Sector: Pharmaceuticals **RESULT REVIEW Q1FY26** **Declared On: 13 Aug 2025**

Gufic Biosciences Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs355	35.6	Accumulate	Rs425	19%

as on 14th Aug, 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 reported growth of 10.3% to Rs2,237mn as compared to Rs2,028mn in the same quarter last year
- The Ebitda margins for the quarter stood at 14.9% as compared to 17.6% in the comparative quarter last year
- The company reported profit of Rs131mn as compared to Rs209mn in the same quarter last year
- The EPS for the quarter stood at Rs1.3 as compared Rs2.0 in the corresponding period of last year

Conference Call Highlights:

- **Indore Facility:** In highly regulated markets, early-stage precision is critical to avoid long-term compliance risk and the company is deliberately following stepwise qualification approach to ensure first-time-right execution, full global audit readiness, and data-driven scaling. The asset was capitalized in Q3FY25, resulting in higher fixed-cost absorption (salaries, utilities, depreciation, interest). In FY26E, Indore will achieve Ebitda breakeven, and targeted 30% capacity utilization and is expected to be margin accretive from FY27E onwards. The tech transfer for existing products from Navsari & process validation batches for initial products is ongoing. The company expects the vendor audits for Indian pharma majors to be done in H1FY26; 15 have been completed and more are lined up. The CMO contracts have commenced. On the global regulatory clearance, EU GMP & UK MHRA is targeted for FY27E while USFDA in FY29E
- **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:** Under strengthened leadership and with an upgraded product portfolio, the division's strategy is centred on scientific positioning, improved field productivity, and pioneering first-to-market therapies for unmet needs in reproductive medicine. The company has achieved strong momentum across power brands; Puregraf is on track to become ~Rs250mn per annum brand, Cetrocare is on track to break into top 3 for the molecule segment. Supergraf was launched in 2024, and targets to become Rs150mn brand in 2 years. GuficinAlpha targets to become an Rs100mn brand. Pillar brands like Dydrofic and Lomocare delivered double-digit growth, reinforcing brand depth
- **Aesthaderm and Neurocare**: During the quarter, with regard to **in-licensing progress**; significant advancement is achieved in securing one of the world's top filler & bio stimulator brands to accelerate market entry and portfolio completeness. Gufic continues growth in **Stunnox** through scientific practitioner programs and skill-building initiatives. The company is strengthening presence in **tier-1 and tier-2 aesthetic markets** via clinician network expansion. In terms of Neurocare, it has the largest dedicated team for **therapeutic Botulinum Toxin (Zarbot)** in India, with full **Pan-India & Nepal coverage**. FY26E focus is on **category expansion** beyond core neurology into neurosurgery, urology, ophthalmology, and pain management. The market share has increased to 17% compared to 7% last year
- **Stellar & Spark Division (Zenova):** The company has consolidated Spark and Stellar 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 achieved 102% of Q1 target, delivering 30% y-o-y growth. In terms of the power brands, for DD1: 117% target achieved in Q1, with 193% growth, accounting to 29% of revenue. Stretchnil reported 123% target achievement in Q1, 67% growth, share upto 20% from 5% last year. For the upcoming launches: (i) Polmaxib-P (Aug '25): differentiated Polmacoxib 2mg + Paracetamol 325mg combination for targeted orthopedic pain management, (ii) Fertiforce-M & Fertiforce-F (Nov '25) specialized antioxidant formulations for male & female infertility, reinforcing commitment to reproductive health

Conference Call Highlights (contd.)

- **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
- **Sparsh:** The segment has witnessed leadership transition to drive strategic growth ahead. With regard to product launches, contrast media pan India launch is in the pipeline which is expected to contribute meaningfully to sales going ahead. The dual chamber bags have gained solid traction with expansion in the Care group and 25 additional hospitals beyond Apollo for Teicolife DCB. The PCPM is increasing; indicating increasing productivity. The company is scaling distribution footprint to expand hospital reach, reduce supply lead times, and ensure consistent product availability
- **International business**: The company is building on current high value molecules adding new products from Indore with a market share target of 5-10 in identified geographies over the next 3-5 years. The volumes are ramping up as Navsari capacity is opening up. In the current year, it has secured 13 key product and facility approvals across Myanmar, Sri Lanka, Cambodia, Thailand, and Lithuania, bolstering regulatory footprint in critical care, gastro, and anti-infective. The division has bagged a prestigious tender win from UK NHS and the supplies are underway from Navsari unit in FY26E

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	**Jun-25**	**Jun-24**	**y-o-y**	**Mar-25**	**q-o-q**	**FY25**	**FY26E**
Total Revenue	2237	2028	10.3%	2050	9.1%	8198	8904
EBITDA	333	358	(6.9%)	264	26.3%	1361	1344
Other Income	9	13	(26.3%)	4	-	36	46
Interest	92	46	99.7%	84	9.9%	245	268
Depreciation	77	43	79.3%	78	(1.6%)	211	307
Exceptional Items	0	0	-	0	-	0	0
Tax	42	72	(42.0%)	28	49.8%	245	216
Net Profit	**131**	**209**	**(37.3%)**	**77**	**69.3%**	**696**	**599**

Outlook and Recommendations:

The company has reported revenue growth of 10.3% y-o-y with margins at 14.9% for the quarter under reference. The increased interest and depreciation led to lower PAT by 37.3%. Most of the impact on the numbers in terms of costs has been with the starting of the Indore facility. As it was a known fact from Q4 itself that the Navsari plant was saturated, the incremental revenue is the contribution of the Indore plant. The revenues from this facility during Q1FY26 stood at approx. Rs250-260mn. The company has indicated capacity utilization of ~30% by end of FY26E for the Indore plant; currently in Q1 it stands at ~18-20% for the lyophilization facility while the ampoule and liquid is expected to be around 25% by Oct/Nov'25. But as this includes the validation batches as well; 25% on pure sales utilization will see Ebitda breakeven and around 35% would give the capability to recover interest and depreciation. The tech transfer is an ongoing process preferring the products that have global impetus with higher batch sizes taken in phase 1 followed by the domestic and CDMO related product transfers. The critical care segment has not seen any price erosion during the quarter, implying there would be better contribution on the operational efficiency going forward. The overall exports have been in the range of 20-22% of the overall revenues; Rs530mn in Q1FY26. The aspiration is to make the contribution to ~25% gradually in times to come. In terms of exports from the Indore facility; EU GMP has been lined up for two geographies and by end of Q1FY27 exports should be unlocked from the Indore facility. With regard to the revenue breakup largely, 50% of it is from domestic followed by CDMO and then exports. Domestic has 50% through critical care, Sparsh and the other set ups; 20% of infertility and remaining from mass marketing. Sparsh as a segment was started with the intent of margin improvement which is evident in the numbers as well which was despite the price erosion happening. This business has been Rs550-560mn annually and the target is to reach Rs1bn in next 2-3 years.

Outlook and Recommendations (contd):

In the aesthaderm segment, so far the company has been in toxins and thereby to widen the portfolio; it is looking to close an in-licensing deal with an established player in the filler brands (USD100mn sales in US) that has all the clinical data as well in place soon. This would be a booster to Stunnox going forward. The company has indicated that there would be WC pressure to continue as there would be additional requirements for the Indore facility. Cash surplus can be factored only after FY27E. The fund that was raised has been deployed for debt repayment, dossiers (40-45%) and WC usage for Indore; with the target to be debt free by 2029. Some of the strategic initiatives chalked to amplify growth in coming years include, increasing overall market and market share in Botulinum toxin range of products through introduction of fast acting injectable and topical formulation (first in India and world), leverage new biological technology platform to develop preventive and curative medical care for fatal viral infections, commercialization of immuno-oncology therapy and increase market share in contract manufacturing beyond parenterals to other drug delivery systems. 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. We maintain an Accumulate on the stock for a target of Rs425.

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