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GSK Pakistan Sees Boost from Deregulation, CPI Reforms

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GSK Pakistan has reported a major improvement in its financial performance for the first quarter of calendar year 2025 (1QCY25), supported by the government’s deregulation of non-essential drug prices and the application of Consumer Price Index (CPI)-linked pricing mechanisms.

According to the company’s quarterly report, gross margins rose significantly to 34.2 percent, compared to 28.5 percent during the same period last year. This sharp increase was driven by the government’s decision to allow more flexible pricing for non-essential

medicines, helping companies recover from the cost pressures caused by inflation and currency devaluation.

Although net sales remained flat at Rs 15.6 billion, GSK Pakistan saw a strong improvement in its profit after tax, which surged to Rs 2.1 billion in 1QCY25, a major leap from Rs 565 million in the previous year's corresponding quarter. The company attributed this growth to cost control measures, better pricing power, and operational efficiency.

Capital expenditure during the quarter reached Rs 629 million, with investments directed towards enhancing local manufacturing capabilities. These included upgrades to plant infrastructure, acquisition of new machinery, and expansion of the company's digital systems. The objective is to increase self-reliance in production and improve the availability of essential medicines in the domestic market.

Industry analysts view the government's regulatory changes as a positive step for Pakistan's pharmaceutical sector, which has long struggled with fixed pricing structures despite rising input costs. The new CPI-linked pricing model allows companies to adjust prices annually based on inflation, offering greater financial stability while still ensuring the availability of key medicines.

GSK Pakistan's management noted that the policy reforms have helped restore investor confidence in the sector, allowing firms to plan long-term capital investments and improve supply chain efficiency. Despite external economic headwinds, such as high energy costs and import restrictions, the company maintained strong operational performance during the quarter.

The pharmaceutical giant's leadership reaffirmed its commitment to supporting Pakistan's healthcare sector by focusing on quality, innovation, and affordability. The ongoing investments in infrastructure and digital transformation are expected to strengthen GSK's footprint in the country and contribute to overall economic resilience.

With a stable outlook, GSK Pakistan is expected to continue benefiting from regulatory support and improved cost management, positioning itself strongly in a competitive and evolving market.