

Sterling Biotech Limited

December 7, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	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
Total Facilities	3837.68 (Rs. Three Thousand Eight Hundred and Thirty Seven crore and Sixty Eight lakhs only)		

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 3rd December 2018, 7th September 2018, 23rd August 2018, 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.

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](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Financial ratios - Non-Financial Sector](#)
[Rating Methodology - Manufacturing Companies](#)

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

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: 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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****For detailed Rationale Report and subscription information, please contact us at 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.

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-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

*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-Term Loan	LT	2907.62	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	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 (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 (14-Jun-17)	-	-

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

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