

GSK's Pharma Brands Doing Well: India MD

Expects to hold on to market share and margins on moderating costs, price hikes: Sridhar Venkatesh

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Mumbai: GlaxoSmithKline Pharmaceuticals, the Indian unit of the UK's GSK, said its top medicine brands, including Augmentin, Calpol and Supacef, are holding on to their market shares, and the recent price increase and partial stabilisation of raw material prices will help it maintain operating margins in FY23.

The company is also banking on its dermatology portfolio — a segment where it leads the market with brands such as Betnovate, T-Bact and Tenovate — to fire as well.

GSK has reported operating margins (Ebitda margins) of 23.6% in FY22, benefited by the demand for fever and pain medication, antibiotics and vitamins.

In an interview with ET, GSK India's managing director Sridhar Venkatesh said products with strong brand equity and trust have gained significantly during the pandemic, and they are still holding on to their market shares.

"For us, the proof of the pudding is what is happening post-Covid... And I think overall, we've been able to maintain that (market) share," Sridhar said. "So if we have gained plus-5% — it's not as if we had lost plus-5% (after Covid) — we kind of kept 3.5%-4% of that and then growing (from there)..."

According to Sridhar, the full impact of the 8-9% wholesale price index (WPI)-led price hike will be in the next two quarters.

He said the company has entered into long-term contracts with suppliers of active pharmaceutical ingredients (APIs) to cushion cost inflation, but he expects cost



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inflation in FY23 to be about 2-3%.

The pandemic gave a fillip to GSK which was struggling after the discontinuation of its popular antacid brand Zinetac, the sale of its newly built manufacturing plant in Vemgal, Karnataka — meant for making ranitidine products — at a huge loss, and the transfer of its consumer brands such as Iodex and Ostocalcium to another group company as part of an internal restructuring.

But sales of some of its key brands continued to do well in FY22 — that of Augmentin doubled, Supacef increased by 49%, and paracetamol brand Calpol grew by 21%. The pharma segment of GSK accounts for about 78% of its sales, with its top brands contributing more than 50% of it.

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