



## Stock Idea Note - Gujarat Themis Biosyn Limited

## Company Overview

Gujarat Themis Biosyn Limited (GTBL), incorporated in 1981, is an Indian pharmaceutical company specialising in the manufacturing of fermentation-based pharmaceutical intermediates and APIs. The company focuses on niche and critical intermediates, primarily Rifamycin S and Rifamycin O, which are key inputs for Rifampicin and Rifaximin antibiotics widely used in the treatment of tuberculosis and bacterial infections. GTBL operates state-of-the-art fermentation facilities at Vapi with an expanded installed capacity of ~990 KL, enabling scalable production with high cost efficiency, consistent quality, and operational flexibility across multiple fermentation products. The niche nature of Rifamycin intermediates used in critical therapies such as tuberculosis ensures stable demand and strategic importance. Additionally, the company's ongoing investments in R&D, new molecule development, and forward integration into APIs further reinforce its positioning by deepening technical complexity and customer stickiness. The company previously considered a merger with Themis Medicare Limited. Still, the Board decided in June 2025 not to proceed, opting instead to focus on its core strengths in fermentation-led innovation and independent strategic growth. The company leverages its domain expertise and long-standing customer relationships to position itself favourably in the global pharmaceutical value chain.

## Investment Rationale

## Niche fermentation platform with structural entry barriers and limited domestic competition

The company operates in a high-entry-barrier, niche and amongst a very limited set of domestic players with commercial-scale fermentation capabilities for Rifamycin-based intermediates. The processes are complex, technology-intensive with deep microbial expertise, and require stringent process control. The company was the first in India to commercially produce Rifampicin through fermentation, underscoring its long-standing technical expertise and process leadership, which is difficult for new entrants to replicate. Fermentation manufacturing entails significant capex, regulatory approvals, environmental clearances, and specialised infrastructure, collectively creating formidable barriers to entry and constraining the addition of competitive capacity. GTBL's state-of-the-art Vapi facility, with expanded fermentation capacity of ~990 KL, enables multi-product manufacturing at scale while maintaining cost efficiency and consistent quality. Moreover, the niche application of Rifamycin intermediates in critical therapies such as tuberculosis and bacterial infections ensure structurally stable demand, limits price-based competition, and supports margin sustainability. Ongoing investments in R&D, development of new molecules, and forward integration into APIs further enhance technical complexity, deepen customer stickiness, and reinforce GTBL's positioning as a preferred and reliable supplier in a segment where process capability and consistency matter more than sheer scale.

## Forward integration into API manufacturing improves business visibility

The company has commissioned a new API facility, with validation batches underway and commercial operations recently initiated, marking a strategic shift from being a pure intermediate supplier to an integrated manufacturer of both fermentation-based and synthetic APIs. This forward integration enables GTBL to capture a larger share of the pharmaceutical value chain, reduce earnings volatility linked to intermediate pricing cycles, and diversify its customer base by directly addressing regulated and export oriented API markets. The strategy is well-anchored in the company's core competence in Rifamycin-based fermentation intermediates, providing a natural and high-entry-barrier extension into APIs such as Rifampicin and Rifaximin, where process knowledge, quality consistency, and regulatory compliance are key differentiators. Integration also enhances supply chain control and cost efficiency, as in-house intermediates mitigate procurement risks and improve operating leverage over time. Complemented by ongoing investments in R&D infrastructure and new molecule development, the API foray strengthens pipeline visibility and expands addressable markets. Overall, forward integration into APIs improve earnings visibility, enhances margin resilience, and elevates GTBL's strategic relevance, positioning the company for structurally higher and more stable profitability over the long term.

## Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

## Sector Outlook

Positive

## Stock

CMP (INR)	316
Target Price (INR)	367
NSE Symbol	GUJTHEM
BSE Code	506879
Bloomberg	GTM IN
Reuters	GTHM.BO

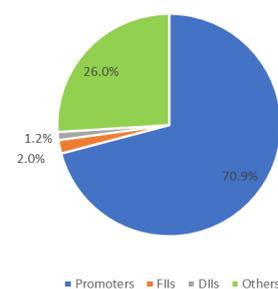
## Key Data

Nifty	25,722
52WeekH/L(Rs.)	479 / 208
O/s Shares (Cr.)	10.9
Market Cap (Rs, Cr.)	3,671
Face Value (Rs.)	1

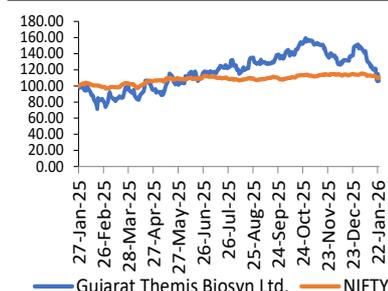
## Average volume

3 months	154,335
6 months	204,026
1 year	219,778

## Share Holding Pattern (%)



## Relative Price Chart



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## Valuation and Outlook

Gujarat Themis Biosyn Limited is a fermentation-based pharmaceutical intermediate and API manufacturer with established operations in Vapi and a long track record of supplying critical inputs to the pharma value chain. The company has demonstrated strong operating performance in FY25, reflecting healthy demand conditions, optimal capacity utilisation and disciplined cost management despite temporary tender volatility and monsoon-related power disruptions. The company is transitioning from being largely an intermediate-focused player to a more integrated API manufacturer, supported by three key growth levers such as commissioning of Phase 1 of a new R&D facility to build a differentiated fermentation-led product pipeline; completion of a dedicated API block with validation batches underway to enable forward integration and higher value capture; and incremental fermentation capacity addition on existing land to support scale-up of in-house developed molecules. The company's high EBITDA and PAT margins underscore strong operating leverage, a favourable product mix and tight control over costs, while ongoing capex is aimed at sustaining growth rather than merely maintaining capacity. As we advance, the management's focus on expanding the product portfolio into new intermediates and APIs, coupled with R&D-led innovation and deeper participation across the value chain, positions GTBL for sustained earnings growth. Overall, the company's successful commercialisation of new APIs, ramp-up of the API block, and monetisation of R&D efforts could structurally enhance growth visibility and the margin profile over the next few years. **On the valuation front, we value the company based on 69x FY26e earnings and arrive at a target price of Rs. 367 (16% upside from the current market price) with a 12-month investment horizon.**

## Key Financials

YE March (Rs. Cr.)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	115	148	170	151	165	188
Revenue Growth (Y-o-Y)	26.4%	28.7%	14.9%	-11.2%	9.3%	13.9%
EBITDA	58	74	79	70	84	99
EBIT Growth (Y-o-Y)	45.0%	27.6%	6.8%	-11.4%	20.0%	17.9%
Net Profit	44	58	59	49	58	75
Net Profit Growth (Y-o-Y)	46.7%	31.8%	1.7%	16.9%	18.4%	29.3%
Diluted EPS	4.0	5.3	5.4	4.5	5.3	6.9

## Key Ratios

EBITDA margin (%)	50.4%	50.0%	46.5%	46.4%	50.9%	52.7%
NPM (%)	38.3%	39.2%	34.7%	32.5%	35.2%	39.9%
RoE (%)	42.7%	38.9%	29.4%	19.8%	19.0%	19.7%
RoCE (%)	53.8%	47.7%	36.8%	23.4%	22.2%	23.2%

## Valuation Ratios

P/E (x)	79.5	59.8	58.6	71.0	59.8	46.2
EV/EBITDA (x)	63.1	49.5	46.4	52.7	44.0	37.0
Net Debt/ EBITDA (x)	-0.2	-0.1	-0.1	0.2	0.3	-0.1



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## Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil**

### Analyst (s) Certification:

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