

# Sterling Biotech Limited

Acquisition opportunity in a Gelatin and API manufacturing  
Company

# Executive Summary

## About the Company

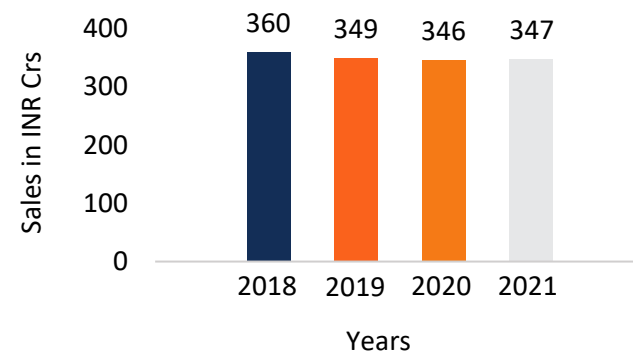
### Business Description

- SBL is the flagship company of the Sandesara Group, which was promoted by Mr. Nitin Sandesara. It is mainly engaged in the production and sale of pharmaceutical grade gelatin, Di-Calcium Phosphate ("DCP") and SBL Masar plant is having biggest Fermentation facility in India and manufactures Cardiovascular and anti cancer drugs such as Lovastatin, Daunorubicin, Doxorubicin and Epirubicin by synthetic Process.

### Key Products

- Gelatin
- Di-calcium phosphate (DCP)
- Lovastatin
- Daunorubicin Hydrochloride
- Doxorubicin Hydrochloride
- Epirubicin Hydrochloride

### Financials



### Marquee Customer base



### Infrastructure

- SBL operates two manufacturing facilities in Dist. Vadodara, at Karakhadi & Masar, in Gujarat and One in Ooty in Tamilnadu.
- SBL's facilities at Karakhadi and Ooty are engaged in manufacturing of Gelatin and Di-Calcium Phosphate (DCP).
- SBL's Masar Plant manufactures Pharma products namely Lovastatin (Lipid lowering & Intermediate of Simvastatin) and oncology products like Doxorubicin, Epirubicin, Daunorubicin, etc. through microbiological fermentation process.

### Deal Contours

- Acquisition opportunity includes Karakhadi Plant, Masar Plant, Ooty Plant and Bharuch [SEZ] unit assets to be acquired by the buyer as a going concern free from its liabilities.

### In the year 2012

One of the 4<sup>th</sup> Largest producer of Gelatin in the world with 6.5% share in the global gelatin market

Had over 60% share in the Indian gelatin market

Over 9% market share in the pharmaceutical grade gelatin



Company Overview



Liquidation Status



About the Products



Manufacturing Facilities



Financials



Appendices

# Industry Analysis

## Global Gelatin and API Market

### **Global Gelatin Market:**

- The global gelatin market size is projected to grow from USD 2.6 billion in 2018 to USD 3.6 billion by 2023, at a CAGR of 6.6% during the forecast period. The growing demand for functional and convenience food & beverage products, increasing application in the pharmaceutical industry, and the rising demand for clean label products drive the demand for gelatin.
- The increasing demand for gelatin from the nutraceutical and sports nutrition industrial segment due to its high protein content and increasing applications in the medical and biomedical industries also drive the demand for gelatin.
- The widening scope of application has provided a lucrative platform for a swift growth of the global Gelatin market which is expected to reach a value of around US\$ 4.08 billion by 2024.
- Gelatin has demonstrated its versatility in applications for the pharmaceutical industry and medicine – be it in the production of capsules or tablets or as a constituent of wound dressings, hemostatic sponges or blood volume substitutes.
- The global Di-Calcium Phosphate market is expected to reach 1479.9 million USD by the end of 2026.

### **API Market:**

- Lovastatin is consumed as API as well as it goes into manufacturing of Simvastatin which has steady global market.
- Cancer is the leading cause of death worldwide with 8.2 million cancer related deaths in 2012 estimated by World Health Organization (WHO). Anthracycline especially doxorubicin has been the mainstay of cancer treatment since many years. The global doxorubicin market is expected to grow at a compound annual growth rate of 6.4% from 2019 to 2024 to reach USD 1,381.8 million by 2024.

Source: <https://www.marketsandmarkets.com/Market-Reports/gelatin-market-850.html>, Annual Reports of Sterling Biotech, <https://www.gelatininfo.com/applications/pharmaceuticals.html#:~:text=Gelatin%20has%20demonstrated%20its%20versatility,sponges%20or%20blood%20volume%20substitutes.>

# Business Overview

## About the Company

- Project Apollo - Sterling Biotech Limited, ('SBL'), is one of the leading producers of Pharmaceutical Gelatin, Di-Calcium Phosphate (DCP) and Pharma products namely Lovastatin, Doxorubicin, Epirubicin, Daunorubicin.
- SBL operates two manufacturing facilities in Dist. Vadodara, at Karakhadi & Masar, in Gujarat and One in Ooty in Tamilnadu. These facilities are built on a freehold land. The Facility at Bharuch (SEZ) is not fully developed and is built on a leasehold land.
- SBL is largest and major producer of Lovastatin and Daunorubicin HCl in India.
- The Business is a recipient of several national awards for export excellence.
- The Business has a qualified and experienced team of scientists in R&D continuously working in areas like - product development, new molecules, manufacturing process improvement for cost efficiency.
- One of the lenders of SBL i.e. Andhra Bank had filed application for the initiation of CIRP of the company as per provisions of IBC before the Hon'ble National Company Law Tribunal, Mumbai bench ("NCLT") which was admitted by the NCLT following which the liquidation process for SBL commenced.
- SBL is to remain as a going concern. The bank account(s) of the 'Corporate Debtor' is allowed to be operated for day-to-day functioning of the company.



# Insolvency and Bankruptcy Process

2018

- One of the lenders of Sterling Biotech Limited (“SBL”) i.e. Andhra Bank had filed application for initiation of corporate insolvency resolution process (“CIRP”) of the Company as per the provisions of the Insolvency and Bankruptcy Code (“IBC”) before the Hon’ble National Company Law Tribunal, Mumbai bench (“NCLT”) which was admitted by the NCLT vide its order dated June 11, 2018 (“CIRP Order”).
- Further, in terms of Section 17(1)(b) of the IBC, the Board of Directors of the Company have been suspended with effect from the date of the receipt of order and functions of the Board of Directors is being exercised by the IRP as per the provisions of the IBC.



2019

- Hon’ble National Company Law Tribunal, Mumbai ordered the commencement of liquidation of Sterling biotech Limited vide its Order dated 08.05.2019 (effective from 11.05.2019). The Liquidation process was stayed during the intermittent period and again reinstated w.e.f. 22.02.2021. The Stake holders of SBL were called upon to submit proof of their claims to the liquidator.
- The Liquidator is ensuring that the company remains as a going concern. The bank account(s) of the ‘Corporate Debtor’ are also allowed to be operated for day-to-day functioning of the company such as for payment of current bills of the suppliers, salaries and wages of the employees’/workmen, electricity bills etc.



2021

- The Stake holders of SBL were called upon to submit proof of their claims to the liquidator on or before 24.03.2021. The Liquidator of Sterling Biotech Limited, invited a Scheme of Compromise or Arrangement under Section 230 of Companies Act, 2013 for Sterling Biotech Limited from the following categories of persons: a) Creditors of Sterling Biotech Limited, or any class of them b) Members of Sterling Biotech Limited, or any class of them.
- The liquidator is in process of inviting the bids from the prospective buyers to sell the ‘Corporate Debtor’ on a going concern basis.

# Deal Contours

## Sterling Biotech Limited

**Proposed Transaction:** Acquisition opportunity includes Karakhadi Plant, Masar Plant, Ooty Plant and Bharuch [SEZ] unit assets to be acquired by the buyer as a Going Concern free from its Liabilities.

	Karakhadi Plant	Masar Plant	Ooty Plant	Bharuch [SEZ]
<b>Facility</b>	<p><b>Assets:</b> Bone handling shed, Acidulation shed, DCP Precipitation and drying, Gelatin Filtration &amp; Re-boiling system, Fish Gelatin Plant, Effluent treatment Plant (capacity of 7 MLD) etc.  <b>Total Area:</b> 90.50 acres  <b>Building:</b> 67341.81 sq. Mtrs (consisting of Production Wing, Bone handling Unit, DMB building.</p>	<p><b>Main fermenters:</b>                      1) 6 No. of 160 KL each                      2) 2 No. of 16 KL each  <b>Seed fermenters:</b>                      1) 4 No. of 16 KL each                      2) 4 No. of 2 KL each  <b>Total Area:</b> 74 acres  <b>Building:</b> 91275 sq. Mtrs (Electrical sub station, DTA Workshop building, Raw material building, Fermenter building, Extraction Building, R&amp;D, Building, Pump House)</p>	<p><b>Assets:</b> Bone handling system, Drier Bagging system, Intake pumps, EOT crane, MEL system.  <b>Total Area:</b> 13.157 acres  <b>Building:</b> 15246.84 Sq mts. (Bone godown, Boiler house, Pump house, Ossein Section, DG Room, Gelatin Plant,</p>	<p>Plant of Sterling Biotech Limited – SEZ is non-operational. The construction is not complete &amp; plant and machinery are also not installed.  <b>Total Area:</b> 107.71 acres  <b>Built up Area:</b> 39236 Sq.Mtrs.</p>
<b>Products</b>	Gelatin & Di-calcium phosphate (DCP)	Pharma (Lovastatin, Daunorubicin, Doxorubicin, Epirubicin etc)	Gelatin & Di-calcium phosphate (DCP)	Gelatin & Di-calcium phosphate (DCP)
<b>Capacity</b>	Gelatin (Bone) - 6396 MTPA DCP – 20100 MTPA	992 KL (total capacity of main fermenters)	2250 MTPA (Gelatin)	Not Applicable

# SBL – Karakhadi Plant

## Overview of the Facility

- **About:** SBL's facilities at Karakhadi is engaged in manufacturing of Gelatin and Dicalcium Phosphate (DCP). In 1997, Sterling Tea and Industries Limited successfully commissioned its first gelatin production facility, with an installed capacity of 2200 MT, at Karakhadi, Dist. Vadodara, Gujarat.
- **Facility Location:** ECP Road, Village Karakhadi - 391 450, Tal. Padra, District Baroda, Gujarat
- **Area details:**  
Land Type: Freehold Land  
Total land Area: 90.50 Acres  
Built up Area: 50 Acres  
Building : 67341.81 Sq. Mtr.  
(Consisting of Production Wing, Bone handling Unit, DMB building)
- **Products Manufactured:** Gelatin & Di-Calcium Phosphate (DCP)
- **Total Capacity:**  
Gelatin (Bone) - 6396 MTPA; DCP – 20100 MTPA
- **Site details :** Bone handling shed, Acidulation shed, DCP Precipitation and drying, Gelatin Filtration & Re-boiling system, Fish Gelatin Plant, Effluent treatment Plant (capacity of 7 MLD) etc.
- **Exports:** USA, EU countries, Middle East countries and other Asian countries.
- **Recipient of Export Awards:** From 1990 – 2004, 2006



## Marquee Customer Base

The business has leading pharma companies as its key clients, including:

### Gelatin:



### DCP:



# SBL – Masar Plant

## Overview of the API facility

- **About:** SBL-Masar Plant is operational since 2007. SBL Masar plant is having biggest Fermentation facility in India and manufactures Cardiovascular and Anti-Cancer Drugs.
- **Facility Location:** Masar, Gujarat
- **Area details:**
  - Land Area: 74 Acres
  - Land Type: Freehold Land
  - Built-up Area: 91275 Sq. Mtr.
  - Bitumen Road: 18795 Sq. Mtr.
  - RCC Road: 2800 Sq. Mtr.
- **Site details :** Includes Fermentation Plant, Extraction Plant, Oncology Plant, Quality Building, ADM and Canteen Building, Raw material stores, Utilities Plant, ETP and Solvent Recovery Plant.
- **Products Manufactured:** Lovastatin and Daunorubicin Hydrochloride by Fermentation Process and Doxorubicin Hydrochloride and Epirubicin Hydrochloride by synthetic Process.
- **Approvals:** WHO-cGMP (World Health Organization), EDQM approvals, Certificate of Suitability (COS/ CEP)



## Marquee Customer Base

The business has leading pharma companies as its key clients, including:



teva



Alfa pharma



AUROBINDO

FRESENIUS  
KABI



SHAMROCK

# SBL – Ooty Plant

## Overview of the Facility

- **About:** In 2004, SBL acquired the Ooty Gelatin Business from Rallis India Limited.
- **Facility Location:** Nilgiris District, Tamil Nadu
- **Area details:**  
Land Area: 13.15 acres  
Land Type: Freehold Land  
Survey No. 260: 41104 Sq Mtrs  
Survey No. 315/13: 12141 Sq. Mtrs
- **Products Manufactured:** Products manufactured Gelatin and By-Products-Phosphoryl-A and Phosphoryl-B
- **Applications:**  
Gelatin: Raw material for manufacturing capsules  
Ossein: poultry feed supplement.
- **Accreditations:** IS/ISO 9001:2008 and HACCP (IS15000:1998) certifications

### Annual Installed Capacity

Products	Installed capacity	% Utilized (FY 15-16)	% Utilized (FY 16-17)	% Utilized (FY 17-18)*
Gelatin	2250 MTPA	95.24%	95.86%	92.8%
DCP (Phosphoryl-A and Phosphoryl-B)	7380 MTPA	100%	100%	92.2%

\*Note: The installed capacity and the capacity utilization is provided only upto FY 17-18, since the factory was closed on 28.06.2018



## Marquee Customer Base

The business has leading pharma companies as its key clients, including:

### Gelatin sales >1 Cr



### Phosphoryl Sales >1 Cr:



# SBL – Bharuch [SEZ]

## Overview of the API facility

- **About:** Plant is non-operational. The construction is not complete & plant and machinery are not installed.
- **Facility Location:** Bharuch, Gujarat
- **Land Type:** Leasehold
- **Area:** Total Area: 107.71 acres  
Built up Area : 39236 Sq.Mtrs.
- **Capacity:** Nil
- **Products:** Gelatin Di-calcium phosphate (DCP) can be potentially manufactured at the site.



# Key Investment Considerations

## Reasons to Invest

### Industry

The global gelatin market size is projected to grow from USD 2.6 billion in 2018 to USD 3.6 billion by 2023, at a CAGR of 6.6% during the forecast period. The growing demand for functional and convenience food & beverage products, increasing application in the pharmaceutical industry, and the rising demand for clean label products drive the demand for gelatin.

### Leading Company in Gelatin

SBL is It is mainly engaged in the production and sale of pharmaceutical grade gelatin, Di-Calcium Phosphate (“DCP”) and Pharma API Products. In the Year 2012, it was ranked as one of the 4<sup>th</sup> Largest producer of Gelatin in the World with 6.5% share in the global gelatin market, over 60% share in the Indian Gelatin Market & 9% market share in the pharmaceutical grade gelatin.

### Biggest Fermentation Facility in India

SBL-Masar manufactures Lovastatin and Daunorubicin by fermentation process and has the highest capacity for these products in India. Also, for the product Epirubicin that is manufactured using synthetic process, SBL-Masar has the highest capacity in India.

### Marquee Client Base

Caters to marquee MNC Clients such as ACG, Zydus Cadila, Mankind, Hetero, Capsugel, Shamrock, Biocon, Teva, Piramal with exports to countries such as USA, EU countries, Middle East countries and other Asian countries.

### Manufacturing Facilities

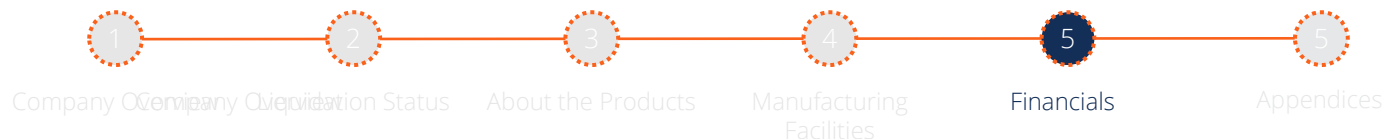
SBL operates Two Manufacturing facilities in Dist. Vadodara, at Karakhadi & Masar, in Gujarat and One in Ooty in Tamilnadu. Facilities at Karakhadi and Ooty are engaged in manufacturing of Gelatin and Di-Calcium Phosphate (DCP). Masar Plant manufactures Pharma products namely Lovastatin, Doxorubicin, Epirubicin, Daunorubicin, etc. SBL-Masar manufacturing facility is at par with international standards.

### Management

Middle and senior management is made up of qualified and experienced professionals who oversee key operational and administrative functions. Has deep rooted domain expertise of over 3 decades.

### Financials

Consolidated Revenues for Sterling Biotech for FY 2019 was INR 348.8 Crs and for FY 2020 was INR 345.69 Crs. The consolidated revenues (provisional) for FY 2021 is INR 347.44 Crs



# Thank You

*For any further information or clarification, you may like to please reach out to:*

- a) Adv. Mamta Binani (Liquidator) at +91 9831099551 (liquidatorsterlingbiotech@gmail.com);**
- b) CS Lovkesh Batra (Liquidator Team) at +91 8398994547;**
- c) CS Kanika Chauhan (Liquidator Team) at +91 7834812990.**