

## Press Release

### Themis Medicare Limited

April 06, 2021



### Rating upgraded and withdrawn

|                                    |   |
|------------------------------------|---|
| <b>Total Bank Facilities Rated</b> | Rs.97.72 crore                                      |
| <b>Long Term Rating</b>            | ACUITE B-<br>(Upgraded from ACUITE D and Withdrawn) |
| <b>Short Term Rating</b>           | ACUITE A4<br>(Upgraded from ACUITE D and Withdrawn) |

### Rating Rationale

Acuite has withdrawn and upgraded the long term rating to '**ACUITE B-**' (read as **ACUITE B minus**) from '**ACUITE D**' (read as **ACUITE D**) and the short term rating to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 Acuite'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

Acuite 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<br>(Downgraded from ACUITE C)<br>*Issuer not cooperating |
|             | Working capital demand loan     | Long Term | 13.10           | ACUITE D<br>(Downgraded from ACUITE C)<br>*Issuer not cooperating |
|             | Working capital demand loan     | Long Term | 2.42            | ACUITE D<br>(Downgraded from ACUITE C)<br>*Issuer not cooperating |

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

|             |                             |            |       |                                       |
|-------------|-----------------------------|------------|-------|---------------------------------------|
|             |                             |            |       | *Issuer not cooperating               |
|             | Bank Guarantee              | Short Term | 1.00  | ACUITE A4<br>*Issuer not cooperating  |
|             | Letter of Credit            | Short Term | 35.00 | ACUITE A4<br>*Issuer not cooperating  |
|             | Proposed bank facility      | Long Term  | 3.95  | ACUITE C<br>*Issuer not cooperating   |
| 08-Jun-2018 | Cash Credit                 | Long Term  | 13.10 | ACUITE BB-<br>*Issuer not cooperating |
|             | Working capital demand loan | Long Term  | 15.00 | ACUITE BB-<br>*Issuer not cooperating |
|             | Working capital demand loan | Long Term  | 2.42  | ACUITE BB-<br>*Issuer not cooperating |
|             | Bill Discounting            | Long Term  | 24.75 | ACUITE BB-<br>*Issuer not cooperating |
|             | Letter of Credit            | Short Term | 2.50  | ACUITE A4<br>*Issuer not cooperating  |
|             | Bank Guarantee              | Short Term | 1.00  | ACUITE A4<br>*Issuer not cooperating  |
|             | Letter of Credit            | Short Term | 35.00 | ACUITE A4<br>*Issuer not cooperating  |
|             | Proposed bank facility      | Long Term  | 3.95  | ACUITE BB-<br>*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-<br>(Upgraded and Withdrawn) |
| Cash Credit                 | Not Applicable   | Not Applicable | Not Applicable | 8.10                           | ACUITE B-<br>(Upgraded and Withdrawn) |
| Working Capital demand loan | Not Applicable   | Not Applicable | Not Applicable | 15.00                          | ACUITE B-<br>(Upgraded and Withdrawn) |
| Working Capital demand loan | Not Applicable   | Not Applicable | Not Applicable | 2.42                           | ACUITE B-<br>(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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## About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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