



STERLING BIOTECH LIMITED

Invitation for Expression of Interest for Submission of Resolution Plan

06 December 2018

Invited by:

Mr. Sundaresh Bhat

Resolution Professional

IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162

Email ID: sundareshbhat@bdo.in

Phone No: 9920 977 977

Supporting IP entity: BDO Restructuring Advisory LLP

1. Company Overview

Background

Sterling Biotech Limited (SBL) is engaged in the manufacture of Gelatin from bovine bones and other sources. Gelatin is primarily used in the pharmaceutical and food industry. The Company's gelatin plants are located at Karakhadi, Gujarat and Ooty, Tamil Nadu. Gelatin produced by SBL is marketed to major pharmaceutical and processed foods companies in India and abroad.

SBL also produces active pharmaceutical ingredients (APIs) through fermentation-based manufacturing processes, in compliance with global quality standards. Major products currently produced by the SBL's API facility include cholesterol-lowering drugs such as Lovastatin and Oncology drugs such as Daunorubicin, Doxorubicin and Epirubicin amongst others. The Company markets its APIs in India and abroad, with requisite approvals in-place to explore regulated markets such as the EU.

The company has obtained key global quality certifications for its products including EQDM/CEP, INFANCA (Halal) /MUI, Kosher, HACCP, ISO 9001, ISO 14001 etc.

SBL's credit facilities are currently classified as non-performing assets by lenders for defaulting on its debts service obligation.

Hon'ble National Company Law Tribunal, Mumbai Bench by its order dated June 11, 2018 ("**Order**"), ordered the commencement of corporate insolvency resolution process ("**CIRP**") in respect of SBL under the provisions of the Insolvency and Bankruptcy Code, 2016 and subsequent amendments thereof ("**IBC**"). Pursuant to the Order and in accordance with section 16 of the IBC, Mr. Sundaresh Bhat an insolvency professional (bearing IP Registration number IBBI/IPA-001/IP-P00077/2017-18/10162) has been appointed as the interim resolution professional and further confirmed by the committee of creditors of SBL ("**CoC**") as resolution professional ("**Resolution Professional**") in respect of SBL in accordance with the provisions of IBC. In accordance with section 17(1)(b) read with section 23(2) of the IBC, the powers of the board of directors of the Company are suspended and such powers were vested with the RP from the date of the Order. The Resolution Professional has constituted the CoC in accordance with the provisions of IBC and as per directions of the CoC is inviting Expression of Interest ("**EOI**") from prospective Resolution Applicants ("**Resolution Applicants**") to submit Resolution Plans in accordance with the provisions of IBC read with Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("**CIRP Regulations**"). It is also brought to notice that the Request for Resolution Plan document dated October 10, 2018 ("**RFRP**") outlining steps for the CIRP of SBL has been uploaded on www.sterlingbiotech.in and www.sterlinggelatin.com.

2. Process Stages

Stage I

- Submission of EOI by Prospective Resolution Applicants ("**RAs**") along with participation fee
- Shortlisting of eligible RAs

Stage II

- Communication of confirmation to shortlisted RAs by RP along with the timelines for process
- Signing of confidentiality undertaking by the shortlisted RAs as provided by the RP.
- On signing of the confidentiality undertaking the shortlisted RAs will be provided with
 - The Information Memorandum prepared as per provisions of the IBC
 - Access to the data-room to be provided for limited due diligence to shortlisted eligible entities.

- Request for Resolution Plan ('RFRP') outlining the next steps along with the evaluation criteria.

3. Submission of EOI:

- Expression of Interest (EOI) is invited in a **plain sealed envelope** superscripted as "**Expression of Interest for participating in CIRP of Sterling Biotech Limited**", in the format as set out in **Annexure 'B'**.
- Applicants should meet the Eligibility Criteria as set out in **Annexure 'A'**.
- Applicants should submit the EOI along with the supporting documents set out in **Annexure 'C'**
- The details of the applicant as set out in **Annexure 'D'**.
- Undertaking as set out in **Annexure 'E'** to be submitted in case of consortium.
- The RAs shall submit the sealed envelope containing a complete set of the EOI in hard copy along with the annexures stated above to the following address by speed post or registered post or hand delivery to the following addressed to:

Mr. Sundaresh Bhat (Resolution Professional),
 IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162
 Resolution Professional in the matter of CIRP of Sterling Biotech Limited

RP's Registered Address:

BDO India LLP, Level 9, The Ruby, North West Wing,
 Senapati Bapat Road,
 Dadar (W), Mumbai 400028

Insolvency Professional Entity (Certificate of Recognition Number IBBI/IPE/0019):

BDO Restructuring Advisory LLP,
 The Ruby, Level 9, North West Wing,
 Senapati Bapat Marg, Dadar West,
 Mumbai 400028, India

A soft copy of EOI along with annexures stated above should be mailed to irp.sterling@bdo.in

- EOI Applicant is required to deposit a refundable process participation fee of Rs. 10,00,000 along with the EOI application. The deposit of INR 10,00,000 will be refunded in the event the EOI Applicant decides to withdraw from the process via a formal email. In the event the EOI Applicant decides to submit a resolution plan, the refundable deposit of INR 10,00,000 will be adjusted with the EMD amount as stipulated in the RFRP, which will be made available post signing of the Non-disclosure agreement (NDA)
- The fees may be paid through Demand Draft/Cheque drawn in favour of "**Sterling Biotech Limited**" - payable at Mumbai or by NEFT/RTGS as per below details:

Beneficiary Name:	Sterling Biotech Limited
Bank Name:	Andhra Bank
Branch:	Nariman Point, Mumbai

Account Number:	112811100001510
SWIFT Code No.:	ANDBINBBNAP
Micr Code:	400011016
IFSC Code:	ANDB0001128
PAN Number	AABCS1946H

EOIs not fulfilling the above conditions are liable to be disqualified without any further communication.

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4. Last Date of Submission of EOI:

The last date for submission of EOI is December 10, 2018, which may be extended at the sole discretion of the Committee of Creditors of Sterling Biotech Limited or the Resolution Professional under the instructions of the Committee of Creditors of Sterling Biotech Limited.

In case EOI is not submitted by the specified time period, then the participation can only be allowed if the time period is extended by the RP under instructions from the Committee of Creditors of Sterling Biotech Limited.

NOTE

- 1) Applicants should regularly visit the Corporate Debtor websites at www.sterlingbiotech.in and www.sterlinggelatin.com to keep themselves updated regarding clarifications, amendments, abandonment or extension of time, if any.
- 2) It may be noted that the terms and conditions for inviting any Resolution Plan shall be determined only with the approval of CoC of SBL and may be changed or amended at any stage. CoC / Resolution Professional reserves the right to suspend / abandon cancel / extend or modify the process terms and / or reject or disqualify any Prospective Resolution Applicant's EOI / Resolution Plan / offer at any stage of the bid process without assigning any reason and without any liability.
- 3) RP/CoC reserve the right to withdraw the invitation for EOI and change or vary any part thereof at any stage and also reserve the right to disqualify any prospective resolution applicants, should it be so necessary at any stage.
- 4) No oral conversations or agreements with the Resolution Professional or any official, agent or employee of the Resolution Professional, the Company or any member of the CoC shall affect or modify any terms of this invitation for EOI.
- 5) Neither the RAs nor any of representatives of the RAs shall have any claims whatsoever against the Resolution Professional or any member of the CoC or any of their directors, officials, agents or employees arising out of or relating to this invitation for EOI.
- 6) By submitting a proposal, each prospective resolution applicant shall be deemed to acknowledge that it has carefully read the entire invitation for EOI and has fully informed itself as to all existing conditions and limitations.
- 7) Criteria for Eligibility - EOIs of only those interested parties who meet the eligibility criteria specified in **Annexure 'A'** will be considered. EOIs which do not meet the criteria shall be rejected with no further communication to the rejected applicants.
- 8) The RP reserves the right to independently verify, disqualify, reject and / or accept any and all Eoi's, without assigning any reasons thereof.
- 9) The RP reserves the right to require the prospective resolution applicants / interested parties to provide any additional documentation or information in relation to the EOI.
- 10) By accepting the terms of this document, the interested parties hereby agree and release the Resolution Professional, irrevocably, unconditionally, fully and finally, from any and all liability for claims, losses, damages, costs, expenses or liabilities in any way related

to or arising from the exercise of any rights and / or performance of any obligations set out under this document, and / or in connection with the bidding process, and waives any and all rights and / or claims the interested parties may have in this respect, whether actual or contingent, whether present or in future.

- 11) Submission of an EOI shall render Prospective Resolution Applicant agreeable to participating at the current stage at which the bid/resolution plan submission process for SBL is at and participation in accordance with the provisions of RFRP. Such Prospective Resolution Applicants shall not challenge nor seek extension or relaxation in timelines and/or terms and conditions of the bid process and RFRP

ANNEXURE A

Eligibility Criteria

EOI would be subject to evaluation of the Financial Capacity of the Prospective Resolution Applicant:

- **Financial Capacity**

- 1) Category A - Private/Public Limited Company, LLP, Body Corporate ('Body Corporates'), whether incorporated in India or outside India

- Minimum standalone Net worth (NW) of **INR 125 Crs** as on 31st March 2018 or latest available financial statements, but not earlier than twelve months from the date of submission of EOI

- 2) Category B - Financial Institutions (FI)/ Funds / Private Equity (PE) Investors

- Minimum Assets Under Management (AUM) of **INR 1,000 Crs** as on 30th June 2018

- 3) Category C - Individual investor/ Consortium of individual Investors:

- Minimum consolidated net worth of **INR 125 Crs** at sole or at the consortium level.
 - Individual investor to include HUFs and family trusts.
 - Net Worth of consortium shall be calculated as weighted average of individual member's Net Worth (value of negative Net Worth members shall be considered as Nil) basis their proposed participation in the consortium.

- 4) Category D - Consortiums (Please refer to illustration on next page)

- The Lead member must have at least **26%** stake while the total number of members in the consortium is restricted to a maximum of **4**. All other members would need to have a minimum stake of **10%** each in the consortium
- All the members of the consortium shall be jointly and severally responsible for compliance with the terms of the invitation for submission of EOI, the request for resolution plan and the resolution plan submitted by the consortium
- No change in lead member of the consortium shall be permitted after the last date for submission of EOIs

- **In addition to the above, the following shall be considered as an added advantage:**

- a. Experience of the applicant in Pharma Sector / Medical sector / Gelatin manufacturing;
- b. Experience of the applicant in acquisition / turnaround of stressed assets; and
- c. Applicants' overall management strength

Illustration - Determining eligibility for a consortium of Body Corporates with FIs/Funds/PE Investors:

Potential RA is a consortium of body corporates with FIs/Funds/PE Investors with NW, AUM and proposed shareholding in the consortium as follows:

Case 1:

Potential RA	NW (INR in Cr)	AUM (INR in Cr)	Proposed share- holding in consortium
Body Corporate 1	50	NA	25%
Body Corporate 2	200	NA	25%
PE Investor	NA	1,000	50%

- The eligibility for the above consortium shall be assessed for each category separately as follows

Category of Potential RA	NW (in INR Cr)	AUM (in INR Cr)
Body Corporate	125	NA
PE Investor	NA	1,000

- The NW for the Body Corporate category above has been computed as follows:
 $(25\%/50\%)*50 \text{ cr} + (25\%/50\%)*200 \text{ cr} = \text{INR } (25 \text{ cr} + 100 \text{ cr}) = \text{INR } 125 \text{ cr}$
- The AUM for the PE Investor category above has been computed as follows:
 $(50\%/50\%)*1,000 \text{ cr} = \text{INR } 1,000 \text{ cr}$

Since both the categories (Body Corporate and PE Investor) hold equal shareholding in the consortium and individually meet the eligibility thresholds for their respective categories, the consortium shall be eligible to submit an EoI.

Case 2:

Potential RA	NW (INR in Crs)	AUM (INR in Crs)	Proposed share- holding in consortium
Body Corporate 1	500	NA	60%
PE Investor 1	NA	1,000	15%
PE Investor 2	NA	800	25%

- The eligibility for the above consortium shall be assessed for each category separately as follows

Category of Potential RA	NW (in INR Cr)	AUM (in INR Cr)
Body Corporate	125	NA
PE Investor	NA	1,000

- The NW for the Body Corporate category above has been computed as follows:
 $(60\%/60\%)*500 \text{ cr} = \text{INR } 500 \text{ cr}$
- The AUM for the PE Investor category above has been computed as follows:
 $(15\%/40\%)*1,000 \text{ cr} + (25\%/40\%)*800 = \text{INR } (375 \text{ cr} + 500 \text{ cr}) = \text{INR } 875 \text{ cr}$

Since the majority shareholder (Body Corporate Category with 60% shareholding in the consortium) individually meets the eligibility thresholds for its category, the consortium shall be eligible to submit an EoI.

Case 3:

Potential RA	NW (INR in Crs)	AUM (INR in Crs)	Proposed share- holding in consortium
Body Corporate 1	200	NA	10%
Body Corporate 2	80	NA	30%
PE Investor	NA	2,000	60%

- The eligibility for the above consortium shall be assessed for each category separately as follows

Category of Potential RA	NW (in INR Cr)	AUM (in INR Cr)
Body Corporate	125	NA
PE Investor	NA	1,000

- The NW for the Body Corporate category above has been computed as follows:
 $(10\%/40\%)*200 \text{ cr} + (30\%/40\%)*80 \text{ cr} = \text{INR } (50 \text{ cr} + 60 \text{ cr}) = \text{INR } 110 \text{ cr}$
- The AUM for the PE Investor category above has been computed as follows:
 $(60\%/60\%)*2,000 \text{ cr} = \text{INR } 2,000 \text{ cr}$

Since the majority shareholder (PE Investor category with 60% shareholding in the consortium) individually meets the eligibility thresholds for its category, the consortium shall be eligible to submit an EoI.

ANNEXURE B
Format of Expression of Interest

[On the letter head of the company/ in case of consortium- the leader submitting
the EOI]

Date:

To,

Mr. Sundaresh Bhat (Resolution Professional),
IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162
Resolution Professional in the matter of CIRP of Sterling Biotech Limited
BDO Restructuring Advisory LLP,
The Ruby, Level 9, North West Wing,
Senapati Bapat Marg, Dadar West,
Mumbai 400028, India
E-mail ID: irp.sterling@bdo.in ; sundareshbhat@bdo.in

Subject: Expression of Interest (“Eol”) for submitting Resolution Plan for Sterling Biotech Limited (“Corporate Debtor”) undergoing Corporate Insolvency Resolution Process (CIRP).

Dear Sir,

In response to the public advertisement in Business Standard and Financial Express, dated 05th December 2018 (“**Advertisement**”) inviting Eol for submission of resolution plans (“**Resolution Plan**”) for the Corporate Debtor undergoing corporate insolvency resolution process as per the provisions of the Insolvency and Bankruptcy Code, 2016 (“**IBC**”), we confirm that we have understood the eligibility criteria and other terms & conditions mentioned in Annexure A to the Eol and meet the necessary threshold and criteria mentioned therein and submit our Eol for submission of a Resolution Plan for the Corporate Debtor.

Along with our Eol, we have also provided information as required in the prescribed format in Annexure C and Annexure D.

We further undertake that the information furnished by us in this Eol and Annexures is true, correct, complete, and accurate. Based on this information we understand you would be able to evaluate our preliminary proposal in order to qualify for the above-mentioned proposal. Further, we agree and acknowledge that:

- a) documents to determine whether we qualify to submit a proposal for the proposed transaction;
- b) the RP/ the CoC reserve the right to determine at their discretion, whether or not we qualify for the submission of the proposal and may reject the Eol submitted by us without assigning any reason/without any liability whatsoever;
- c) the RP/ the CoC reserve the right to request for additional information or clarification(s) from us for the purposes of the Eol and we shall promptly comply with such requirements. Failure to satisfy the queries of RP/ CoC may lead to rejection of our submission pursuant to Eol;
- d) Meeting the qualification criteria set out in Eol alone does not automatically entitle us to

participate in the next stage of the process;

- e) We will continue to meet the eligibility criteria throughout the bid process, and any material adverse change affecting the consortium members ability to perform in consortium shall be intimated within 3 (three) business days to the CoC / RP;
- f) In case of consortium, we would comply with the eligibility criteria pertaining to equity holding i.e. the lead member must hold at least 26% total equity participation in the consortium who shall be designated as the lead member. All other members would need to have a minimum stake of 10% each in the consortium and a maximum of 4 members shall form such a consortium;
- g) We are not an ineligible person in terms of provisions of Section 29A of the IBC. We are a 'fit and proper' person and not under any legal disability to be a promoter entity of the Company under the applicable laws including listing agreements, stock exchange requirements and SEBI regulations and guidelines.

Yours Sincerely,

On behalf of [*Insert the name of the entity submitting the EoI*] ^{1&2}

Signature:

Name of Signatory:

Designation:

Company Seal/Stamp

1. *In case of Consortium Applicant, the EoI shall be signed by each member.*
2. *The person signing the EoI and other supporting documents should be an authorized signatory supported by necessary board resolutions/authorization letter.*

ANNEXURE C
Supporting Documents to be submitted with EOI

1) For all prospective resolution applicants (RA) - Profile of RA

Requirement	Private/Public Limited Company, LLP, Body Corporate, whether incorporated in India or outside India [Category A]	Financial Institutions (FI*)/ Funds / Private Equity (PE) Investors [Category B]	Sole Individual investor [Category C]
1	Profile of the RA (As per Annexure D)	Profile of the RA (as per Annexure D)	Profile of the RA (As per Annexure D)
2	Copies of Certificate of Incorporation/ Registration and Constitutional Documents (MoA, AoA)	Copies of Certificate of Incorporation/ Registration and Constitutional Documents (MoA, AoA)	Government ID proofs
3	Audited financial statements for immediately preceding 3 (three) years	Audited financial statements for immediately preceding 3 (three) years	Income tax returns for preceding 3 (three) years.
4	-	Relevant statement of funds availability of the RA and/or promoter/promoter group or any other group company, as per the eligibility criteria.	-
5	Certificate from Statutory Auditor or Chartered Accountant or Company Secretary or equivalent in the jurisdiction of incorporation of the Company certifying TNW & TO as at end of last 3 financial years	Certificate from Statutory Auditor or Chartered Accountant or Company Secretary or equivalent in the jurisdiction of incorporation of the Company certifying AUM as at end of last 3 financial years and Committed funds available for deployment in Indian Companies or Indian assets at 30 th June 2018.	Certificate from Statutory Auditor or Chartered Accountant or Company Secretary or equivalent in the jurisdiction of incorporation of the Company certifying net worth as at end of last 3 financial years

In case of a consortium:

- The above documents including certificates are required for each of the Consortium members.

ANNEXURE D

Details of Prospective Resolution Applicant

[Note: In case of consortium, the details set out below are to be provided for each of the members]

1. Name and Address:

- a. Name of the Firm/Company/Organization/ sole individual:
- b. Address:
- c. Telephone No:
- d. Fax:
- e. Email:

2. Name and Address (with proof) of the firm/company/organization/sole individual

3. Date of Establishment/ Date of Birth (for sole individual):

4. Core Area of Expertise:

5. Contact Person:

- a. Name:
- b. Designation:
- c. Telephone No:
- d. Email:

6. Company/FI Profile:

- a. Company Financial Profile (standalone as applicable):

Company profile	Private/Public Limited Company, LLP, Body Corporate, NBFC whether incorporated in India or outside India	Financial Institutions (FI*)/ Funds / Private Equity(PE) Investors /Any other applicant	Sole Individual investor
At 31 Mar 16	Standalone NW in Crs	AUM in Crs	NW in Crs
At 31 Mar 17	Standalone NW in Crs	AUM in Crs	NW in Crs
At 31 Mar 18	Standalone NW in Crs	AUM in Crs	NW in Crs
At 30 June 18		AUM in Crs	

In case of consortium, the above details are to be shared for each of the consortium members. Further, the fulfilment of qualification criteria must be clearly identified/ certified herein.

- b. Experience of the Company in the Pharma Sector / Medical Sector / Gelatin manufacturing
- c. Experience of the applicant in acquisition / turnaround of stressed assets
- d. Applicant's overall management strength

ANNEXURE E

(To be executed on stamp paper)

To,

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Dear Sir,

SUBJECT: UNDERTAKING FOR EQUITY PARTICIPATION

This is in relation to the corporate insolvency resolution process of Sterling Biotech Limited. In response to the public advertisement in Business Standard and Financial Express, dated 05th December 2018 (“**Advertisement**”) inviting expressions of interest (EOI) for submission of resolution plans (“**Resolution Plan**”) for the Corporate Debtor undergoing corporate insolvency resolution process as per the provisions of the Insolvency and Bankruptcy Code, 2016 (“**IBC**”), we have submitted an EOI as a consortium. The members of the consortium are as follows:

[Insert names of the members of the consortium, their equity participation in the consortium and indicate the lead member]

As required in terms of the EOI, we agree and undertake that we will continue to hold at least [26% / 10% (*lead member to choose 26% and other to choose 10%*)] equity participation in the consortium. We further agree and undertake that all the members of the consortium shall be jointly and severally responsible for compliance with the terms of the invitation for submission of EOI, the request for resolution plan and the resolution plan submitted by the consortium.

SIGNED AND DELIVERED by [insert]