

GlaxoSmithKline Pharmaceuticals Ltd (GSK Pharma) is the Indian subsidiary of the global biopharmaceutical company GSK plc, focusing on developing, manufacturing, and marketing innovative medicines and vaccines for diseases like HIV, respiratory conditions, oncology, and infectious diseases. Headquartered in Mumbai, the company offers a broad range of general medicines, specialty drugs, and vaccines and has a strong legacy of nearly 100 years in Indian healthcare industry. It has more than 2000 representatives spread across general medicines, vaccines and specialty portfolio.

- ❖ **General Medicines:** The segment remains a key growth driver for the company. There are various established brands of GSK in this segment, such as Augmentin, Ceftum, T-BACT, Calpol, Eltroxin, which will drive the business scale with steady cash generation. The portfolio is more focused towards acute conditions. In FY25, it has delivered growth in the range of 6-8% mainly led by volume growth and market share gains (~3% price increase). Company's digital omni channel is extending reach with network of 400K+ unique healthcare practitioners. It expects mid-single digit volume growth in the segment backed by market share gains and digital reach with stable margins.
 - ❖ **Launch of patented products by GSK Plc in India through listed company:** In last 2-3 years, GSK Pharma has become a specialty patented product launch vehicle for GSK Plc. The company has already launched various patented products of parent, which include - 'Shingrix', an adult vaccination, 'Trelegy Ellipta' and 'Nucala' for respiratory and recently added 'Zejula' and 'Jemperli' as a part of its oncology portfolio. There are various other innovative drugs are in pipeline to be launched in India.
- i) **Vaccines:** In FY25, it has retained its leadership in private pediatric vaccine market. As mentioned above, 'Shingrix' remains a strategic priority, largely supported by consumer campaigns, hospital joint business plans, content integrations and other category-building initiatives to convert awareness into vaccination. Its two-dose cost in India is at ~Rs. 26-30K and has moved to ~10k/month doses from few thousands. Overall, the management expects high single to low double digit value growth, as stable growth (low to mid-single digit) expected in pediatric and scale up is expected in adult vaccination. Shingrix remains a long term story with a structural positive story for mix and long term margin support.
 - ii) **Specialty Products:** In Respiratory portfolio - i) 'Trelegy Ellipta' is a single-inhaler triple therapy for COPD and ii) 'Nucala' is a monoclonal antibody for severe eosinophilic asthma. Trelegy Ellipta continues to grow month on month and Nucala has seen growth in market share as well as patient share.

In addition to this, the management has re-entered into Indian oncology market after a decade, with the launch of 'Zejula' (ovarian cancer) and 'Jemperli' (endometrial cancer) in Aug'25. Both the products have multi-year patent tailwinds. The management indicated eligibility of ~5K patients for medication under Zejula, based on the data of 120K patients getting diagnosed in the last 5 years in addition to 52K new patients being adding to the system for ovarian cancer. Also, 1K patients are potentially eligible to start with 'Jemperli' (immunotherapy) having a prevalence rate of 44K patients over the last 3-5 year period for endometrial cancer.

GSK pharma expects growth in double digit on compounded basis in Respiratory category, while oncology is currently small but strategic, high value new growth platform which will materially improve mix over the next 3-5 years horizon.

Valuation:

We estimate GSK pharma to deliver steady revenue growth of 10% CAGR over FY25-FY27E, with PAT rising at 12% CAGR, mainly supported by volume led growth in General Medicines, scale up in adult vaccination (Shingrix) and ramp up in specialty launches. Since GSK Plc redirected its strategic focus to India, the stock has seen a re-rating within a P/E band of 33x to 53x from 30x to 44x earlier. At present, the valuation stands at a relatively lower level of 40.6x to FY27E EPS. Given the strategy led turnaround and potential margin expansion over the next 3- 5 years, we believe it offers a favorable entry point. We assign P/E valuation of 50x to arrive at a target price of Rs. 3,425/share and recommend 'BUY' on the stock with an upside of ~23% over the CMP.

Figures in Rs Cr

Particulars (Rs. Cr)	Revenue	EBITDA	EBITDA Margin (%)	Adj PAT	PAT Margin (%)	EPS	P/E	EV/EBITDA	ROE (%)
FY24	3,454	909	26%	590	17%	34.83	79.9x	50.7x	27.8%
FY25	3,749	1,177	31%	928	25%	54.75	50.8x	39.2x	47.3%
FY26E	4,066	1,294	32%	1,024	25%	60.43	46.1x	35.6x	46.0%
FY27E	4,498	1,457	32%	1,161	26%	68.50	40.6x	31.6x	42.6%

FUNDAMENTAL TEAM

Name	Sectors	E-mail	Numbers
Sunil Jain	Head Equity Research - Retail	sunil.jain@nirmalbang.com	6273 8195/96
Priyanka Ghadigaonkar	Chemicals, FMCG	priyanka.g@nirmalbang.com	6273 8177
Kavita Vempalli	IT, Telecom, Retail, Textile	kavita.vempalli@nirmalbang.com	6273 8034
Devendra Pawar	Auto, Capital Goods	devendra.pawar@nirmalbang.com	6273 8149
Vrushali Puniwala	Banks & NBFC	vrushali.puniwala@nirmalbang.com	6273 8021
Janvi Shah	Metal, Cement	Janvi.shah@nirmalbang.com	6273 8058
Darxit Jain	IT, Plastic Pipes	darxit.jain@nirmalbang.com	6273 8159
Shivani Walam	Database Management	Shivani.walam@nirmalbang.com	6273 8091
Sumit Vartak	Database Management	sumit.vartak@nirmalbang.com	6273 8261

TECHNICAL AND DERIVATIVES TEAM

Vikas Salunkhe	Sr. AVP-Technical Analyst	vikas.salunkhe@nirmalbang.com	6273 8254
Swati Hotkar	AVP - Technical Analyst	swati.hotkar@nirmalbang.com	6273 8255
Nirav Chheda	AVP- Derivatives & Technical Analyst	nirav.chheda@nirmalbang.com	6273 8199
Amit Bhuptani	Sr.Derivatives & Technical Analyst	amit.bhuptani@nirmalbang.com	6273 8242
Yadnesh Shendge	Technical Analyst	Yadnesh.shendge@nirmalbang.com	6273 8186
Saurav Motivaras	Database Management	Saurav.Motivaras@nirmalbang.com	6273 8054

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Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)

B-2, 301/302, Marathon Innova,
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Lower Parel (W), Mumbai-400013
Board No. : 91 22 6723 8000/8001
Fax. : 022 6723 8010