November 10, 2025

Gufic Biosciences Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Working capital facilities	10.00	100.00	[ICRA]A- (Stable); reaffirmed and assigned for enhanced amount
Short-term – Non-fund based – Letter of credit	35.00	-	-
Short Term – Non-fund based – Bank guarantee	5.00	-	-
Short Term – Non Fund Based – working capital facilities	-	50.00	[ICRA]A2+; reaffirmed and assigned for enhanced amount
Total	**50.00**	**150.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings consider Gufic Biosciences Limited's (GBL) established track record in the pharmaceutical industry along with the extensive experience of its promoters, which resulted in repeat orders from an established customer base. The company has a well-diversified product portfolio, which includes injectables, herbal formulations, bulk drugs, and consumer care products. The company's revenue rose at a healthy CAGR of around 14% during FY2021-FY2025, supported by launch of new products and increasing customer base. However, the company's revenue growth was muted at 1.6% in FY2025 owing to moderation in realisations stemming from drop in API prices and delay in commencement of its new unit in Indore while the Navsari unit has operated at near-full capacity (for lyophilised products and liquid ampoules).

The company delayed commencement of operations at its new plant in Indore to December/January 2025 to ensure that the facility complies with United States Food and Drug Administration (USFDA) standards. The company is in the process of applying for approval from various regulatory bodies, including the USFDA, for the new unit, which will support ramp-up in sales in the medium term. Until then, the company plans to serve the domestic market from this unit. The company is expected to record a healthy revenue growth of 15-20% in FY2026, driven by gradual ramp-up in operations of the Indore plant along with healthy demand. The company's margins are expected to moderate in the near term owing to higher fixed overheads towards the new unit but are likely to improve over the next two years with ramp-up in operations, resulting in better absorption of fixed overheads. While the company's debt metrics are expected to moderate in the near term with total debt/OPBITDA at higher than 2.3 times owing to pressure on margins, they are expected to improve over the next two years on the back of increase in earnings and scheduled repayment of debt. Going forward, the company's ability to achieve healthy capacity utilisation levels with corresponding returns by scaling up its new unit will be closely monitored.

The ratings are constrained by the susceptibility of GBL's profitability to fluctuations in active pharmaceutical ingredient (API) prices and changes in Government policies, particularly those related to price control as well as inherent competition in the domestic formulations industry from both organised and unorganised players. Besides, high working capital intensity of operations due to the extended credit periods to customers remains a concern. The company's working capital increased to 48.3% in FY2025 from 36.6% in FY2023 owing to elongated receivables cycle with change in business strategy wherein the company supplied its products to hospitals directly rather than through dealers/stockists. While the company's receivables cycle and working capital intensity are expected to improve, going forward, given that it reverted to routing its sales through dealers and stockists, its working capital intensity is expected to remain high at over 35%.

The Stable outlook on the long-term rating reflects ICRA's opinion that GBL's revenues and earnings will improve with favourable demand for its existing products, along with anticipated incremental sales from the enhanced capacities, leading to an improvement in its debt metrics.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in the pharmaceutical industry – The promoters have extensive experience, and the company has an established track record in the pharmaceutical formulation and contract manufacturing industry, spanning over five decades. Over the period, GBL has developed good relationships with its customers, entailing repeat businesses.

Diversified product portfolio across segments including pharmaceutical formulations, bulk drugs and herbal formulations – GBL manufactures pharmaceutical and herbal formulations, APIs/bulk drugs as well as consumer/personal care products such as sanitary napkins and anti-stretch mark creams. The product portfolio remains diversified across therapeutic segments such as antifungal, anti-infective, antibiotic, anaesthetic, and fertility. Within the formulation segment, the company caters to various dosage forms such as tablets, capsules, ointments, syrups, lyophilised and liquid injections. However, injectables (liquid and lyophilised) remain its key revenue contributor, forming 80-85% of the company's revenues in the past few fiscals, followed by APIs (0-5%), the consumer care division and others. Within the injectable segment, the company also carries out contract manufacturing for leading brands in the domestic and international markets, in addition to direct sales to hospitals/physicians.

Capital structure supported by equity infusion and debt prepayment; healthy debt protection metrics – The company's capital structure has improved over the past few fiscals, with its gearing reducing to 0.6 times as on March 31, 2025, from 1.0 times as on March 31, 2023, aided by an equity infusion in FY2024. The long-term borrowings declined to Rs. 181.9 crore as on March 31, 2025, from Rs. 222.4 crore as on March 31, 2023, following prepayment of term loans, funded by an equity infusion of Rs. 99.99 crore through preferential allotment in FY2024. However, moderation in operating margins in FY2025, owing to delays in the commencement of operations of the Indore plant, along with increased working capital intensity due to elongated receivable cycle, led to a moderation in debt metrics. Its Total Debt/OPBDITA increased to 2.4 times in FY2025 from 2.2 times in FY2024. Though the debt coverage metrics moderated, the same remained healthy, with the interest coverage ratio at 5.6 times in FY2025 (8.9 times in FY2024). The leverage and coverage indicators are expected to improve over the near-to-medium term, supported by reduction in working capital intensity and improvement in profitability, driven by the scale-up of operations.

Top line expected to improve in the near-to-medium term with the scale-up of operations from the Indore plant – The company is expected to record a healthy double-digit revenue growth over the near-to-medium term on the back of expected ramp-up of operations at its recently commercialised Indore plant. The company is expected to cater to the domestic market from the new plant during the initial stages of operations, while parallelly initiating processes to obtain required approvals from the regulated and semi-regulated markets, including USFDA. The company would continue to cater to its export customers from its Navsari plant, which has WHO GMP and EU GMP approvals, and is also approved by countries in Africa and Latin America.

Credit challenges

Intense competition in formulations industry, commensurate returns from capex in Indore remains critical for credit profile – The domestic formulation industry is highly competitive with presence of numerous multinational companies as well as established domestic brands, with some players also having a pan-India presence. Intense competition in the industry keeps revenue growth and margins under check. To strengthen its manufacturing capabilities, particularly in lyophilised injectables, the company undertook capex of Rs. 360 crore for its new plant in Indore, which commenced operations in December/January 2025. The ability to scale up operations and derive commensurate returns from this investment remains crucial for improving

Gufic's overall profitability and return on capital employed (RoCE). Besides, the company is in the process of obtaining regulatory approvals to export to international markets. Timely receipt of these approvals and successful market penetration will be essential for expanding its geographical footprint.

Profitability susceptible to volatility in raw material prices and foreign currency exchange rates – With limited control over the prices of its key inputs, GBL's profitability remains exposed to volatility in raw material prices. However, the cost-plus-margin nature of the agreements in its contract manufacturing segment mitigates the volatility risk to an extent. As the company imports a significant part of its raw material requirements, its profitability remains vulnerable to fluctuations in foreign currency exchange rates. However, this risk is partially offset by a natural hedge through its export sales.

Working capital intensive nature of operations – The business remains working capital intensive, owing to the long credit period extended to its customers. The company's working capital intensity increased to 48.3% in FY2025 from 36.6% in FY2023 owing to the elongated receivable cycle with debtor days increasing to 150 as on March 31, 2025 from 109 as on March 31, 2023 due to shift in sales strategy, wherein the company started selling its products to hospitals and doctors directly (primary billing model) rather than selling through stockists. However, the company has reverted to the primary billing model, which is expected to reduce its working capital intensity, going forward.

Operations exposed to regulatory restrictions – The company's operations remain exposed to regulatory restrictions such as pricing caps in domestic markets and product/facility approvals in export destinations. With increasing focus on exports, ICRA notes that timely product and facility approval/renewal in various semi-regulated/regulated markets remains critical for the growth of exports, going forward.

Environmental and social risks

Environmental considerations: GBL does not face any major physical climate risk. However, it remains exposed to tightening environmental regulations for breach of waste and pollution norms, which can lead to an increase in operating costs and new capacity instalment costs. This may also require capital investments to upgrade its effluent treatment infrastructure to reduce its carbon footprint and waste generation.

Social considerations: The industry faces social risks related to product safety and associated litigation, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards. The company conducts several training and awareness programmes throughout the year to improve employee awareness to various compliance requirements, mitigating the risk to an extent. Further, government interventions related to price caps/control also remain a social risk for entities in the pharmaceutical industry.

Liquidity position: Adequate

Gufic's liquidity position remains adequate, supported by an expected retained cash flow of Rs. 50-60 crore over the next 12 months. This is expected to comfortably meet the company's capex requirements of Rs. 15-20 crore and debt repayments of Rs. 25-26 crore during the period. The working capital intensity has remained elevated in recent quarters, driven by increased working capital requirements, with the average utilisation against the sanctioned limits remaining high at around 78% over the past 12 months. The company has enhanced its working capital limits by Rs. 80 crore to boost its liquidity profile. Going forward, prudent management of working capital cycle will remain critical from the liquidity perspective.

Rating sensitivities

Positive factors – A significant improvement in the company's scale of operations, increase in margins, and efficient working capital management, leading to an overall improvement in the financial risk profile and liquidity position on a sustained basis, may result in ratings upgrade.

Negative factors – Pressure on the ratings could arise if inadequate ramp-up of the new unit impacts the company's profitability or debt metrics or if a stretched working capital cycle impacts its liquidity profile. Specific credit metrics which may result in ratings downgrade include TD/OPBDITA of more than 2.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GBL. The subsidiaries of GBL, as of March 31, 2025, are enlisted in Annexure-2.

About the company

GBL was incorporated in 2000 as a public limited company and is listed on the Bombay Stock Exchange (BSE). It is engaged in manufacturing and marketing of pharmaceutical formulations in various dosage forms, such as injectables, syrups, ointments and lotions. It is also backward integrated into manufacturing APIs/ bulk drugs, some portion of which is captively consumed. It also operates in the herbal formulations and consumer/personal care sectors, producing items such as roll-ons, and anti-stretch mark creams. Its manufacturing plants are located at Navsari in Gujarat (injectables and APIs) at Belgaum in Karnataka (API and herbal formulations) and a newly commissioned plant in Indore, which have augmented its overall manufacturing capacity.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	806.7	819.8
PAT	86.1	69.6
OPBDIT/OI	18.5%	16.9%
PAT/OI	10.7%	8.5%
Total outside liabilities/Tangible net worth (times)	1.1	0.9
Total debt/OPBDIT (times)	2.2	2.4
Interest coverage (times)	8.9	5.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Nov 10, 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	100.00	[ICRA]A- (Stable)	Aug 01, 2024	[ICRA]A- (Stable)	Aug 30, 2023	[ICRA]BBB+ (Stable)	Jun 24, 2022	[ICRA]BBB+ (Stable)
Non Fund Based-Bank Guarantee	Short Term	-	-	Aug 01, 2024	[ICRA]A2+	Aug 30, 2023	[ICRA]A2	Jun 24, 2022	[ICRA]A2
Non Fund Based-Letter of Credit	Short Term	-	-	Aug 01, 2024	[ICRA]A2+	Aug 30, 2023	[ICRA]A2	Jun 24, 2022	[ICRA]A2
Non Fund Based-Others	Short Term	50.00	[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Working capital facilities	Simple
Short Term – Non-fund Based – working capital facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term – Fund Based – working capital facilities	NA	NA	NA	100.00	[ICRA]A- (Stable)
NA	Short Term – Non Fund Based – working capital facilities	NA	NA	NA	50.00	[ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Gufic UK Limited	100%	Full Consolidation
Gufic Ireland Limited	100%	Full Consolidation
Veira Life FZE	100%	Full Consolidation
Gufic Prime Private Limited	88%	Full Consolidation

ANALYST CONTACTS

Jitin Makkar
0124-4545 368
jitinm@icraindia.com

Srikumar Krishnamurthy
044-4596 4318
ksrikumar@icraindia.com

Nithya Debbadi
+91 40 6939 6416
nithya.debbadi@icraindia.com

Roshan Dugar
+91 20 6606 9924
roshan.dugar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches