Gujarat Themis Biosyn Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	75.00	CARE BBB; Stable	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short-term bank facilities	5.00	CARE A3+	Reaffirmed and removed from Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has removed "Rating Watch with Developing Implications (RWD)" on bank facilities of Gujarat Themis Biosyn Limited (GTBL), reaffirmed ratings, and assigned a "Stable" outlook following company's announcement dated June 13, 2025, on The Bombay Stock Exchange (BSE), for withdrawal of the amalgamation scheme of GTBL with Themis Medicare Limited (TML; rated 'CARE BBB-; Stable / CARE A3'). GTBL is TML's associate company, who holding 23.19% in GTBL. Board of directors of GTBL deliberated and decided to revisit all its strategic options. After considering the changed business scenario, the Board of Directors are of the view that the company may be able to deliver better value to all stakeholders by leveraging its core strengths. Consequently, the Board of Directors reconsidered their earlier decision of amalgamation of the company with the TML and approved the withdrawal of the scheme.

Reaffirmation of ratings assigned to bank facilities of 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 the moderate scale of operations, the 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.

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

Outlook: Stable

The "stable" outlook on the long-term ratings reflects CareEdge Ratings' belief that GTBL will sustain its moderate scale of operations with healthy operating profitability in the near term and also expects stabilisation of API unit and timely commercialise the additional fermentation capacity to upscale the performance as envisaged.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Experienced and qualified promoters and management team

GTBL is actively managed by promoters of 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% and 50% in the last five years ending FY25. It moderated marginally from 46.85% in FY25 to 45.65% in FY25 due to increase in employee cost and proportionate reduction in the other costs led by slight reduction in revenue.
Profit after tax (PAT) margin also remained healthy and between 30% and 40% for five years ended FY25. It moderated to 32.34% in FY25 against 34.77% in FY24 in line with reduction in the PBILDT margin and increase in depreciation cost against addition of machineries undertaken in FY25.

Comfortable capital structure and debt coverage indicators

GTBL's capital structure continued to remain comfortable with lower outstanding debt of ₹30.47 crore compared to sizable net worth base of ₹248.38 crore as on March 31, 2025. Overall gearing moderated to 0.12x as on March 31, 2025, against 0.01x as on March 31, 2024, due to availment of the term loan to fund its ongoing capex.
The company's debt coverage indicators continued to remain comfortable with interest coverage ratio remained at 189.13x in FY25 against 220.27x in FY24 considering marginal increase in interest cost. Total debt to gross cash accruals (TD/GCA) also moderated marginally to 0.56x in FY24 against 0.04x in FY24 due to increase in total debt in FY25. However, capital structure and debt coverage indicators are expected to be moderated in the near-to-medium term due to further availment of remaining portion of term loan, which will continue to remain comfortable considering sizable tangible net worth (TNW) and GCA levels.

Key weaknesses

Moderate scale of operations

GTBL's scale of operations remains moderate, with a reported TOI of ₹150.80 crore in FY25, reflecting an 11% decline from ₹170.15 crore in FY24. This reduction is attributed to the normalisation of revenue positions, which were elevated in Q1FY24 due to a spillover from the previous quarter. Inventory fluctuations contributed to the decrease in revenue. The company expects its revenue to continue to remain at similar levels due to optimal utilisation of its existing capacities. Further, the revenue growth entirely depends upon successful completion and stabilisation of API manufacturing project within envisaged timelines.

Working capital-intensive nature of operations

GTBL's operations continue to remain working capital intensive. However, it improved to 18 days in FY25 against 34 days in FY24, mainly considering increase in creditors period from 50 days in FY24 to 70 days in FY25. The company offers credit period of 1-2 months leading to collection of 70 days in FY25 compared to 48 days in FY24. An average inventory period stood 18 days in FY25 compared to 36 days in FY24. Therefore, operations remained working capital intensive and working capital requirement was met through internal accruals.

Project execution and stabilisation risk

Company is 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) out 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 in nature and 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 was commenced in Q1FY25 and expected to be operational by end of FY26.
The company has successfully completed the API manufacturing capex for development of products, Rifapentine and Rifamycin at its existing plant. Per the company's announcement dated May 06, 2025, the same has commenced operations per the

scheduled timeline. Thus, GTBL's ability to complete the fermentation project without cost and time overrun and subsequent stabilisation of both projects remains key credit monitorable.

Customer and supplier concentration risks

The company caters to two major customers, Lupin Limited, contributing 61% of the sales, and Optrix Laboratories Private Limited, contributing the balance 37% of sales in FY24. The company has a 'take or pay' agreement with Optrix 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 the financial profile of these clients can significantly impact the growth of GTBL. The company's supplier profile also remained concentrated, with the top 10 suppliers contributing 84% of the total purchases in FY24.

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. Moreover, 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 ~one-fifth of the global generic medicines, nearly half of which was by way of 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 of ₹15.17 crore as on March 31, 2025, against repayment obligations of ₹15.17 crore and funding for capex for FY26. Working capital requirement is also managed through internal accruals. Current ratio and quick ratio stood healthy at 2.61x and 2.36x, respectively, as on March 31, 2025 (against 4.96x and 4.76x, respectively, as on March 31, 2023). Cash flow from operating activities stood positive of ₹52.18 crore in FY25 (against ₹102.83 crore in FY24).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Risk Factors	Compliance and action by the company
Environmental	Company has automatic tube cleaning system to improve efficiencies
Social	Company's manufacturing plant is GMP approved.
Governance	The Company has initiated systems on transparency, disclosure, control, accountability, establishing trust with all stakeholders including the investors, employees, suppliers, customers and the medical profession.

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
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 APIs, such as 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, Gujarat, and the same is CGMP-approved.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)*
Total operating income	170.15	150.80
PBILDT	79.72	68.84
PAT	59.16	48.77
Overall gearing (times)	0.01	0.12
Interest coverage (times)	220.27	189.13

A: Audited; *Abridged; 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; Stable
Non-fund-based - ST-BG/LC		-	-	-	5.00	CARE A3+

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)Withdrawn (19-May-25)	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+	1)CARE A3+ (RWD) (19-May-25)	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; Stable	1)CARE BBB (RWD) (19-May-25)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/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	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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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