

Gufic Biosciences Limited.

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs104	Rs50	Rs140	35%	BUY	Rs8.0

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. The company 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. However, the intellectual property rights of the products manufactured under contract manufacturing remains with GBL for majority of the products.

Results Declared:

- The net sales came in at Rs748mn as against Rs642mn in the same quarter last year, growth of 16.6%
- The Ebidta margins came in at 13%
- The net profit came in at Rs57mn as compared to Rs27mn last year, growth of 112%
- EPS for the full year stands at Rs1.48
- On the segmental front for the quarter, the Pharma segment clocked 15% growth while the consumer segment did not have sales reported for the quarter, as indicated by the company in the AGM that it will take new orders only if they have 8-10% margins. The bulk drug segment clocked Rs42.3mn for the quarter.

Financials (Standalone):

Result Update (Q2FY2018)									
Q2FY18 Result (Rs mn)	Sept-17	Sept-16	y-o-y	June-17	q-o-q	FY16	FY17	y-o-y	FY18E
Total Income	748	642	16.6%	603	24.2%	2,022	2,493	23.3%	3,152
EBITDA	98	63	55.7%	74	31.6%	197	270	37.1%	363
Other Income	8	3	154.3%	1	-	7	9	42.1%	10
Interest	27	14	90.0%	18	53.4%	54	62	16.3%	92
Depreciation	10	9	4.3%	9	4.7%	38	37	(2.7%)	40
Exceptional item	5	-	-	-	-	-	-	-	-
Tax	18	16	13.7%	23	(23.5%)	39	66	69.3%	87
Net Profit	57	27	111.9%	35	60.0%	73	114	56.2%	155

Outlook and Recommendations:

The company has reported robust numbers for the quarter. With consistent growth in sales coupled with improvement in the operating margins, we maintain positive outlook of the company going forward. We continue to recommend a Buy on the stock. We have achieved our initial target of Rs100 and would revise it to Rs140 with a 12 months horizon.

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