Sector: Pharmaceuticals **RESULT REVIEW Q4&FY25** **Declared On: 30 May 2025**

Gufic Biosciences Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs367	36.8	Accumulate	Rs425	16%

as on 02nd June, 2025

About the Company:

Incorporated in 2000, Gufic Biosciences Limited (Gufic) is a Pharmaceutical company closely held by Choksi family, who hold 70% stake directly or through group companies. The company was formed through a buyout of a non-operational listed entity Central Finance Limited, a consumer credit company. The promoters of the company have been in the Pharmaceutical industry since 1960, ever since they incorporated Gufic Pharma Private Limited (GPPL). Gufic has been in the business of manufacturing and marketing injectable products since late 1970s. The group had earlier exited its API and formulations manufacturing division through a sell-off of its six major brands such as Mox (Amoxycillin) Injection, Zole (Miconazole Nitrate) etc. to Ranbaxy in 1997. The promoters then re-entered pharmaceutical formulations segment through incorporation of Gufic Biosciences Limited. Gufic has established itself in the Pharma, herbal and biotechnology business with the key focus being on contract manufacturing for various leading pharmaceutical companies in India.

Results: Quick Glance:

- The net sales for the quarter reported growth of 5.1% to Rs2050mn as compared to Rs1950mn in Q4FY24
- The Ebitda margins for the quarter stood at 12.9% as compared to 17.6% in the comparative quarter last year
- The company reported profit of Rs77mn as compared to Rs200mn in the same quarter last year
- The EPS for the quarter stood at Rs0.7 as compared Rs2.0 in the corresponding period of last year
- For the full year, the revenue grew by 1.6% and PAT de-grew by 19.1% respectively while the Ebitda margins stood at 16.4%
- The board has recommended dividend of Rs0.10 per equity share of FV of Rs1 for FY25 subject to approvals

Conference Call Highlights:

- **Indore Facility:** The company has extended certain media-fill and aseptic process validations to ensure full compliance with the key export markets. The asset was capitalized in Q3FY25, this will result in higher fixed-cost absorption (salaries, utilities, depreciation, interest) in current quarter. The interest and depreciation absorbed in Q4 on account of Indore are Rs40mn each respectively. In FY26, this facility is anticipated to achieve Ebitda breakeven. The incremental interest and depreciation on account of Indore in FY26 will be ~Rs200mn and Rs160mn respectively
- **Criticare:** The focus continues towards deepening market penetration by realigning the field force around high-potential hospitals, leveraging in-person and hybrid engagements, and reinforcing scientific leadership through real-world evidence studies and ongoing KOL advisory councils
- **Ferticare:** Dr. Rajeev Agarwal who successfully headed and built Gynae portfolio brands at BSV has taken charge of the fertility cluster. During the quarter, it has deepened collaborations with leading reproductive-medicine communities to highlight the novel approach to treating recurrent implantation failure with Guficin Alpha. The division has initiated multicentric clinical trials for Guficin Alpha and Supergraf (India's purest HMG) against innovator benchmarks, laying the groundwork to substantiate and differentiate the therapies. Over the coming quarters, the division would complete key clinical trials to underpin Supergraf and Guficin Alpha's market claims and broaden engagement with IVF practitioners to drive adoption of enhanced gonadotrophin and trigger portfolio
- **Aesthaderm and Neurocare**: The flagship product, Stunnox, has achieved a significant milestone, treating over 50,000 Indian patients. This demonstrates strong market acceptance and trust. Over 1,000 aesthetic practitioners across India have confidently recommended Stunnox to their clients, underscoring its efficacy. To further solidify practitioner conviction and trust, it has initiated clinical studies to generate robust Indian patient data. This real-world evidence will be crucial for demonstrating the effectiveness and safety of the portfolio in the local context. **Gufic's NeuroCare division** is singularly focused on expanding the use of therapeutic botulinum toxin for neurological conditions in India and Nepal. It has significantly boosted the market share to 17% (a 10-point gain). The footprint is growing with new operations in key cities like Lucknow, Cochin, and Pune, and expanded state coverage including Gujarat, Punjab, J&K, and Uttarakhand. The future is strong with a pipeline including a proposed IVIg launch and advanced botulinum toxin formulations like Type E and Topical Botulinum Toxin
- **Stellar & Spark Division: (Zenova)**: has been consolidated into a single, specialty-focused division to eliminate overlap and streamline engagement. It has rationalized manpower and overhead costs to improve operational efficiency and profitability. It has established a dedicated field force to scale high gross-contribution brands (e.g., Stretchnil, DD1, QF3)

Conference Call Highlights (contd.)

- **Stellar & Spark Division: (Zenova) (contd.)**: For the recent launch performance; Vonobase now represents ~5% of division sales. The total vonoprazan market grew to Rs1334.5mn in 12 months, with strong uptake among gastroenterologists and physicians. The orthopaedic adoption is nascent; targeted initiatives planned to accelerate growth. With regard to the pipeline and strategic outlook, the division is working on reproductive health expansion with new infertility formulations for male and female indications, differentiated endometriosis therapy in development, PCOS entry with novel berberine + MI combination, Menopause therapy to reinforce prescription-led women's health focus
- **Healthcare division:** It is focused on Ayurvedic and integrative therapies for musculoskeletal and joint disorders, most notably cervical spondylosis, chronic joint pain, osteoarthritis and gout while building out adjacent specialties in wound healing (WH5 Gel) and gastrointestinal health (Vonoprazan). This targeted portfolio aims to address high-incidence, under-served segments with differentiated, evidence backed formulations. The recent launch traction indicated, Gufispon has captured 3% market share in cervical spondylosis within 8 months; repeat-prescription rate at 28% well above category average. Baryl-DX sold in paediatric & general segments, laying the foundation for 5% segment penetration by year-end. In context to the pipeline & IP positioning, it has filed patent for WH5 wound-healing gel' first mover in Ayurvedic dermatology space. Developed next-gen anti-arthritic oil formulation, set for pilot launch in Q1FY26. SALLAKI Liniment has secured the No. 3 rank in its covered market segment reflecting strong market demand and brand trust. SALLAKI MR has attained the 5th rank in its covered market as per AWACS data
- **Sparsh:** The segment has delivered a stable quarter while executing a soft launch of new contrast-media portfolio, which gas received encouraging initial uptake. It initiated in-house trials and independent comparative studies to validate these differentiated offerings against current market benchmarks, laying the groundwork for broader adoption where shortages persist. Dual-chamber bag (DCB) has been successfully rolled out across major hospitals, including a breakthrough adoption at one of the top 5 corporate chain hospitals for Teicolife DCB. S-Pantoprazole IV- the enhanced pantoprazole formulation has captured 3% market volume within 6 months. The company is working on full launch of in-house contrast-media range to bolster Gufic Sparsh's corporate image and drive incremental volume. Albumin and next-gen critical-care formulations are advancing through formulation and stability stages. With regard to market expansion; the company is entering Kerala's hospital and institutional segment. It is also onboarding additional distribution partners to accelerate hospital coverage and ensure timely delivery of quality products
- **International business**: The division has announced the appointment of Dr. Rajasekar as President International Business. A landmark agreement has been signed with a leading distribution company for multiple products across 17 countries in the LATAM region (including Mexico, Colombia, Peru, Chile, and Brazil). This partnership is set to significantly expedite our product launches and market penetration in this high-growth geography. The commitment to Southeast Asia continues with 7 recent product approvals (including renewals) in key markets like Myanmar, Sri Lanka, and Cambodia. Furthermore, the THAI FDA GMP Extension for Unit-2 underscores the manufacturing quality and opens doors for broader product registrations in the region. It has successfully won national tenders in Sri Lanka for vials of antimicrobial. These critical care product wins, scheduled for supply in Q1FY26, demonstrate the competitive strength and ability to secure significant government business. Gufic is deepening its local presence with the initiation of a business collaboration in Vietnam to establish a Representative Office, and active engagement with agencies in the Philippines to evaluate local presence. These steps will strengthen market access and direct engagement

Financials:

Performance (Q4&FY25)									
Q4&FY25 Result (Rs mn)	**Mar-25**	**Mar-24**	**y-o-y**	**Dec-24**	**q-o-q**	**FY25**	**FY24**	**y-o-y**	**FY26E**
Total Revenue	2050	1950	5.1%	2078	(1.3%)	8198	8067	1.6%	8904
EBITDA	264	342	(22.9%)	339	(22.3%)	1347	1459	(7.7%)	1451
Other Income	4	9	(55.2%)	19	(78.8%)	36	22	66.6%	46
Interest	84	36	-	49	71.1%	231	154	50.5%	233
Depreciation	78	43	80.6%	46	69.8%	211	170	23.8%	255
Tax	28	71	(60.3%)	70	(59.7%)	245	295	(17.1%)	268
Net Profit	**77**	**200**	(61.5%)	**193**	(60.0%)	**696**	**861**	(19.1%)	**742**

Outlook and Recommendations:

FY25 has been a year of consolidation for Gufic, all around getting the new facility upto the mark with approvals and compliances. For the quarter, the revenues remained flat, but the higher interest and depreciation led to lower profits. For FY25, the revenues grew by 1.6% on a y-o-y basis while the PAT was lower than expectations. The revenue breakup for FY25 had 52-53% domestic and 16-18% from international, 25% from CMO and the remaining from API. The domestic breakup had 50% from Criticare, 30% from infertility, 20% from mass marketing range and the remaining from Neuro and aesthetic divisions. The company expects the international business to move to ~25% of the total revenues in the next 2-3 years. The company has had flattish revenues across quarters as the Navsari facility was running at almost full capacity with no additional room of capacity (except for the liquid filling lines); it was only penems and toxins from which growth came for the company. Furthermore, the key 10-12 molecules which accounted for 25% of the overall revenues witnessed price erosion of the range of 0-50% in their API prices as well. However, the company anticipates an uptick in the revenues going forward contributed by the breakeven of Indore, increase in penems and toxin volumes as well as growth across the CMO business. Indore has been the key expense for the company throughout FY25. Although there has been no major capacity utilization there has been capitalization of costs of Indore, increased fixed costs pertaining to salaries and wages which have been absorbed. The Management expects the facility to Ebitda breakeven in FY26 with targeted capacity utilization of 20-25%; so as to extract Rs1000-1500mn from the facility in FY26E. The major contribution is factored from FY27E at the utilization levels of 70-75%. The expected peak revenues from Indore are to the tune of Rs8bn; which the company aims to achieve by FY28E. The company has indicated margin pressure to remain for the next two-three quarters, accounting for Rs360mn as full year of interest and depreciation. The company is targeting the regulated markets from the Indore facility. The soft launch of contrast media is expected to take the commercial route from June 2025. It is being catered from the Navsari plant (which has no crunch for liquid filling); but will be gradually shifted to the Indore plant. These iodine-based products enjoy GMs of 50-55% but the prices are erratic. The company expects it to be 5-6% of the total critical care segment in the next 2-3 years. Initiated with iodine, the Management has indicated gadolinium based also to be explored going forward. With regard to botulinum toxin, the two parts namely, Aesthetic and Neuro, the company has captured 9% and 15-16% market share respectively; which accounts for ~3% of the total revenues. The market has been growing at 22%, Gufic is expected to get to 20-22% and 25-26% market share in the current year which can translate into a revenue of ~Rs1bn in the next 2-3 years. Prospects of the newer products stand strong for the company. It expects Guficin Alpha to be a Rs80-90mn product this year; currently under trials. The Supergrafs, although under trials, are being used by doctors and growing 10-15% m-o-m; should lead to better revenues next year. IVIg launch is in the pipeline and this would be complementing the high end and neurospace product line. The overall PCPM for the Sparsh division stands at Rs9-10 lacs/month. In terms of the debt repayment, the company had borrowed Rs1600mn for the Indore facility and the repayment has been initiated from April 24. Overall, we feel that the company is well on track in terms of the different divisions as well as specific molecules growth and contribution going forward. However, to factor in the slow pace of growth during the year, we have tweaked our numbers and accordingly recommend an Accumulate on the stock for a revised target of Rs425.

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