

## Sharon Bio-Medicine Limited

June 24, 2020

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities – Term Loan	367.54	<b>CARE D; ISSUER NOT COOPERATING* (D; ISSUER NOT COOPERATING*)</b>	<b>ISSUER NOT COOPERATING on the basis of best available information</b>
Long term Bank Facilities – Fund based facilities	299.99	<b>CARE D; ISSUER NOT COOPERATING* (D; ISSUER NOT COOPERATING*)</b>	<b>ISSUER NOT COOPERATING on the basis of best available information</b>
<b>Total</b>	<b>667.53 (Rs. Six hundred and sixty seven crore and fifty three lakhs only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Sharon Bio-Medicine Limited (SBML) to monitor the rating vide e-mail communications dated June 18, 2020, June 17, 2020 and June 16, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on SBML's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING\***.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

The ratings take into account the ongoing delays in debt servicing owing to the strained liquidity position.

### Detailed description of the key rating drivers

*At the time of last rating on March 27, 2019, the following were the rating weaknesses*

*(Updated for the information available from announcement of financial results on BSE website and NCLT website for December 2019 quarterly results).*

### Key Rating Weaknesses

#### Delays in servicing the debt

The ratings of Sharon Bio Medicine Limited continue to take into account the ongoing delays in debt servicing owing to the strained liquidity position. Besides, Sharon Bio Medicine Limited was admitted to the Corporate Insolvency Resolution Process ('CIRP') by the NCLT vide order dated April 11, 2017. NCLT pursuant to order dated March 08, 2018 approved the Resolution Plan submitted by one of its financial creditors. While in the process of implementing the plan, an appeal has been filed against the NCLT order with the National Company Law Appellate tribunal ('NCLAT'), Delhi and 'status quo' has been observed in accordance with the order of the NCLAT. However, as on date the resolution plan is not yet implemented as the Company is facing procedural delays leading to obtain necessary approvals from regulatory authorities,

**Analytical approach:** Standalone

#### Applicable Criteria

[Care's policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Financials Ratio-Non Financial Sector](#)

### About the Company

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-infective and anti-biotics along with presence in chronic therapies such as diabetes and cardiovascular. The company has three manufacturing facilities, two at Taloja in

<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

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.

Brief Financials (Rs. crore)	FY18 (A)	FY19(A)
Total operating income	130.76	147.00
PBILDT	-90.63	22.42
PAT	-101.30	11.26
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

**Status of non-cooperation with previous CRA:** NA

**Any other information:** Not Applicable

**Rating History:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	299.99	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Term Loan-Long Term	-	-	-	367.54	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	299.99	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (08-Jan-18)
2.	Term Loan-Long Term	LT	367.54	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (08-Jan-18)

#### Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### **About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**