

Sharon Bio-Medicine Ltd

March 27, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities – Term Loan	367.54	CARE D; ISSUER NOT COOPERATING* (D; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING on the basis of best available information
Long term Bank Facilities – Fund based facilities	299.99	CARE D; ISSUER NOT COOPERATING* (D; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING on the basis of best available information
Total Facilities	667.53 (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 had, vide its press release dated January 08, 2018, placed the ratings of Sharon Bio-Medicine Ltd. (SBML) under the 'issuer non-cooperating' category as SBML had failed to provide information for monitoring of the rating. SBML continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a emails dated March 01, 2019, February 28, 2019, January 16, 2019, January 7, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information. 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 and NCLT website on March 19, 2019).

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.

Analytical approach: Standalone

Applicable Criteria

[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-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 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.

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

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	160.17	130.76
PBILDT	-149.98	-90.63
PAT	-165.89	-101.30
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

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. Investors/market intermediaries/regulators or others are welcome to write to 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.

Disclaimer

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* 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

*Issuer did not cooperate; 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
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* (08-Jan-18)	1)CARE D (15-Dec-16)	1)CARE B+ (18-Mar-16)
2.	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	-	1)Withdrawn (18-Mar-16)
3.	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* (08-Jan-18)	1)CARE D (15-Dec-16)	1)CARE B+ (18-Mar-16)

*Issuer did not cooperate; Based on best available information

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