

Gufic Biosciences Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs82	Rs50	Rs150	83%	BUY	Rs6.3

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 for the quarter grew by 16% to Rs915mn as compared to Rs789mn in the same quarter last year
- The EBITDA margins for the quarter under review stood at 13.7%
- The net profit grew by six folds to Rs60mn as against Rs11mn in the comparative quarter
- The EPS stands at Rs0.8
- For the full year, the company has clocked revenue growth of 13.6% and ended the year with net profit growth of 32.1%.

Financials:

Result Update (Q4&FY2019)								
Q4&FY19 Result (Rs mn)	Mar-19	Mar-18	y-o-y	Dec-18	q-o-q	FY19	FY18	y-o-y
Total Revenue	915	789	16.0%	877	4.4%	3,504	3,085	13.6%
EBITDA	125	90	38.8%	120	4.7%	456	385	18.3%
Other Income	33	15	122.8%	2	-	45	31	46.5%
Interest	34	27	27.4%	23	45.5%	102	89	14.4%
Depreciation	16	13	29.4%	11	56.0%	46	44	5.6%
Exceptional Items	-	-	-	-	-	-	16	-
Tax	47	55	(13.8%)	29	62.9%	136	135	0.7%
Net Profit	60	11	472.4%	59	2.2%	218	165	32.1%

Outlook and Recommendations:

The company has reported strong set of numbers for the quarter under reference as well as beaten our expectations for the year. The mergers and amalgamations that the company has undertaken with the last being that of Gufic Bio Sciences and Gufic Lifesciences, have shown that synergies are working good for the company. With the future growth plans well in place for the company, we feel that the performance is sustainable even going forward. We maintain our Buy call on the stock with the target price of Rs150 over a 12 months horizon.

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