

## Sharon Bio-Medicine Ltd

January 8, 2018

### Ratings

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

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Sharon Bio-Medicine Ltd to monitor the rating(s) vide e-mail communications/letters dated December 20, 2017; December 13, 2017; July 5, 2017 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 publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Sharon Bio-Medicine Ltd'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 December 15, 2016, the following were the rating weaknesses updated for the information available from announcement of financial results on BSE website on December 8, 2017.*

### Key Rating Weaknesses

#### **Delays in servicing the debt**

The rating of Sharon Bio Medicine Limited was revised taking into account the ongoing delays in debt servicing owing to the strained liquidity position. As per financial results published on BSE website, in FY17 Sharon Bio Medicine Limited has reported revenues of 133.81 crore (Previous Year: 390.05 crore) and losses of 347.86 crore (Previous Year: 242.08 crore). Besides, Sharon Bio Medicine Limited has filed with NCLT for Corporate Insolvency Resolution Process. NCLT had appointed interim resolution professional (IRP) for the company and under the said orders the powers of the BOD stands suspended and the management of the affairs of the company stands vested in the hands of IRP.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

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

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

### 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-infectives 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>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

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

**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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CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**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*
Term Loan-Long Term	-	-	-	367.54	CARE D; ISSUER NOT COOPERATING*

**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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	299.99	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (15-Dec-16)	1)CARE B+ (18-Mar-16)	1)CARE BB (18-Mar-15) 2)CARE BB (11-Mar-15)
2.	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (18-Mar-16)	1)CARE A4 (18-Mar-15) 2)CARE A4 (11-Mar-15)
3.	Term Loan-Long Term	LT	367.54	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (15-Dec-16)	1)CARE B+ (18-Mar-16)	1)CARE BB (18-Mar-15) 2)CARE BB (11-Mar-15)

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

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