

Themis Medicare Limited

October 08, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long Term Bank Facilities	RBI	77.39	CARE BB+; Stable	Downgraded from CARE BBB-; Negative
Short Term Bank Facilities	RBI	48.50	CARE A4+	Downgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Downgrade in the ratings assigned to bank facilities of Themis Medicare Limited (TML) factors in reduction in the scale of operations with significant deterioration in the profitability margins in FY26 (FY refers to April 01 to March 30) and Q1FY27 (Q1 refers to April 01 to June 30). The significant decline in profitability in FY26 was led by increased competition for one of the high margin products in the formulation segment along with reduction in the prices of the product under API segment. The loss at PBILDT of ₹51.43 crore in Q1FY27 was primarily attributable to significant debtors and revenue write-offs undertaken by the company. The said reduction also led to deterioration in the debt coverage indicators. Care Ratings Limited (CareEdge Ratings) notes that TML has sold part of its investments in GTBL to the promoter providing liquidity cushion of ₹100 crore during Q1FY27 to fund the losses and debt reduction. Also, there was increase in share pledge of promoters holding to 43% as on June 30, 2026 owing to fund raise at promoter level to fund this share purchase. CareEdge Ratings expects profitability to remain subdued in remaining quarters owing to its product mix and stiff competition, but the funds raised through sale of investment is expected to support the liquidity in near term.

The ratings continue to be constrained by moderate scale of operations, significant deterioration in profitability margins with operating loss incurred during Q1FY27, weak debt coverage indicators and highly working capital-intensive operations. The ratings also factor in susceptibility of profitability to fluctuation in input prices and foreign exchange fluctuations, intense competition and presence in a fragmented industry.

However, ratings continue to derive strength from experienced and qualified promoters and management team, long track record of operations, comfortable capital structure and accredited manufacturing and Research and Development (R&D) facilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with PBILDT margin exceeding 12% on a sustained basis.
- improvement in debt coverage indicators 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 a sustained basis.
- Continuation of low profitability with the interest coverage remaining below 1.5x.
- Elongation of working capital cycle leading to deterioration in liquidity position on a sustained basis.

Analytical approach: Consolidated

CARE has taken a consolidated view of TML and its subsidiaries namely Artemis Biotech Limited, Themis Chemicals Private Limited, Dr. Themis Private Limited. TML also has two associate companies, Gujarat Themis Biosyn Limited (rated CARE BBB; RWN/ CARE A3+; RWN) and Long Island Nutritionals Private Limited and a Joint venture company Richter Themis Medicare (India) Private Limited. Consolidated view has been taken on account of TML's significant stake in these entities which are into similar line of business as well as similar set of management. Entities consolidated is given in Annexure-5.

Outlook: Stable

The "Stable" outlook on the long-term ratings reflects CARE Ratings' expectation of gradual recovery of the business on the back of cost cutting measures implemented resulting in expected improvement in profitability margins along with expected recovery in sales of its key products, leading to achievement of envisaged revenue and profitability.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key weaknesses

Moderate and reducing scale of operations

On consolidated basis, TML's scale of operations continued to remain moderate and had declined as marked by TOI declined by 15.34% to ₹ 344.58 crore in FY26 from ₹407.01 crore in FY25. The dearth in revenue can be attributed to lower demand for the company's formulation segment of products leading to underperformance of the same from 28.80% in FY25 to 8.49% in FY26 on account of lower sales in the Sepgard Range Product (Feracrylum [1% Gel 15gms]) as the company witnessed stiff competition from competitor products launched in the year, led to reduction in the sale for said product. Further, company also reported inventory loss on high-cost inventory for one of its API viz. Ketamine, as prices of this product dipped significantly since Q4FY25 and hence, the company sold the said product at lower cost in Q1FY26. Further, in Q1FY27, the revenue has declined to ₹ 86.96 crore vis-à-vis 97.58 crore in Q1FY26 owing to lower revenue generated from the API business, deferment of certain export orders and tenders, and continued weakness in the high margin Sepguard product portfolio. Hence, ability of the company to increase its scale of operations amidst various uncertainties remains a key credit monitorable.

Significant deterioration in profitability margins with operating loss incurred during Q1FY27

On account of the lower sales from key products and stiff competition, the profit margins deteriorated significantly in FY26 over FY25 i.e. PBILDT margin stood at 0.79% in FY26 as against 12.43% in FY25. In line with the deterioration in PBILDT margin, PAT margin also deteriorated to 0.33% in FY26 from 7.33% in FY25.

Further, during Q1FY27, the company has reported operating loss of ₹51.43 crore. This loss was largely driven by one-time accounting adjustments, wherein the management decided to provide for doubtful debts which is above more than a year under ECL (Expected Credit Loss) provision on aged receivables, and provision for certain irrecoverable and doubtful debit balances, which aggregated to ₹ 33-34 crore, which are provided for in the books of accounts in Q1FY27, as a part of balance sheet clean-up measures. The management also implemented a one-time correction in institutional billing practices by shifting to billing instead of subsequent credit-note adjustments. This resulted in an adverse impact of ~₹24-26 crore during Q1FY27. However, company earned profit after taxation (PAT) of ₹24.61 crore in Q1FY27 owing to extraordinary income of ₹95.54 crore mainly towards gain on sale of its investments in GTBL to the tune of ₹ 92.95 crore to promoter group. CareEdge Rating expects profitability to remain subdued in remaining quarters owing to its product mix and stiff competition putting pressure on realization but the funds raised though sale of investment is expected to support the liquidity in near term. The ability of the company to increase its revenue with improvement in the profit margins on sustained basis remains a key credit monitorable.

Weak debt coverage indicators

In light of the increase in debt level as on balance sheet date, along with deterioration of 70% in absolute gross cash accrual levels owing to thin net profits, the total debt to gross cash accruals (TD/GCA) deteriorated and stood weak at 10.79x in FY26 against 2.29x in FY25. Interest coverage ratio also deteriorated significantly due to significant decline in the operating profitability and stood at 0.26x in FY26 vis-à-vis 5.04x in FY25. The interest coverage continued to remain at distressed level in Q1FY27 due to operating loss incurred by the company during the period.

Highly working capital-intensive operations

The company's operations are highly working capital intensive marked by gross current assets period of 315 days in FY26 (PY: 264 days in FY25) 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 95 days in FY26 (against 86 days in FY25). The collection period stood higher and stretched at 188 days in FY26 (against 160 days in FY25) 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 through working capital-borrowings and creditors. Hence, the company's operating cycle stood elongated at 230 days in FY26 against 196 days in FY25.

Margins susceptible to fluctuation in input prices and foreign exchange fluctuation risk

TML's profitability margins are susceptible to raw material volatility and foreign exchange fluctuation 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 comprises three key segments, namely formulations, active pharmaceutical ingredients (APIs), and contract research and manufacturing services (CRAMS). While the industry has witnessed healthy growth over the years, it remains highly competitive due to the presence of a large number of domestic manufacturers, which constrains the pricing power and margins of relatively smaller players such as TML. Further, Indian pharmaceutical companies account for nearly one-fifth of the global generic drug volume, with exports constituting a significant share of production. However, increasing competition in both domestic and export markets continues to exert pressure on industry participants.

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 Goods 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

TML's financial risk profile is marked by capital structure stood comfortable in the last five years ended FY26 due to healthy accretion of profits to reserves and moderate dependence on external debt. This is marked by comfortable overall gearing of 0.36x as on March 31, 2026 which has slightly deteriorated from 0.26x as on March 31, 2025 owing to increase in debt with availment of additional term loans, higher LC backed acceptances along with higher utilization of its working capital limits. Company has also utilized part of funds from sale of investment towards debt reduction in current fiscal.

Liquidity: Stretched

TML's liquidity position is stretched marked by its higher utilisation of its working capital limits and elongated gross current assets period. The cash accruals from the operations is expected to remain inadequate against its debt repayment obligations and is expected to be supported through proceeds received from the sale of investments. The average of maximum utilisation for its working capital limits stood at 74.48% for last 12-months ended July 2026. The current ratio stood comfortable at 1.82x, while quick ratio stood moderate at 1.33x as on March 31, 2025 (against 1.91x and 1.37x, respectively, as on March 31, 2025). The free cash and bank balance stood at ₹5.75 crore as on March 31, 2026. Cash flow from operations (CFO) stood negative at ₹7.09 crore in FY26 (against positive CFO of ₹31.81 crore in FY25).

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](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation & Combined Approach](#)

[Manufacturing Companies](#)

[Rating Methodology – Pharmaceutical sector](#)

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 and 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 (recognized 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 (Consolidated) (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	407.01	344.58	87.95
*PBILDT	50.58	2.74	-51.43
PAT	29.83	1.14	24.61
Overall gearing (times)	0.26	0.36	NA
Interest coverage (times)	4.05	-0.71	NM

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials (Standalone) (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	407.01	344.58	87.95
*PBILDT	50.60	2.75	-51.43
PAT	23.92	-14.19	24.61
Overall gearing (times)	0.33	0.37	NA
Interest coverage (times)	5.04	0.26	NM

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	NA	-		-	-	37.85	CARE BB+; Stable
Non-fund-based - ST-BG/LC	RBI	NA	-		-	-	48.50	CARE A4+
Term Loan-Long Term	RBI	NA	-		-	November 2030	39.54	CARE BB+; 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 2026-2027	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
1	Non-fund-based - ST-BG/LC	ST	48.50	CARE A4+	-	1)CARE A3 (12-Aug-25) 2)CARE A3 (25-Jun-25)	1)CARE A3 (RWP) (22-Nov-24)	1)CARE A3 (28-Aug-23)
2	Fund-based - LT- Cash Credit	LT	37.85	CARE BB+; Stable	-	1)CARE BBB-; Negative (12-Aug-25) 2)CARE BBB-; Stable (25-Jun-25)	1)CARE BBB- (RWP) (22-Nov-24)	1)CARE BBB-; Stable (28-Aug-23)
3	Term Loan-Long Term	LT	39.54	CARE BB+; Stable	-	1)CARE BBB-; Negative (12-Aug-25) 2)CARE BBB-; Stable (25-Jun-25)	1)CARE BBB- (RWP) (22-Nov-24)	1)CARE BBB-; Stable (28-Aug-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: List of entities consolidated**

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

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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