CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF
SHARON BIO-MEDICINE LIMITED

Rating Rationale
The rating reaffirmation factors in inability of Sharon Bio-Medicine Limited (SBML) in servicing facilities (not rated by CARE) availed from India Factoring and Finance Solutions Private Limited along with strained liquidity position of the company owing to net loss in Q2FY15 (refers to period between October 1 to December 31).

Moreover, the ratings continue to be constrained by the relatively high gearing and stretched working capital cycle of the company.

The ratings however continue to derive strength from SBML’s experienced promoters and international accreditations of its facilities. The ratings continue to gain strength from its diversified product profile further supported by contribution from its toxicology division.

Sustenance of growth in the formulations business, ability to manage its working capital and profitability as well as improvement in the capital structure remains the key rating sensitivities.

Background
Sharon Bio-Medicine Ltd. (SBML) is engaged in the manufacturing of Active Pharma Ingredients (API), Intermediaries, Formulations (own brands) and Contract Manufacturing for finished formulations. The company has a diversified product portfolio with presence mainly in acute therapies such as anti-infectives and anti-biotics along with presence in chronic therapies such as diabetes and cardiovascular. The company is predominantly a domestic player with almost 92% of total sales in FY14 (refers to period from July 1, 2013 to June 30, 2014) from domestic markets. The company has three manufacturing facilities, two at Taloja in Maharashtra and one at Dehradun. In addition, the company has three R&D centres which are approved by the Department of Science & Technology, Government of India. The company’s Dehradun plant is UK-MHRA approved, while the other facilities are ISO 9001-2000 certified. SBML has one wholly-owned subsidiary, Yusur International FZE (YIFZ), incorporated in the UAE. The company has filed 4 ANDAs and also applied for USFDA approvals in February 2012 for its two plants; at Taloja and Dehradun.

In FY14, the company reported a PAT of Rs 69.62 crore (compared to Rs 52.86 crore in FY13) on a total income of Rs 1,315.45 crore (Rs 1,059.65 crore in FY13). Moreover in H1FY15, the company reported a Total Income of Rs 562.84 crore and a net loss of Rs 80.75 crore.

1 Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications
**Brief Rationale**

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**For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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