



# STERLING INTERNATIONAL ENTERPRISES LIMITED

CIN No. L72300MH2003PLC142575

**Regd. Office :** 43, Atlanta Building, Nariman Point, Mumbai - 400 021.  
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**February 05, 2019**

To,  
**BSE Limited**  
Listing Department  
Phiroze Jeejeebhoy Tower,  
Dala Street, Fort,  
Mumbai – 400 001

**Scrip Code : 508998**  
**ISIN : INE696C01021**

**Subject: Submission of Financial Results for the year ended 31<sup>st</sup> March, 2018.**

Dear Sir / Madam,

As already informed to you the company is under Corporate Insolvency Resolution Process (CIRP) since 16<sup>th</sup> July, 2018.

Please find enclosed herewith the Audited Standalone Financial Results of the Company for the year ended 31<sup>st</sup> March, 2018, pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to take the same on records and oblige.

Thank You,

**Yours Sincerely,**

*Vishal*



**Vishal Ghisulal Jain**

**Resolution Professional**

**Sterling International Enterprises Limited**

IP registration no. IBBI/IPA-001/IP-P00419/2017-18/10742

Email ID: sterling.int.ip@gmail.com



# JHAWAR MANTRI & ASSOCIATES CHARTERED ACCOUNTANTS

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Plot No. 20, Sector 4,  
Nerul, Navi Mumbai,  
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## INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

TO,  
THE MEMBERS OF  
STERLING INTERNATIONAL ENTERPRISES LIMITED

Report on the Standalone Ind AS Financial Statements

### Disclaimer of Opinion

We were engaged to audit the accompanying Standalone Ind AS Financial Statements of **Sterling International Enterprises Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity for the year then ended, and related notes comprising summary of significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statement").

*We do not express an opinion on the accompanying standalone Ind AS financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements*

### Basis for Disclaimer of Opinion

- The value of investment in its wholly owned subsidiary i.e. British Oil & Gas Exploration Pvt Ltd (BOGEPL) incorporated in Mauritius, is carried at Rs. 19,50,03,13,708 (Previous year Rs. 19,85,79,75,484) in the Company's standalone Ind AS balance sheet, which represents approx. 95.57% (Previous year 95.68%) of the Company's total assets as at March 31, 2018.
  - BOGEPL has a wholly owned subsidiary i.e. British Oil Resources Limited (BORL) incorporated in Mauritius. Further, BORL has three subsidiary companies (i) British Oil & Gas Exploration Limited, (BOGEL) BVI (British Virgin Island) (99.96%) (ii) Geodynamics Geospectra Limited (GDGSL), BVI (100%), and (iii) Sterling Oil Resources Limited (SORL), BVI (100%).
  - The Company has not provided us audited financial statements of the said direct and indirect (step-down) subsidiary companies for the year ended 31<sup>st</sup> March 2018. In absence of audited financial statements of those companies we are unable to comment upon valuation of said investments as on balance sheet date.
- The Company's investment in an enterprise in which significant influence is exercised, Sterling Exploration and Energy Production Company Ltd., BVI (British Virgin Island) is carried at Rs. 27,86,86,623 (Previous year Rs. 26,96,48,759) in the Company's standalone Ind AS balance sheet, which represents over 1.37% (Previous year 1.30%) of the Company's total assets as at March 31, 2018.



- Company has not provided us audited financial statements of the said associate company for the year ended 31<sup>st</sup> March 2018. In absence of audited financial statements of the investee company, we are unable to comment upon valuation of said investments as on balance sheet date.
- The Company's Other Current Assets (Others – Unsecured Considered Good) refer note no. 9 of the notes to accounts includes Rs. 6,35,57,910 (Previous year Rs. 5,96,92,910) amount given to a partnership firm 'Shree Marketing Corporation' in which Company is a partner. Audited financials of the said partnership firm as on 31<sup>st</sup> March 2018 were not made available to us. As per the unaudited statements provided, there are no activities or major revenue in the firm during the year and previous year. As per said unaudited statements there is no capital contribution of any other partner and profits/losses are carried forward in the firm's profit and loss account instead of distribution of the same amongst the partners in their profit/loss sharing ratio. These unaudited statements cannot be relied upon. In absence of the reliable information we are unable to comment upon the said amounts reflecting in the Balance Sheet.
- The Company's Other Current Assets (Others – Unsecured Considered Good) refer note no. 9 of the notes to accounts includes Rs. 32,18,68,849 (Previous year Rs. 31,89,08,849) outstanding as 'Advances' as on 31<sup>st</sup> March 2018. Company has not provided person/party wise details of the same and purpose of such advances and supporting documents etc. In absence of the proper information/details/ documentation, we are unable to obtain any confirmation in respect of the same. Hence, we are unable to express our opinion upon the said amounts reflecting in the Balance Sheet.
- It is given to understand that four shops at Vadodara having aggregate book value (cost of purchase) of Rs. 72,44,725 purchased in financial year 2008-09 were sold during the current financial year 2017-18 for Rs. 43,00,000 and Rs. 29,44,725 was accounted as loss on sale of assets during the current year (refer note no. 4 and note no. 19 of the notes to accounts). Since part of the assets are sold at a substantial loss of around 40% on cost basis after holding for more than 8 years, the values of remaining assets may also have impact on the values shown in the books of accounts. It is pertinent to note that Cost Inflation index has gone up from 137 in FY 2008-09 to 272 in FY 2017-18 which shows an increase of more than 98% for the same period whereas Company has sold properties at a loss of 40% on cost which is unusual and there was no justification provided for the same. We have asked for ready reckoner (stamp duty) values for these properties for both the periods, however the same were not made available. Total book value of Investment in Land and Building is Rs. 4,10,35,431 (Previous Year Rs. 4,82,80,176) as on 31<sup>st</sup> March 2018. However, property ownership and title documents for the said investments were not made available for our verification. Hence, in absence of property ownership and title documents, valuation report, ready reckoner values etc. we are unable to comments upon losses accounted on sale of assets as mentioned above as well as on the values for remaining investments shown in the Balance Sheet. However, company has provided us photocopies of Property Documents worth Rs 2,91,73,910 during the course of Audit.
- Bank statements for HDFC Bank, Pune for the entire financial year, bank statement for Andhra Bank, Navi Mumbai branch for the period from 24-09-2017 to 31<sup>st</sup> March 2018, Allahabad Bank for the period from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2018 and for The Catholic Syrian Bank for the period from 1<sup>st</sup> February 2018 to 31<sup>st</sup> March 2018, Demate holding statement for investments for the period from 1<sup>st</sup> Oct 2017 to 31<sup>st</sup> March 2018, supporting documents or confirmation for deposits were not provided to us for our verification.
- The Company's Other Current Liabilities - Advances Received refer note no. 14 of the notes to accounts includes Rs. 43,00,000 (Previous year Rs. 43,00,000) outstanding as 'Advances Received' as on 31<sup>st</sup> March 2018 and in the books of accounts under the head advance against sale of property. Company has not provided any supporting documents, agreements or arrangement, confirmation



from parties etc. for the said liabilities. In absence of the proper supporting details, confirmation etc. we are unable to express our opinion upon the said amounts reflecting in the Balance Sheet.

- The operating revenue during the year under consideration is Rent of Rs. 1,00,00,000 from one of the concern under the same management i.e. PMT Machines Limited. The rent income is accounted only for 10 months for which registered rent agreement, termination agreement etc. were not made available for our verification. Similarly, proper supporting documents were not available for major expenses like appointment letters for employees for salary and employees benefit expenses, rent agreements for rent paid, details and supporting documents for travelling expenses, office expenses, electricity expenses, etc.
- There is a charge registered on 7<sup>th</sup> July 2011 for Rs 15,00,00,000 on Immovable Property and any interest therein as appearing on the MCA Website. As informed by Company, the charge has been created by SICOM for a loan taken by one of the Promoter Companies from them. However other details like name of Borrower Company, present status of loan, recovery action if any etc. are not made available hence we are unable to comment if there are any liabilities crystalized against the same of the Company. Further in case if there is no liability crystalized so far, but in absence of details we are unable to comment whether there is a contingent liability of the company and the same is not even reflecting in the note no. 15 contingent liability.

**As per Indian Accounting Standard (Ind AS) 110 Consolidated Financial Statements, Company is required to present consolidated financial statements as on Balance Sheet date. However, due to non-availability of relevant audited financial statements of direct as well as indirect subsidiary companies, at present company is not in a position to present consolidated financial statements as required.**

**Key events occurred after the reporting date:**

- Corporate insolvency resolution process (CIRP) has been initiated against the Company under the provisions of Insolvency and Bankruptcy Code, 2016 by an order of National Company Law Tribunal (NCLT) CP No. 402/I&BP/NCLT/MAH/2018 dated 16/07/2018 with effect from 16/07/2018. As per section 17 of the Code, the powers of the Board of Directors stands suspended and such powers shall be vested with CA Vishal Jain, the Interim Resolution Professional (IRP) having IP Registration No. IBBI/IPA-001/IP-P00419/2017-18/10742. IRP was appointed as Resolution Professional (RP) in the first meeting of committee of creditors held on 27<sup>th</sup> Aug 2018.,
- As per information and explanation provided by the management, following claims of financial creditors were submitted by creditors till 4<sup>th</sup> Oct 2018.

Sr.No.	Name of the Creditor	Claim submitted in INR	Claim admitted in INR (subject to conditions)
1	JM Financial Asset Reconstruction Company Limited, Mumbai (assigned by Dena Bank)	61,85,23,459	0
2	ILog Port Dahej Private Limited (assigned by SREI Infrastructure Finance Limited)	263,95,45,218	263,95,45,218
3	SREI Infrastructure Finance Limited	119,53,44,403	119,53,44,403
	Total	<b>445,34,13,080</b>	<b>383,48,89,621</b>

- As informed to us, Resolution Professional has provisionally accepted claim at sr. no. 2 & 3 above for Rs. **383,48,89,621**. This liability has arisen due to invocation of corporate guarantee given by the company towards loans taken by one of the associate company from SREI Infrastructure Finance Limited. Company has not accounted the said liability in the books of accounts and hence not reflecting in the Balance Sheet as on 31<sup>st</sup> March 2018.



- As per information and explanation provided by the management, following claims from workman/employees/authorized representative of workmen and employees were submitted till 4<sup>th</sup> Oct 2018.

Sr.No.	Name of the Creditor	Claim received in INR	Claim admitted in INR (subject to conditions)
1	Sunil Joshi	3,81,118	3,60,330
	Total	3,81,118	3,60,330

- As informed to us, Resolution Professional has provisionally accepted claim as mentioned above for Rs. **3,60,330** for employees/workmen. Company has already accounted as on 31<sup>st</sup> March 2018 Rs. 2,97,965 for Gratuity and Leave Encashment out of above claim. Hence company has not accounted the balance liability in the books of accounts and hence not reflecting in the Balance Sheet as on 31<sup>st</sup> March 2018.
- As informed to us, corporate insolvency resolution process (CIRP) is initiated against other associate and group companies also. Investigation proceedings are going on by Enforcement Directorate (ED) against the entire Sterling Group owned by the Sandesaras including the Company, where they are accused of defrauding banks/lenders and laundering huge amount through many companies including shell companies. As informed to us some of the assets, records and documents of the company are also seized by investigation authorities, hence Company is not in a position to provide required supporting details for the purpose of our audit.
- As reported in provisional attachment order of Enforcement Directorate (ED) dated 29<sup>th</sup> May 2018, some crux of serious findings are given hereunder:
  - FIR was registered by the CBI against Sterling Biotech Ltd. (SBL), Directors of Company, Directors of Group Companies and others, (hereinafter referred as Sterling group) for hatching criminal conspiracy with dishonest intention to cheat Andhra Bank and other public sector banks by way of availing loans of more than Rs. 5000 crores, which have turned into Non Performing Assets (NPA) and the same has been declared as FRAUD.
  - Investigation under FEMA, 1999 was also initiated for contravention of RBI regulations in raising FCCBs through automatic route and violation of FDI policy norms in preferential allotment of shares.
  - Investigation under Prevention of Money Laundering Act, 2002 (PMLA) revealed lot of incriminating documents which indicate a well defined modus operandi adopted by Sterling group to cheat banks and fraudulently obtain loans.
  - FIR revealed that in order to avail maximum loan from the banks, group allegedly connived with the in-house CA Hemant S. Hathi, proprietor H. S. Hathi & Co. and in active criminal conspiracy with others, falsified the material records of the group entities. On the basis of aforesaid false and fabricated documents, false and fraudulent statements, manipulated balances sheets prepared with mala-fide intention to induce the banks to sanction higher amounts of loans which were later on diverted for personal purpose or diverted to the entities abroad through its group companies by adopting circuitous route. In the FIR it is revealed that accounts of Sterling International Enterprises Ltd. (Auditee Company) along with other group companies have also been used for diversion of funds.
- The Financial Statements of the Company for the period ended March 31, 2017 were audited by another auditor "H. S. Hathi & Co., Chartered Accountants" whose report dated 29th May 2017 expressed an unmodified opinion. We have not audited the comparative opening balances and relied upon the same, as certified by the previous auditor. It is pertinent to note that as per FIR and ED's order it is revealed that Sh. Hemant Hathi is in criminal conspiracy with others provided active



guidance to manipulate the financial data to cheat the banks by way of availing higher loans for which companies were otherwise not eligible.

- Based on all the matters as discussed above, in our opinion a material uncertainty exists related to existence and valuation of property, plants and equipment, investment property, financial assets - investments, and other current assets as well as substantial enhancement of liabilities as accepted by insolvency professional under corporate insolvency resolution process which were not accounted in the financial statements that may cast significant doubt on the company's ability to continue as going concern.

**We were unable to confirm or verify by alternate means, the values of most of the above-mentioned assets and liabilities to support and conclude our opinion.**

**As a result of these matters, we were unable to determine adjustments required in respect of the assets, liabilities, revenue and expenditures, in the standalone Ind AS financial statements of the company as on 31<sup>st</sup> March 2018.**

### **Responsibility of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs, profit or loss (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility**

Our responsibility is to conduct an audit of the Standalone Ind AS Financial Statements in accordance with Standards on Auditing and to issue an auditor's report;

**However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements; and**



We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.


### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in the **Annexure 'A'** statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. As described in the Basis for Disclaimer of Opinion paragraph, we sought, but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. Due to the possible effects of the matters described in the Basis for Disclosure of Opinion paragraph, we are unable to comment whether proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. Due to the possible effects of the matters described in the Basis for Disclosure of Opinion paragraph, we are unable to state whether the Balance Sheet, Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. Due to the possible effects of the matters described in the Basis for Disclosure of Opinion paragraph, we are unable to state whether the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rule, 2014;
  - e. The matters described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. We were not provided with the written representations received from the directors as on March 31, 2018 hence unable to comment whether any of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act,
  - g. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion paragraph above.
  - h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refers to our separate report in **Annexure 'B'**;
  - i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies ( Audit and Auditors ) Rules, 2014,(as amended), in our opinion and to the best of our information and according to the explanations given to us;
    - i. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has disclosed the impact of pending litigation on its financial position in its Standalone Ind AS financial statements.



- ii. Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has made provisions, as required under the applicable law or Indian Accounting Standards for material foreseeable losses, if any, on the long term contract including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

**For Jhavar Mantri & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 113221W**



**B.P. Mantri**  
**Partner**  
**Membership No. 045701**  
**Place: Mumbai**  
**Date: 31<sup>st</sup> October 2018**





## ANNEXURE- 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of Fixed Assets:

- (a) The Company has not provided us any fixed asset register, showing full particulars including quantitative details and situation of fixed assets;
- (b) The Company has not provided us any program for physically verification of fixed asset at the reasonable interval of time. No reports for physical verification of fixed assets conducted during the year were made available.
- (c) As per the explanation given to us the title document of most of the property are Seized by Enforcement Directorate, Hence we are not in position to render our opinion that whether the fixed asset held in books are in the full ownership of the company or not

ii. There is no inventory held by the Company, hence relevant clause not applicable.

- iii. The Company's Other Current Assets (Others – Unsecured Considered Good) refer note no. 9 of the notes to accounts includes Rs. 6,35,57,910 (Previous year Rs. 5,96,92,910) amount given to a partnership firm 'Shree Marketing Corporation' in which Company is a partner. Further the Company's Other Current Assets (Others – Unsecured Considered Good) refer note no. 9 of the notes to accounts includes Rs. 32,18,68,849 (Previous year Rs. 31,89,08,849) outstanding as 'Advances' as on 31<sup>st</sup> March 2018. Company has not provided person/party wise details of the same and purpose of such advances etc. In absence of these details we are unable to comment whether it includes any advance to parties covered in the register maintained under section 189 of the Companies Act. Company has not provided us any documents or agreements specifying terms and conditions of such advances, repayment terms, interest rate etc. and in absence of the same we are unable to comment:
- (a) Whether the terms and conditions of the grant of such loan are not prejudicial to the company's interest.
  - (b) Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments and receipts are regular
  - (c) Whether amount is overdue and amount overdue for more than 90 days, and

Further no steps have been taken by the company for recovery of principal.

- iv. In view of our remarks in above clause iii in absence of details we are unable to comment whether, the Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013, with respect to Loans and Advances made, guarantee given and investments made.
- v. The Company's Other Current Liabilities - Advances Received refer note no. 14 of the notes to accounts includes Rs. 43,00,000 (Previous year Rs. 43,00,000) outstanding as 'Advances Received' as on 31<sup>st</sup> March 2018 and in the books of accounts under the head advance against sale of property. Company has not provided any supporting documents, agreements or arrangement, confirmation from parties etc. for the said liabilities. In absence of the proper supporting details, confirmation etc. we are unable to express our opinion upon the said amounts, whether it can be considered as deposits accepted by the company from the public covered under Sections 73 to 76 of the Companies Act 2013 and



Companies (Acceptance of Deposit) Rules 2014. Further the same is outstanding since long and has not been adjusted against such property in accordance with the terms of agreement or arrangement if any.

- vi. As per information and explanation given to us, the Central government has not prescribed the company to maintain the cost record under section 148(1) of the act for any of the product and service rendered by the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is generally regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. As informed to us Provident Fund, Employees' State Insurance is not applicable

As informed to us there were no undisputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, the following dues of income tax have not been deposited by company on account of disputes:

Name of Statute	Nature of Dues	Amount (Rupees)	Period (Assessment Year)	Forum where dispute is pending
The Income Tax Act, 1961	Penalty u/s 271 (1)(c)	6,27,397	A.Y. 2010-11	CIT (Appeal) 48 Mumbai
The Income Tax Act, 1961	Income Tax and Interest	4,06,05,480	A.Y. 2015-16	CIT (Appeal) 48 Mumbai


- viii. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not taken loans or borrowings from any Financial Institutions, Banks, Government or issued any debenture as at the Balance Sheet date, the provisions of clause 3 (viii) of the order are not applicable
- ix. In our opinion, and according to the information and explanations given to us, the company has not raised any money by way of term loans or initial public offer or further public offer including debt instruments during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

However as per information gathered, Investigation proceedings are going on by Enforcement Directorate (ED) against the entire Sterling Group owned by the Sandesaras including the Company, where they are accused of defrauding banks/lenders and laundering huge amount through many companies including shell companies.



- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year.
- xii. The company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, accordingly, the provisions of clause 3 (xii) of the Order are not applicable.
- xiii. In absence of relevant documents, we are unable to comment if any whether, the Company has entered into transactions with related parties in compliance with sections 177 and 188 of the Act. Accordingly we are also unable to comment whether the details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required under Ind AS 24, Related Party Disclosures specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment of shares or fully or partly converted debentures during the year under review
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For Jhawar Mantri & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 113221W**

  
**B P Mantri**  
**Partner**  
**Membership No. 045701**



**Place: Mumbai**  
**Date: 31<sup>st</sup> Oct 2018**

## **ANNEXURE- 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We were engaged to audit the internal financial controls over financial reporting of **Sterling International Enterprises Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for the Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to conduct an audit on the Company's internal financial controls over financial reporting and to issue an audit report.

**However, because of the matters described in the Basis for Disclaimer of Opinion section of our main audit report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on existence and adequacy of internal financial controls over financial reporting.**

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of Financial Statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and



3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Disclaimer of Opinion**

According to the information and explanation given to us, and as per Basis for Disclaimer of Opinion paragraph of main audit report, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company,

For Jhavar Mantri & Associates  
Chartered Accountants  
Firm Registration Number: 113221W

  
B.P Mantri  
Partner  
Membership No. 045701



Place: Mumbai  
Date: 31<sup>st</sup> October 2018

# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Balance sheet as at 31 March 2018

Particulars	Note	As at	
		31 March 2018 Rs.	31 March 2017 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	18,53,35,843	18,87,40,187
Investment Property	4	4,10,35,451	4,82,80,176
<b>Financial assets</b>			
Investments	5	19,77,95,59,745	20,12,84,41,683
Loans	6	73,07,510	63,61,499
		<u>20,01,32,38,549</u>	<u>20,37,18,23,545</u>
<b>Current Assets</b>			
<b>Financial assets</b>			
Trade receivables	7	34,95,300	31,50,000
Cash and cash equivalents	8	2,38,698	6,36,704
Other current assets	9	38,62,91,424	37,94,78,486
		<u>39,00,25,422</u>	<u>38,32,65,190</u>
<b>Total assets</b>		<u><b>20,40,32,63,971</b></u>	<u><b>20,75,50,88,735</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	10	27,14,03,068	27,14,03,068
Other Equity	11	19,08,70,11,346	19,28,05,05,008
<b>Total Equity</b>		<u><b>19,35,84,14,414</b></u>	<u><b>19,55,19,08,076</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred Tax Liabilities	12	1,03,93,47,000	1,19,84,27,000
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	13	11,75,257	4,43,686
Other Current Liabilities	14	43,27,300	43,09,973
		<u>55,02,557</u>	<u>47,53,659</u>
<b>Total liabilities</b>		<u><b>1,04,48,49,557</b></u>	<u><b>1,20,31,80,659</b></u>
<b>Total equity and liabilities</b>		<u><b>20,40,32,63,971</b></u>	<u><b>20,75,50,88,735</b></u>
<b>Contingent Liabilities</b>	15		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

**For Jhwar Mantri & Associates**  
Firm Registration No. 113221W  
Chartered Accountants

**B. P. Mantri**  
Partner  
M. No. - 045701

Place : Navi Mumbai  
Date : 31 Oct 2018



**For Sterling International Enterprises Limited**

*Bishal*

**Vishal Ghisulal Jain\***  
Insolvency Resolution Professional  
IRP No. - IBBI/TPA-001/IP-  
P00419/2017-18/10742  
Place :  
Date : 31 Oct 2018

Director  
DIN:



\*The financial statements are being made and signed for and on behalf of the directors of the company, in my authority as the Resolution Professional of the company under the provisions of Insolvency and Bankruptcy Code, 2016 ("Code") by an order of National Company Law Tribunal ("NCLT") C.P. No. 402/18/BP/NCLT/MAH/2018 dated 16/07/2018 with effect from 16/07/2018, confirmed as Resolution Professional by the Committee of Creditors, without any demur or any responsibility or liability on my part, as I was not in charge of the affairs of the company during the financial year under consideration. All such responsibility or liability shall be upon the directors of the company during that year.

# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Statement of Profit and Loss for the year ended 31 March 2018

Particulars	Note	Year ended	Year ended
		31 March 2018	31 March 2017
		Rs. Lacs	Rs. Lacs
Revenue from operations	16	1,00,00,000	1,22,79,683
Other income	17	74,585	1,35,523
<b>Total income (I)</b>		<b>1,00,74,585</b>	<b>1,24,15,206</b>
<b>Expenses</b>			
Employee benefits expense	18	29,69,752	25,25,796
Depreciation & amortisation		34,83,076	40,13,956
Administration and other expenses	19	73,13,481	55,35,195
<b>Total expenses (II)</b>		<b>1,37,66,309</b>	<b>1,20,74,947</b>
<b>Profit/(Loss) before tax (I-II)</b>		<b>(36,91,724)</b>	<b>3,40,258</b>
Tax expense			66,000
- Current tax		-	(29,43,000)
- Deferred tax		-	(28,77,000)
<b>Total tax expense</b>		<b>-</b>	<b>(58,20,000)</b>
<b>Profit/(Loss) for the period</b>		<b>(36,91,724)</b>	<b>32,17,258</b>
<b>Other Comprehensive Income</b>			
Items that will not to be reclassified to profit or loss			
Fair Value Changes on Equity Instruments		(34,88,81,938)	(1,47,99,70,797)
Income tax on above		15,90,80,000	42,06,80,000
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(18,98,01,938)</b>	<b>(1,05,92,90,797)</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>(19,24,93,662)</b>	<b>(1,05,60,73,539)</b>
Earning per equity share [Face value of Rs. 1/- each]	21		
- Basic & Diluted		(0.01)	0.01

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For Jhavar Mantri & Associates  
Firm Registration No. 113221W  
Chartered Accountants

B. P. Mantri  
Partner  
M. No. - 045701

Place : Navi Mumbai  
Date : 31 Oct 2018



For Sterling International Enterprises Limited

*Vishal Ghisulal Jain*

Vishal Ghisulal Jain\*  
Insolvency Resolution Professional Director  
IRP No. - IBBI/IPA-001/IP-

P00419/2017-18/10742

Place :  
Date : 31 Oct 2018



\*The financial statements are being made and signed for and on behalf of the directors of the company, in my authority as the Resolution Professional of the company under the provisions of Insolvency and Bankruptcy Code, 2016 ("Code") by an order of National Company Law Tribunal ("NCLT") C.P. No. 402/J&BP/NCLT/MAH/2018 dated 16/07/2018 with effect from 16/07/2018, confirmed as Resolution Professional by the Committee of Creditors, without any demur or any responsibility or liability on my part, as I was not in charge of the affairs of the company during the financial year under consideration. All such responsibility or liability shall be upon the directors of the company during that year.

# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Statement of Changes in Equity for the year ended 31 March 2018

### a. Equity share capital

Equity shares of Rs.1/- each	Numbers	Rupees
Issued, Subscribed and Paid Up		
At 31 March 2017	27,14,03,068	27,14,03,068
At 31 March 2018	27,14,03,068	27,14,03,068

### b. Other Equity

Particulars	Reserves and Surplus		Other Comprehensive Income
	Securities Premium Reserve	Retained Earnings	
Balance at the end of the reporting period i.e. 31-03-2017	9,22,71,84,412	16,44,28,816	8,83,28,18,241
Movements during the year	-	(36,91,724)	(18,98,01,938)
Balance at the end of the reporting period i.e. 31-03-2018	9,22,71,84,412	16,07,37,092	8,64,30,16,303

As per our Report of even date

For Jhawar Mantri & Associates  
Firm Registration No. 113221W  
Chartered Accountants

B. P. Mantri  
Partner  
M. No. - 045701

Place : Navi Mumbai  
Date : 31 Oct 2018



For Sterling International Enterprises Limited

*Vishal Ghisulal Jain*

Vishal Ghisulal Jain\*  
Insolvency Resolution Professional Director  
IRP No. - IBBI/IPA-001/IP-  
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# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Cash Flow Statement for the year ended 31 March 2018

Particulars	Year ended	Year ended
	31 March 2018	31 March 2017
	Rs.	Rs.
<b>A) Cash flow from operating activities:</b>		
Net Profit before taxation and exceptional items	(36,91,724)	3,40,258
Adjustments for		
- Depreciation/amortisation	34,83,076	40,13,956
- Interest & Dividend received	(74,585)	(95,311)
- ( Profit ) / Loss on Sale of Assets	29,65,667	2,54,290
<b>Operating profit before working capital changes</b>	<b>26,82,434</b>	<b>45,13,194</b>
Movement in working capital :		
(Increase)/Decrease in Trade and Other Receivables	(81,04,249)	(1,13,74,165)
Increase/(Decrease) in Trade and Other Payables	7,48,898	(1,69,473)
<b>Cash (Used in) / Generated from Operations</b>	<b>(46,72,917)</b>	<b>(70,30,444)</b>
Direct Tax		7,43,117
<b>Net cash flow (used in)/from operating activities (A)</b>	<b>(46,72,917)</b>	<b>(62,87,327)</b>
<b>B) Cash flows from investing activities</b>		
Sales / (Purchase) of fixed assets	(99,674)	(45,300)
Sales / (Purchase) of investments	43,00,000	15,00,000
Interest Received	74,585	91,164
Dividend Received	-	4,147
<b>Net cash flow used in investing activities (B)</b>	<b>42,74,911</b>	<b>15,50,011</b>
<b>C) Cash flows from financing activities</b>		
<b>Net cash (used in)/from financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(3,98,006)</b>	<b>(47,37,317)</b>
Cash and cash equivalents at the beginning of the year / period	6,36,704	53,74,021
<b>Cash and cash equivalents at the end of the year / period</b>	<b>2,38,698</b>	<b>6,36,704</b>

### Notes:

- The Cash flow has been prepared under the Indirect Method as set out in Ind AS-7 on Cash Flow statement.
- Figures in bracket represents Cash Outflow.

As per our Report of even date

For **Jhwar Mantri & Associates**  
Firm Registration No. 113221W  
Chartered Accountants

**B. P. Mantri**  
Partner  
M. No. - 045701

Place : Navi Mumbai  
Date : 31 Oct 2018



For Sterling International Enterprises Limited

**Vishal Ghisulal Jain\***  
Insolvency Resolution Professional Director  
IRP No. - IBBI/IPA-001/IP-  
P00419/2017-18/10742  
Place :  
Date : 31 Oct 2018



\*The financial statements are being made and signed for and on behalf of the directors of the company, in my authority as the Resolution Professional of the company under the provisions of Insolvency and Bankruptcy Code, 2016 ("Code") by an order of National Company Law Tribunal ("NCLT") C.P. No. 402/IBBP/NCLT/MAH/2018 dated 16/07/2018 with effect from 16/07/2018, confirmed as Resolution Professional by the Committee of Creditors, without any demur or any responsibility or liability on my part, as I was not in charge of the affairs of the company during the financial year under consideration. All such responsibility or liability shall be upon the directors of the company during that year.

# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### 1. Corporate Information

Sterling International Enterprises Limited (The Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 applicable in India. The Equity shares of the Company are listed on the Bombay Stock Exchange (BSE) in India. The registered office of the Company is located at 43, Atlanta Building, Nariman Point, Mumbai - 400 021, Maharashtra, India.

The Company is principally engaged in providing services incidental to Onshore Oil Extraction.

These financial statements were authorised for issue in accordance with a resolution of the Resolution Professional on 31st Oct 2018.

### 2. Significant Accounting Policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

► Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

#### 2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the amount of revenues and expenses during the reporting period end. Difference between the actual results and estimates are recognised in the period in which results are known/materialised.

#### 2.3 Property, Plant and Equipment

All the property, plant and equipment are stated at acquisition cost, net of accumulated depreciation and net of impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Freehold land is not depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of property, plant and equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Loss arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

#### 2.4 Depreciation / Amortisation

Depreciation is provided on pro-rata basis on the Straight Line Method (SLM) over the estimated useful lives of property, plant and equipments considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technology changes, etc. Considering these factors, the Company has decided to retain the useful life adopted for various categories of property, plant and equipments, which are different from those prescribed in Schedule II of the Companies Act, 2013. Depreciation is not charged on capital work-in-progress until construction and installation are complete and is ready to be put to use.

#### 2.5 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.



# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### 2.6 Impairment of non-financial assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net-selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### 2.7 Revenue Recognition

Sale of goods: Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates and sales tax.

### 2.8 Other Income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.  
Dividend: Dividend Income is accounted in the period in which the right to receive the same is established.

### 2.9 Foreign Currency Transactions

Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transactions. Exchange difference on settlement of transactions of fixed assets is capitalized with acquisition cost of fixed assets. The balance exchange fluctuation is charged to revenue. Current Assets and Liabilities are translated at year-end exchange rates.

### 2.10 Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax for timing differences between the book profits and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from the timing differences are recognised to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised for tax loss and depreciation carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is virtually certain and is supported by convincing evidence that sufficient future taxable profits can be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.11 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent Liabilities are disclosed when there is possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.12 Cash and Cash Equivalents

In the cash flow statement cash and cash equivalent include cash in hand, demand deposits with banks and other short term highly liquid investments.

### 2.13 Earning Per Share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless they have been issued at a later date.



# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### 2.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial Assets

##### a) Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### b) Subsequent Measurement

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

##### c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset

##### d) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Company follows 'Simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. net cash shortfalls), discounted at the original EIR.

Equity instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

#### (ii) Financial Liabilities

##### a) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

**Loans & Borrowings** - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

##### c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.15 Fair Value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability



# STERLING INTERNATIONAL ENTERPRISES LIMITED

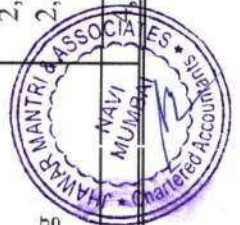
## Notes to the Financial Statements for the year ended 31 March 2018

### 3. Property, Plant and Equipment

Class of Assets	Gross Block		Depreciation		Book Value	
	As at 01/04/2017	As at 31/03/2018	As at 01/04/2017	As at 31/03/2018	As at 31/03/2018	As at 01/04/2017
Land	4,21,51,993	4,21,51,993	-	-	4,21,51,993	4,21,51,993
Building	18,54,19,667	18,54,19,667	4,15,95,345	30,22,340	14,08,01,982	14,38,24,322
Computers & Peripherals	34,81,24,084	34,81,33,834	34,79,41,196	16,898	1,75,740	1,82,888
Office Equipments, Furniture & Fixtures	3,49,90,586	3,51,05,510	3,35,71,658	64,238	14,69,614	14,18,928
Vehicles	1,21,59,749	1,12,40,907	1,09,97,693	(4,93,300)	7,36,514	11,62,056
<b>TOTAL</b>	<b>62,28,46,079</b>	<b>62,20,51,911</b>	<b>43,41,05,892</b>	<b>26,10,176</b>	<b>13,53,35,843</b>	<b>18,87,40,187</b>

### 4. Investment

Class of Assets	Gross Block		Depreciation		Book Value	
	As at 01/04/2017	As at 31/03/2018	As at 01/04/2017	As at 31/03/2018	As at 31/03/2018	As at 01/04/2017
Land	2,15,90,182	2,15,90,182	-	-	2,15,90,182	2,15,90,182
Building	2,66,89,994	1,94,45,269	-	-	1,94,45,269	2,66,89,994
<b>TOTAL</b>	<b>82,80,176</b>	<b>4,10,35,451</b>	<b>-</b>	<b>-</b>	<b>4,10,35,451</b>	<b>4,82,80,176</b>



# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### 5. Financial Assets : Investments - Non-Current

	31 March 2018		As at 31 March 2017	
	Units	Rs.	Units	Rs.
<b>Investments measured at Fair Value through Other Comprehensive Income</b>				
<b>In Equity Shares</b>				
<b>Quoted, fully paid up</b>				
Andhra Bank of Rs. 10 Each	8,293	3,44,989	8,293	4,80,165
Punjab National Bank of Rs. 2 Each	2,250	2,14,425	2,250	3,37,275
		<b>5,59,414</b>		<b>8,17,440</b>
<b>In Equity Shares of Subsidiary Companies</b>				
<b>Unquoted, fully paid up</b>				
British Oil & Gas Exploration Pvt Ltd, Mauritius of US \$1 Each	19,51,12,000	19,50,03,13,708	19,51,12,000	19,85,79,75,484
		<b>19,50,03,13,708</b>		<b>19,85,79,75,484</b>
<b>In Equity Shares</b>				
<b>Unquoted, fully paid up</b>				
Sterling Exploration and Energy Production Company Ltd, BVI of US \$1 Each	25,000	27,86,86,623	25,000	26,96,48,759
		<b>27,86,86,623</b>		<b>26,96,48,759</b>
<b>Total Investments Non Current</b>		<b>19,77,95,59,745</b>		<b>20,12,84,41,683</b>
Aggregate amount of Quoted Investments		5,59,414		8,17,440
Market Value of Quoted Investments		5,59,414		8,17,440
Aggregate amount of Unquoted Investments		19,77,90,00,331		20,12,76,24,243

5.1 The List of subsidiaries and their country of incorporation are disclosed in Note No. 22 of the Financial Statements.

### 6. Financial Assets : Loans - Non-Current

Security Deposits - Unsecured and Considered Good	40,91,104	40,91,104
Staff Loans - Unsecured and Considered Good	56,000	1,14,000
Advance Income Tax (Nct of Provisions)	31,60,406	21,56,395
	<b>73,07,510</b>	<b>63,61,499</b>

### 7. Financial Assets Current : Trade Receivables

Unsecured and Considered Good	34,95,300	31,50,000
	<b>34,95,300</b>	<b>31,50,000</b>

### 8. Financial Assets Current : Cash and Cash Equivalents

Balance with Banks	2,38,614	4,01,632
Cash on Hand	84	2,35,072
	<b>2,38,698</b>	<b>6,36,704</b>

### 9. Other Current Assets

Staff Loans - Unsecured and Considered Good	12,50,000	12,50,000
Others - Unsecured and Considered Good	38,56,41,424	37,62,28,488
	<b>38,62,91,424</b>	<b>37,94,78,486</b>

### 10. Equity Share Capital

#### (a) Share Capital Authorised, Issued, Subscribed and Paid Up :

Particulars	31 March 2018		As at 31 March 2017	
	No. of Shares	Rs.	No. of Shares	Rs.
<b>Authorised</b>				
Equity Shares of Rs 1 each	75,00,00,000	75,00,00,000	75,00,00,000	75,00,00,000
<b>Issued, Subscribed and fully Paid Up :</b>				
Equity Shares of Rs 1 each	27,14,03,068	27,14,03,068	27,14,03,068	27,14,03,068

#### (b) Reconciliation of the number of Equity shares :

Particulars	31 March 2018		As at 31 March 2017	
	No. of Shares	Rs.	No. of Shares	Rs.
Equity shares outstanding at the beginning of the year	27,14,03,068	27,14,03,068	27,14,03,068	27,14,03,068
Add : Changes during the year	-	-	-	-
Equity shares outstanding at the end of the year	27,14,03,068	27,14,03,068	27,14,03,068	27,14,03,068



# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

(c) Terms / Rights attached to Equity Shares :

The Company has only one class of shares referred to as equity shares having par value of Rs 1 each. Each holder of equity share is entitled to one vote per share except GDR Holders / Depository. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting except in case of Interim Dividend. In the event of liquidation of the Company the holders will be entitled to receive remaining assets of the Company, after distribution of all preferential distribution in proportion to the number of Equity Shares held by the shareholders.

(d) The details of shareholder holding more than 5 % shares :

Name of Shareholder	31 March 2018		31 March 2017	
	No. of Shares	% Held	No. of Shares	% Held
LTS Investment Fund Ltd	2,41,46,516	8.90%	2,41,46,516	8.90%
Albula Investment Fund Ltd	1,44,14,464	5.31%	1,44,14,464	5.31%

### 11. Other Equity

Particulars	31 March 2018		31 March 2017	
	Rs.		Rs.	
Securities Premium Reserve As per last Balance Sheet	9,22,71,84,412		9,22,71,84,412	
Retained Earnings As per last Balance Sheet	16,12,11,558		15,79,94,300	
Add : Profit for the year	(36,91,724)	15,75,19,834	32,17,258	16,12,11,558
Other Comprehensive Income As per last Balance Sheet	9,89,21,09,038		10,95,13,99,835	
Add : Movement in OCI (Net) during the year	(18,98,01,938)	9,70,23,07,100	(1,05,92,90,797)	9,89,21,09,038
<b>TOTAL</b>	<b>19,08,70,11,346</b>		<b>19,28,05,05,008</b>	

### 12. Deferred Tax Liabilities

Particulars	31 March 2018		31 March 2017	
	Rs.		Rs.	
At the Start of the year	1,19,84,27,000		1,62,20,50,000	
Charge / (Credit) to Statement of Profit and Loss	(15,90,80,000)	1,03,93,47,000	(42,36,23,000)	1,19,84,27,000
Component of Deferred Tax Liabilities in relation to :				
Property, Plant and Equipment		1,19,67,000		1,19,67,000
Financial Assets		1,02,73,80,000		1,18,64,60,000
<b>TOTAL</b>		<b>1,03,93,47,000</b>		<b>1,19,84,27,000</b>

### 13. Financial liabilities - current : Trade Payables

Particulars	31 March 2018		31 March 2017	
	Rs.		Rs.	
Others		11,75,257		4,43,686
		<b>11,75,257</b>		<b>4,43,686</b>

13.1 Based on the information received by the Company from Vendors regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006 (The Act) there are no amounts due to such vendors during the year and as at the year end. Therefore, disclosures required under the Act have not been given.

### 14. Other Current Liabilities

Particulars	31 March 2018		31 March 2017	
	Rs.		Rs.	
Other Payables		27,300		9,973
Advances Received		43,00,000		43,00,000
		<b>43,27,300</b>		<b>43,09,973</b>





# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### 15. Contingent Liabilities

	As at	
	31 March 2018 Rs.	31 March 2017 Rs.
Co-Guarantees given by the Company	4,25,00,00,000	4,25,00,00,000
Claims against the Company not acknowledged as debts - Income Tax	4,12,32,877	1,44,219

Particulars	Year ended	Year ended
	31 March 2018 Rs.	31 March 2017 Rs.

### 16. Revenue from Operations

Sales & Services	1,00,00,000	1,22,79,683
	<u>1,00,00,000</u>	<u>1,22,79,683</u>

### 17. Other Income

Interest on Deposits	74,585	91,164
Dividend	-	4,147
Amount Written Back	-	40,212
	<u>74,585</u>	<u>1,35,523</u>

### 18. Employee Benefit Expense

Salary, wages and bonus	29,01,954	24,61,844
Staff welfare expenses	67,798	63,952
	<u>29,69,752</u>	<u>25,25,796</u>

### 19. Administration and Other Expenses

Advertisement & Publicity	-	33,792
Electricity Expenses	5,18,996	6,41,032
Loss on Sale of Assets	29,65,667	2,54,290
Listing and Other Fees	4,85,238	4,74,564
Payment to Auditor	2,35,000	30,000
Professional Charges	99,013	1,17,967
Postage, Courier & Periodicals	21,093	33,989
Printing & Stationery	2,83,157	1,90,772
Rent, Rates & Taxes	9,10,161	9,40,899
Repair & Maintenance	9,50,606	12,63,252
Telephone Expenses	93,973	1,84,168
Travelling Expenses	1,61,521	1,47,468
Miscellaneous Expenses	5,89,056	12,23,002
	<u>73,13,481</u>	<u>55,35,195</u>

### 20. Payment to Auditors as :

Audit Fees	1,75,000	23,000
For Other Services	60,000	7,000
<b>Total</b>	<u>2,35,000</u>	<u>30,000</u>

### 21. Earnings per share (EPS)

a. Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Sharehol	(36,91,724)	32,17,258
b. Weighted Average number of Equity Shares used for calculating Basic & Diluted EPS	27,14,03,068	27,14,03,068
c. Basic & Diluted Earnings per Share (Rs.) (a/b)	(0.01)	0.01
d. Nominal value of each Equity share (Rs.)	1	1



# STERLING INTERNATIONAL ENTERPRISES LIMITED

## Notes to the Financial Statements for the year ended 31 March 2018

### 22. Related Party Disclosures

#### A. Names of Related Parties and their relationship

##### I) Subsidiary (Direct Holding)

British Oil & Gas Exploration Pvt Ltd, Mauritius.

##### II) Subsidiary (Indirect Holding)

- a) British Oil Resources Ltd, Mauritius
- b) British Oil & Gas Exploration Ltd, BVI \*
- c) Sterling Oil Resources Ltd, BVI \*
- d) Geodynamics-Geospectra Ltd, BVI \*

\* Subsidiaries of British Oil Resources Ltd

##### III) Enterprise in which significant influence is exercised

- a) Sterling Exploration and Energy Production Company Limited, BVI
- b) Sterling Oil Exploration and Energy Production Co. Ltd, Nigeria

### 23. Financial Instruments

#### 23.1 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

#### 23.2 Categorization of Financial Instruments

Particulars	As at	
	31 March 2018 Rs.	31 March 2017 Rs.
<b>(i) Financial Assets</b>		
(a) Investments at FVTOCI (Note 5)	19,77,95,59,745	20,12,84,41,683
(b) Measured at Amortised Cost		
Trade receivables (Note 7)	34,95,300	31,50,000
Cash and cash equivalents (Note 8)	2,38,698	6,36,704
	<u>37,33,998</u>	<u>37,86,704</u>
<b>(ii) Financial Liabilities</b>		
Measured at Amortised Cost		
Trade Payables (Note 13)	11,75,257	4,43,686
	<u>11,75,257</u>	<u>4,43,686</u>

#### 23.3 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of the financial markets and seek to minimize the potential adverse effects on its financial performance.

##### (i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity price risk. Financial instruments affected by market risk include trade receivables, deposits and current investments.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The mark to market valuation of its portfolio is impacted by fluctuation of the interest rates.

##### (iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates.



(iv) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

(v) Liquidity Risk

As of March 31, 2018, the Company has working capital of Rs. 38,45,22,865 (Previous year Rs. 37,85,11,531) {Current assets of Rs. 39,00,25,422 (Previous year Rs. 38,32,65,190)} including cash and cash equivalents of Rs. 2,38,698 (previous year Rs. 6,36,704), hence liquidity risk to the Company may be subject to matters specified in the disclaimer of opinion in the audit report.

23.4 Fair Value Measurement

The management assessed that fair value of loans, cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

- i) The fair value of unquoted instruments are evaluated by the Company based on parameters such as interest rates and its investments rating.
- ii) The fair values of the quoted instruments are based on price quotations at the reporting date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

24 As per Ind AS 108 - " Operating Segment ", segment information has not been provided in the Standalone Ind AS Financial Statement since there is only one source of income.

25 Previous period figures

Previous period figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

As per our Report of even date

For Jhavar Mantri & Associates  
Firm Registration No. 113221W  
Chartered Accountants

B. P. Mantri  
Partner  
M. No. - 045701

Place : Navi Mumbai  
Date : 31 Oct 2018



For Sterling International Enterprises Limited

A handwritten signature in blue ink, appearing to read 'Vishal'.

Vishal Ghisulal Jain\*  
Insolvency Resolution Professional  
IRP No. - IBBI/PA-001/IP-  
P00419/2017-18/10742  
Place :  
Date : 31 Oct 2018

Director  
DIN:



*\*The financial statements are being made and signed for and on behalf of the directors of the company, in my authority as the Resolution Professional of the company under the provisions of Insolvency and Bankruptcy Code, 2016 ("Code") by an order of National Company Law Tribunal ("NCLT") C.P. No. 402/I&BP/NCLT/MAH/2018 dated 16/07/2018 with effect from 16/07/2018, confirmed as Resolution Professional by the Committee of Creditors, without any demur or any responsibility or liability on my part, as I was not in charge of the affairs of the company during the financial year under consideration. All such responsibility or liability shall be upon the directors of the company during that year.*