

## **Gufic BioSciences Ltd. – Investment BUY Call**

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 31 May 2026

CMP -> 334

Upside Potential-> 18%

Investment Horizon -> 6 to 9 Months (2 to 3 quarters – Medium Term)

Target price -> 394

**Gufic Biosciences Ltd. is a specialty pharmaceutical company focused on complex injectables, critical care therapies, fertility solutions, APIs, contract manufacturing (CDMO) and international formulations.** The company has established a strong presence in hospital-focused therapeutic segments including anti-infectives, immunology, cardiac critical care, infertility management and women's health. Its product portfolio comprises lyophilized injectables, liquid vials, ampoules, depot formulations, dual-chamber drug delivery systems and advanced drug-delivery technologies that cater to hospitals, IVF centres, critical care units and global pharmaceutical partners. The company's growing emphasis on high-complexity injectable products provides a significant competitive advantage in an increasingly regulated pharmaceutical market.

The company reported a strong operational performance during Q4FY26, with revenue rising 23% YoY to INR 252.1 crore, while EBITDA increased 65.6% YoY to INR 44.7 crore. EBITDA margin expanded to 17.7% from 13.2% in Q4FY25, reflecting better operating leverage and an improving product mix. Profit after tax more than doubled to INR 20.5 crore compared with INR 8 crore in the corresponding quarter last year. The quarter also witnessed meaningful progress in scaling up the newly commissioned Indore injectable facility, which has become the key growth driver for future earnings expansion.

For FY26, revenue increased 14.7% YoY to INR 940.5 crore, demonstrating healthy demand across domestic formulations, fertility products, critical care therapies, exports and contract manufacturing businesses. EBITDA stood at INR 152.9 crore, while PAT was reported at INR 63.2 crore. Although profitability remained impacted by initial ramp-up costs associated with the Indore facility and investments in future growth initiatives, management remains confident that operating margins will improve steadily as utilization levels rise and high-value products gain scale. The company's strategic investments during the last two years are now entering the commercialization phase, which could significantly improve earnings visibility over the coming quarters.

**A key investment trigger remains the state-of-the-art Indore manufacturing facility, one of India's most advanced lyophilized injectable plants.** The facility commenced commercial production in October 2024 and has been designed to meet stringent WHO-GMP, EU-GMP, MHRA, ANVISA and USFDA standards. With installed capacities of approximately 5 million lyophilized vials, 6 million liquid vials and 10 million ampoules per month, the facility provides substantial headroom for future growth. Management expects utilization to continue improving, with the plant moving from breakeven levels toward becoming margin accretive during FY27. At peak utilization, management estimates annual revenue potential of approximately INR 675–700 crore from the Indore facility alone.

Near-term growth over the next 2–4 quarters is expected to be driven by multiple factors. These include continued product transfers from the saturated Navsari facility to Indore, ramp-up of contract manufacturing partnerships with leading Indian pharmaceutical companies, commercialization of recently approved products, expansion of critical care injectable therapies and increasing export supplies. The company has already completed more than 40 technology transfers and received over 200 product approvals for the facility, creating a strong foundation for accelerated production growth. Furthermore, **validation batches for GLP-1 related injectable products and ongoing customer migration to the new plant provide additional growth visibility.**

The domestic formulations business continues to perform well across its key therapeutic segments. The Critical Care division remains focused on advanced anti-infectives, immunology products and hospital-based therapies addressing antimicrobial resistance. The Ferticare franchise has emerged as one of the fastest-growing IVF-focused platforms in India, supported by products such as Puregraf, Cetrocare, Guficin Alpha and Supergraf. Additionally, the Women's Health segment continues to strengthen its position through prescription-driven brands, while the company is expanding into chronic therapy opportunities related to endometriosis, PCOS, menopause and reproductive immunology. These diversified growth engines reduce dependence on any single therapeutic category.

The international business is undergoing a structural transformation from a distributor-led model to an intellectual-property-owned and marketing-authorisation-controlled model. Through Gufic Ireland, the company has secured direct access to European markets and is increasingly focusing on complex injectable products with limited competition. During FY26, the company secured multiple regulatory approvals across South Africa, Colombia, Myanmar, Germany, Ecuador and several other international markets. Management is also pursuing licensing opportunities, technology-transfer agreements and direct supply arrangements, which are expected to improve profitability and create recurring revenue streams. The export opportunity is particularly attractive as capacity becomes available at Navsari following product migration to Indore.

From a balance sheet perspective, the company remains well positioned to support future expansion. Total assets increased to INR 1,341.6 crore as of March 2026, reflecting the successful completion of major capacity expansion projects. Cash and cash equivalents improved significantly to INR 60.3 crore compared with INR 14.9 crore a year earlier. Operating cash flow remained positive at INR 44 crore despite higher working capital investments required to support growth. The bulk of the heavy capital expenditure cycle appears largely completed, with the Indore facility already operational. Consequently, future investments are expected to be more focused on product development, regulatory filings, technology transfers and selective capacity enhancements rather than large greenfield projects.

We maintain a BUY recommendation on Gufic Biosciences with a medium-term investment horizon of 6–9 months. The company is entering a crucial earnings expansion phase supported by Indore capacity ramp-up, rising CDMO opportunities, increasing exports, a strong complex-injectables pipeline and growing penetration in critical care and fertility therapies. Improving utilization levels, operating leverage, regulatory approvals and commercialization of high-value products are expected to drive revenue growth and margin expansion over the coming quarters. These factors, combined with a strengthened manufacturing platform and expanding global footprint, position Gufic Biosciences favourably for sustained value creation in the medium term.

**Financial Performance in Q4FY26:**

	YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr	22.8%	8.8%	252	231	205
Operating Profit Cr ^	79.0%	43.1%	47	33	26
OPM %			18.8	14.3	12.9
PAT Cr ^	183.7%	76.3%	22	12	8
NPM %			8.7	5.4	3.8
EPS ₹	183.1%	75.8%	2.2	1.2	0.8

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team