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GSK Consumer Healthcare net profit up 21% at ₹96 cr

Sales grew 16% to ₹975 crore

OUR BUREAU
 New Delhi, February 3

GlaxoSmithKline Consumer Healthcare recorded a strong growth in sales in the third quarter on the back of factors such as consistent, country-wide growth in its health food drinks (HFD) business as well as a rise in rural sales.

The company posted a net profit of ₹96 crore, up 21 per cent in the quarter ended December 31, 2014, compared with the corresponding quarter last year. Net sales grew by 16 per cent to ₹975 crore.

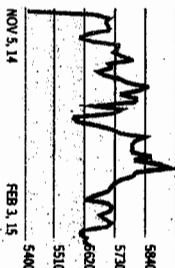
Consumer acceptance

Zubair Ahmed, Managing Director, GlaxoSmithKline Consumer Healthcare Ltd, said: "Despite the category slowdown, we have seen the strongest growth in the FMCG (fast moving consumer goods) sector in the quarter. This is a clear sign of the consumer acceptance of our products based on high science."

Talking to BusinessLine, Ahmed said: "When a slowdown happens, consumers tend to

GSK Consumer

₹ 5640
 return %



down-trade or cut down on consumption, but if you dial up the science behind your products, making them more relevant, from 'nice to have' to 'must have', then consumers do not tend to compromise.

"So, the moment we dialled up the science in the creative execution of our communication, encouraging consumers to drink Horlicks everyday for growth, our consumption story resonated much better and we got a fairly good uplift in the quarter in spite of the category slowdown."

For strong rural growth, Ahmed said the company has been increasing the distribution of its products across villages.

"It is not just about putting up our products on the shelves but also, in parallel, we speak



to children about nutrition at schools, retail our products with rural health practitioners and reach out to women at Anganwadis. We have also maximised the distribution of low-priced units that start at ₹5.

Our rural strategy helped us achieve about 30 per cent growth in our rural numbers," he said.

Indirect distribution

The company has also been steadily widening up its direct

retail presence and is available across a little under one million outlets.

Ahmed said strengthening of indirect distribution through wholesalers has expanded the company's overall reach to about three million outlets.

He said if macro-economic factors such as inflation and consumer sentiment move in the right direction, by the second or third quarter, increased consumption could be recorded in the category.

Company