

Press Release

Themis Medicare Limited

April 06, 2021



Rating upgraded and withdrawn

Total Bank Facilities Rated	Rs.97.72 crore
Long Term Rating	ACUITE B- (Upgraded from ACUITE D and Withdrawn)
Short Term Rating	ACUITE A4 (Upgraded from ACUITE D and Withdrawn)

Rating Rationale

Acuité has withdrawn and upgraded the long term rating to '**ACUITE B-**' (**read as ACUITE B minus**) from '**ACUITE D**' (**read as ACUITE D**) and the short term rating to '**ACUITE A4**' (**read as ACUITE A four**) from '**ACUITE D**' (**read as ACUITE D**) on the Rs.97.72 crore bank facilities of Themis Medicare Limited (TML).

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuité's policy on withdrawal.

The upgrade is on account of the timely payment of debt obligations by TML in the past six months ended January 2021 based on the bank statements and feedback obtained from the banker.

Incorporated in 1969, Themis Medicare Limited is a joint venture pharmaceutical company, with Gedeon Richter Ltd., Hungary. TML is involved in the process of manufacturing API both for in house captive use and for on contract basis. The company has over three decades of experiencing in manufacturing and marketing pharmaceutical products. The company was promoted by Mr. Shantibhai D. Patel, a veteran in Indian Pharmaceuticals Business. Themis Medicare is headquartered in Mumbai with four manufacturing facilities at three locations, in Vapi (Gujarat), Hyderabad (Andhra Pradesh), and Haridwar (Uttaranchal). The Haridwar plant is a pioneer in manufacturing formulations for anti-malaria and anti TB. Even though Active Pharmaceutical Ingredients account for a significant portion of Themis Medicare's revenue, the Company is now diversifying in manufacturing and marketing formulations.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of TML to arrive at this rating.

Key Rating Drivers

Strengths

• Established presence in industry

TML has over three decades of experience in manufacturing and marketing of pharmaceutical products. The company was promoted by Mr. Shantibhai D. Patel and Dr. Sachin Dinesh Patel who possess extensive experience in the industry.

• Healthy financial risk profile

The financial risk profile of the company is marked by high net worth, low gearing and healthy debt protection metrics. The net worth of the company stood at Rs.157.89 Cr. as on 31 March, 2020 as against Rs.141.69 Cr. as on 31st March, 2019. The gearing (debt-equity) stood at 0.84 as on March 31, 2020 against 0.72 on March 31, 2019. Moreover, the interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood low at 3.04 times and 2.01 times in FY2020 as compared to 0.45 times and 0.43 times in FY2019 respectively. The NCA/TD stood at 0.22 times in FY2020.

Weaknesses

• Working capital intensive operations

The company's working capital operations are moderate marked by Gross Current Asset days of 320 days in FY2020 as against 295 days in FY2019. This is majorly on account of increase in debtor period to 186 days in

FY2020. The inventory days stood at 120 days in FY2020 against 105 days in FY2019. Acuite believes that the company's operations are likely to remain at similar levels over the medium term.

Rating Sensitivity

Not applicable

Material Covenants

None

Liquidity Profile: Adequate

The company's liquidity is adequate marked by net cash accruals of Rs.24.18 crore in FY2020 against repayment obligation over the same period of Rs.10.90 crore. The current ratio stood at 1.45 times as on March 31, 2020 as against 1.19 times as on March 31, 2019. The company maintains unencumbered cash and bank balances of Rs.3.30 crores as on March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	204.50	184.23
PAT	Rs. Cr.	15.91	(12.70)
PAT Margin	(%)	7.78	(6.89)
Total Debt/Tangible Net Worth	Times	0.70	0.62
PBDIT/Interest	Times	3.04	0.45

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
16-Oct-2020	Term loan	Long Term	7.00	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating
	Working capital demand loan	Long Term	13.10	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating
	Working capital demand loan	Long Term	2.42	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating

	Bill Discounting	Long Term	24.75	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating
	Letter of Credit	Short Term	2.50	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating
	Bank Guarantee	Short Term	1.00	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating
	Letter of Credit	Short Term	35.00	ACUITE D (Downgraded from ACUITE C) *Issuer not cooperating
04-Dec-2019	Proposed bank facility	Long Term	3.95	ACUITE C *Issuer not cooperating
	Working capital demand loan	Long Term	13.10	ACUITE C *Issuer not cooperating
	Working capital demand loan	Long Term	2.42	ACUITE C *Issuer not cooperating
	Bill Discounting	Long Term	24.75	ACUITE C *Issuer not cooperating
	Letter of Credit	Short Term	2.50	ACUITE A4 *Issuer not cooperating
	Bank Guarantee	Short Term	1.00	ACUITE A4 *Issuer not cooperating
	Letter of Credit	Short Term	35.00	ACUITE A4 *Issuer not cooperating
	Proposed bank facility	Long Term	3.95	ACUITE C *Issuer not cooperating
07-Sep-2018	Term loan	Long Term	7.00	ACUITE C *Issuer not cooperating
	Working capital demand loan	Long Term	13.10	ACUITE C *Issuer not cooperating
	Working capital demand loan	Long Term	2.42	ACUITE C *Issuer not cooperating
	Bill Discounting	Long Term	24.75	ACUITE C *Issuer not cooperating
	Letter of Credit	Short Term	2.50	ACUITE A4

08-Jun-2018	Bank Guarantee	Short Term	1.00	*Issuer not cooperating ACUITE A4
	Letter of Credit	Short Term	35.00	ACUITE A4 *Issuer not cooperating
	Proposed bank facility	Long Term	3.95	ACUITE C *Issuer not cooperating
	Cash Credit	Long Term	13.10	ACUITE BB- *Issuer not cooperating
	Working capital demand loan	Long Term	15.00	ACUITE BB- *Issuer not cooperating
	Working capital demand loan	Long Term	2.42	ACUITE BB- *Issuer not cooperating
	Bill Discounting	Long Term	24.75	ACUITE BB- *Issuer not cooperating
	Letter of Credit	Short Term	2.50	ACUITE A4 *Issuer not cooperating
	Bank Guarantee	Short Term	1.00	ACUITE A4 *Issuer not cooperating
	Letter of Credit	Short Term	35.00	ACUITE A4 *Issuer not cooperating
	Proposed bank facility	Long Term	3.95	ACUITE BB- *Issuer not cooperating

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.) Crore	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B- (Upgraded and Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.10	ACUITE B- (Upgraded and Withdrawn)
Working Capital demand loan	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE B- (Upgraded and Withdrawn)
Working Capital demand loan	Not Applicable	Not Applicable	Not Applicable	2.42	ACUITE B- (Upgraded and Withdrawn)

Foreign Bill Purchase	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE B- (Upgraded and Withdrawn)
Foreign Bill Purchase	Not Applicable	Not Applicable	Not Applicable	9.75	ACUITE B- (Upgraded and Withdrawn)
Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4 (Upgraded and Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Upgraded and Withdrawn)
Inland LC	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A4 (Upgraded and Withdrawn)
Inland LC	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A4 (Upgraded and Withdrawn)
Proposed bank facility	Not Applicable	Not Applicable	Not Applicable	3.95	ACUITE B- (Upgraded and Withdrawn)

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