

Sterling Biotech Limited

November 09, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	-	-	Withdrawn
Short-term Bank Facilities	-	-	Withdrawn
Total Facilities	-		

Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

CARE has reviewed the rating assigned to the bank facilities of Sterling Biotech Limited to CARE D; Issuer Not Cooperating and has simultaneously withdrawn it, with immediate effect. The ratings also factor into account the ongoing delays in debt servicing by the company. The rating withdrawal is as per CARE's withdrawal policy on account of admission of the case by National Company Law Tribunal (NCLT) and appointment of Insolvency Professional.

Detailed description of the key rating drivers

Key Rating Weaknesses

Stressed liquidity

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 on Withdrawal of ratings](#)

[CARE's default recognition policy](#)

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.

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: Not available

Any other information: NA

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

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

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	-	-	-	0.00	Withdrawn
Fund-based - LT-Working Capital Limits	-	-	-	0.00	Withdrawn
Fund-based - ST- Others	-	-	-	0.00	Withdrawn

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	-	-	1)CARE D; ISSUER NOT COOPERATING* (18-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Dec-18)	1)CARE D (14-Jun-17)
2.	Fund-based - LT-Working Capital Limits	LT	-	-	1)CARE D; ISSUER NOT COOPERATING* (18-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Dec-18)	1)CARE D (14-Jun-17)
3.	Fund-based - ST- Others	ST	-	-	1)CARE D; ISSUER NOT COOPERATING* (18-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Dec-18)	1)CARE D (14-Jun-17)

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based - LT-Working Capital Limits	Simple
3.	Fund-based - ST-Others	Simple

Annexure 4: Details of covenants if any: Not applicable

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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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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