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27th August 2022

To,

BSE LIMITED

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Dalal Street
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THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, 5th Floor, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400051

Dear Sirs,

Subject: Transcript of Analyst / Institutional Investor Meetings

We wish to inform you that pursuant to Regulation 30(6) of the Schedule III, of the Listing Obligations and Disclosure requirements (LODR), Regulations, 2015, please find enclosed the transcript of the Analyst / Institutional Meeting held on 23rd August 2022. The said transcript is also uploaded on the website of the Corporation and can be accessed through the link: <https://india-pharma.gsk.com/en-in/media/analysts-meets/>.

This is for your information and record.

Yours faithfully

For **GlaxoSmithKline Pharmaceuticals Limited**

Ajay Nadkarni
Vice President – Administration, Real Estate
& Company Secretary

CIN No. L24239MH1924PLC001151

Moderator: Good evening, everyone. For those of you here, we have close to 14 people in the room. We also have our Managing Director and our CFO who have joined us. And we have about 20 people who have joined us online. So, thank you all for joining. It's 4pm. And we'll start the presentation without further ado. A few housekeeping rules: One is, we will be recording. We will be recording this conversation and the presentation and the transcript, as well as the audio recording will be available on the website. And of course, you can ask us and we'd be happy to share that with you too just in case you're unable to access the website.

I know it's been a while. I think it's been over two years since we had a last analyst meet thanks to COVID. But we are back again and hopefully COVID will not. Okay, it is being recorded, perfect. Let me welcome those online as well as here. We will follow a format, which is really an overview by our Managing Director, followed by a financial overview by our CFO. And then of course, we will take questions. Before I invite our Managing Director; a few words, I mean, all of you notionally that joined us just before COVID. And Sridhar, he joined us from his role in Singapore. And he's now with GSK India for more than two years.

The new addition, for those of you who haven't met Juby. He joined us very recently as our CFO. He is a chartered accountant from the Institute of Chartered Accountants of India. And his previous experience includes roles such as finance director leader roles in South East Asia, Vietnam, Turkey, and Middle East. Just immediately prior to this, he was head of finance, global general medicines and was based in Singapore. So, welcome Juby. And with that, I would now hand it over to our Managing Director, Mr. Sridhar Venkatesh to take you through an overview of GSK.

Sridhar Venkatesh: Okay, all right. So, great to be here. Welcome, fantastic to meet all of you face to face. I mean, we've been doing this in a small box for many, many years. And I was looking forward to do this once before my tenure ends at GSK India at some point of time, face to face. But good to be here and for all those who are online, a warm welcome to all of you. What I promised you is that we will spend most of our time today on Q&A. And we will probably spend 1 hour and 15 minutes.. And we will use potentially an entire hour to try and respond to you in the Q&A session.

So I personally think for us at GSK, it's never been a more exciting time for us than where we are today. Because globally, we made a huge stand in terms of what

we are going to be, what we are going to do, what therapeutic areas and I think globally, we've taken a stance around after the successful split that we have had between our pharma and our consumer team in terms of what's our clear purpose. I think the more and more you talk about what's happening across the world, it's all becoming a confluence of science, technology and talent. And that's something you need the right kind of people at the right places for us to be successful. So I personally think when I look at some of our global statements that we are making, some of the steps that we have taken, post our demerger, if I were to call out, all of them have been pointing in this direction. Some of the newer acquisitions that we made, some of them be it in the space of oncology, be it in the space of newer vaccines - all have pointed towards that.

Now, clearly, as we look at that, what we also want to do through that is to impact around 2.5 billion patients in the next 10 years and positively impact them through our portfolio. Now, where are those 2.5 billion patients going to come? I mean, you can't think about it, you can't take out India out of that equation, when we talk about 2.5 billion patients, some bit of rough calculations that we have done suggest around 60% of the 2.5 billion will be out of India. So a huge part, I can say, of the global GSK purpose, will be played out of what we do in India. And you will see that in terms of our ambitions, in terms of what we are attempting to do with our newer portfolios. And clearly, this is also a company where we want everybody to be themselves, really enjoy what they want to do, thrive and do what they really love to do. So that clearly is our overall purpose and what we are attempting to create globally and what we are attempting to do in India.

Now what does that mean to India when we talk about this, right? And when we say we want to be ambitious for patients, what does that mean? We want to bring innovation into this country. What does that mean for us in India? Nucala was the first one that we talked about, we just launched Trelegy. In the last few months, we are gearing up to launch a world leading vaccine, which is just path breaking in terms of the treatment of shingles, right? If anybody knows what shingles is, it is one of the most painful diseases that anybody can get. We have 10 year data to showcase that this is one of the best vaccines. In terms of what do we mean by when we say accountable for impact, we mean - how can we maximise the portfolio that we have and I will show you some data out there, which will clearly articulate how we are being accountable

for impact in terms of the portfolio that we have, like gaining share and still being relevant to a marketplace.

Of course, underpinning all of that by saying we do the right thing at all times, right? And that's been something that's been absolutely clear. We have zero tolerance and no compromises on that particular space. Let me very quickly go to what GSK India means to the global GSK. We are the second highest contributor to emerging markets. Okay, so clearly I keep telling my team that when India gets a cold, my boss gets fever, right? Because we form a huge part of our overall portfolio. We also contribute greatly to many of our key brands that we have. Augmentin, there are 17% of the emerging markets flow, Derma we are on 45-50% of emerging markets, clearly a huge portfolio. And we clearly feel that in India, we still have a long way to go with our dermatology portfolio.

Now, as I look at this portfolio for us and GSK India moving forward, clearly, the goals that we have are pretty simple. The products that we have today are very relevant, and what do we need to do with them is continue to grow faster than the market, have an evolution index greater than 100. Secondly, what Juby is focused on and all of us are focussed on as we grow, how do we continue to improve on those margins and you will see some examples of what we are doing with Juby's presentation. Vaccines is something we are extremely excited about. As we speak today, there is a cohort of around 24 to 25 million per year. I mean, the birth cohort in India is 24 to 25 million. And if you see one of the most penetrated paediatric vaccine in this country is a pneumococcal vaccine which gets to 1 million kids.

And I'm not talking about the National Immunization [Policy] vaccine, so don't get me wrong. So, the National Immunization vaccine gets you around 80-85%... So forget and I'm not talking about that, but I'm talking about those vaccines, which are outside of the NIP. And clearly, some of these vaccines are real, you know, path-breaking vaccines, which can be used by many more patients. So we are very excited about that category of patients. Adult vaccination - what COVID has done is expose that space significantly. And if you look at our portfolio, starting with Shingrix, we have flu, plus some of the other ones. Globally, you might have heard about RSV. Again, that's something which is still under regulatory approval. All of those vaccines are going to open up the entire space in the adult vaccinations piece. And that's something we

really want to grow for ourselves in the future. And we think that's a big space that we will grow.

Speciality, of course, there's Nucala and Trelegy. Nucala, again, is a very initial indication, but Trelegy is, doing exceptionally well, globally. We've just started that in India, we have had some very good early uptake on oncology, this is the indication that we have COPD. And we clearly have, you know, we clearly think this could be another big product for us over a period of the next couple of years. How have you been doing? You might have heard me say earlier on the three things that we want to do - build, grow and shred. Build new assets, muscles that we don't have, that's what Nucala is, that's what Trelegy is, and that's what Shingrix is going to be. Grow on some of the assets that we have, what can we do to ensure that we simplify our operations, do what is right, focus on those core brands and continue to grow that and shred some of the things that we did, you might have seen some decisions that we've taken over a period of time. Fundamentally, we want to take away the drag. And that's what we've been attempting to do. I'm not saying that we are done with that journey. That's a continuous process. But we have taken some significant steps on the shred piece. So what I'm trying to say here as we've gained market share in our key promoted brands overall, even during COVID, we grew some of the market share. There was a fear that after COVID, we will drop all that market share, everything will go away when the other generics come back.

Infact, we've held on to that market share. And you feel our projection is by the end of the year, we'll actually gain through that because this is the key season for us from our acute portfolio and we possibly are going to see that market share kind of growth. We continue to lead in our represented markets and as we say, we are the number one dermatology player in the self-pay market. We continue to be there, we have prescription leadership for our core portfolio bet in GPs, ENTs, paediatricians, we continue to hold that prescription share position and some of our core brands, we continue to maintain that number one position in the represented market.

Vaccines, we've been doing a huge amount of activities, and now I'm not sure any of you got exposed. This is all about creating more awareness regarding vaccination. There were a lot of kids who did not get vaccinated during the period of COVID. We were right out there talking about what more can be done. But of course, a lot of

awareness across the various digital forums, doctors' clinics and many other places so that people understand what vaccination is all about, and especially support them in their own vaccination journey. This is all about paediatric vaccines.

Building Speciality, I talked about Nucala. We continue to be encouraged. We launched Nucala right before the perfect storm which is when COVID hit us. And during that time, pulmonologists were, rightly, super focussed on treating COVID patients.

Therefore, we overall saw the uptake that we saw early on was not exactly the way we would have liked it. But again, I'm very happy to say that, post COVID, well, I can't say post-COVID right now; whatever it is right now, I'm starting to see very good acceleration. Similarly with Trelegy, we see good acceleration. It was again a unique launch - of physical and digital. And again, pulmonologist seemed excited about a device, a device which is once a day and will clearly impact many patients, including physicians and pulmonologists, especially, who have taken to this brand. Shingrix, we're getting ready to launch in the first half of 2023. That's the broad, I would say, the commercial part of what we are doing on the business front.

I'll hand it over to Juby who will quickly walk you through some numbers, facts and figures. And, as I promised, we will be done in the next 8-10 minutes and then we'll open the entire hour for Q&A with all of you.

Juby: Good evening, everyone. Thank you, Sridhar. So, for the next couple of minutes, I'll take you through the high level financials and I'll also articulate some of the progress that we're making over the last couple of years. So firstly, this is a quick snapshot of 2022. If you see, our sales is 3,190 crores and 11 percent growth. Now what's really important is price as well as the volume - both are growing. And each pillar of our portfolio, promoted brands, which is growing around 25 percentage which is where we are more focussed on all our brands which are promoted - all our resources are allocated into those brands. And that's demonstrating strong progress in terms of growth.

General medicines, which form part of the entire pharmaceutical brands is growing 19%. Speciality - which includes Nucala and all the new assets where we are getting new products launched -that's growing 86% almost doubling last year. Vaccines saw a decline of 9 percent. Again vaccines as you know, during COVID times there was

decline in number of babies visiting the hospitals. And that's a temporary blip we could see in the market. And again, if you see the growth on some of our core brands - Calpol, Augmentin and Supacef - all are demonstrating very strong growth. Right hand side, you can see the margins, 59 percentage margin on a large base, improving our ratio by another three percentage, PBT 24 percentage, again, improving on a large basis, the ratio another two percentage, EBITDA also improved three percentage from 20, to 23. And dividend, we have consistently declared in the past.

This is a quick snapshot of the quarter results which where the reported growth was 3 percentage as you could see, but if you see the underlying growth, underlying growth here is excluding the impact of Calpol, which had a higher base last year due to COVID is 12% underlying growth. That's coming from 6% price and 6% volume. So the underlying growth is very strong. And if you see all the pillars of our portfolio, general medicines, speciality and vaccines, all the three pillars are showing very strong growth. And that's giving us confidence that our strategy is working. Our promoted brands, as you could see, the market share has improved. And all the three pillars, the underlying growth is very, very strong. And we are continually focusing on gross margin and EBITDA, which you will see in the next slide also,, we have demonstrated improvement.

And those who are following this closely, we are on a seasonal business, quarter two tends to be the quarter one of the financial year tends to be the lowest quarter and September ending quarter will be the highest quarter due to seasonality and this is a trend which you could see during the past two years. And just to bring you up to speed on, what are we talking about our strategy or the last two to three years, we've been doing several things that is demonstrating in our financials. If you see the three parts of our financials, revenue, gross margin and EBITDA, all the three are showing strong improvement, revenue has grown 8 percent. If you see gross margin, despite all the headwinds we had in the market, it's grown 2 percent, ratio has grown 2 percent from 57.6 to 59 and EBITDA if you see, there is a 5% improvement. So now the EBITDA is from gross margin improvement, almost 1.8 percent. Employment costs where we are finding efficiencies, we are focussing on promoted brands where it makes sense. that's giving us a 2% improvement and cost efficiencies. We're continuously working on cost efficiencies, and that's also giving us a strong uptake in our EBITDA margins.

Now, just to bring you for the last five years, what's happening on our portfolio, the left hand side, we have the reported numbers which numbers have got divestments excluded on the last year but the base has got some discontinued divested brands. But if you see the 5 year CAGR on the continuing portfolio, like across all the years, which is the real underlying growth, general medicines - 9% growth, vaccines - 10%, speciality, again, it's double digit growth, 100% growth - it's on a small base. And we are consistently delivering very, very strong cash flow. And that's why we could declare dividend also, year on year. So the bottom line, the story I'm trying to make here is our underlying growth, despite the divestments, despite the headwinds we have is very strong enough financials.

So lastly, this is my last slide. I just want to bring you again, to context with all these changes that we're making in the last couple of years. If you see our EBITDA margins, it's started at 16 percent on the left hand. Now as we speak in the last reported financials - is 23 percent. So a strong improvement has been made across all the years, consistently. Improvement, if you see across all the years on EBITDA margins, and that's on the backdrop of several initiatives we were doing. One is the cost efficiencies we are trying to do, the focus on promoted brands where it matters - we were reallocating our resources. We were discontinuing some brands, which doesn't make sense for us, which was articulating about new products.

And as we move forward, what we tried to do, we continue to do well, some of the things which were working, which is like growing up promoted brands, growing up focus brands, which has got better margin, WPI price increase, which will be playing out, we will have challenges in terms of NLEM price cuts, but our WPI price increases are going to help us. New products, the new launches, that is going to again drive growth. And also we'll continue to focus on cost savings. So, basically, we expect to sustain this EBITDA margins as we go forward, and try to further improve upon them. So, over to you, Sridhar.

Sridhar Venkatesh: So, look, as I just want to also talk about, as we've been talking through this, we've also been very proud of how the teams have been, you can leave it there, how we've also been awarded quite a few awards across in terms of one of the best workplaces, when you can get a sense of what happened when you walk in, you put in a huge amount of effort, working women, risk awards have been overall,

very proud of what we've been able to get. And at the end of the day, we never forget that we are here for patients. Every year, we touch around 200 million patients through our medicines, which is a significant number. We do around, I mean, our medicine reach around 6 million immunisation again, never forget that. That's a core of what we do. That's why we come here on a day to day basis to work for that's what keeps us going on an ongoing basis. With that, I think as I promised, we'll be done in 15 minutes. And hopefully, we have enough time for Q&A.

Moderator: Thank you, Sridhar and Juby. May I request you to kindly take the mics and also be seated. Okay. So, we will now open up for questions, the format will be as follows: those online, kindly raise your hand, and the moderator will then unmute and call out your name. And then you can choose the question that you have. Please introduce yourself, your name, which organization you are from. And specifically, if you'd like the question to be posed to either Juby or to Sridhar. Before we start, I think the first preference would then be given to people in the room because, obviously, you guys have taken, you know, the time out from your busy schedules. So those of you who would like to raise a question here, kindly come forward, because we can then give you a mic or we can pass on the mic to you.

If any of you are thinking in the meantime, let me start with a question that came via email from Sanjeev Vaidyanathan, Partner, Eternity Capital. He's put in a set of three questions. What is the long term outlook for growth margins and returns for the business? It would be ideal if you can split this outlook by business segment - pharma, chronic acute versus vaccine, and self-pay, sponsored. So Juby, may I request you to respond to that question.

Juby: Thank you. I think firstly, in chronic versus acute, our business is more acute. We've got only 5% chronic segment, which is only one brand, mainly Eltroxin. So majority of our business is from acute business. Now in terms of guidance, forward guidance, as you know, we are not providing forward guidance for businesses. On the past performance you would have seen the last year with growing 19% on the promoter brands and last five years, we demonstrated the growth. Do you want to add anything?

Sridhar Venkatesh: Look the question sounds like how I probably am presenting to my boss out there right, but look, fundamentally, just to give you a perspective, you

saw the bets that we are making is a focussed portfolio. You're growing double digits, our thinking is we can. India is a broadly underpenetrated market, we have an opportunity. So, we'll potentially go in that direction. The big growth that we will potentially see is in our new launches, especially we think of when we're launching Shingrix, we think that will be a hugely growing space. In terms of our paediatric business, as I said, we have a 26 million birth cohort, 1 million most penetrated vaccine, 4 million patients who are in the SEC category who can afford some of these private vaccines.

So look, I mean, you can do your math, but it's in my mind. It is, I think we are here for considerable future growth, they fit most of our portfolio. We will remain focused on the portfolio that we have. But we think there is a massive opportunity with what we have right now.

Moderator: Thank you Juby. Thank you, Sridhar. The next question again. So this is the second of three questions. What are the competitive advantages that you have, and continue to build on, which allows you the above long term visibility? It would be great if you can explain how these advantages compared to those of your most relevant competitors.

Sridhar Venkatesh: Look, I think the way I look at that is the biggest advantage that I have is I can I have the entire GSK landscape to play the amount of innovation that is coming through GSK at a global level period oncology, dermatology, vaccines, adult vaccines, anti infective, it is huge. And I have the power of bringing all of those into the Indian market. And to me that innovation is something that's going to drive - number one. Number two, I think even though I have products like Augmentin and Calpol help all which incidentally, save the most lives during COVID. It was not the vaccines helped, but Calpol is the one which saved the most lives during COVID time - by a small pill. These products are still extremely relevant. And these products have become a household name. And we think there is an opportunity to continue to grow these brands, the strength of the brands, the equity that these brands command, right? It is very significant.

We also have an opportunity to continue to generate local data on some of these molecules. So, somebody thought, Augmentin is a 50 year old brand, we still continue to bring data on antimicrobial resistance, what is happening, we invest a lot on some

of those things. I think our real competitive advantages, so the strength of the brand, the relevance of the brand, the future of the portfolio, and newer areas that we think clearly are, I think, the competitive advantages that that we have in GSK India.

Moderator: Thank you, Sridhar. Last question of part three - what is the best way to understand the difference in operation of GSK pharma listed entity and GSK Asia on listed subsidiary? In that context, why were Iodex and Ostocalcium originally sold through the listed entity, but transferred last year to GSK Asia?

Sridhar Venkatesh: I'll leave it to the expert.

Juby: So firstly, I think all our sales are through the listed entities, 100% of our sales are through the listed entities. GSK Asia, which the question refers to, is the consumer arm of GSK. It is not our subsidiary, it is not part of our pharma business, it's a completely different entity. And the Ostocalcium sales we have updated in the public domain in the stock exchange as part of the new GSK, when pharma and consumer split globally, the consumer brands moved to the consumer division and that's part of this transfer of Ostocalcium to GSK Asia, which is a consumer entity. So it's a completely different business, nothing to connect with this pharma entity here.

Moderator: Okay, thank you. So we'll open up for folks here. He had raised his hand first, then I'll come to you. Just introduce yourself, your name, the company, and your question posed to him.

Analyst: Thank you so much. So, I'm Aamir. The first question is on the vaccines basically. So last year was not good for us in terms of growth in the vaccine category. So if you can tell whether the post COVID, the normalization has happened already in the vaccine market? And what is the outlook for the vaccine sales in FY 23. And along with that, if you can also highlight the key products on the vaccine category which you will be focussing on, especially in the adult side. Fluarix is the vaccine which has good potential in India, and your competitor has already started doing lot of ads on radios, etc. So what we are doing to basically compete with them, and also on the outlook of Shingrix vaccine, how big that opportunity could be. Thank you.

Sridhar Venkatesh: Look, I'll attempt to tell you how the market is doing, the market is still sluggish. Okay, so it's still in negative space. A lot of that has got to do with people either postponing vaccines, they in some of the I talked about the SEC

categories, etc. We don't have those data, but I'm sure you have seen those anecdotal reports of birth rates coming down a little bit in some of these places that has all had an impact. As I said, the market is still around minus 10, minus 12 category, that is where they are, of course we are, we continue to hold our share. So while the market is declining, if you're holding our share means we are gaining share from our competitors. So which clearly means as we still are a key, relevant part of that.

So, in terms of future outlook, I will not be dependent upon how said there is you know, most of our vaccines are zero to one. So for that we need more kids to be out there, you know, there is a time for kids, post all of this, there is a cycle. So we remain optimistic, not optimistic but hugely optimistic based on some of the lead indicators that we see in the hospitals, etc. So we think this is going to come back, remain absolutely committed on that particular space. You talked about Fluarix and of adult vaccine. Yes, Fluarix is clearly one and, of course, Shingrix in the future. We've been very pleased with what we have done with Fluarix, and I think IMS and IQVIA, do not do justice to what we do and what we sell. But look, I'm not here to talk about that. I mean, you've seen those numbers in our presentation, how we report. But clearly, we are what we've been able to do in the last two years has been really been significant.

Probably, I need to see which channels you see, and I need to get my ads in front of you. There are a lot of those video too. Especially the ones recently you might have seen. They are not ads, let me clarify myself. We don't do ads, we never do ads. What we do is disease awareness campaigns. So they were the disease awareness campaigns, all around getting flu, and you would also find that the current strains also protect you. So you might have seen some of those. So yes, we do a lot of those activities, future outlook or Shingrix. Look, I'm not going to sit here and speculate. I can give you the indication. Indication is 50 years plus who needs that shot.

We don't have the other indication yet in India, which is 18 plus immunocompromised. I don't have that indication yet in India, but I think 50 plus people should be taking it. Is it going to be, will everybody take it? No. I mean, I don't know how many of you have taken flu shot here in the room, or in the call, there is a little bit of an apathy about adult vaccine. And that calls for companies like us to spend more time on disease awareness. So that's something that you will see continuously.

Moderator: Great. The next question, I will pass on the mic and maybe you can introduce yourself.

Analyst: Hi, thanks for the opportunity. Nikhil Upadhyay from Securities Investment Management. I have two to three questions: one is on the vaccine side. If we look at the last two and a half years, what you mentioned is quite relevant that the entire cohort has not been there. People were not going but what we thought is that there would be a significant pent up demand whenever the things start opening up. But even in the AGM, and now also you mentioned that the market is still degrowing. So is it that something structurally has changed, because what we have also seen is that government has added a lot more vaccines in the basket of which was already there. So is there anything structural which has been seen or is it still something which you believe is temporary?

Sridhar Venkatesh: So, look, I think, yes, I think the government has taken some steps. And clearly, there are a few patients who will go into private or go into the government category. So clearly around the pneumococcal space, there is some of that that has happened. But I also think people have postponed quite a few decisions. So, some of these vaccines that we are talking about are outside of your normal vaccines that you will take. So, from an economic standpoint, people have postponed some of those decisions. There has been a pent-up demand, but it has not been as everybody has, who has not taken that vaccine has come back up. And also clearly the birth cohort, we think there is a time people have postponed.

Look, when I'm speaking to my boss, it is hard to say that marriages in India got postponed, therefore kids get postponed. And people don't understand that sometimes, and it's taken me time, for me to make people understand that. So, there is a cycle. We are seeing that cycle slowly turning around, right there are as I said, some lead indicators of other medicines that are used, which will help us tell us what's happening to the birth cohort, etc. And we have to be patient. I think it's going to take the end of the year for this to kind of bottom out. And I think slowly only next year, the markets potentially starting to come back up.

Analyst: Second, if we look at last 10 years of GSK we've seen and one clarification you mentioned at the starting before the 10 years end. So, is it something closer today?

Sridhar Venkatesh: So please, please, you know, there's nothing called everybody's 10 year end, mine will end some point of time - just making an off the cuff comment.

Analyst: So, if over the last 10 years from where you were, you were handed over Glaxo as the MD, and what we've seen is that the company at the MR productivity level or at the growth level has been a laggard. And many of the smaller companies have taken market share from and we were the leader at some point. In the early 2010s, it was like Glaxo's MR productivity was the benchmark. So, what has changed and what structural changes you have brought in over the last three to four years which gives you the confidence that probably now the things are set for us to probably benchmark or benefit from the steps which we have taken?

Sridhar Venkatesh: A fantastic question. So look, I think 10 years ago, we were a different company, our outlook was different, what we could launch in this country was different. The regulatory environment was different, the scientific proof of what the bar that GSK has for itself, in terms of what I could launch was very different. So, clearly, over a period of time, some decisions were made over, rightfully. So we are a global company, we have to kind of work through one of the things that we have to understand is, what products we can launch and what we cannot launch. And clearly there were some decisions that were made in the last 8 to 10 years on which are the areas that we would focus on. Clearly, also, the environment externally some decisions like Zantac, Vemgal, along the way, have not helped us, but they were all done for the right reasons. I mean, I'm not going to go back into that.

So, I think it's a little bit compared to some of that. And again, I'm not challenging the growth of other companies here. They have done what is right for them, it is good from their perspective, what was good for us was, we needed to look at where do we want to play, we made the decision in terms of where we want to play. 10 years ago was a different space and a different time. Last couple of years, and two to three, we are in this journey for three to four years. We are very clear about where we want to play. We are very clear about where we don't want to play. For example, if somebody were to say tomorrow, will you launch a product in diabetes? I can say yes, heading now, absolutely not. Do I want to be in cardiovascular? No, that's not a space that I think I have innovation, that I think I can add value. There are enough people out there.

So, all the numbers that he was talking about is on those 7 or 8 therapeutic areas, key products that we have vaccines and an innovation, I think you will start to see GSK India in the future, something like what we saw 8 or 10 years ago, but with a different set of products, different set of people and a different shape of the P&L will look very different. Because the skills that I need for immunology, oncology and other vaccines is going to be very different from what I need for a mass product for which I might need another 2,000 people. So, the shape of the P&L is changing the shape of the business which is changing significantly. I think we are somewhere around 60% in that journey as we get those products and you will start to see this very differently.

Analyst: Just one last thing I'll pass on, in this process, because if you look at 2015-16 also and go through our annual reports, we used to focus on the generic medicine, vaccines and speciality. And if we look at now, the way competition is, if a product goes of generic there are 30-40 players who are competing and also probably there is a good roadmap for a player like GSK to build their speciality, Pipelines to a much larger extent create actual brands. For that to happen, how is the organisation structure been created? Like for speciality? What is the kind of MR, team? How is the team being divided and what are the KPIs on which each of them are being measured?

Sridhar Venkatesh: Look, clearly, four years ago, we probably had one large team. Now, if you were to see, we not only have, of course, the general medicines team and clearly structured under that multiple teams to focus on the various brands but let's talk about vaccines. We have recently created a completely different team to focus on adult vaccines which report straight into me. So somebody who sits in there is in a business today, which has zero rupees in sales. But we know that that we need to focus on that. So there is a head of paediatric vaccine who reports in to me and there is a head of adult vaccine reports in to me. So that's a clear investment for the future, including teams under them who are trying to get ready. Speciality we brought in, as I said, we brought in somebody again, a head of speciality, whose whole goal is to create this team right now, the team under him promotes Nucala and Trelegy.

But again, as we are getting closer to oncology launches in this country, we will start to see you put people six months, nine months before do with one of the things that we show, it's as I said, I have now four commercial team members reporting to me, the general medicine, paediatric vaccine, adult vaccine, speciality and there's

somebody else who looks after the various emerging channels. So we are looking at all of this spectrum of portfolio, that's how we are kind of structured. Of course, KPIs are very different in terms of what needs to be done across for some it is the success of new launch for some others that is how quickly we can get a product into the market. With some others it is how do you shape the market for the new launch, so pretty different.

Analyst: Just why I stressed, sorry, but on the KPI side is like in the focus brand, we've talked about Augmentin, Calpol, Derma. But there are also products like Eltroxin, where we were the leader, the market is still pretty strong, but we've lost the leadership. So is market share defending and ability to grow the product, also an important part for the whole team?

Sridhar Venkatesh: 100%. I mean, that is that is what we live and breathe for. And as I said, I'm not saying here that we've everything is we lost, you know, we want areas where we have one share, there are a couple of products we have. Eltroxin is one. But again, I have to say in the last six months, you will see it in a year's time, I start to see data much more closely. I think we are coming back on that space very strongly.

Analyst: And from three investments on the vaccines on the pent up demand, so if you look at your portfolio, what percentage of the vaccines demand will be permanently extinguished or perish? Because, suppose the children go out of that age bracket. So, any thoughts out there that it might not be a pent up it might be perished forever.

Sridhar Venkatesh: So, they said most of the vaccines are zero to one. I think if you look at, look, then some of the vaccines are extinguished forever, I think the vaccines that we have, that we think we are not going to get back as models where people are going to the government sector to the, especially the pneumococcal space, which is really moving over to people who can afford to are moving over to that space. On the piece of what do I think people are not going to come back for vaccines.. see, there is, we think that's going to be a pretty small portion. It's not because if you see this, as I said, market was showing a negative 17-18%. We showed a negative growth of minus 3%. So, we actually gained share in most of our key vaccines, right? So it's very

difficult for me to say, how much have we given what it is? How much have we completely lost?

Look, I think it'll be around a percentage year or two, a couple of percentage points, but I really don't want to sit here and hazard a guess that how much I would have completely lost.

Analyst: All right. And the second question is, you know, just regarding pneumococcal, so Serum is competing with us directly. Is it completely playing in the government pay market or it's there in the self pay market?

Sridhar Venkatesh: There are in both, I mean, we are competing. I mean, look, we don't play in the NIP space at all. So, we are not there. They are there in the private space too.

Analyst: Okay, so just anecdotally, the self pay market as a percentage of total vaccine market five years ago. And today, is the self pay market shrinking continuously?

Sridhar Venkatesh: Yes, absolutely. Right now, well, last five years. Look, last two years, as I said, it's been it's been an high negative.. 18-20% decline. Alright, last two years, it's been a decline. But as I said, I think this is, we think, there are enough lead indicators for us to say that this is going to come back.

Analyst: All right. One question on MR productivity. So, you know, if you look at the incentive structure in the last three years or five years, how are you directing the incentive structures to evolve and for you to get a corporate entity to where you were, let's suppose.

Sridhar Venkatesh: So, to me, I don't know if I will directly link incentive structures to MR productivity. So to me, MR productivity is a function of the relevance of my products, what I can do where I can, so I can talk separately about my incentive structure, it moved away from it was at one point of time, we had all reps, then it moved to GSK. I mean, globally, GSK moved to only a second line sales leader level from last year onwards, we have in the targets right at the rep level, so incentivised at the rep level. So, there has been a journey, there has been a different set of things. But clearly we think, our MR productivity, if you were to use that as a terminology, if I look at it

within the operating space that I have, I think I'm pretty comfortable. When you look at a set of products, which is which I don't promote, which are there. That's when I think you start to see a different level of productivity. And it's a function of portfolio, my portfolio has shrunk significantly.

They said, be patient with us for a couple of years. With a lot of these new products, these numbers are gonna change significantly.

Juby: Just to add, if you look at the total employment cost, the reported numbers has declined 1% despite inflation of 8-10 percent. So, the decline is a function of productivity, where we are rightly allocating our resource to work matters, the same time providing for the inflation or employment cost has not grown over the last one year.

Analyst: And one last question, you know, if you theoretically could launch more products from the global portfolio, but you're prioritising, so what are the parameters you're prioritising a launch versus others? Thanks.

Sridhar Venkatesh: So fundamentally, the need in the Indian market, I mean, not all products, let me turn this around and say that most of the products that are coming out of the portfolio will be relevant for India. And we will launch especially in the oncology space, vaccines, immunology space right now. But if there is a very high niche kind of a product, which has it is very rare disease. And right now, I have not come across anything which I'm seeing there, which I would say I will not launch. Most of the products that we have in the near term portfolio, we will launch and as we speak today, there are on, correct me if I'm wrong, so that either on 20-25 global clinical trials happening in India for various products, so, and the intention that we're doing those trials is potentially we will launch them in the future. We have books online.

Analyst: Yeah. So, thank you for the opportunity. Just want to understand if we look at the WPI benefit has it flowed in the one queue entirely, or we should see it in Q2, to be more specific, and what kind of price growth should we look at for the full year.

Juby: If you see the quarter one serves its 6% price impact in the results Full year, we could expect around 8-10 percent annualised price impact, it would flow through in the coming months.

Analyst: And if we look at these price increase versus the cost inflation that we might have experienced in terms of our, you know, raw material around is there any set off that we should expect or the number that you just mentioned, we should refer to that?

Juby: Typically what we're seeing in the market is two types of inflation. One is our raw material, which is the API inflation, as well as the packaging material and the aluminium, all those kinds of stuff is used for packaging in the factories, that's also where the inflation is happening. So, we expect around 2 to 3% cost increase due to inflation happens. Price increase, of course, will add. As to the question to sustainable margin levels, as I explained, so it's not going to have a material dent in the margin as we speak, because it's coming around 2 to 3% cost inflation happening and a price increase is going to help us there.

Analyst: And if you can explain the volume growth, I mean, we are talking about 6% volume growth, which is significantly higher than the overall IPM volume growth. So what is it that is driving these kinds of areas, only mass or is there any contribution? Because as we were discussing around the vaccine portfolio being weak, and we expect it to come back, say only by end of this year. So how should we look at it? And with that, if we look at the EBITDA margin also, because I remember our earlier conversation, wherein EBITDA margins for vaccines are kind of much lower and at arm's length basis. So how should we know because that indicates that our EBITDA margin should be much higher. But, of course, we have seen a dent in this one quarter.

Sridhar Venkatesh: Look, I mean, we're getting our gross, as I said, there was a natural transition towards key known brands during COVID. And everybody expected once, and of course, we were able to keep our supply chain running, everything happened. And again, cheer. People thought we were going to lose share during that, it didn't happen. So, I think that momentum is helping us. We are fully but we were first to get back into the field, so all of that plus the relevance of our brand. So it's fundamentally the mass products, which is helping us, you know, get those volumes out there, now, also the vaccines coming back is, of course going to have an impact. So I don't know, what was the second question there about? **Sridhar Venkatesh:** I'm not gonna comment on a future. Juby?

I think if you see the mix of pharma versus vaccine, so pharma products are around 78 and vaccine is 20 to 22% of our portfolio, and pharma has is also growing much

faster than vaccines. Okay. So that margin is not going to dilute just because vaccine is going to come, vaccine is relatively low margin, but the ratio will maintain because pharma is growing on a larger base at much higher rate. So yeah, so it's a lower portion of our total sales since the margins will sustain.

Moderator: So, I will go online, just so we are not ignoring the folks who have joined online. Those of you who have a question, kindly raise your hand, the moderator will kind of allow you to ask your question. Just introduce yourself. Okay. Dheeresh Pathak, can you introduce yourself from which organization you are and your question? Please unmute the respondent.

Analyst: Yes, thank you. Am I audible?

Moderator: Yes.

Dheeresh Pathak: Yeah, thank you for the opportunity. I have two, three questions. First is on are there any more OTC type brands like Ostocalcium, Iodex, which might transfer later on now, the portfolio is just description brands and there is no OTC.

Sridhar Venkatesh: I hope, I had and and I would make out of it. But no, there are more at this moment.

Analyst: Okay, on pneumococcal vaccine, Synflorix is that vaccine part of the NIP programme or it is yet to be part of the NIP programme?

Sridhar Venkatesh: No, Synflorix as a brand is not a part of NIP programme, I mean, pneumococcal has gotten introduced. We are not a part of that NIP programme.

Analyst: So, just to like understand that part properly. So, when they say pneumococcal is part, so, the same formulation and the strains that is in SynFlorix, that is part but you are not participating in the programme, is that what you mean?

Sridhar Venkatesh: So, there is a competing molecule from another company, which is a part of that NIP programme. They, see look, you can never say this is exactly the same, they have some strains here and there. But yes, they all have the same indication as given by the drug controller, which is for the pneumococcal space and we are not, you're right, we are not a part of the NIP programme.

Analyst: The broader question I wanted to ask there was that if our molecule if that vaccine comes under NIP in the private market, do we have to reduce prices or the prices are free in the private market, even if the vaccine is part of the NIP and we are not participating ourselves in the NIP programme. In the private market, do we have to match prices? Does it come under price control in some ways is the question.

Sridhar Venkatesh: No, no, no, I don't think these are completely different topics. So NIP is a programme run by the government. You can choose to participate in it there are some clearly laid out conditions and then you compete think of it as a tender for the country. So, we cannot compete in that tender for whatever reasons. So, we are not a part of that tender. Now, private market is a completely different market. We everybody has their own prices. MRP, is run by the rules of how much we can increase, what you can do so, these are two completely different parallel streams. They're not linked at all with each other.

Analyst: Okay, and one last question, vaccines, you said is 22% of the business then you give the promoted brands and speciality can you also give their revenue share in the total business now?

Juby: Yeah, so, vaccines is 22% of the total business. Promoted brands makes roughly 62%. Of the pharma business, the rest of the 78 percentage. Around 62% is promoted brands. So, totally including vaccines, we are talking about total portfolio, 80% is promoted.

Analyst: Understood, thank you.

Moderator: Okay. Next question. Dhaval Shah has raised his hand. Hi, Dhaval, if you can pose your question, go ahead. Dhaval?

Analyst: Yeah. Hi. Good evening. I hope I'm audible.

Moderator: Yes, you are.

Analyst: Yeah. Hi. This is Dhaval Shah from Aditya Birla Sun Life Mutual Fund. Thank you for the time. So, first question is I just wanted to understand the market potential for three speciality products that is Nucala, Trelegy and Shringrix. If you can just articulate what is the market potential that you're looking for each of these products?

Sridhar Venkatesh: Look, I think Nucala is a very niche indication, it's a biologic. Like asthma, look, I don't know if that market doesn't exist today. The biologics market doesn't exist. And I think broadly, you know, when I say doesn't exist, it's a very, very small market. So we're talking about, you know, again, I don't want to, I wouldn't want to sit here and talk about in crores. But we're talking about patients in thousands who could potentially take that, while you're talking about Trelegy. Trelegy is the entire COPD market, right on that, to me, is in, correct me if I'm wrong, if it's in around a few thousand crores, so it's somewhere in that particular space.

The third one was about Shingrix. Shingrix, again, the adult vaccine does not exist, market doesn't exist, but you know, anybody above 50 is at risk of this should be getting that vaccine. So, we think some, you know, if again, the apathy around vaccines goes away, and like what you see in some of the other markets across developed market across the world, you know, some potential is massive. So, again, these are markets that we are creating, the world. I mean, there is, as I said, we will be the market for some of these products.

Moderator: Okay, Dhaval, any more questions?

Analyst: Yeah, the second question that I have is on the Derma market, and, you know, that has also got impacted because of COVID. And I just wanted to understand, you know, how much normalisation has happened in that overall context? And how do you see that going forward?

Sridhar Venkatesh: Pretty much normalized. In fact, you know, I go by the metric of or my reps able to see the doctor walking in, or they wait for a few hours. So, if they're walking in, business is not so great, though they're meeting their doctors. So, right now, I can see those doctors extremely busy. And I think that markets coming back significantly.

Analyst: Okay, and question is Synflorix and I just wanted to understand what possibly the ratio is also asking is that do you expect the private market, you know, to grow after, you know, this getting included in an IP in that overall sense, so would you expect private market growth to continue for Synflorix, say over the next year in the next three years?

Sridhar Venkatesh: No, we see that declining, okay. And as I said, that's not a market. We are seeing that decline. There are patients who are moving over to the NIP. So, I'm not expecting that market to have that pent up demand and growth of what we saw in the past. The other vaccines which are coming back, you know, we have the meningococcal vaccine, the or the T-bact. We have, you know, the 6-in-1, but this one, I expect the private market to continue to decline.

Moderator: Thank you. Thank you, Sridhar. Thank you, Dhaval. We'll go to Gagan Thareja, who's raised his hand. Gagan, if you can. Go ahead and ask your question.

Analyst: Yeah, good evening. I hope I'm audible.

Moderator: Yes, thank you. Go ahead.

Analyst: Yeah, so the first question is around the proposed changes to the list where three of your products can you know additionally figure in, Ceftum and Rotavirus. If that materialises, you know, what could be the impact on the pricing, aggregate, basis all these three products basis the pricing methodology followed.

Sridhar Venkatesh: Look, again, I'll wait for the government to come in to tell us the pricing. I am not going to speculate. But what I can, if at all, the price gets released and we have a direct impact, I can say that we have enough experience from the past of having gone through this turmoil and ensure that we come back in terms of our, you know, in certain cases volumes or in cases other productivity improvement measures. So, look, I clearly don't want to speculate on what price they would, what would happen. But whatever be the scenario, I think we are pretty much ready to click on the button within 24 hours to do whatever needs to be done.

Analyst: Sorry, so, you were not audible for most of the comments.

Sridhar Venkatesh: Okay, let me try and sorry, am I okay, now, am I audible?

Analyst: Yes, you are audible now. Thank you.

Sridhar Venkatesh: Look as I said, I don't want to speculate in terms of how much and what would be the price impact if at all that happens. I don't know what I don't know, whatever be the methodology. But you know, but let's say, irrespective of whatever happens, we've gone through the situation a few times in the past. We are

ready to manage that carefully, what needs to be done in terms of volume expansion or whatever needs to be done. We are ready with that with that thinking. But I clearly don't want to go into that space of speculating what will be the amount of price impact on these products?

Analyst: I understand that sir but could you give the salience of these three products in your portfolio today? And I mean, what proportion of sales would these three constitute for you?

Sridhar Venkatesh: Yeah, so I can tell you what Rotarix is as good as insignificant now, it's not a focus area, you're talking about Ceftum. Ceftum, I mean, which is an important product for us, but again, in the larger scheme of things that is less than a percent, less than even less than a percent. And the other one is T-bact, which is again, two to three percentage points.

Analyst: Last year, you also indicated that the API for paracetamol had seen a very sharp increase while you know the volumes of Calpol would have taken some sort of an impact, because year on year, last year, you know, you had the second COVID wave. In terms of input pricing, if things look better this quarter, and also you would have taken some price increases on the final product as well.

Sridhar Venkatesh: Yeah, taken.

Juby: So, I think, firstly, I think most of the raw materials, particularly paracetamol, has gone up roughly 20 to 25 percentage in terms of cost inflation. Now, the good thing is we have long term contracts with the vendors, we have signed long term contracts and most of the APIs, so we got a certain level of, you know, visibility, in terms of how the cost is evolving, that's one thing. So that is why and also the price increase, both are kind of cushioning us. So you're not seeing that impact, the reported quarter also, the last quarter, also on the margins, we still see the margin improvement. So, we continue to have this kind of cost pressure, but we will be carefully managing that.

Sridhar Venkatesh: I mean, I would say the margin pressures remain. Okay, so let's see, the geopolitical situation around us is not improving for the short term. So, we continue to watch it closely. Again, that's the strength of being a global multinational. We have scale and size to kind of globally look at some of these, especially some of

our vendors. So, that helps us a little bit, but Juby is bang on to say, right now, the cost has helped us a little bit. I mean, the price increases as well plus a little bit more pressures remain.

Moderator: So, we'll go to the room.

Analyst: Hi, good evening, sir. I'm Satish Bhatt. I'm tracking your company since 1992. So, it's more than I think three decades. And during this phase, I think some of our past speakers are told that we were once leader and now we are not there to be seen in the, not to be recognized as a leader, you know, we become more of acute company than a chronic company, you know, and the presentation which you made did you want to focus on the speciality specialty products like Nucala and Trelegy, and whatever oncology portfolio you have, you haven't mentioned how fast you're going to introduce your product. Because already I think, your product is out in the market for last two and a half years we are still not yet launched in India. So why it is so?. You still haven't launched in India so, and sir you told that I think what I track your speciality is less the hardly 1% of sales. Maybe Trelegy and Nucala put together if I can share that to your forthcoming products, which are going to literally change the structure of the company in terms of the product portfolio which you have presented, you know. So I just wanted to know, sir, I think two years back in your annual report, you returned it? It's written in your annual report. And today, we're talking about something only 1000 patients, you know, so what type of investments do we have to require to get those type of patients you know, because these are the products which are biologics, maybe you will have to develop the market.

So whatever frontend investments, you may have to need to make, 50-100 million products need to really move the needle for a company like Glaxo now, because the size is as big as 3000 crores, to make a needle you have to make at least 10% of sales, you know, so, just wanted to know, your thoughts on those lines?

Sridhar Venkatesh: Happy to. By thousand, I didn't mean 1000. I meant thousands.

Sridhar Venkatesh: So, in the few five figures, 1000s. Okay, so that's not the five figure. So, there is that potential, but it's not millions, as what you see in the others, look, some of these products are, as I said, either first in class or best in class they need. So, the investment that we are making you can.. let's talk about July, yes, we

will be, you know, it's been launched globally.. we had to do a clinical trial. And we are filing and so the process is on, committed to bring that in.

Let's talk about Shingrix. A new asset globally, a billion dollar product already. But in India, we are creating, you're talking about investments, we are creating a team with a set of people. Product is going to be larger than second half, first half. And the first half, we are putting investments today to ensure that we understand the market worked with the key stakeholders in the market and ensure that when we launch, people understand what this medicine is for. For speciality medicines, I think unlike launching an antibiotic, unlike launching another painkiller, which I'm not demeaning that they have their own space, these products will require a significant investment way before launches... 9 months, 10 months, 12 months and I'm not talking something that the industry does not do. Every other company also has the same methodology.

We are also in that space, they said we will be focusing on some of these are merely around 8, 9 months prior to launch. And that's the journey we are in. So, yes, that's the kind of money and investment that we will need. Will these products be for everybody? I don't think so, they will be for certain category of people, certain set of people and for them they will definitely make it available.

Analyst: Sir, basically, what type of investments we require to make a 300-400 crore brand, you know? Maybe you are initially first you spend 50 crores on that, because maybe that's why you have to come back and we have to create the market. Is you being the leader I have to decide what I have to make the market, if I know I have a product potential of becoming a 500 crore, are you going to be shy of investing 50 crore in year one. Because your balance sheet supports any type of investments you know, and definitely you would be willing to put.

Sridhar Venkatesh: Yeah, absolutely. And the answer to that question is yes. If I can make this product to 300-400 crores, we will. The first few years definitely, you invest much more than what you would get when you're not looking at the P&L at that point of time. Look, as I said, it all depends upon the nature and the kind of the product that we are talking about. A product like Shingrix, we are making that investment I'm telling you right now we are seeing it right now today, right? I'm sure next time around when I call you, you will say you made so much investment on Shingrix. You don't have the sales yet what so I'm sure you will do that. But we are making that investment right

now. So for a product which is now if I had to launch something else, which is in the general medicine space, I may not invest that level so the products that I'm looking at in the future will all be as I said invest well before 8 to 9, 10 months before launch, create that market.

I don't think I'm going to talk about will I spend 50 crores, will I spend 100 crores it will be for an oncology product which is run by maybe 50 key centres. For 200 doctors I may not need 50 crores.

Analyst: Sir, let's look at Nucala specifically.

Sridhar Venkatesh: Yeah, Nucala again what I may not what for a product like Shingrix which can potentially be it is a vaccine, nobody knows about it. So, pathbreaking vaccine can be prescribed by potentially every GP. And we have a 10 year data protection as of now, which is fantastic. There is an apathy for vaccines, I will have to invest. So those, and again, I'm not going to talk about numbers, those investments are going to be significant. So, it will depend upon the nature of the product and portfolio.

Juby: If you see the last three years, new product launches, which you had done, so we've done both on vaccines as well as in pharma space, products. So around 5.2% of our total sales is from these new products. We got Fluarix, we got Nucala, we got now Trelegy. So three, four products, we have around 5% of a base of the last three years is from this new product. So, it's not that it's small not to move the needle. 5% is significantly big. And the investment is completely dependent on what product, like Sridhar said. And we will try to, as much as reallocate from the P&L. It's not all to be incremental, we'll try to find opportunities as well as incremental, both will be coming through. So, it's a commercial decision depending on the potential of that product in the market.

Analyst: Sir, one thing I've seen your peak margins, maybe nearly of 32%, maybe some 10 years back, 10 to 15 years back. So, do we see we will ever reach or that's, we can pick out at 25 to 27%, nothing wrong in growing top line being at 25%.

Juby: I don't want to comment on the future margins. But you know, if you bring in perspective, there were NLEM waves we were going through. So we had significant waves of NLEM, which we had to experience from then what you're talking about 32

percent. From there, we have gone down to a kind of 16, 15 percent. And we've gone a long way from there. So, we are continuously working on that. Whatever happens, we have to bounce back that's where it is in.

Analyst: Hi, this is Gokul. So, my question just on the clarification you mentioned. The promoted brands are 62% of the overall sales and vaccines is another 22. So, 84 is promoted, the rest would be the non-promoted brands, is it? What is the remaining 16%? Is this that is something to be shred is which you mentioned?

Sridhar Venkatesh: No, not exactly. Look, I wouldn't call them shred. Shred is, we had to make some decisions, big ones, most of it is out. But these are products which have a life of their own. These are products which have a long, sorry, long carryover effect. Yeah, thank you. And, you know, we don't think by investing in any of that I'm going to grow that significantly. So, we made this conscious decision to focus on these, on this 80%. But they are profitable brands. They don't, they're not dragging me at all.

Gokul: Should we assume that this 16% of the portfolio would be largely inflation driven growth and not much of volume growth over there?

Sridhar Venkatesh: In some cases, you do get volume growth, some cases very slightly 1%, 2%. But the other ones it is more or less inflation.

Juby: Yeah, it's more inflation driven, very low single digit volume growth.

Analyst: And what would be the aspiration on the promoter drug brands.

Sridhar Venkatesh: So far as of now, it's been a double digit growth.

Analyst: Okay. Secondly, on the parent has vertically divided the business into three segments. One is the general medicine, speciality, vaccines, we are more of a general medicines business Very little of speciality and 20 odd percent from vaccines. So, the parent's focus is to increase margins on the general medicine?. While you may want to actually grow that business, so is there a misalignment over there where the R&D focus at the parent level may not be there and hence, you are constrained by new brands or something which you want to grow these brands in India?

Sridhar Venkatesh: Look, so first of all, I think I'm actually pretty much aligned with what the global teams are doing. So what's my strength? My strength is general

medicine. What is it that I don't have? That is speciality, I'm getting that from the global portfolio. And vaccines is a space that I can grow and I'm getting some of the new assets. From the general medicine space to me, I personally think given more digitalisation that is happening in this country, more online pharmacies, more kind of doctors. All of that, the penetration is going to increase. And these are the most relevant brands that I have with that penetration increase. As we speak today, what is it around 35, 38, 40% penetration in India for healthcare. And if that increases by another 5, 7, 10%, the impact that we could have with some of our current general medicine portfolio is huge.

So, whatever may be the group's aspirations at a global level, because global level we are driven by innovation and some of the other markets. Our aspirations, emerging markets aspirations, for us and as I said, I'm a big contributor to emerging markets - is continuing to grow significantly in the general medicines portfolio. I'm not the only country in that space, most of the emerging markets country are in a very similar space, and the focus is continuing to grow double digits.

Analyst: Thank you.

Analyst: Hi, this is Ravi Purohit.. Sir, one clarification on Ceftum I think in the DPCO. Is it Ceftum injectable or is it the ceftum? The tablet form is also included? Because if it's the tablet form, which has been included then the...

Sridhar Venkatesh: No, it's not been

Analyst: Because when you mentioned it contributes to 1% of your revenue, I assume it's the injectable, the tablet form would be much bigger. Right?

Sridhar Venkatesh: Around 3%, 2 to 3% tablet, but yeah, again, none of that is clarified. I didn't, as I said, I don't want to sit here and speculate. And I have no insider knowledge of what's going to happen.

Analyst: I just wanted to clarify that. Second question is, at any point of time, how much inventory sits in the system in with the chemist shops, in the sense of in the chemist's shop. So for example, when I do a channel check, I realised that the entire derma portfolio of ours, the pricing has already changed from first of April, right? So, already 8 to 10% or 7-8%. I think a lot of creams have, when I see the Calpols and the

Augmentins, I don't see any price changes, so maybe the inventories from the previous fiscal. So at any point of time, you know, what is the duration?

Sridhar Venkatesh: I won't be able to tell you exact chemist shops, but in the market, it's anywhere between 35 to 45 days is what we have, depending upon the nature of the portfolio. Right?

Analyst: And have you taken price increase on Augmentin and Calpol or we have not? If you could confirm it?

Sridhar Venkatesh: What do you mean pricing? You mean, normal NLEM? Those price increases. They're yet to hit the market? I mean, we haven't enough, hopefully. Look, quarter three is generally the biggest quarter for us. When I say quarter three, I meant for the whole year. So this quarter, and you will see some of those new prices starting to hit the market this quarter around.

Analyst: The last question. So, if we historically see in it, just like some of the other participants have mentioned that we were industry leading 10 years back. Today, we are like not even in the top 5 in terms of growth. Same happened with the parent also right, the pharmaceutical business, guys like AstraZeneca, Abbott, lot of companies outgrew GSK at the global level as well. And which is where this need to break up the company and sharpen the focus, consumer division and former division. And now that the division has happened, does the focus sharpen in India as well? And therefore, the question is, are two-three new product launches enough? Whereas we've seen a lot of your MNC peers in India launching 10, 15, 20 products every year. So, is that something that's going to change for us?

Sridhar Venkatesh: Look, I don't know who's launched 15, 20, I mean, I'm not too sure which would that be? But I mean, look, I'm not going to talk about 20 products of those. But look what I think I will bring in as the innovation assets that are coming out of that. So in terms of what we were 10 years ago to what we are now, as I said, it's not something about situation was different, thinking was different today. I am, I want to be leader in the markets that I play, and that I can play, right? I'm not in, yes. If you put in the entire diabetes and cardiovascular market, I'm not even in the top 10. So that does have an impact. But I'm pretty convinced that with portfolio that I have, I can

continue to grow my top line I can continue to as Juby was saying focus on my margins and then I think I have space there.

I have two phenomenal areas where my muscle I can increase significantly, or that vaccine portfolio, new assets. New assets - will I launch 10 a year? Absolutely not. I can tell you, sitting here, I don't think I have the bandwidth or the capability or I can do well with that, will I have at least a few launches every year, based on what I would see? So, I think the focus has been, be selective of what you want to launch when you want to launch but do that well. And you will see that with Trelegy, you will see that with Shingrix, you will see us getting ready for launches 8-10 months before, so that when the launch happens, it's not the slow, we take off much faster. So that's how I would state the focus on India. I personally think again, I'm not going to comment about the group.

But I can say for me in India, this is the best possible thing that has happened for me because they said, India is one of the few markets where I have scale and size. I have trust, I have equity, and I walk in. So that is a big positive for me from general medicines. What I need to build is my speciality portfolio without diluting my current string that I have, and my vaccine. So I'm pretty clear we are on that path. Will I become a number one? Look, honestly, I'm not even thinking about that. I don't think about that at all. I want to be relevant in the spaces that I am in, and I want to grow in the spaces that I am in. And I think if I can do that, that's a win for me.

Moderator: Thank you Shridhar, we have last two questions. If you permit, we'll just extend beyond the allocated time. We have a question from Sameer Baisiwala. Sameer, hi, if you can pose your question, either to Sridhar or to Juby. Over to you, Sameer.

Analyst: Thank you so much. Sir, the quick question is for the represented market that you are in, which is accurate, which is antibiotics, derma. What sort of market growth do these categories have? When is it fair to say that you are a definition in the low growth areas?

Sridhar Venkatesh: I think, yeah. On that base, if the market is growing by 8 to 9%, I don't know. I mean, it's a pretty, it's though markets are, because again, given the

under penetration, I still think these markets will continue to grow at 8 to 9%. The derma market is growing much faster though.

Analyst: Okay, and if you can share your thoughts on, you know, the bigger towns versus smaller towns. So, you know, how do you think about these two markets? What's the sort of penetration that you have? Are you deploying more field force, more doctors in the smaller towns?

Sridhar Venkatesh: No, I think, look at in terms of our people. I think we've gone through an exercise, looked at it very closely. We think there is more for us to gain greater productivity of where we are operating in. Look, we cover I think, correct me if I'm wrong. Around 160, 170 towns across the country easily. And, I think maybe more, a little bit more. But I think we are not adding any more customers, we are adding any more feet on the ground, we are we are looking at enhancing our productivity with our existing customers.

In terms of our growth, obviously, we are getting a higher growth from smaller cities compared to places like some other some other bigger cities, but if you look at cities like Delhi, Bombay, Bangalore, Chennai, given the corporatization that I see in these places, these places have a normal tendency to get a higher set of growth, especially for the kind of products that I have, which is fundamentally in the acute space or the antibiotics.

Analyst: Thanks, one final, if I may, with your permission, what's the sort of, how much of your cost is really imported? And I have already felt the impact of the depreciating rupee.

Juby: Yeah, I think we got we got roughly 800 crores of important cost base. And we have, roughly, if you see the FY'22 financials we got around 5 crore impact in that full year on depreciating US Dollar versus Rupee. So, it's not material from the scheme of things it's roughly 5 crore impact we have in the supported financials.

Analyst: Thank you so much.

Moderator: Thank you, Sameer. Thank you, Juby, last question that was actually typed online. And after that, we will close with closing remarks from Sridhar. Mitesh from Nirmal Bang. He says, post-COVID, multiple companies have additional capacity

in vaccines and are looking to launch different vaccines. Can we see competition intensified?

Sridhar Venkatesh: Yeah, I do think that, you know, vaccines are space, which is exciting, everybody. So yes. Do we expect vaccines to come in? Yes. I think what GSK brings to the table is the freshness of its portfolio. The kind of newer assets that are happening globally, the acquisitions that we're making globally, I think, for us, it's going to be how do we continue to bring some of the newer assets of vaccines into this country? So yes, you will see more vaccines coming to the market, I think it's a good thing. There is more noise in the market, there are more people who understand vaccines, so I'm not averse to more competition coming in. I personally think it's a good thing. More of them come and talk about adult vaccination will be fantastic.

But yes, I think I am in a very strong space as GSK given the newness of my portfolio, and then the pipeline that I'm coming and on the pipeline, I can be pretty sure on vaccines, I potentially will get most of those into this country.

Moderator: Thank you, Sridhar. With that, before we close, any closing remarks?

Sridhar Venkatesh: Thank you for coming. Really wonderful to speak to all of you face to face and you get this opportunity a few times. Thank you for coming. And again, from a GSK standpoint, I only, you know, my only message or my only focus is going to be do a few things, do them well, focus where you can, you know, change what you can change and, you know, ensure that at the end of the day, whatever you do, makes value for the patients. That's our key mantra. Thank you for all of you for coming.

Moderator: Thank you all for joining online and thank you for all those who came here. Appreciate it. Thank you very much. We will now disconnect the call. Please disconnect the call. Thank you.

