



# STERLING BIOTECH LIMITED

CIN No. L51900MH1985PLC035738

Regd. Office. : 43 Atlanta Building, Nariman Point, Mumbai-400 021.

Tel. : +91(22) 6630 6732, 6630 6733 \* Fax : +91 (22) 2204 1954

To,  
BSE Limited  
Listing Department  
Phiroze Jeejeebhoy Tower,  
Dalal Street, Fort,  
Mumbai – 400001

To,  
NSE India Limited  
Exchange Plaza, 5th Floor,  
Plot No. C-1, Block G,  
Bandra Kurla Complex, Bandra East,  
Mumbai - 400051

Scrip Code – 512299  
ISIN - INE324C01038

Symbol - STERLINBIO  
ISIN - INE324C01038

Dear Sir/Madam,

Please find attached herewith Audited Financial Statement for the financial year 2018-19 of Sterling Biotech Limited duly signed by Mr. Sundares Bhat (Erstwhile Resolution Professional) dated 18.02.2021 along with Auditors' Report.

Thanking You  
Yours faithfully

**MAMTA  
BINANI**

Dr. (h.c.) Adv Mamta Binani (B.Com, FCS)  
Liquidator  
In the matter of Sterling Biotech Limited (under Liquidation)  
Registration No.: IBBI/IPA-002/IP-N00086/2017-18/10227  
liquidatorsterlingbiotech@gmail.com (process specific)  
mamtabinani@gmail.com (registered with IBBI)  
Address of the Liquidator registered with IBBI:  
2A, Ganesh Chandra Avenue, Commerce House  
Fourth Floor, Room no.6, Kolkata 700013

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Sterling Biotech Limited**

**Report on the Audit of the Standalone Financial Statements**

**Disclaimer of Opinion**

We were engaged to audit the accompanying standalone financial statements of Sterling Biotech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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 notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Financial Statements').

We do not express an opinion on the accompanying Standalone Financial Statements of the Company. Because of the significance of the matters 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 Financial Statements.

**Basis for Disclaimer of Opinion**

We are unable to determine the consequential impact certain specific transactions / matters and disclosures on the Standalone Financial Statements. Such specific transactions / matters include -

**1. Going Concern Assessment**

We draw attention to notes 1 and 12 read with notes 3 and 15 of the Standalone financial statements, which indicate that -

- (a) As explained in the note 1 of the Standalone Financial Statements, the Company was admitted to corporate insolvency resolution process ('CIRP') vide order of the National Company Law Tribunal ("NCLT"), Mumbai Bench, dated June 11, 2018. The claims of financial creditors admitted under CIRP were Rs.903,077 lakhs. The promoters made an application for One Time settlement ('OTS') of dues payable to financial creditors of the Company amounting to Rs.310,920 Lakhs. Andhra Bank (lead banker for the Consortium for Financial Creditors) has made an application to National Company Law Tribunal, Mumbai Bench (NCLT) to withdraw Corporate Insolvency Resolution Process (CIRP) and accept the One Time Settlement offer made by the promoters and approved by the Committee of creditors. The Hon'ble NCLT, Mumbai Bench, vide Order dated May 8, 2019 rejected the withdrawal of CIRP under section 12A and ordered liquidation of the company on a going concern basis, as per the provisions of the IBC as there was no resolution plan persisting for the company at that point in time. Being aggrieved and dissatisfied by the said Order, various affected parties approached the Hon'ble National Company Law Appellate Tribunal, New Delhi Bench, against the Order dated May 8, 2019. The Hon'ble NCLAT vide Order dated August 28, 2019 has set aside the Order dated May 8, 2019 passed by the Hon'ble NCLT, Mumbai Bench and approved withdrawal of CIRP subject to the compliance of Terms and Conditions under Section 12A of the Code. The Hon'ble NCLAT made further clarifications on November 18, 2019 to its order dated August 28, 2019 providing 30 days to give effect to the settlement offer under Sec.12 A by the promoters of the company failing which the order of Hon'ble NCLAT dated August 28, 2019 shall be recalled and the order dated May 8, 2019 by Hon'ble NCLT Mumbai shall stand restored and directed the Resolution Professional to continue till the process is completed under Section 12A. The 30 days' time limit was extended up to March 31, 2020 by the Supreme court. The matter is pending in Apex Court for the payment of OTS by promoters.
- (b) Although the company has positive cash profits, the Company has incurred net loss during the current and the previous year and has a negative net worth at the end of March 31, 2019.
- (c) The Company's current liabilities exceed the current assets as at the balance sheet date.



- (d) The Government of India, Ministry of Corporate affairs vide order F No 3/107/2018-CL II (WR) dated April 10, 2018 has ordered Investigation into the affairs of the Company under Sec 212(1) (c) of the Companies Act, 2013 by Serious Fraud Investigation Office and the Director, SFIO vide order no SFIO 2017-18/V/13513/2018 dated 13-Apr-2018 and has appointed Shri Dheeraj Kumar (Senior Assistant Director) as Investigation Officer under Sec 212(4) of Companies Act, 2013. Further the Enforcement Directorate has made an allegation against directors for criminal conspiracy with dishonest intention to cheat Andhra Bank and other public sector banks as per applicable provisions of Prevention of Money Laundering Act, 2002 and has attached the assets of the company. This matter is sub-judice and the impact, if any of the enquiry is unascertainable till the date of the adoption of these Standalone Financial Statements.
- (e) The company has extended corporate guarantee for borrowings included in claims admitted Rs.903,077 lakhs as per point (a) above. However, the matter is sub-judice and the outcome is unascertainable till the date of adoption of these Standalone Financial Statements.
- (f) The manufacturing activities of the Ooty plant of the Company have been temporarily discontinued with effect from June 23, 2018 due to alleged non-compliance of environmental norms after a change in stipulation of laws in the state of Tamil Nadu. The matter is currently under trial with the Environmental Pollution Control Board of Tamil Nadu and the impact, if any of the enquiry on the going concern of the cash generating unit (CGU) of Ooty is unascertainable till the date of the adoption of these Standalone Financial Statements.

Pending the outcome of the matters described in the paragraph 1 to 9 and the matters disclosed in (a) to (f) above, and possible impact thereof, we are unable to obtain sufficient appropriate audit evidence as to whether the Company will be able to service its debts, realize its assets and discharge its liabilities as and when they become due over the period of next 12 months. Accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern.

## **2. Corporate Guarantees and claims admitted**

We draw attention to note 15 read with note 1 and 13, which indicates that -

- (a) The borrowings as per Standalone financial statement are stated at Rs.583,905 lakhs as amount outstanding on the date of initiation of Corporate Insolvency Resolution Process dated June 11, 2018.
- (b) As mentioned in para 1 (a) above and based on the records available in public domain as of February 11, 2019, the claims admitted as per "List of Claims" is Rs. 903,077 lakhs against total claims received from financial creditors Rs.1,501,373 lakhs against outstanding liabilities.
- (c) These claims include claims admitted in relation to corporate guarantee provided by the company which are not yet accounted for in the books of accounts.
- (d) As mentioned in para 1(a) above, the matter related to withdrawal of CIRP under section 12A is pending in Apex Court for the payment of OTS by promoters.

As the matter is still pending, we are unable to comment on the value corporate guarantee.

## **3. Carrying Value of Plant, Property and Equipment ("PPE")**

We have not been provided with the fixed assets register disclosing full particulars including quantitative details, asset's physical location and the value of gross and net block of the property plant and equipment owned by the Company.

In the absence of availability of fixed assets register, we are unable to obtain any evidence relating to completeness, existence, valuation, rights and obligation and presentation and disclosure of property, plant and equipment and hence we are unable to comment on asset class, opening gross block, additions of assets, deletion of assets, accumulated depreciation at the beginning and at the end of the year, depreciation during the year, accumulated impairment at the beginning and at the end of the year and impairment adjustment, if applicable during the year.



**4. Capital Work in Progress ('CWIP')**

We draw your attention to note no 3 read along with note no 27, which indicate that -

- (a) The Company was in the process of setting up a new manufacturing facility at Baruch district, Gujarat. The opening value of CWIP includes capital expenditure on this plant set up and directly allocable expenses comprising of borrowing cost, foreign exchange fluctuation on foreign currency loans and pre-operative expenditure amounting to Rs 250,320 Lakhs.
- (b) An equivalent amount of impairment adjustment has been recorded by the company and has been disclosed in 'exceptional items' in the statement of profit and loss account.

In absence of sufficient and appropriate audit evidence, we are unable to comment on the value of CWIP and the related impairment adjustment in the Standalone Financial Statements.

**5. Loans and Advances**

We draw attention to Note no 10 read with note no 27 to the Standalone Financial Statements, which states that -

- (a) Advances recoverable in cash or kind of Rs. 33,567 lakhs were outstanding on April 1, 2018,
- (b) The company has recorded an impairment adjustment of Rs.34,249 lakhs as disclosed in 'Exceptional items' in the statement of profit and loss account.

In absence of sufficient and appropriate audit evidence, we are unable to comment on the value of loans and advances and the related impairment adjustment in the Standalone Financial Statements.

**6. Investments**

We draw attention to note 4 read with note 27 of the Standalone Financial Statements, which indicates the investment of Rs. 158,402 lakhs of the Company in unquoted equity shares of various companies. The company has recorded an impairment adjustment of Rs.158,402 lakhs against this amount. In absence of documentation, market-based assumptions and adequate valuation, we are unable to comment on the completeness, existence, valuation, rights and obligation and presentation and disclosure of the equity shares (unquoted) and impairment adjustment recorded in the Standalone Financial Statements

**7. Deferred Tax Assets**

We draw attention to note 5 read with note 12 of the Standalone Financial Statements, which states that -

- (a) The Company has recognised deferred tax assets of Rs. 126,299 lakhs.
- (b) The company has accumulated losses of Rs.523,993 lakhs.

Pending the outcome of the matters described in the paragraph 1 to 9, and the matters disclosed in (a) to (b) above, and possible impact thereof, we are unable to obtain sufficient appropriate audit evidence as to whether the Company will be able to realise this asset against future taxable profits of the Company with realisable certainty. Hence, we are unable to comment on the carrying value of this asset in the Standalone Financial Statements.

**8. Cash and Bank Balances**

During our audit we have sent balance confirmation to banks / financial institutions. We have not received response to our request for such balance confirmations towards bank balances of Rs. 5,570 lakhs and fixed deposits (with maturity more than 3 months) of Rs.261 lakhs.



Type of Account	Documents Received	No. of accounts	Amount (lakhs)
Bank balances	Bank Statement	7	5,514.70
	No Document Received	8	55.82
			<b>5,570.52</b>
Fixed deposits	Bank Statement	3	201.51
	No Document Received	4	59.44
	<b>Total</b>		<b>260.95</b>

In absence of confirmations, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2019 and related disclosures in Standalone Financial Statements.

#### 9. Contingent Liabilities

As stated in Note 15 to the Standalone Financial Statements, the Government of India, Ministry of Corporate Affairs have instructed Serious Fraud Investigation Office and the Director, SFIO to initiate investigation into the affairs of the company.

First Information Report under Sec 154 of The Code of Criminal Procedure, 1973 suspecting criminal conspiracy and abuse of official position during the period 2005-2011 has been filed against Income Tax officers and Directors of the Company.

Further, Enforcement Directorate have made an allegation against directors for criminal conspiracy with dishonest intention to cheat Andhra Bank and other public sector banks as per applicable provisions of Prevention of Money Laundering Act, 2002 and has attached the assets of the company

Pending outcome of the investigation, we are unable to determine the potential impact of non-compliance with applicable laws and determine whether any further adjustments that may be necessary to these Standalone Financial Statements

#### Other Matters

We would like to draw attention to the following matters in the Standalone Financial Statements:

##### 1. Opening Balances

The Standalone Financial Statements of the Company for the corresponding year ended March 31, 2018 were audited by the predecessor Statutory Auditor, JHS & Associates LLP who expressed disclaimer opinion vide their report dated December 19, 2018 and reliance has been placed by us on the same for the purpose of this report. We have been appointed as the Statutory Auditors of the Company on July 11, 2019. We have performed our audit on the basis of Books of accounts and other relevant records produced before us after the date of our appointment and on the basis of explanation and information provided to us by the Company.

#### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Management is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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.

The Company's Management is also responsible for overseeing the Company's financial reporting process.

The Hon'ble NCLT Mumbai vide its order has inter alia appointed, Mr. Sundaresh Bhat (having Insolvency Professional registration no IBBMPA-001 IP NO0077/ 20171810162) as the Interim Resolution Professional ("IRP") to conduct the CIRP for the Company and to exercise all powers and carry out all duties as envisaged under the provisions of the IBC As per Section 17(1) of the IBC, the management of the affairs of the Company now vests with the undersigned along with all the powers of the Board. The Board of Directors of the Company remain suspended and are powers vested with the board now vest with and shall be exercised by the IRP.

#### **Auditors Responsibilities for the Audit of the Standalone Financial Statements**

Our responsibility is to conduct an audit of the Company's Standalone Financial Statements in accordance with Standards on Auditing issued by ICAI and to issue an auditor's report. However, because of the significance 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 Financial Statements.

We are independent of the Company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Company.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order 2016 (the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) Due to the possible effects of the matters described in Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief which were necessary for the purpose of our audit;
- b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state 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) In our opinion, we conclude that the Balance Sheet Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
- e) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether such matters have any adverse effect on the functioning of the Company.



- f) In absence of any written representations regarding disqualifications of any directors as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act, we are unable to comment whether the directors forming the Board of Directors are disqualified from being appointed as a director under sub-section (2) of section 164 of the Companies Act, 2013. Further, as detailed out in Note 1, the powers of Board are suspended, and Resolution Professional is in charge of the affairs of the Company;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- h) As required by section 197 (16) of the Act, we report that the Company has not paid remuneration to its directors. The compliances under the aforementioned section are not applicable.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
- Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion, we are unable to state whether the Standalone Financial Statements disclose the complete impact of pending litigations on its financial position.
  - 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 provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
  - Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion, we are unable to state whether there were any amounts which were required to be transferred during the year to the Investor Education and Protection Fund by the Company.

For DKV and Associates

Chartered Accountants

Firm's Registration No.: 128192W

Kalyani Phadke

Partner

Membership No 117522

Place of Signature: Mumbai

Date: February 18, 2021

UDIN: 21117522AAAAEC4473



**Annexure-A to the Independent Auditor's Report**

The annexure referred to in our report to the members of **Sterling Biotech Limited** ("the company") for the year ended March 31, 2020. We report that:

**1. In respect of its fixed assets:**

- a. In absence of sufficient and appropriate audit evidence, we are unable to comment whether the Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation of fixed assets.
- b. We have not been provided reports of physical verification of fixed assets conducted by the management during the financial year 2018-19 or any of the preceding years. We have not been provided with the Company's policy on physical verification of fixed assets, its frequency and its reasonableness having regard to the size of the Company and nature of its assets. Accordingly, we are unable to comment on this Clause.
- c. We have only been provided with title deed of Land held at Ooty, Jambusar & Karakhadi. Title deed provided and verified by us are in the name of the Company. However, in the absence of proper records of the fixed assets available with the Company, it is not possible for us to comment on the completeness of the title deeds for other immovable property, if any.

**2. In respect of Inventory:**

As informed to us, the inventories consisting of raw materials, work in process and finished goods have been physically verified by the management once during the year. However, due to the fact that our appointment is after the year ended March 31, 2019, we are unable to comment on the method and frequency of physical verification.

**3. In respect of Loans given by company**

In respect of loans, secured or unsecured, granted by the Company to companies, firms limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (the Act), we have not been provided with the required details. Further, we have not been provided with the updated Register under section 189 of the Act. Accordingly, we are unable to comment on the completeness, accuracy & relevant legal compliance & provisions of clauses 3(i)(a), 3(iii)(b) and 3(iii)(c) of the Order.

**4. In respect of Loan to Directors and Investments by the Company**

As no information relating to the interests of the Directors in other companies as required under section 185 of the Act are made available to us, we are unable to comment on the compliance with the provisions of the said section for the loans and investments by the Company.

**5. In respect of Deposits**

According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, the provisions of Clause 3 (V) of the Order are not applicable.

**6. In respect of Cost Records**

We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and we comment that prima facie, the prescribed accounts and records have been made and maintained.

**7. In respect of Statutory Dues**

- a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance and Goods & service tax, Income tax and Custom Duty have generally been regularly deposited during the year by the Company with the appropriate authorities. Due to the possible effects of matters described in Basis of Disclaimer of Opinion paragraph in main report, we are unable to comment



whether the company is regular in depositing with statutory authorities undisputed statutory dues related to Investor Education and Protection Fund.

- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no undisputed statutory dues including Provident Fund, Employees State Insurance and Goods & service tax, Income tax and Custom Duty outstanding as at the year end for a period of more than six months from the date they became payable. Due to the possible effects of matters described in Basis of Disclaimer of Opinion paragraph in main report, we are unable to comment whether any material undisputed Investor Education and Protection Fund, were outstanding as at the year-end for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us and as per the records of the Company, the details of disputed dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as at March 31, 2019 are as follows:

Sr. No.	Name of Statute	Nature of Dues	Total Amount in lakh	Period to which amount relates	Forum where dispute is pending
1	The Central Excise Act, 1944	Cenvat Duty on DCP Clearance value	3,398.78	2008-2017	Commissioner of Central Excise
2	The Central Excise Act, 1944	Show cause for Outdoor Catering	5.65	2005-2012	Assistant Commissioner Central Excise and Customs
3	The Central Excise Act, 1944	Show Cause for Goods Transport Agency	14.79	2008-2018	Assistant Commissioner Central Excise and Customs
4	The Central Excise Act, 1944	Show Cause for Air Travel- Airport-Fuel	0.28	2015-2018	Range Supdt. Central Excise and Customs
5	The Central Excise Act, 1944	Show Cause for Banking Service (IDBI)	74.16	2013-2014	The Joint Commissioner Central Excise & Customs and Service Tax audit-1 Vadodara
6	The Central Excise Act, 1944	Clearing of Finished Goods by availing benefits under Notification No. 12/2012-CE Dated 17.03.2012	781.05	2018-19	CESTAT, Ahmedabad
7	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	120.70	2011-2017	Commissioner, Coimbatore
8	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	132.14	2016-2017	Additional Commissioner, Coimbatore

Sr. No.	Name of Statute	Nature of Dues	Total Amount in lakh	Period to which amount relates	Forum where dispute is pending
9	Central Sales tax, 1956	demand of purchase tax at the time of assessment with retrospective effect on material purchases against concessional forms.	296.72	2001-2004	Joint Commissioner
10	Central Sales tax, 1956	Assessment Order passed with demand of purchase tax on purchases of "O" rated in SEZ Unit.	103.90	2014-15	Deputy Commissioner
11	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	687.58	2008-2013	Commissioner, Salem
12	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	0.74	2015-2017	Deputy Commissioner, Coonoor Division
13	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	1.50	2008-2012	In the Customs, Excise and Service Tax Appellate Tribunal, Chennai
14	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	573.82	2003-2017	In the High Court of Judicature At Madras
15	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products (industrial sludge)	0.29	2016-2018	Assistant Commissioner of GST and Central Excise, Coonoor Division
16	The Central Excise Act, 1944	Denial of credit on common inputs used in both dutiable and exempted products	235.32	2003-2017	In the High Court of Judicature At Madras
17	Income tax	Addition to income in Assessment proceedings	64,735.17	AY 2006-2015	Commissioner Income Tax (Appeals)-48, Mumbai
18	Service Tax Rules, 1994	Denial of cenvat credit availed on ineligible input services	1.65	2013-2016	Assistant Commissioner (Audit Circle-I), Coimbatore
19	Service Tax Rules, 1994	Denial of Service Tax Credit availed on outward freight from factory to dumping yard	4.19	2006-2012	In the Customs, Excise and Service Tax Appellate Tribunal, Chennai

Sr. No.	Name of Statute	Nature of Dues	Total Amount in lakh	Period to which amount relates	Forum where dispute is pending
20	Goods and service Tax Act 2017	Denial of credit on common inputs used in both dutiable and exempted products- Phosphoryl "A" and Phosphoryl "B"	34.60	2017-2018	Assistant Commissioner of GST & Central Excise, Coonoor Division
21	Service Tax Rules, 1994	Wrong availment of PLA balance in Tran-1	0.10	2017-2018	Customs Excise and Service Tax Appellate Tribunal, Ahmedabad
			<b>71,203.13</b>		

\*Out of the above amounts payable reported, the Company has paid Rs. 817.44 Lakhs to various authorities under protest.

\*\*The above figures exclude interest liability up to the reporting date under various statutes.

**8. In respect of repayment of Loans**

Due to the possible effects of matters prescribed in notes 1 and 2 of the Basis of Disclaimer of Opinion in main report, we are unable to comment whether the company has defaulted in repayment of dues to banks, financial institutions and debenture holders during the year ended March 31, 2019.

**9. In respect of utilization of funds**

According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3 (ix) of the Order are not applicable.

**10. In respect of reporting of Frauds**

The Government of India, Ministry of Corporate affairs has ordered Investigation Into the affairs of the Company by Serious Fraud Investigation Office and the Director, SFIO. First Information Report under Sec 154 of The Code of Criminal Procedure, 1973 suspecting criminal conspiracy and abuse of official position during the period 2005-2011 has been filed against Income Tax officers and Directors of the Company. Consequent to investigations by Directorate of Enforcement, a Supplementary Prosecution Complaint has been filed on October 23, 2018 by Assistant Director, Directorate of Enforcement against the Company, its Promoters and others. As the final outcome of all these investigations are pending with various agencies, we are unable to comment on the implication of these frauds on the Standalone Financial Statements of the Company.

**11. In respect of approval of managerial remuneration**

As required by section 197 (16) of the Act, we report that the Company has not paid remuneration to its directors. The compliances under the aforementioned section are not applicable and hence reporting under paragraph 3(xi) of the Order is not applicable to the Company.

**12. In respect of Nidhi Company**

In our opinion, the Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.

**13. In respect of Related Party Transaction**

Due to the possible effects of matters stated in Basis of Disclaimer of Opinion paragraph, we are unable to comment on compliance with section 177 and Section 188 of the Companies Act, 2013 with respect to transactions with related parties.

**14. In respect of Private Placement of Preferential Issues**

The Company has not made any private placement during the year. Hence, Clause 3 (xiv) is not applicable.

**15. In respect of Non-Cash Transactions**

Due to the possible effects of matters stated in Basis of Disclaimer of Opinion paragraph, we are unable to comment on any non-cash transactions entered into with the directors or persons connected with them.

**16. In respect of Registration under RBI Act**

According to the information and explanation given to us, and to best of our knowledge and belief, the company is not required to obtain any registration under Section 45-IA of the Reserve Bank of India Act, 1934.

For DKV and Associates

Chartered Accountants

ICAI Firm Registration Number: 128192W



Per CA Kalyani Phadke

Partner

Membership Number: 117522

Place of Signature: Mumbai

Date: February 18, 2021

UDIN: 21117522AAAAEC4473



**Annexure - B to the Independent Auditors' Report****INDEPENDENT AUDITORS 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 Biotech Limited ("the Company") as at and for the year ended 31 March 2019, in conjunction with our audit of Standalone Financial Statements of the Company for the year ended on that date.

**Managements Responsibility for 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 (the Guidance Note) 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 the Company's business, including adherence to the 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.

**Auditors Responsibility**

Our responsibility is to express an opinion on the Company's IFC over FR with reference to these Standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFC over FR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFC over FR were established and maintained and if such controls operated effectively in all material respects.

Because of the matters described in the Basis for Disclaimer of Opinion in the main audit report we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Financial Statements as at March 31, 2019 and whether such internal financial controls were operating effectively.

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

A company's IFC over FR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's IFC over FR include 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 transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with 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 Standalone Financial Statements.

**Disclaimer of Opinion**

Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in our main audit report, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Financial Statements as at March 31, 2019 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements.

**Explanatory paragraph**

We were engaged to audit, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the Standalone financial statements of Sterling Biotech Limited, which comprise the Balance Sheet as at March 31, 2019, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of Sterling Biotech Limited and this report affects our report dated February 18, 2021 which expressed a disclaimer of opinion on those Standalone financial statements.

For DKV and Associates

Chartered Accountants

ICAI Firm Registration Number: 128192W

Per CA Kalyani Phadke

Partner

Membership Number: 117522

Place of Signature: Mumbai

Date: February 18, 2021

UDIN: 21117522AAAAEC4473



# STERLING BIOTECH LIMITED

Balance sheet as at 31 March, 2019

Particulars	Note	As at	
		31 March, 2019 Rs. Lacs	31 March, 2018 Rs. Lacs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,24,384.84	2,48,812.15
Capital work-in-progress	3	-	2,50,320.44
Financial assets			
Investments	4	230.93	1,58,644.56
Deferred tax assets (net)	5	1,26,247.60	81,285.55
Other non-current assets	6	817.41	585.60
		<u>3,51,680.78</u>	<u>7,39,648.30</u>
<b>Current Assets</b>			
Inventories	7	5,779.00	6,092.96
Financial assets			
Trade receivables	8	4,013.67	5,134.09
Cash and cash equivalents	9	6,137.82	631.97
Other current assets	10	2,665.89	35,927.88
		<u>18,596.39</u>	<u>47,786.90</u>
<b>Total assets</b>		<u><b>3,70,277.16</b></u>	<u><b>7,87,435.20</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	11	2,721.70	2,721.70
Other Equity	12	(4,18,982.26)	24,863.61
<b>Total Equity</b>		<u><b>(4,16,260.56)</b></u>	<u><b>27,585.31</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	1,97,873.50	1,97,873.50
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	13	1,24,427.32	1,20,807.31
Trade Payables	14	2,207.90	2,070.34
Other Financial Liabilities	13	4,59,477.70	4,37,455.87
Other Current Liabilities	14	2,551.30	1,642.87
		<u>5,88,664.22</u>	<u>5,61,976.39</u>
<b>Total liabilities</b>		<u><b>7,86,537.72</b></u>	<u><b>7,59,849.89</b></u>
<b>Total equity and liabilities</b>		<u><b>3,70,277.16</b></u>	<u><b>7,87,435.20</b></u>
Summary of Significant Accounting Policies	2		

Accompanying Notes are integral part of the financial statements.

As per Our Report of even date attached

For DKV & Associates  
Chartered Accountants  
F.R.No. 128192W



Kalyani Phadke  
Partner  
Membership No. 117522



Place: Mumbai

Date: 18/2/2021



Resolution Professional  
Sundaresh Bhat

Resolution Professional in the matter of CIRP of Sterling Biotech Limited  
Signed without any liability for administrative purpose only (See note no 29 and 30.)

# STERLING BIOTECH LIMITED

## Statement of Profit and Loss for the year ended 31 March, 2019

Particulars	Note	Year ended	Year ended
		31 March, 2019	31 March, 2018
		Rs. Lacs	Rs. Lacs
Revenue from operations	16	34,953.36	36,233.71
Other income	16.1	232.96	289.09
<b>Total income (I)</b>		<b>35,186.32</b>	<b>36,522.80</b>
<b>Expenses</b>			
Cost of raw material and components consumed	17	23,346.01	23,787.39
Change in inventories of finished goods and work-in-progress	18	(100.77)	1,363.48
Excise Duty		-	739.43
Employee benefits expense	19	4,916.06	5,841.18
Finance costs		25,869.96	43,967.15
Depreciation & amortisation	20	24,585.52	24,574.79
Other expenses	21	2,393.94	2,831.55
<b>Total expenses (II)</b>		<b>81,010.71</b>	<b>1,03,104.98</b>
<b>Profit/(Loss) before exceptional item and tax (I-II)</b>		<b>(45,824.39)</b>	<b>(66,582.18)</b>
Less : Exceptional Item	27	3,00,989.93	77,229.33
<b>Profit/(Loss) before tax</b>		<b>(3,46,814.32)</b>	<b>(1,43,811.51)</b>
Tax expense			
- Current tax		-	-
- Deferred tax		(13,788.62)	(43,273.00)
<b>Total tax expense</b>		<b>(13,788.62)</b>	<b>(43,273.00)</b>
<b>Profit/(Loss) for the period</b>		<b>(3,33,025.70)</b>	<b>(1,00,538.51)</b>
<b>Other Comprehensive Income</b>			
Items that will not to be reclassified to profit or loss			
Net (loss)/gain on FVTOCI of equity securities		(1,41,993.61)	460.32
Income tax effect		31,173.44	54.28
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(1,10,820.17)</b>	<b>514.60</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>(4,43,845.87)</b>	<b>(1,00,023.91)</b>
Earning per equity share [Face value of Rs.1/- each]	22		
- Basic		(122.36)	(36.94)
- Diluted		(122.36)	(36.94)

Accompanying Notes are integral part of the financial statements.

### As per Our Report of even date attached

For DKV & Associates  
Chartered Accountants  
F.R.No. 128192W

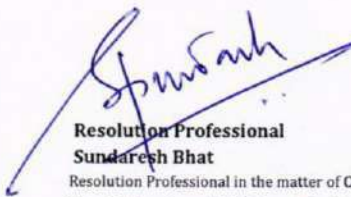


Kalyani Phadke  
Partner  
Membership No. 117522



Place: Mumbai

Date: 18/2/2021



Resolution Professional  
Sundarsh Bhat

Resolution Professional in the matter of CIRP of Sterling Biotech Limited  
Signed without any liability for administrative purpose only (See note no 29 and 30.)





# STERLING BIOTECH LIMITED

## Cash Flow Statement for the year ended 31 March, 2019

Particulars	Note	Year ended	Year ended
		31 March, 2019	31 March, 2018
		Rs. Lacs	Rs. Lacs
<b>A) Cash flow from operating activities:</b>			
Net Profit before taxation and exceptional items		(45,824.39)	(66,582.18)
Adjustments for			
- Depreciation/amortisation		24,585.52	24,574.79
- Interest expenses		25,869.96	43,967.15
Profit on sale of Fixed Assets		-	(4.19)
Profit on Investments (Foreign Exchange Gain)		-	(179.14)
Interest Income		(65.71)	(26.83)
<b>Operating profit before working capital changes</b>		<b>4,565.37</b>	<b>1,749.60</b>
Movement in working capital :			
(Increase)/Decrease in Trade Receivables		1,120.43	(625.79)
(Increase)/Decrease in Inventory		313.96	1,177.20
(Increase)/Decrease in Other Receivables		(357.78)	(4,098.13)
Increase/(Decrease) in Trade Payable (Current Liabilities)		184.50	(1,483.48)
		5,826.49	(3,280.60)
Direct Tax		-	-
<b>Net cash flow (used in)/from operating activities (A)</b>		<b>5,826.49</b>	<b>(3,280.60)</b>
<b>B) Cash flows from investing activities</b>			
(Purchase) of fixed assets		(158.23)	(946.47)
Sales of fixed assets		-	4.85
Interest Earned on Fixed Deposits		65.71	26.83
<b>Net cash flow used in investing activities (B)</b>		<b>(92.52)</b>	<b>(914.79)</b>
<b>C) Cash flows from financing activities</b>			
Proceeds from Issue of Preference Shares		-	6,613.50
Proceeds/(Repayment) of borrowings		(228.11)	(3,049.39)
<b>Net cash (used in)/from financing activities (C)</b>		<b>(228.11)</b>	<b>3,564.11</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>5,505.86</b>	<b>(631.30)</b>
Cash and cash equivalents at the beginning of the year		631.96	1,263.26
<b>Cash and cash equivalents at the end of the year</b>		<b>6,137.83</b>	<b>631.96</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.

Accompanying Notes are integral part of the financial statements.

**As per Our Report of even date attached**

For DKV & Associates  
Chartered Accountants  
F.R.No. 128192W



Kalyani Phadke  
Partner  
Membership No. 117522



  
**Resolution Professional**  
**Sundarash Bhat**  
Resolution Professional in the matter of CIRP of Sterling Biotech Limited  
Signed without any liability for administrative purpose only (See note no 29 and 30.)

Place: Mumbai

Date: 18/2/2021

## Statement of Changes in Equity for the Year ended 31 March, 2019

### a. Equity share capital

Equity shares of Rs.1/- each	No. in lacs	Rs. Lacs
Authorised		
At 31 March, 2018	5,000.00	5,000.00
At 31 March, 2019	5,000.00	5,000.00
Issued and Subscribed		
At 31 March, 2018	2,758.94	2,758.94
At 31 March, 2019	2,758.94	2,758.94
Paid up (fully paid)		
At 31 March, 2018	2,721.70	2,721.70
At 31 March, 2019	2,721.70	2,721.70

### b Other Equity

Rs. Lacs

Reserves and Surplus		Retained earnings	Items of OCI		Total Other Equity
Share Premium	Debtore Redemption Reserve		FVTOCI reserve		

#### For the year ended 31 March, 2019

As at 31st March, 2018	1,00,133.08	4,982.14	(1,90,848.02)	1,10,596.41	24,863.61
Profit for the year	-	-	(3,33,025.70)	-	(3,33,025.70)
Other comprehensive income	-	-	-	(1,10,820.17)	(1,10,820.17)
Total comprehensive income	-	-	(3,33,025.70)	(1,10,820.17)	(4,43,845.87)
Issue of share capital	-	-	-	-	-
<b>As at 31 March, 2019</b>	<b>1,00,133.08</b>	<b>4,982.14</b>	<b>(5,23,873.73)</b>	<b>(223.76)</b>	<b>(4,18,982.26)</b>

#### For the year ended 31 March, 2018

As at 31st March, 2017	1,00,133.08	4,982.14	(90,309.51)	1,10,081.81	1,24,887.52
Profit for the year	-	-	(1,00,538.51)	-	(1,00,538.51)
Exceptional Item (refer note 27)	-	-	-	26.53	26.53
Other comprehensive income	-	-	-	488.07	488.07
Total comprehensive income	-	-	(1,00,538.51)	514.60	(1,00,023.91)
Issue of share capital	-	-	-	-	-
<b>As at 31 March, 2018</b>	<b>1,00,133.08</b>	<b>4,982.14</b>	<b>(1,90,848.02)</b>	<b>1,10,596.41</b>	<b>24,863.61</b>

#### As per Our Report of even date attached

For DKV & Associates  
Chartered Accountants  
F.R.No. 128192W

*Kalyani Phadke*

Kalyani Phadke  
Partner  
Membership No. 117522



*Sundares Bhat*

Resolution Professional  
Sundares Bhat

Resolution Professional in the matter of CIRP of Sterling Biotech Limited  
Signed without any liability for administrative purpose only (See note no 29 and 30.)

Place: Mumbai

Date: 18/2/2021

## Notes to the Financial Statements for the year ended 31 March, 2019

### 1. Corporate Information

Sterling Biotech 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 National Stock Exchange (NSE) and 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 engaged in the manufacturing of Pharma Grade Gelatine & Di-Calcium Phosphate and other Pharma products. The Company has presence in both domestic and international markets.

The Company was admitted to corporate insolvency resolution process ("CIRP") vide order of the National Company Law Tribunal ("NCLT"), Mumbai Bench, dated June 11, 2018 ("Insolvency Commencement Date") under the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code"). [NCLT order dated June 26, 2018 and taken over by RP on June 27, 2018].

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 ("IBC/Code

Mr. Sundaresh Bhat having Registration No. IBB1/IPA-001/IPPO0077/2017-2018/10162 was appointed as the Interim Resolution Professional ("IRP") to manage the affairs of the Company. Subsequently, Mr. Sundaresh Bhat was confirmed as the Resolution Professional ("RP") by the committee of creditors ("CoC"). On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended.

The committee of Creditors has approved the withdrawal of CIRP of the Company under section 12A of IBC with requisite majority in the meeting dated 7th March, 2019. However Hon'ble NCLT, Mumbai Bench, vide Order dated 08/05/2019 rejected the withdrawal of CIRP of the company and ordered liquidation of the company as going concern and appointed Ms. Mamta Binani as Liquidator.

The Hon'ble NCLAT made further clarifications on November 18, 2019 to its order dated August 28, 2019 providing 30 days to give effect to the settlement offer under Sec 12 A by the promoters of the company failing which the order of Hon'ble NCLAT dated August 28, 2019 shall be recalled and the order dated May 8, 2019 by Hon'ble NCLT Mumbai shall stand restored and directed the Resolution Professional Mr. Sundaresh Bhat to run the company as going concern till the process is completed under Section 12A. The 30 days' time limit was extended up to March 31, 2020 by the Supreme court.

The matter is pending in Apex Court for the payment of OTS by promoters.

### 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.

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 and Capital Work in progress 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 equipment's 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 equipment's, 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.

*Asset	Estimated Useful Life (years)
Buildings	30
Plant and Machinery	8
Furniture, Fixtures and office equipment	5
Computer Software	8

\* for these class of assets useful lives are different from the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013. (wherever Different useful life than schedule II is considered). Based on technical evaluation carried by a chartered engineer and internal assessments made, the company believes that useful lives mentioned above are best representative of the period over which the company expects to use the assets.)

#### 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.

#### 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 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost (WAC) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.8 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/ VAT/GST.



M

## 2.9 Other Income

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Export Benefits: The Company accounts for export benefit entitlements under the Duty Entitlement Pass Book Scheme of Government of India, on accrual basis.

## 2.10 Foreign Currency Translations

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.

## 2.11 Employee Benefits

### a. Short Term Employee benefits

All Short term employee benefit plans such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undisclosed basis and charged to the Statement of Profit & Loss.

### b. Defined Contribution Plan

The company has a statutory scheme of Provident Fund with the Regional Provident Fund Commissioner and contribution of the company is charged to the Statement of Profit & Loss on accrual basis.

### c. Defined Benefit Plan

The Company's liability towards gratuity to its employees is covered by a group gratuity policy with LIC of India to extent of fund value deposited by company. The contribution paid / payable to LIC of India is debited to the statement of Profit & Loss on accrual basis. Liability towards gratuity is provided on the basis of an actuarial valuation using the Projected Unit Credit method and debited to the Statement of Profit & Loss on accrual basis. Thus charge to the Statement of Profit & Loss includes premium paid to LIC, current service cost, interest cost, expected return on plan assets and gain/loss in actuarial valuation during the year, net of fund value of plan asset as on the balance sheet date. Liability towards leave salary is provided on actuarial basis.

## 2.12 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.

## 2.13 Research and Development expenditure

Revenue expenditure is charged to the statement of Profit and Loss in the period in which it is incurred and is reflected under the appropriate heads of account. Capital expenditure is debited to Fixed Assets and depreciated at applicable rates.

## 2.14 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 require 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.

## 2.15 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.

## 2.16 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.

## 2.17 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.

### (f) 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 FVOCI, 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 handwritten signature or mark in blue ink, consisting of a stylized 'M' or similar character.

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.

##### 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.

#### 2.18 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

#### 3A. Property, Plant and Equipment

Particulars							Rs. lakhs
	Land & Development	Leasehold Land	Buildings	Plant & machinery	Office Equipment's & Furniture	Vehicles	Total
As at 31 March, 2017	3,414.90	6,377.90	35,427.37	2,79,425.59	1,932.80	2,174.74	3,28,753.30
Additions	-	-	19.54	661.69	29.35	47.84	758.42
Disposals	-	-	-	-	-	1.37	1.37
As at 31 March, 2018	3,414.90	6,377.90	35,446.91	2,80,087.28	1,962.15	2,221.21	3,29,510.35
Additions	-	-	13.91	135.89	8.41	-	158.21
Disposals	-	-	-	-	-	-	-
As at 31 March, 2019	3,414.90	6,377.90	35,460.82	2,80,223.17	1,970.56	2,221.21	3,29,668.56
<b>Depreciation</b>							
As at 31 March, 2017	-	185.11	3,838.44	49,993.23	1,271.89	835.47	56,124.14
Additions	-	67.31	1,707.03	22,310.72	178.27	311.44	24,574.77
Disposals	-	-	-	-	-	0.71	0.71
As at 31 March, 2018	-	252.42	5,545.47	72,303.95	1,450.16	1,146.20	80,698.20
For the year	-	67.32	1,707.30	22,320.18	179.28	311.44	24,585.53
Disposals	-	-	-	-	-	-	-
As at 31 March, 2019	-	319.74	7,252.77	94,624.13	1,629.44	1,457.64	1,05,283.73
<b>Net Book Value</b>							
As at 31 March, 2018	3,414.90	6,125.48	29,901.44	2,07,783.33	511.99	1,075.01	2,48,812.15
As at 31 March, 2019	3,414.90	6,058.16	28,208.05	1,85,599.04	341.12	763.57	2,24,384.84
As at 31 March, 2019	3,414.90	6,058.16	28,208.05	1,85,599.04	341.12	763.57	2,24,384.84
<b>Net Book Value</b>							
					As at		
					31 March 2019		31 March 2018
					Rs. lakhs		Rs. lakhs
Property, Plant and Equipment					2,24,384.84		2,48,812.15
Capital Work in Progress					-		2,50,320.44

On 28 June 2018, the Tamilnadu Pollution Control Board has issued closure direction of the Ooty unit of the company with the stipulation to install and implement Zero Liquid Discharge (ZLD) system in the Unit. This requirement is for the reason that the Ooty being eco sensitive area and the permission to discharge treated liquid/ water was in the nearby dam, which has been discontinued. As of December, 2018 temporary power had been granted by the Environment Pollution Control Board of Tamilnadu to enable the plant convert the WIP into finished goods. The company is optimistic for the re-start of the Ooty Plant.

#### 3B Capital Work in Progress

The company CWIP of Rs. 2,50,320.44 lakhs as at 31-03-2018 comprises of expenditure incurred on setting of new manufacturing facility at Bharuch district and amount incurred over several year is largely comprises of capital expenditure and directly allocable expenses comprising of borrowing cost, foreign exchange fluctuation on foreign currency loans and pre-operative expenditure. Impairment of CWIP of Rs. 2,50,320.44 lakhs is on the basis of valuation report issued by the valuers appointed under the CIRP and charged as Exceptional Item, refer note No. 27.

#### 4. Non-current Investments

Investments at FVTOCI  
Investments in Mutual Funds  
Investments in Shares (Quoted)



	As at	
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
Investments in Mutual Funds	205.16	188.54
Investments in Shares (Quoted)	25.21	53.46

Investments in Shares (Un-quoted)	-	1,58,402.00
National Savings Certificate	0.56	0.56
<b>Total</b>	<b>230.93</b>	<b>1,58,644.56</b>

#### Schedule of Investment

4.1 Particulars	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Investment in Mutual Funds</b>		
Jm Basic Fund-Growth Plan - 89,984 (March 31, 2018 : 89,984) units	29.22	27.76
Jm Core 11 Fund-Series I - 10,00,000 (March 31, 2018 : 10,00,000) units	93.94	83.96
Jm Multi Strategy Fund-Growth Plan - 1,77,734 (March 31, 2018 : 1,77,734) units.	55.30	52.17
L&T India Large Cap Fund-Growth - 98,685 (March 31, 2018 : 98,685) units.	26.70	24.65
<b>Total</b>	<b>205.16</b>	<b>188.54</b>
<b>Investment in Equity Shares - (Quoted)</b>		
Reliance Power Limited - 8,720 (March 31, 2018 : 8,720) equity shares of Rs. 10 each fully paid up - quoted	0.99	3.15
Transwarranty Finance Limited - 5,38,124 (March 31, 2018 : 5,38,124) equity shares of Rs. 10 each fully paid up - quoted	24.22	50.31
<b>Total</b>	<b>25.21</b>	<b>53.46</b>
<b>Investments in Shares (Un-quoted)</b>		
Share-Atlantic Bluewater Services Ltd. -11,000 March, 2019(March 31, 2018 : 11,000 No of shares) equity shares of \$ 1(Face Value) each fully paid up - unquoted	8.65	8.65
Share-British Oil & Gas Exploration Ltd. - 20 March, 2019(March 31, 2018 : 20 No of shares) equity shares of \$ 1 (Face Value) each fully paid up - unquoted	9.42	9.42
Share - Sterling Oil Resources Limited- 10,00,000 March, 2019(March 31, 2018 : 10,00,000 No of shares) equity shares of Rs. 10(Face Value) each fully paid up - unquoted	1,392.53	1,392.53
Share - Sterling Port Limited- 9,90,00,000 March, 2019(March 31, 2018 : 9,90,00,000 No of shares) equity shares of Rs. 10(Face Value) each fully paid up - unquoted	1,39,133.24	1,39,133.24
Share - Sterling SEZ & Infrastructure Ltd- 1,95,00,000 March, 2019(March 31, 2018 : No of shares) equity shares of Rs. 10(Face Value) each fully paid up - unquoted	15,572.05	15,572.05
Sterling Exploration and Energy production company Ltd. BVI- 10,500 March, 2019(March 31, 2018 : 10,500 No of shares) equity shares of Rs. 1 (Face Value) each fully paid up - unquoted.	1,136.11	1,136.11
Shimmit Utsch India P.Ltd.- 11,50,000 March, 2019(March 31, 2018 : 11,50,000 No of shares) -Unquoted	1,150.00	1,150.00
<b>Less: Impaired Investment in Shares (Un-quoted)</b>	<b>(1,58,402.00)</b>	<b>-</b>
	<b>-</b>	<b>1,58,402.00</b>

The Mutual funds and Quoted Equity Shares are traded in active markets and fair value are based on quoted market prices at the 31 March, 2019.

The Unquoted Equity Shares are investments made In Companies which are recognised as related parties, except Shimmit Utsch India P.Ltd. . All Unquoted Equity Shares Investments are Impaired during the year.

5. Deferred Tax Asset (net)	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Deferred Tax Asset/(Liability)	1,26,247.60	1,12,458.99
Deferred Tax Liability recognised in FVTOCI	-	(31,173.44)
<b>Total</b>	<b>1,26,247.60</b>	<b>81,285.55</b>

6. Other Non-current assets	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Miscellaneous Expenditure</b>		
Opening Balance	-	14,142.80
Add : Capitalised during the period	-	-
Less : Amortised during the period	-	(14,142.80)
<b>Deposits</b>		
Unsecured, considered good	817.41	585.60
Unsecured, considered doubtful	-	-
Less: allowance for expected credit losses	-	-
<b>Closing Balance</b>	<b>817.41</b>	<b>585.60</b>

7. Inventories	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Raw Materials</b>		
Stock in Process	770.29	1,096.19
Stores & Spares parts	3,120.76	2,674.87
Finished Goods	769.35	858.17
	1,118.60	1,463.73
<b>Total</b>	<b>5,779.00</b>	<b>6,092.96</b>

(i) Inventories are valued at weighted average method of inventory valuation.No amount is provided for slow moving and obsolete items during the year as all the inventory recognised as good.

(ii) Inventory and Trade receivables including all current assets are hypothecated as security against working capital loan.

8. Trade Receivables (Unsecured, Considered Good)	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Outstanding for a period exceeding six months from the date they are due for payment	148.77	18.68
Other receivables	3,864.90	5,115.40
(Unsecured, Considered Doubtful)	-	-
Less: Allowance for expected credit loss	-	-
<b>Total</b>	<b>4,013.67</b>	<b>5,134.09</b>

(i) Trade receivables are non-interest bearing and are generally on credit terms not exceeding 12 months.

(ii) The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for private information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in provision matrix.



N

(iii) Movement in allowance for credit losses of receivables is as follows:

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Balance at the beginning of the year	-	-
Charge in statement of profit & loss	-	-
Release to statement of profit & loss	-	-
Balance at the end of the year	-	-

9. Cash and Bank Balances

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Cash and cash equivalents</b>		
Cash on hand	11.00	40.31
Balances with banks		
In Current Account	6,126.82	591.66
- Deposit with original maturity of less than three months	-	-
<b>Total</b>	<b>6,137.82</b>	<b>631.97</b>

10. Other current assets

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Earmarked Bank Balances</b>		
Unpaid dividend	-	-
Deposit with maturity of more than three months but less than twelve months	-	-
In Fixed Deposits ( Margin Money under lien to bank and Debt service reserve account)	760.95	417.07
Balance with Excise & Other Government Authorities	1,729.02	1,943.50
Advance recoverable in cash or kind or for value to be received	175.92	33,567.31
<b>Total</b>	<b>2,665.89</b>	<b>35,927.88</b>

Advance recoverable in cash or kind for Rs. 34,249.46 lakhs is impaired during the year on the basis of valuation report issued by the valuers appointed under the CIRP and charged as Exceptional Item, refer note No. 27.  
Advance recoverable in cash or kind impaired also includes balance receivable from related party PMT Machines Ltd. Rs. 130 lakhs.

11. Equity Share Capital

	No. in lakhs	No. in lakhs
<b>Authorised Share Capital</b>		
50,00,00,000 Equity shares of Rs.1/- each		
At 31 March 2018	5,000.00	5,000.00
Increase/(decrease) during the year	-	-
At 31 March, 2019	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued and Subscribed</b>		
27,50,94,388 Equity share of Rs.1/- each		
At 31 March 2018	2,758.94	2,758.94
Increase/(decrease) during the year	-	-
At 31 March, 2019	<b>2,758.94</b>	<b>2,758.94</b>
<b>Paid-up (fully paid)</b>		
27,21,70,388 Equity shares of Rs.1/- each		
At 31 March 2018	2,721.70	2,721.70
Increase/(decrease) during the year	-	-
At 31 March, 2019	<b>2,721.70</b>	<b>2,721.70</b>

Reconciliation of number of shares outstanding and the amount of share capital:-

	2018-19		2017-18	
	Number of shares	Amount (Rs lakhs)	Number of shares	Amount (Rs lakhs)
Shares outstanding at the beginning of the year	2721,70,388	2,721.70	2721,70,388	2,721.70
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2721,70,388	2,721.70	2721,70,388	2,721.70

Rights, preferences and restrictions attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.1/- per share. Each shareholder of equity share is entitled for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March, 2019		As at 31 March, 2018	
	No. in lakhs	% holding	No. in lakhs	% holding
<b>Equity shares of Rs.1/- each fully paid</b>				
Albula Investment Fund Limited	142.85	5.25%	159.63	5.87%
Lotus Global Investments Ltd-Adr/Gdr	139.48	5.12%	139.48	5.12%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

12. Other Equity

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Share Premium Account	1,00,133.08	1,00,133.08
Debenture Redemption Reserve	4,982.14	4,982.14
Other Comprehensive Income	(223.76)	1,10,597.00
Retained Earnings	(5,23,873.73)	(1,90,848.61)
<b>Total</b>	<b>(4,18,982.26)</b>	<b>24,863.61</b>

(a). Refer statement of change in other equity for movement in components of other equity.

(b). Debenture redemption reserve - The Companies Act, 2013 requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of the debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

(c). The Other Equity of the company has been eroded and now stands negative at Rs. 4,18,982.26 lakhs. Also the net worth of the company now stands negative at Rs. 4,16,260.56 lakhs as of March 31, 2019 (Rs. 27,585.31 lakhs as of March 31, 2018) against share capital of Rs. 2,721.70 lakhs (31 March 2018: Rs. 2,721.70 lakhs) and securities premium of Rs. 1,00,133.08 lakhs (31 March 2018: Rs. 1,00,133.08 lakhs).  
The Current Liabilities of Rs. 5,88,664.22 lakhs exceed the current assets of Rs. 1,70,563.39 lakhs by Rs. 5,70,097.83 lakhs as of March 31, 2019.



N

The company has incurred a loss of Rs. 4,43,845.87 lakhs during the year ended March 31, 2019 (Rs. 100,023 lakhs for YE March 31, 2018). Although the earnings before depreciation and finance cost is Rs.4,631.09 lakhs, the reason for negative profitability is depreciation (Rs.24,585.52 lakhs), finance cost (Rs.25,869.96 lakhs) and amounts written off (exceptional items) Rs.3,00,989.93 lakhs and Negative other comprehensive income not to be reclassified to profit or loss for Rs.1,10,820.17 lakhs.

The committee of Creditors has approved the withdrawal of CIRP of the Company under section 12A of IBC with requisite majority in the meeting dated 7th March, 2019. Hon'ble NCLAT vide order date 18/11/2019 approved the withdrawal of CIRP of the company (refer note No.1).

The Companies Standalone Financial Statements have been prepared with Going concern assumption on the basis of the ability of company's promoters to service the One Time Settlement and withdrawal of the Corporate Insolvency Proceedings for which the matter is sub-judice.

### 13. Borrowings

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Unsecured</b>		
8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights of Rs.10/- each	1,97,873.50	1,97,873.50
<b>Total</b>	<b>1,97,873.50</b>	<b>1,97,873.50</b>

Accumulated dividend on proportionate basis of issued Preference Shares as on balance sheet date amounts to Rs. 675,91.33 lakhs (Rs.517,61.45 lakhs as on 31-03-2018) is not provided for.

#### 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
PMT Machines Ltd.	33,507.00	33,507.00
Sterling Port Ltd.	1,38,240.00	1,38,240.00
Sterling SEZ & Infrastructure Ltd	26,126.50	26,126.50
<b>Total</b>	<b>1,97,873.50</b>	<b>1,97,873.50</b>

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Current borrowings</b>		
Working Capital Borrowings from Banks (Secured by way of first charge on Current Assets and second charge on fixed assets of the company, on pari passu basis)	60,088.18	60,479.91
Interest accrued and due on working capital borrowings	35,622.67	32,500.09
Short Term Loans from Banks	28,716.47	27,827.31
<b>Total</b>	<b>1,24,427.32</b>	<b>1,20,807.31</b>

1. Interest rates on Working capital Borrowings from Banks vary in the range of 13.65% p.a. to 19.00% p.a. (linked with BPLR/MCLR). The said loans are repayable on demand and also secured by way of first charge on current assets of the company and second charge on the fixed assets of the Company, on pari passu basis. Part of the said loans are additionally secured by way of a personal guarantees of the two Promoter Directors of the Company.

2. Interest rate applicable on the Short Term Loans from Banks during the year were in the range of 13.25% to 15% p.a.

	As at	
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Other Financial Liabilities</b>		
Current maturities of long term borrowings [Including interest accrued and due]		
Foreign Currency Convertible Bonds	1,39,091.03	1,30,792.00
Zero Coupon Convertible Bonds due 2019 (Aggregating to USD 201,082,000 (31 March 2018: USD 201,082,000)		
Term Loans from Banks	1,25,145.98	1,22,036.00
Redeemable Non-Convertible Debentures	75,348.47	73,329.65
External Commercial Borrowings		
a) ECB 2009 aggregating USD March 31, 2019 :USD 4,59,14,509/- (March 31, 2018: USD 4,53,74,591/- )	31,759.66	29,513.49
b) ECB 2010 aggregating USD March 31, 2019 :USD 11,65,14,294/- (March 31, 2018: USD 11,47,49,455/-)	80,594.45	74,637.75
Derivative Loss payable	7,538.11	7,146.99
<b>Total</b>	<b>4,59,477.70</b>	<b>4,37,455.87</b>

1. Interest rates on Rupee term loans from banks vary in the range of 11.4% p.a. to 16.35% p.a. (linked with BPLR/MCLR). These loans are secured by first pari passu charge on Fixed Assets of the Company. Part of the said loans are also secured by way of second charge on the current assets of the Company, both present and future, on pari passu basis and/or the personal guarantees of the Promoter Directors of the Company.

2. Interest rate on Redeemable Non-Convertible Debentures is 12% with additional 2% p.a for defaulting period. The said debentures were redeemable in 20 quarterly installments starting from November 05, 2010 and last installment due on August 05, 2015. The said debentures are Secured by first charge on pari passu basis on entire immovable and movable properties of the Company offering minimum Fixed Asset Coverage Ratio of 1.25 times during the tenure of debentures.

3. Interest rates on External Commercial Borrowings 2009 is 6 months LIBOR +375 bps. They are secured by first pari passu charge on all immovable and moveable Fixed Assets of the Company second charge on the current assets of the Company, both present and future, on pari passu basis. The same are repayable in 9 half yearly installment after moratorium of 30 months from date of disbursement.

4. Interest rates on External Commercial Borrowings 2010 is 6 months LIBOR +475 bps. They are secured by first pari passu charge on all immovable and moveable Fixed Assets of the Company second charge on the current assets of the Company, both present and future, on pari passu basis. The same are repayable in 12 half yearly installment after moratorium of 23 months from date of disbursement.

5. The company has executed Rupee Term Loan Agreement on January 09, 2015 with certain lenders including ECB lenders under obligor co-obligor structure for facilities granted to domestic group companies of Sandesara Group to which Company belongs. Accordingly, the securities and future cash flows are charged in favour of the lenders participating in Obligor co-obligor structure and the interest rate for facilities extended by these lenders is at 12% p.a.

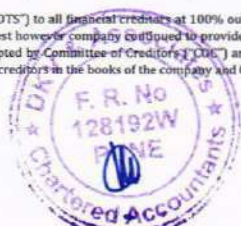
6. The Company defaulted in repayment of loans and borrowings to the banks and financial institutions in last year and the Company has also defaulted in repayment of dues to debenture-holders in last year. Pursuant to the continuing defaults of the Company, a Corporate Insolvency Resolution Process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Mumbai Bench of the National Company Law Tribunal ("NCLT") dated 11th June, 2018. Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under other financial liabilities as 'current maturities of long term borrowings'.

7. From 11th June-2018 on wards interest cost recognition on all types of loans is ceased as Corporate Insolvency Process was initiated.

8. Promoters of the company offered One Time Settlement ("OTS") to all financial creditors at 100% outstanding amount on the date of account being classified as NPA minus the payments made thereafter. After account declared as NPA, financial creditors did not charge any interest however company continued to provide interest expenses on mercantile basis till the date of initiation of CIRP i.e. 10/06/2018. On the basis of working total OTS amount worked out to Rs. 31,09,20 lakhs. OTS was accepted by Committee of Creditors ("CoC") and resolution under section 12A of IBC was approved by e-voting concluded on 07/03/2019 with requisite majority. Accordingly the difference between book balance of financial creditors in the books of the company and OTS amount agreed by Financial creditors will be relinquishment of liability.

### 14. Trade payables and Other Current Liabilities

As at





	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
<b>Trade Payables</b>		
MSME Suppliers	348.25	-
Other Suppliers	1,859.65	2,070.34
<b>Total Trade payables</b>	<b>2,207.90</b>	<b>2,070.34</b>
<b>Other current liabilities</b>	<b>2,551.30</b>	<b>1,642.87</b>
<b>Provisions (Included in other current Liabilities above)</b>		
<b>Provisions - Non Current</b>		
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Gratuity payable (Refer Note )	728.32	825.71
Leave encashment	189.90	188.59
	918.22	1,014.30
<b>Provisions - Current</b>		
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Gratuity payable (Refer Note )	52.13	-
Leave encashment	11.18	-
	63.31	-
<b>Note</b>		
<b>Employee benefit plan</b>		
	31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Net benefit expenses	981.53	1,014.30
Current service cost	70.27	-
Past service cost	-	-
Benefits paid by LIC directly to beneficiary	90.48	-
Fund balance lying with LIC	251.87	259.98
Interest cost on benefit obligations	76.15	-

**Gratuity (funded by the Company):** The Company operates a Gratuity plan through LIC trust for its all employees. The Gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of service, whichever is earlier, of an amount equivalent to 15 days' salary for each completed year of service as per rules framed in this regard. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. In case of majority of employees, the Company's scheme is more favourable as compared to the obligation under payment of Gratuity Act, 1972. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by the Ind AS-19 - 'Employee Benefits', which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation.

15. **Contingent Liabilities (to the extent not provided for)**

	As at 31 March, 2019 Rs. lakhs	31 March, 2018 Rs. lakhs
Estimated amount of contracts remaining to be executed on capital account	-	122.35
Claims against the Company not acknowledged as debts		
(i) Excise Duty & Service Tax	6,067.35	4,192.54
(ii) Sales Tax	400.62	296.71
(iii) Income Tax	64,735.17	33,883.34

(a) The Government of India, Ministry of Corporate affairs vide order F No 3/107/2018-CL II (WR) dated April 10, 2018 has ordered Investigation into the affairs of the Company under Sec 212(1) (c) of the Companies Act, 2013 by Serious Fraud Investigation Office and the Director, SFIO vide order no SFIO 2017-18/V/13513/2018 dated 13-Apr-2018 and has appointed Shri Dheeraj Kumar (Senior Assistant Director) as Investigation Officer under Sec 212(4) of Companies Act, 2013.

First Information Report under Sec 154 of The Code of Criminal Procedure, 1973 suspecting criminal conspiracy and abuse of official position during the period 2005-2011 has been filed against Income Tax officers and Directors of the Company.

Further, Enforcement Directorate have made an allegation against directors for criminal conspiracy with dishonest intention to cheat Andhra Bank and other public sector banks as per applicable provisions of Prevention of Money Laundering Act, 2002. This matter is sub-judice and the impact, if any of the enquiry is unascertainable at this stage.

(b) The company has executed ANZ SBLFC Facility Agreement on September 30, 2015 with certain lenders as co-obligor under the ANZ SBLFC Facility of USD 560 Mn. granted to Sterling Global Oil Resources Private Limited, Mauritius to avail ANZ FC facility of USD 544 Mn. by Sterling Exploration and Energy Production Company Limited, BVI. Accordingly, all tangible and intangible movable and immovable assets of the Company, both present and future, are charged in favour of the lenders participating in ANZ SBLFC Facility, on pari-passu basis with existing charge holders.

(c) The claims of financial creditors admitted under CIRP were Rs.903,077 lakhs against the claims submitted Rs.1,501,373 lakhs. This included corporate guarantees provided by the company (including liability against ANZ SBLFC Facility as mentioned in 15(b)).

16. **Revenue**

	Year ended 31 March, 2019 Rs. lakhs	Year ended 31 March, 2018 Rs. lakhs
Sale of Finished goods	34,662.67	35,972.74
Export Incentive and Duty Draw back	290.69	260.97
<b>Revenue from operations</b>	<b>34,953.36</b>	<b>36,233.71</b>

16.1 **Other Income**

	Year ended 31 March, 2019 Rs. lakhs	Year ended 31 March, 2018 Rs. lakhs
Sales Miscellaneous	126.58	86.98
Interest Earned	65.71	102.46
Other Income	40.67	99.65
	232.96	289.09

17. **Cost of material consumed**

	Year ended 31 March, 2019 Rs. lakhs	Year ended 31 March, 2018 Rs. lakhs
Opening Stock	1,941.80	1,755.51
Add: Purchases	22,943.84	23,973.68
	24,885.64	25,729.19
Less: Closing Stock	1,539.63	1,941.80
<b>Total</b>	<b>23,346.01</b>	<b>23,787.39</b>

18. **Changes in inventory of finished goods and work-in-progress**

	Year ended 31 March, 2019 Rs. lakhs	Year ended 31 March, 2018 Rs. lakhs
Inventory at the end of the period		
Finished goods	1,118.60	1,463.73
Work-in-progress	3,120.77	2,674.87
	4,239.37	4,138.60
Inventory at the beginning of the period		
Finished goods	1,463.73	1,307.92
Work-in-progress	2,674.87	67,266.73
	4,138.60	68,574.65
Less: Prior Period Expenses	-	63,072.57
	4,138.60	5,502.08



M

	(100.77)	1,363.48
(Increase)/decrease in inventory		
<b>19. Employee benefits expense</b>	<b>Year ended</b>	<b>Year ended</b>
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
Salaries, Wages & Bonus	4,601.64	5,292.40
Contribution to Provident Fund & Other funds	187.93	427.39
Staff Welfare expenses	126.49	121.39
<b>Total</b>	<b>4,916.06</b>	<b>5,841.18</b>
<b>Managerial Remuneration (included above)</b>	<b>Year ended</b>	<b>Year ended</b>
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
Salary (including Bonus)	-	8.00
<b>20. Depreciation and amortisation</b>	<b>Year ended</b>	<b>Year ended</b>
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
Depreciation on fixed assets	24,585.52	24,574.79
Amortisation of Non-current Assets	-	-
<b>Total</b>	<b>24,585.52</b>	<b>24,574.79</b>
<b>21. Other expenses</b>	<b>Year ended</b>	<b>Year ended</b>
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
Repair & Maintenance: Buildings	35.34	60.01
Repair & Maintenance: Plant & Machinery	673.98	775.40
Travelling & Conveyance	207.16	352.06
Telephone & Telex	18.48	50.93
Printing & Stationery	11.75	18.39
Postage, Telegram & Courier	11.93	16.26
Office Expenses	652.01	1,007.71
Rent Rates and Taxes	42.22	64.06
Insolvency Resolution Professional Cost	447.05	-
Audit Fees	11.72	8.75
Selling & Distribution Expenses	282.29	477.98
<b>Total</b>	<b>2,393.94</b>	<b>2,831.55</b>
<b>Auditors Remuneration</b>		
Audit Fees	9.97	7.00
Tax Audit Fees	1.75	1.75
<b>Total</b>	<b>11.72</b>	<b>8.75</b>

Auditors M/s DKV & Associates were Appointed by Liquidator Ms. Mamta Binani on 11th Jul, 2019 for statutory audit of FY 2018-19.

	Year ended	Year ended
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
<b>22. Earnings per share (EPS)</b>		
The following table reflects the income and shares data used in computation of the basic and diluted earnings per share.		
a. Total Loss for the period	(3,33,025.70)	(1,00,538.52)
b. Nominal value of each Equity share (Rs.)	1.00	1.00
c. Weighted average No. of Equity Shares for Basic EPS	2,721.70	2,721.70
d. Basic Earnings per Share (Rs.) (a/c)	(122.36)	(36.94)
e. Weighted average No. of Equity Shares for Diluted EPS	2,721.70	2,721.70
f. Diluted Earnings per Share (Rs.) (a/e)	(122.36)	(36.94)
g. No (in lakhs) of FCCB not included in (e), being antidilutive in nature	1,609.00	1,609.00

i. Basic Earning per share ("EPS") amounts are calculated by dividing the (loss) for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

ii. Diluted EPS amounts are calculated by dividing the (loss) attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into Equity shares.

iii. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share and are mentioned in (g) above.

	Year ended	Year ended
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
<b>23. Foreign Currency Earnings and Expenditure</b>		
a. FOB value of Exports	8,579.11	7,854.36
b. CIF Value of Imports	54.07	205.48
c. Other Expenditure	37.99	57.14

#### 24. Segmental Reporting

The company's operations fall under single segment and there are no reportable segments in accordance with Ind AS 108 on 'Operating Segments'.

#### 25. Financial Instruments

##### 25.1 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 requirement of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to share holders or issue new shares.

##### a) Debt Equity ratio

	As at	
	31 March, 2019	31 March, 2018
	Rs. lakhs	Rs. lakhs
Net debts	7,81,778.52	7,56,136.68
Total equity	(4,16,260.56)	27,585.31
<b>Net debt to equity ratio</b>	<b>(1.88)</b>	<b>27.41</b>

(b) Dividend - During the year ended March 31, 2019, no dividend has been recommended as distributions to equity shareholders (March 31, 2018: NIL)

##### 25.2 Categorization of Financial Instruments

Particulars

As at

31 March, 2019

31 March, 2018



N

	Rs. lakhs	Rs. lakhs
<b>(i) Financial Assets</b>		
(a) Investments at FVTOCI (note 4)	230.93	1,58,644.56
(b) Measured at Amortised Cost		
Trade receivables (note 8)	4,013.67	5,134.09
Cash and cash equivalents (note 9)	6,137.82	911.40
Other current assets (note 10)	2,665.89	3,510.81
	<u>12,817.38</u>	<u>41,556.30</u>
<b>(ii) Financial Liabilities</b>		
Measured at Amortised Cost		
Borrowings (Non-current) (note 13)	1,97,873.50	1,97,873.50
Borrowings (Current) (note 13)	1,24,427.32	1,21,086.74
Other Financial Liabilities (note 13)	4,59,477.70	4,37,455.87
Trade Payables (note 14)	2,207.90	2,070.33
Other Current Liabilities (note 14)	2,551.30	1,520.90
	<u>7,86,537.72</u>	<u>7,60,007.34</u>

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.

### 25.3 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 includes 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 Company has long term debt obligation hence highly affected by interest rates fluctuations. The mark to market valuation of its portfolio is impact 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. The Company has an international business and some part of its sales are in foreign currencies which exposes to changes in foreign exchange rates. Fluctuating rupee can impact the realisation of its receivables. The maximum export sales are done on advance payment basis and outstanding export receivable are not insignificant. However, the foreign currency loans will have a significant impact on the Company's foreign currency risk.

#### (iv) Commodity Price Risk

The Company is affected by the price volatility of its key raw materials. Its operating activities requires a continuous supply of key material for manufacturing of Gelatine and pharma products. The Company's procurement department continuously monitor the fluctuation in price and take necessary action to minimise its price risk exposure.

#### (v) 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. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its treasury operation. The Company majorly sells its goods on advance payment basis and hence not subject to credit risk for its receivables.

#### (vi) Liquidity Risk

As of March 31, 2019, the Company has negative working capital of Rs. 5,70,067.83 lakhs (current assets of Rs.18,596.39 lakhs including cash and cash equivalents of Rs.6,137.82 lakhs). The Company has outstanding bank borrowings of Rs. 5,83,905.03 lakhs as working capital borrowings, short term loans and current maturities of long term loans. Accordingly, the high liquidity risk is perceived.

### 26. Related Party Disclosure

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

##### i) Details of Key Management Personnel suspended due to CIRP

Mr. Nitin J. Sandesara Managing Director  
Mr. Chetan J. Sandesara Joint Managing Director

##### ii) Enterprises in which significant influence is exercised by Key Management Personnel

Sterling SEZ and Infrastructure Limited  
Sterling Oil Resources Limited  
Sterling Port Limited  
Sterling International Enterprises Limited  
PMT Machines Limited  
Atlantic Bluewater Services Ltd.  
British Oil & Gas Exploration Ltd.  
Sterling Exploration & Energy Production Co. Ltd.  
Sterling Oil Exploration & Energy Production Co. Ltd.

#### B. The aggregate amount of transaction with the related parties is as below

Particulars	Nature of transaction	Rs. lakhs	Year ended
		31 March, 2019	31 March, 2018
		Rs. lakhs	Rs. lakhs
1 Mr. Chetan J. Sandesara	Remuneration	-	8.00
2 Sterling SEZ and Infrastructure Limited	Lease rent and maintenance charges Closing Balance at Year End (Dr / (Cr))	- (49.69)	170.69 (49.69)
3 Sterling Port Limited	Advances given Impairment adjustment recorded Closing Balance at Year End (Dr / (Cr))	- 40.00 -	40.00 - 40.00
4 PMT Machines Limited	Advances given Impairment adjustment recorded Closing Balance at Year End (Dr / (Cr))	7.65 130.00 (17.35)	105.00 - 105.00
Less- Receivable Amount from PMT Machine Ltd. Impairment adjustment recorded at Year End		(25.00)	105.00
5 Sterling SEZ and Infrastructure Limited		4,875.00	4,875.00
6 Sterling Oil Resources Limited		500.00	500.00
7 Sterling Port Limited		9,900.00	9,900.00
8 Atlantic Bluewater Services Pvt. Ltd.	Investment	4.97	4.97



N

9	British Oil & Gas Exploration Pvt. Ltd.		5.46	5.46
10	Sterling Exploration & Energy Production Co. Ltd.		6.97	6.97
	Less- Investments Impaired		15,292.40	-
			-	<u>15,292.40</u>

11	Sterling SEZ and Infrastructure Limited	Preference Share Capital	26,126.50	26,126.50
12	Sterling Port Limited	(Incl. Appln Money)	1,38,240.00	1,38,240.00
13	PMT Machines Limited		33,507.00	33,507.00

27.	<b>Exceptional Items</b>		<u>Year ended</u>	<u>Year ended</u>
			31 March, 2019	31 March, 2018
			Rs. lakhs	Rs. lakhs
a.	Foreign Exchange Fluctuations loss of period		-	26.53
b.	Inventory		-	63,060.00
c.	Misc. Expenditure		-	14,142.80
d.	Capital Work In Progress (CWIP) (Note 3B)		2,50,320.44	-
e.	Loans and Advances (Note 10)		34,249.46	-
f.	Investments (Note 4.1)		16,420.03	-
			<u>3,00,989.93</u>	<u>77,229.33</u>

Exceptional Items relates to impairment of certain current assets, Investments in Unquoted shares and capital work in progress. The impairment is on the basis of valuation report issued by the valuers appointed under the CIRP. Loans and Advances impaired also includes balance receivable from related party PMT Machines Ltd. Rs. 130 lakhs

**28 Dues to micro and small enterprises**

Based on the information received by the Company from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) amount of Rs.254.87 lakhs is due to such vendors as at the year end. Interest is not provided on the Amount due to Vendors as company is under Corporate insolvency resolution process

**29 Key Roles and Responsibilities & Data Sources during the F.Y 1st April,2018 to 31st March, 2019:**

Area of Work			
Overall Accounts and Finance & decisions	Promoters and Directors till August 2017		
Director on Record	Mr. Rajbhushan Dixit *		
Legal and Secretarial	Kirtidev Khatri (V.P.Legal), Adv. Prem Jha and Sunil Joshi		
Finance & treasury	Sanjay Surana up to September 30, 2018 and Chandra Prakash Poddar from October 1, 2018		
	Karakhadi	Masar	Ooty
Plant Heads	P.D. Singh /Pawan Bhatnagar	Vishnu Gupta/Satish Shah	C. Manokaran
	HO	Karakhadi	Masar
			Ooty
Accounts & Consolidation	Manish Shah #		
	Girish Jethmalani	Riya Chaudhari %	Rakesh Modi %
			D. Chandrasekaran %

# Mr. Manish is a consultant-commercial functions from the past 15 years and is working for sterling Biotech limited.

\* Mr. R.B.Dixit is an Independent Director. No promoter directors are present in India.

% Ms. Riya Chaudhari has been Account head of karkhadi division since: October 2010

% Mr. Rakesh Modi has been Account head of Masar division since: December 2012

% Mr. D. Chandrasekaran has been Account head of Ooty division since: April 2002

**30** It is pertinent to note that the Resolution Professional made all practical and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the financial statements of the company and also the information required by the auditors for the purpose of carrying out the audit of the financial statements of the Company. The Resolution Professional has relied upon and assumed the accuracy/ veracity of data/information provided by the officials of the Company, suspended directors, and long term consultants and the records of the Company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the Company as of the dates and for the period indicated therein. The RP has not personally verified the information provided by the officials of the Company and has placed confidence in the data/ information provided to him. The financial statements have been signed by the Resolution Professional as no promoter director is present in India and the independent director / directors have refused to sign. Accordingly, the Resolution Professional should be absolved from the accuracy, veracity and sufficiency or completeness of such information. The Resolution Professional has signed the Financial Statements to facilitate the CIRP process and to facilitate the statutory requirements without any liability of the same. Hon'ble NCLAT Vide order date 18/11/2019 appointed Resolution Professional to run the company as Going Concern. Between 08-05-2019 to 19-11-2019 Ms. Mamta Binani, was appointed as Liquidator of the company vide NCLT order Dated 08-05-2019

**31 Previous period figures**

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

Accompanying Notes are integral part of the financial statements.

As per Our Report of even date attached

For DKV & Associates  
Chartered Accountants  
F.R.No. 128192W

  
Kalyani Phadnis  
Partner  
Membership No. 117522



  
Resolution Professional  
Sundaresh Bhat  
Resolution Professional in the matter of CIRP of Sterling Biotech Limited  
Signed without any liability for administrative purpose only (See note no 29 and 30.)

Place: Mumbai

Date: 18/2/2021

