Themis Medicare Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	77.39	CARE BBB-; Stable	Reaffirmed and removed from Rating Watch with Positive Implications; Stable outlook assigned
Short-term bank facilities	48.50	CARE A3	Reaffirmed and removed from Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has removed "Rating Watch with Positive Implications (RWP)" on bank facilities of Themis Medicare Limited (TML), reaffirmed ratings, and assigned a "Stable" outlook following company's announcement dated June 13, 2025, on The Bombay Stock Exchange, for withdrawal of the amalgamation scheme of Gujarat Themis Biosyn Limited (GTBL; rated 'CARE BBB; Stable / CARE A3+') with TML. GTBL is TML's associate company, 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, GTBL's 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. It has decided not to proceed with the proposed amalgamation and has accordingly approved the withdrawal of the Scheme of Amalgamation. In alignment with the aforesaid decision, the Board of Directors of TML has also resolved to withdraw the said Scheme of Amalgamation.

Reaffirmation of ratings assigned to bank facilities of TML factors in comfortable capital structure, debt coverage indicators, moderate profitability margins, and adequate liquidity position. Ratings further continue to derive strength from experienced and qualified promoters and management team, long track record of operations, established relationship with reputed and diversified clientele, moderately concentrated supplier base, moderately diversified portfolio of products, and accredited manufacturing and Research and Development (R&D) facilities.

However, ratings continue to be constrained by moderate scale of operations, highly working capital-intensive operations, margins susceptible to fluctuation in input prices and forex risk, intense competition and presence in a fragmented industry, and project execution risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations with total operating income (TOI) increasing by 20% with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin exceeding 16% on a sustained basis.
- Sustenance of capital structure with overall gearing remain below 0.75x and debt coverage indicators with interest coverage remain above 4x on a sustained basis.
- Improvement in operating cycle below 180 days on a sustained basis.

Negative factors

- Deterioration in capital structure with overall gearing exceeding 1x and debt coverage indicators with interest coverage ratio reaching below 3x on a sustained basis.
- Deterioration in profit margins with PBILDT margin reaching below 13% on a sustained basis.
- Elongation of working capital cycle leading to deterioration in liquidity position on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has followed a consolidated approached for ratings assigned to TML, including its subsidiaries, Artemis Biotech Limited, Themis Lifestyle Private Limited, and Carpo Medical Limited and two associate companies, Gujarat Themis Biosyn Limited (rated 'CARE BBB; Stable / CARE A3+') and Long Island Nutritionals Private Limited and a joint venture (JV), Richter Themis Medicare (India) Private Limited. The consolidated view has been taken due to TML's significant stake in these companies, which are into similar line of business and common management in subsidiaries and associate companies. List of subsidiaries and associates are provided in annexure 6.

Outlook: Stable

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

The "stable" outlook on the long-term ratings reflects CareEdge Ratings' belief that TML will sustain its growth in scale of operations and profitability margins with comfortable credit risk profile.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

TML was established in 1969 by Late Shantilal D Patel. The company is presently managed by Dr Dinesh Patel, Executive Chairman and his son Dr Sachin Patel, MD & CEO. Dr Dinesh Patel is a PhD in Medicinal Chemistry and has been the recipient of several industrial accolades. Under his guidance and control, TML introduced many new molecules and products over the years. Dr Sachin Patel holds a doctorate in Biological Chemistry from Christ's college, University of Cambridge, UK. Promoters are supported by well-qualified and experienced senior management comprising Indian and Hungarian personnels, having adequate experience in the industry.

Accredited manufacturing and R&D facilities and moderately diversified portfolio of products

TML operates a WHO-GMP-certified Bulk Drug / Active Pharmaceutical Ingredients (API) manufacturing facility in Vapi, Gujarat. The Hyderabad facility boasts of multiple certifications, including European Union Good manufacturing practice (EUGMP), Central Drugs Standard Control Organization (CDSCO) and Good manufacturing practice (GMP), and specialises in bulk drugs and formulations for treating tuberculosis, P. falciparum, and severe malaria cases. The Haridwar unit is certified by the Philippines FDA and EUGMP. TML also has an R&D division in Vapi, approved by the Department of Scientific and Industrial Research (DSIR), Government of India. The company also runs a biotechnology plant in Hyderabad and a finished dosage formulation plant in Haridwar. TML is mainly involved in two segments: API and Formulation. The company has a diverse portfolio of products with over 240 products in formulations and six products in API.

Comfortable capital structure and debt coverage indicators

TML's financial risk profile is marked by capital structure and debt coverage indicators stood comfortable in the last five years ended FY25 due to healthy accretion of profits to reserves and moderate dependence on external debt. This is marked by overall gearing slightly improved and stood at 0.23x as on March 31, 2025, against 0.28x as on March 31, 2024, due to healthy accretion of profits to reserves.

Total debt to gross cash accruals (TD/GCA) moderated but stood comfortable at 2.01x in FY25 (against 1.73x in FY24), owing to deterioration in profitability, leading to a decline in absolute GCA level. Interest coverage ratio also slightly moderated despite remaining healthy at 5.35x in FY25 against 5.67x in FY24. Going forward, capital structure and debt coverage indicators are likely to remain comfortable with no major debt-funded capex planned in the medium term with moderate scale of operations.

Established relationship with reputed and diversified clientele and moderately concentrated supplier base

Due to long track record of the company's operations, TML has successfully built long-standing relationships with a diverse and reputed customers and suppliers domestically and internationally. The company's major export destinations include Germany, Brazil, Uruguay, and Nigeria.

The customer base remained diverse, with top five customers accounting for 21.56% of total sales in FY24, compared to 29.15% in FY23. TML's supplier base remained moderately concentrated, with top five suppliers accounting for 48.38% of total purchases in FY24, compared to 31.27% in FY23.

Key weaknesses

Moderate scale of operations and profitability margins

TML's scale of operations continued to remain moderate, with its TOI slightly increased by 6.97% in FY25 to ₹410.18 crore compared to TOI of ₹383.43 crore in FY24. This growth can be attributed to improved demand for the company's formulation segment of products from successful completion of capex and strengthened marketing team to facilitate business growth.

Profitability remained moderate as marked by PBILDT margin remained almost stagnant and stood at 13.10% in FY25 against 13.87% in FY24. The same has slightly moderated primarily due to slight increase in employee costs on y-o-y basis. However, profit after taxes (PAT) margin declined significantly in FY25 and stood at 7.27% (against 11.35% in FY23). This decline was due to losses incurred from its JV, Richter Themis Medicare (India) Private Limited, due to a fire incident on November 7, 2024. The JV has already commenced its operations from January 2025 with limited capacity.

However, TOI remained lower than the envisaged level in FY25, as the company witnessed a decline in the revenue in Q4FY25 due to a temporary halt in revenue for one of its export customers. The said decline has resulted in a proportionate increase in the various costs which led to operating loss incurred in Q4FY25. Given the long-term receivables from this entity, management decided to halt sales in FY25. TML has received partial payment and has resumed sales in Q1FY26. Hence, the company expects its revenue to increase with stable profit margins in the near-to-medium terms.

Highly working capital intensive operations

The company's operations are working capital intensive marked by gross current assets period of 261 days in FY25 (against 266 days in FY24) due to high collection and inventory period. The company has multiple manufacturing processes at different manufacturing locations and sell its end-product in batches, which led to a high inventory period of 78 days in FY25 (against 83 days in FY24). The collection period stood higher at 158 days in FY25 (against 154 days in FY24) as it provides a credit period of 90-120 days to institutional buyers and ~90 days to export customers. The company funds a large portion of its working capital requirements though working capital-borrowings and creditors. Hence, the company's operating cycle stood elongated at 186 days in FY25 against 190 days in FY24.

Margins susceptible to fluctuation in input prices and forex risk
TML's profitability margins are susceptible to raw material volatility and forex risk since input cost contributed ~30-40% towards total cost (includes purchase from domestic and international market) and raw material prices remained volatile. The company exports 25-30% of its total revenue and imports 5-10% of the total purchases providing natural hedge to an extent. Due to inadequate natural hedging, it is still under risk of foreign exchange fluctuation risk due to timing differences.

Intense competition and presence in a fragmented industry
The Indian pharmaceutical industry (IPI) comprises mainly 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 by way of exports, witnessing increasing competition.

Liquidity: Adequate
TML's liquidity position is adequate marked by its utilisation of its working capital limits, which stood moderate. The average maximum utilisation stood at 83.36% and average utilisation stood at 72.73% for 12-months ended April 2025. The expected cash accruals to remain sufficient against principal debt repayment obligations of ₹21.02 crore in FY26. The current ratio stood comfortable at 1.68x, while quick ratio stood moderate at 1.20x as on March 31, 2025 (against 1.84x and 1.38x, respectively, as on March 31, 2024). The free cash and bank balance stood comfortable at ₹7.74 crore as on March 31, 2025. Cash flow from operations (CFO) stood positive at ₹34.12 crore in FY25 (against positive of ₹27.15 crore in FY24).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Risk Factors	Compliance and action by the company
Environmental	Company has effluent treatment and waste treatment plant.
Social	Company's manufacturing plant is GMP approved.
Governance	No undisputed fines/ penalties imposed on the business by regulatory and judicial institutions.

Applicable criteria
Consolidation
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

TML was established 1969 as Themis Chemicals Limited, promoted by the Late Shantibhai Patel. TML is engaged in manufacturing bulk APIs of synthetic and biotech origin, bulk intermediates, and formulations. TML is primarily focused on domestic market, which contributes to 60-70%% of the total revenue.
TML is into manufacturing antiseptics, anti-tuberculosis, anti-malarial, anti-cholesterol, and pain management drugs. TML is headquartered in Mumbai and has manufacturing facilities at Vapi, Hyderabad, and Haridwar. The company also has its in-house Research & Development facility (recognised by Department of Scientific & Industrial Research, Ministry of Science & Technology and Government of India) with over 240 products in formulations and six products in API.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)*
Total operating income	383.43	410.18
PBILDT	53.21	53.72
PAT	24.75	29.83
Overall gearing (times)	0.36	0.23
Interest coverage (times)	5.67	5.35

A: Audited; *Abridged; Note: these are latest available financial results

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (A)*
Total operating income	383.43	410.81
PBILDT	53.21	53.72
PAT	24.75	23.92
Overall gearing (times)	0.36	0.29
Interest coverage (times)	5.67	5.35

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-Cash Credit		-	-	-	37.85	CARE BBB-; Stable
Non-fund-based - ST-BG/LC		-	-	-	48.50	CARE A3
Term Loan-Long Term		-	-	November 2030	39.54	CARE BBB-; Stable

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	Non-fund-based - ST-BG/LC	ST	48.50	CARE A3	-	1)CARE A3 (RWP) (22-Nov-24)	1)CARE A3 (28-Aug-23)	1)CARE A4+ (07-Jul-22)
2	Fund-based - LT-Cash Credit	LT	37.85	CARE BBB-; Stable	-	1)CARE BBB- (RWP) (22-Nov-24)	1)CARE BBB-; Stable (28-Aug-23)	1)CARE BB+; Stable (07-Jul-22)
3	Term Loan-Long Term	LT	39.54	CARE BBB-; Stable	-	1)CARE BBB- (RWP) (22-Nov-24)	1)CARE BBB-; Stable (28-Aug-23)	1)CARE BB+; Stable (07-Jul-22)

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-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Artemis Biotech Limited	Full	Subsidiary
2	Themis Lifestyle Private Limited	Full	Subsidiary
3	Carpo Medical Limited	Full	Subsidiary
4	Dr. Themis Private Limited	Full	Subsidiary

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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