

Gujarat Themis Biosyn Limited

May 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	75.00	CARE BBB (RWD)	Assigned
Short-term bank facilities	5.00 (Enhanced from 3.00)	CARE A3+ (RWD)	Continues to be on Rating Watch with Developing Implications
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has placed ratings of bank facilities of Gujarat Themis Biosyn Limited (GTBL) on "Rating Watch with Developing Implications (RWD)" following GTBL's announcement on BSE dated November 18, 2024, for amalgamation of GTBL with Themis Medicare Limited (TML; rated CARE BBB-; RWP / CARE A3; RWP). GTBL is TML's associate company, holding 23.19% in GTBL. The scheme is subject to requisite approvals from the National Company Law Tribunal (NCLT), stock exchanges, Securities Exchange Board of India (SEBI), requisite statutory and regulatory authorities, and respective shareholders and creditors under applicable laws. CARE Ratings will continue to closely monitor developments on this announcement and would take a view accordingly on GTBL's ratings post-amalgamation after requisite approvals.

Reaffirmation of ratings assigned to bank facilities of Gujarat Themis Biosyn Limited (GTBL) factors in satisfactory financial profile and operational performance amidst dependency on a few products. Ratings continue to derive strength from experienced and qualified promoters and management team, niche product offerings despite high dependency on a few products, accredited manufacturing facilities, healthy profit margins and comfortable capital structure, and debt coverage indicators.

However, ratings continue to be constrained by moderate scale of operations, working capital intensive operations, project execution and funding risk associated with capital expenditure undertaken to enhance its fermentation capacities and stabilisation risk associated to recently commenced active pharmaceutical ingredients (API) unit. Ratings further continue to be constrained due to customer and supplier concentration risk, intense competition and presence in a fragmented industry and profitability margins susceptible to raw material prices.

CARE Ratings has withdrawn the rating assigned to bank facilities of cash credit limit with immediate effect, based on no dues certificate received from the lender against the rated facility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operations marked by total operating income (TOI) exceeding ₹250 crore while maintaining operating profitability at present level on a sustained basis.
- Successfully completing capex without cost and time overruns and subsequent stabilisation and commercialising API fermentation unit.

Negative factors

- Deteriorating overall gearing beyond 1x on a sustained basis.
- Substantially deteriorating profitability leading to build up stretch in the company's liquidity profile amidst capex execution.
- The company's inability to complete of project in timely manner resulting in substantial cost overrun impacting liquidity and credit metrics.

Analytical approach: Standalone

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Experienced and qualified promoters and management team

GTBL is actively managed by promoters of Themis Medicare Limited (TML) since 2007. Dr Dinesh Patel is the Executive Vice Chairman, and his son, Dr Sachin Patel, Managing Director & CEO, has a PhD in Medicinal Chemistry by qualification. He has been the recipient of several industrial accolades. Dr Sachin Patel holds a doctorate in Biological Chemistry from Christ's College, University of Cambridge, in the UK. The promoters are supported by a well-qualified and experienced second-tier management.

Niche product offerings, despite high dependency on a few products

The company is engaged in manufacturing intermediates; Rifamycin S and Rifamycin O, using the fermentation process. Rifamycin S is an intermediate for manufacturing drug Rifampicin and Rifamycin O is an intermediate for manufacturing drug, Rifaximin. Rifamycin is used for the treatment of several types of bacterial infections, including tuberculosis, Mycobacterium avium complex, leprosy, and Legionnaires' disease. Rifaximin is used for the treatment of diarrhoea, irritable bowel syndrome, and hepatic encephalopathy. Owing to its complex fermentation capabilities with high capex involved, there is limited entry barrier.

Raw material sourcing and accredited manufacturing facilities

GTBL's key raw material is Rifabutin, which is sourced through the domestic market. The company has long-standing relationships with its suppliers, ensuring the timely supply of key raw materials. The company's manufacturing plant is in Vapi, Valsad, Gujarat, which is Current Good Manufacturing Practice (CGMP)-approved. The company has an installed capacity for manufacturing 216,000 kg of Rifamycin S and Rifamycin O per annum.

Healthy profit margins

The company's profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin continued to remain healthy and between 45%-50% in the last three years ending FY24. It moderated to 46.85% in FY24 against 49.82% in FY23 considering increase in employee cost, increase in cost of material and increase in cost of research and development. However, sales realisation improved to ₹7,556/Kg sold in FY24 compared to ₹7,469/Kg sold in FY23. It achieved PBILDT margin of 47.21% in 9MFY25 compared to 46.62% in 9MFY24.

Profit after tax (PAT) margin also remained healthy and between 34% and 38% for three years ended FY24. It moderated to 34.77% in FY24 against 38.91% in FY23 considering increase in depreciation cost considering addition of machineries and increase in leased assets in FY24. GTBL reported PAT margin of 32.21% in 9MFY25 compared to 33.03% in 9MFY24.

Comfortable capital structure and debt coverage indicators

GTBL's capital structure continued to remain comfortable with minimal outstanding debt in form of lease liability of ₹2.77 crore compared to sizable net worth base of ₹201.38 crore as on March 31, 2024. Working capital bank borrowing also remained unutilised, hence, overall gearing reached 0.01x as on March 31, 2024, against 0.0028x as on March 31, 2023.

The company's debt coverage indicators continued to remain comfortable with interest coverage ratio remained at 220.27x in FY24 against 369.79x in FY23 considering marginal increase in interest cost. Further, total debt to gross cash accruals (TD/GCA) also moderated marginally to 0.04x in FY23 against 0.01x in FY23 considering increase total debt in FY24. Interest coverage stood at 184.24x in 9MFY25.

However, capital structure and debt coverage indicators are expected to be moderated in the near-to-medium term due to availment of new term loan, which will continue to remain comfortable considering sizable GCA levels.

Key weaknesses

Moderate scale of operations

GTBL's scale of operation continues to remain moderate, however, grew by 12% and it reported TOI to ₹170.15 crore in FY24 against ₹148.97 crore in FY23 considering increase in quantity sold (2,24,723 kg in FY24 from 1,98,313 kg in FY23) primarily led by spillover of inventory in Q4FY23, which was sold in Q1FY24 and increase in sales price in FY24. Despite growth in scale of operation it continues to remain moderate. The company's TOI declined to ₹114.15 crore in 9MFY25 compared to ₹131.16 crore in 9MFY24. The company expects its revenue continue to remain at the similar levels due to optimum utilisation of its existing capacities. Revenue growth entirely depends on successful completion and stabilisation of API manufacturing project within envisaged timelines.

Working capital intensive operations

GTBL's operation continues to remain working capital intensive. However, it improved to 34 days in FY24 against 67 days in FY23, mainly considering decrease in outstanding inventory to ₹3.33 crore as on March 31, 2024, from 14.62 crore as on March 31, 2023, which led to decrease in average inventory period to 36 days in FY24 from 63 days in FY23. The company offers credit period of 1-2 months leading to collection of 48 days in FY24 compared to 52 days in FY23. Average creditors' period was 50

days in FY24 compared to 48 days in FY23. Therefore, operations remained working capital intensive and working capital requirement was met through healthy GCA, therefore, utilisation of working capital bank borrowings of ₹2 crore remained minimal.

Project execution and funding risk

The company has undertaken forward integration project of setting up API manufacturing unit and developing products; Rifapentine and Rifamycin, and addition of more fermenters for expansion in its intermediates manufacturing at its existing plant. The company has been executing project of setting up an API unit since Q1FY23, which was expected to be operational by April 2025. Per the company's announcement dated May 06, 2025, the same has commenced operations per the scheduled timeline. The company is also in process to enhance its fermentation capacities from 216 MT to 432 MT to increase its intermediates manufacturing. Total estimated cost of the project is ₹155.62 crore (revised from ₹160 crore), of which ₹80.62 crore will be funded through internal accrual and rest ₹75 crore being funded through term loan (sanctioned and partially disbursed). The project execution is ongoing and the company has incurred ₹52.43 crore till March 31, 2025, towards the project execution, out of which ₹28.64 crore was funded through term loan and ₹23.79 crore through internal accruals. Project execution commenced in Q1FY25 and expected to be operational by end of FY26. Thus, GTBL's ability to complete the project without cost and time overruns and its subsequent stabilisation remains key credit monitorable.

Customer and supplier concentration risks

The company caters to two major customers, Lupin Limited, contributing 61% of the sales, and Oprix Laboratories Private Limited, contributing the balance 37% of sales. The company has a 'take or pay' agreement with Oprix Laboratories Private Limited, which is renewed annually, and has a contract with Lupin Limited for five years, hence, concentration risk is mitigated to an extent. Per the contract clause, it is on a 'take or pay' basis, hence, the company is completely protected in supply. However, major setback in financial profile of these clients can significantly impact GTBL's growth. The company's supplier profile also remained concentrated, with top 10 suppliers contributing 84% of the total purchases in FY24 against 83% of the total purchases in FY23.

Intense competition and presence in a fragmented industry; profitability margins susceptible to raw material prices

GTBL's profitability margins are susceptible to raw material price volatility. The Indian pharmaceutical industry (IPI) comprises mainly of formulations, APIs, and contract research and manufacturing services (CRAMS) segments. Although IPI has shown a healthy growth, the industry remains highly competitive. By volume, Indian companies produce about one-fifth of the global generic medicines, nearly half of which was through exports, witnessing increasing competition.

Liquidity: Adequate

The liquidity position remained adequate marked by sufficient cushion in internal accruals and free cash and bank balance including free fixed deposits against repayment obligations and funding for capex in FY25 and FY26. Working capital requirement is also managed through internal accruals. Current ratio and quick ratio stood comfortable at 4.96x and 4.76x, respectively, as on March 31, 2024 (against 6.70x and 5.74x, respectively, as on March 31, 2023). Cash flow from operating activities stood positive of ₹102.83 crore in FY24 (against ₹18.23 crore in FY23).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Pharmaceuticals](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & biotechnology	Pharmaceuticals

GTBL was incorporated in 1981 and is engaged in manufacturing API intermediates, Rifamycin S and Rifamycin O. Rifamycin S is an intermediate for manufacturing drug, Rifampicin (antibiotic used for the treatment of several types of bacterial infections, including tuberculosis, Mycobacterium avium complex, leprosy, and Legionnaires' disease). Rifamycin O is an intermediate for manufacturing drug Rifaximin (antibiotic used for the treatment of traveller's diarrhoea, irritable bowel syndrome, and hepatic encephalopathy). These are niche products. The company's manufacturing plant is in Vapi, Valsad, Gujarat, which is CGMP-approved.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	148.97	170.15	114.15
PBILDT	74.22	79.72	53.89
PAT	57.97	59.16	36.77
Overall gearing (times)	0.00	0.01	NA
Interest coverage (times)	421.45	220.27	184.24

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	Apr-2031	75.00	CARE BBB (RWD)
Fund-based-Long Term		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	5.00	CARE A3+ (RWD)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-Long Term	LT	-	-	-	1)CARE BBB (RWD) (22-Nov-24) 2)CARE BBB; Stable (07-Oct-24)	1)CARE BBB; Stable (25-Sep-23) 2)CARE BBB; Stable (04-Aug-23)	1)CARE BBB; Stable (04-Aug-22)
2	Non-fund-based - ST-BG/LC	ST	5.00	CARE A3+ (RWD)	-	1)CARE A3+ (RWD) (22-Nov-24) 2)CARE A3+ (07-Oct-24)	1)CARE A3+ (25-Sep-23) 2)CARE A3+ (04-Aug-23)	1)CARE A3+ (04-Aug-22)
3	Fund-based - LT-Term Loan	LT	75.00	CARE BBB (RWD)				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based-Long Term	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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