the last 10 years. What are we doing to reduce this risk? And for our key assets, how do we plan on manufacturing and CMO supplies?

Bhushan Akshikar:

Mr. Upadhyay, this is again a very nice question as always. As a company, we have well elaborated business continuity plans. But as you can imagine, a fire of this scale that impacted this particular CMO, even if you were to quickly turn around, given the fact that some of the brands like Calpol are manufactured here, it still takes time. To answer your question specifically, we have very robust business continuity plans in place. God forbid, we don't want any of these unfortunate events coming up in the near future or in the midterm future. But more importantly, I think as a corporation, we have all hands on the deck to ensure that these business continuity plans are in place and get activated in the future.

Moderator:

Our next question is from Viraj Mitani. We will proceed to the next question. We have a text question from Senthil Kumar N. Employee expenses declined by 8.4% on a year-on-year basis. What is the reason for this decline?

Bhushan Akshikar:

I think Juby already answered. This is a one-off, but the employee costs have remained flat, and we expect them to remain flat in the coming quarters also.

Moderator:

Thank you. We have Viraj Mitani with the next question.

Viraj Mitani:

My question is, when will the revenue from this oncology drug start contributing, this year or next year?

Bhushan Akshikar:

Mr. Viraj, it has already started from Q2. We just launched this. As I said in the beginning, we launched our oncology portfolio on the 15th of August to coincide with our Independence Day, symbolizing the freedom from gynaecological malignancies for all those patients who need innovative treatments like Zejula or Jemperli. So, we launched it. We had about five weeks available for Q2 and that's where we already started having patients being recruited. So, the first two months have really seen good momentum. So, the answer is, we will start seeing significant contribution from oncology in the coming quarters. It's already there in this year's financial plan.

- Viraj Mitani:** Will you give color in terms of the margins and all? Is it possible to give color in terms of oncological margins?
- Bhushan Akshikar:** As you know, Mr. Viraj, we don't give segment-wise margins.
- Viraj Mitani:** My next question is, the parent has a good pipeline of the drugs. So, will all companies be launching at the same time as the parent will be launching or there'll be a time gap?
- Bhushan Akshikar:** Again, that's a great question, Mr. Viraj. So, the good news is, we have almost 16 trials of our global assets happening in India concurrently. To your question around oncology. Most of the oncology trials that are global trials, India is a part of those global trials. And what that leads to is no lag in terms of the launch timelines. We have a couple of assets coming potentially in the next financial year in oncology as well as some specialty areas. So, the answer is yes. The whole idea is to accelerate the launch of our innovative pipeline of both medicines and vaccines in India without much of a delay from the global timelines.
- Viraj Mitani:** My last question is, with new leadership at the parent level, what has changed for India?
- Bhushan Akshikar:** Well, I think India has always had a seat at the table. When I began this update to all of you, I said that next week continues to be an important time point for us because we're completing our 101st year. We start our 102nd year of operations. Within the wider GSK family as a corporation, there are not too many countries which can boast of having not only endured but also created so much impact at scale as we have done in India. So, moving forward, as you must have seen, we have a new global leadership announced, completely focused on really ensuring that we dial up the launch of innovative assets. And I think the good news will be India will continue to be on that trajectory. I see only more opportunities for us moving forward.
- Moderator:** Our next question is a text question from Nandini Maheshwari from Carnelian Capital. What is the guidance for FY26?
- Bhushan Akshikar:** Well, generally, we don't give forward-looking guidance, Ms. Maheshwari, but I don't know if Juby wants to give any color there because, we just said our ambition remains to really focus only two things, get the growth back to what we are all working on. And second is maintain the EBITDA margins because this we believe is a sustainable EBITDA margin with singular focus on expanding our gross margins and that relentless focus on cost consciousness. So, I think those three remain the key pillars of our guidance, so to say, for the financial year. Obviously, two quarters are behind us. The whole focus will be on trying to mitigate some of the impact that we have already had because of the unfortunate incident at the CMO. So, that's where our energies will be spent in the coming two Quarters.
- Moderator:** Thank you. We have a text question from Satish Bhat from Anvil. How has been the pricing of new oncology assets? What is the cost of therapy per year? How competitive are we compared to other competitors?

- Bhushan Akshikar:** Thank you very much, Mr. Bhatt, for that question. As I said, we have launched two assets to begin with. We launched the Dostarlimab, which the asset trademark is Jemperli. Currently, the approved indication for us is endometrial cancer, second line. And based on, as you would probably know and agree, every patient in oncology is unique, depending on the prognosis, depending on where she sits in terms of the staging. And I think the costs do vary from patient to patient. What is more important is, and you can go and see some of the media that we did a few weeks ago, but India has always followed a tiered pricing model and therefore, in India too, we have a very robust patient assistance program called Project Phoenix which really allows patients to have not only access to these innovative medicines, but even the affordability in terms of the appropriate pricing models focusing on offering those patient assistance facilities. Again, I can't hazard a guess, but I think it's in the same range as what you would see with most of the immuno-oncology therapy areas. We are pretty much in the same range. We are as competitive as some of the other immuno-oncology products in this area.
- Moderator:** Our next question is from Ajus.
- Ajus:** I'm looking to understand, is it fair to say that the products that you import, the patented ones, the products, the vaccines, is it that they have a materially lower EBITDA margin? Could you call out what that range is?
- Bhushan Akshikar:** As I said, we generally don't give the range, but I don't know, Juby, if you want to answer some elements.
- Juby Chandy:** It's having a lower range. Since we are not sharing the segment profitability in the public domain, we are not sharing it here. But that said, if it is for you to assume will it impact the EBITDA margins over a longer term, it will not because remember around 80% of our business or plus is coming from general medicines as we speak. It will take time to scale up the business. And at the same time, the general medicines business with higher margin is also growing faster, excluding this quarter because of the one-off impacts. So, in short, the margins are lower compared with the general medicines, but you will see the margin profile sustaining for the foreseeable future.
- Ajus:** A follow up to that, given that the imported product suite will have a higher cost and a lower margin, how should one draw comfort that given this mixed change, how will it not lead to some sort of a margin dilution in the medium term?
- Juby Chandy:** 80%-85% of the products are high margin products. On that context, we are not defocusing those high margin products that are growing much faster than the low margin imported products, that's where we are sustaining the margins. And if you see, this is the same in the case of vaccines also. Vaccines have been growing double digit since many quarters, but we are improving upon the margins. So, the way that happens is because the mix on general medicines has very strong margin and we are continuing to improve margin profile on general medicines business.



Ajus: Secondly, since you have a separate team, I think it's of 20 MRs to cater to the oncology. Could you speak a little bit about where have we reached in terms of oncologist coverage? Where are we in the reach of speaking to the market on the products?

Bhushan Akshikar: I can take that question. It's been a couple of months since we launched this, and I can assure you that these (+) 20 key account managers are completely focused on creating value. With every passing day, we have more and more patients getting on to treatment. I think the impact that we are creating across the entire medical oncology community, especially those oncologists who focus on targeted precision therapies has been significant. Still early in the day to give you given numbers, but I think in the next quarter, probably I can give you more flavor in terms of where we are. But I think in terms of reach and coverage, we are covering not only all the metropolitan areas, all the significantly big comprehensive cancer care centres across all metros and Tier-1 cities, but I think we have a wide coverage across almost 20-25 cities now. So, I don't think we're missing anything out. I can probably share more details in Q3 when we would have completed a full quarter.

Moderator: We have no further questions at this time. We will now conclude our question-and-answer session. On behalf of GlaxoSmithKline Pharmaceuticals Limited, we conclude this conference. Thank you for joining us and you may now disconnect your lines.

Bhushan: Thank you very much to everyone. Thank you. Bye-bye