

**Sterling Biotech Limited**  
**May 18, 2020**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term bank facilities	3768.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short term bank facilities	69.68	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
<b>Total</b>	<b>3837.68</b> <b>(Rs. Three Thousand Eight</b> <b>Hundred and Thirty Seven</b> <b>crore and Sixty Eight lakhs</b> <b>only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from Sterling Biotech Limited (SBL) to monitor the rating vide e-mail communications dated May 12, 2020, May 07, 2020, and April 30, 2020, etc. 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. Further, SBL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SBL'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).***

**Detailed description of the key rating drivers****Key Rating Weaknesses**

Due to the weakened liquidity position there are on-going delays in servicing of interest and default in repayment of debt obligation by the company

**Analytical approach:** Standalone

**Applicable Criteria**

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

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

**About the Company**

Sterling Biotech Limited (SBL), promoted by Mr. Nitin Sandesara (Managing Director), is the flagship and a listed company of the Vadodara based Sandesara group. SBL is mainly engaged in the manufacturing of pharmaceutical grade gelatin which has wide range of applications such as capsules, tablets, etc. It manufactures Di-calcium Phosphate (DCP, a by-product of gelatine) and Co-enzyme Q10 (CoQ10). DCP is mainly used by poultry feed manufacturers while CoQ10 is used as a dietary supplement used to boost human memory and immunity. SBL's manufacturing facility is located at Vadodara, Gujarat. The group has over 27 years of industrial experience and has diversified interests ranging from Pharmaceuticals, Healthcare, Oil & Gas, Engineering Infrastructure, etc. The other companies of the Sandesara group are Sterling Port Ltd, Sterling Oil Resources Ltd, Sterling SEZ & Infrastructure Ltd, PMT Machines Ltd, etc.

<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

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	523.99	368.42
PBILDT	38.26	-8.38
PAT	-45.04	-41.25
Overall gearing (times)	4.10	5.72
Interest coverage (times)	0.09	-0.02

A-Audited

**Status of non-cooperation with previous CRA:** SBL's ratings were suspended by ICRA in July 2012 due to its inability to carry out a rating surveillance in the absence of requisite information from the company.

**Any other information:** NA

**Rating History for last three years:** 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-Term Loan	-	-	-	2907.62	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Working Capital Limits	-	-	-	860.38	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Others	-	-	-	69.68	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-Term Loan	LT	2907.62	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Dec-18)	1)CARE D (14-Jun-17)
2.	Fund-based - LT-Working Capital Limits	LT	860.38	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Dec-18)	1)CARE D (14-Jun-17)
3.	Fund-based - ST-Others	ST	69.68	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Dec-18)	1)CARE D (14-Jun-17)

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

**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.

### Disclaimer

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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.