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

February 01, 2019

To,
BSE Limited
Listing Department
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai - 400 001

Scrip Code - 512299
ISIN - INE324C01038

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051

Symbol - STERLINBIO
ISIN - INE324C01038

Subject: Outcome of the Meeting of Resolution Professional held on Friday, 01st February 2019 at 10.00 A.M. IST at C-25, Laxmi Towers, A - 601, 6th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400051, INDIA.

Dear Sir / Madam,

As already informed to you the Company is in financial distress since an extensive period of time which resulted in the Company being admitted into the Corporate Insolvency Resolution Process (**"CIRP"**) as per the provisions of Insolvency and Bankruptcy Code, 2016 by the order of Hon'ble National Company Law Tribunal (hereinafter referred to as **"NCLT"**) dated 11th June 2018. The NCLT vide its Order dated 11th June 2018 has appointed the undersigned, Mr. Sundaresh Bhat (having Insolvency Professional registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) as the Interim Resolution Professional ("IRP") to conduct the CIRP for Sterling Biotech Limited and to exercise all powers and subject and carry out all duties as envisaged under the provisions of the Insolvency and Bankruptcy Code, 2016. Further, the Committee of creditors in its meeting held on 26th July 2018 had appointed Mr. Sundaresh Bhat (having Insolvency Professional registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) as the Resolution Professional ("RP") of Sterling Biotech Limited. This has resulted in suspension of powers of the Board of Directors of the company as per Section 17 of the Insolvency and Bankruptcy Code, 2016.

This is to inform you, pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Resolution Professional ('RP') on February 01, 2019 has considered and approved the:

a. Unaudited Financial Results for the quarter ended 30th June 2018 and
b. Unaudited Financial Results for the quarter and half year ended 30th September 2018.

The RP has relied on the clarifications, representations and statements as made by Director and the Finance personnel's of the company in relation to the financial accounts and records.

The Unaudited Financial Results for the quarter ended 30th June 2018 and Unaudited Financial Results for the quarter and half year ended 30th September 2018 is enclosed herewith.

Corp. Office : Sandesara Estate, Atladra, Padra Road, Vadodara - 390 012.
Tel. : +91-265-2680720, 2680730 * Fax : +91-265-2680257, 2680732 * Email : sterling_gelatin@stergel.com
Works : ECP Road, Village Karakhadi - 391 450. Ta : Padra, Dist : Vadodara, Gujarat, India. Tel. : (02662) 273292/94, 273364/65/67 * Fax : (02662) 273293

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The enclosed Statement of Standalone Financial Results for the quarter June 30, 2018 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the respective plant locations and supervised by Finance personnel's of the company and approved in the meeting held on February 1, 2019 and has been reviewed by the Statutory Auditors of the Company. Since no quarterly reviews were carried out for the quarter ended March 31, 2018 the figures are based on the best judgement of the management. The period is prior to the Resolution Professional (RP) appointment and hence RP holds no liabilities for the said quarter nor the corresponding quarters of FY 2017-2018.

The enclosed Statement of Standalone Financial Results for the quarter September 30, 2018 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat(IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the respective plant locations and supervised by Finance personnel's of the company and approved in the meeting held on February 1, 2019 and has been reviewed by the Statutory Auditors of the Company. Since no quarterly reviews were carried out for the quarter ended September 30, 2017 the figures are based on the best judgement of the management, except for the quarter under review (Sep 2018), all other periods are prior to the appointment of the RP, hence RP takes no liability for the said periods, nor for the corresponding previous financial years.

Further this is to bring to your kind attention that as the company is under CIRP process and they are facing difficulties for obtaining relevant data from the subsidiary(ies), hence at present the company has not uploaded the audited consolidated financial statements. You are requested to take the same on record and acknowledged receipt of the same.

The meeting was commenced at 10.00 a.m. and concluded at 06·30 p.m. IST.

You are requested to take the same on record.

Thank You,

Yours Sincerely,

SUNDARESH BHAT
Resolution Professional in the matter of CIRP of Sterling Biotech Limited
Communications Email Address: irp.sterling@bdo.in ; sundareshbhat@bdo.in

IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162
IBBI Registered Email: sundareshbhat@bdo.in
IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA
Insolvency Profesional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

STERLING BIOTECH LIMITED

(All amounts are in Indian Rupees Lakhs, except if otherwise stated)

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018

	Particulars	Quarter ended			Year ended	
		June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018	
		(Unaudited) Refer note 1	(Unaudited) Refer note 1	(Unaudited) Refer note 1	(Audited)	
1	Income from operations					
(a)	Revenue from operations *	8,367.08	8,027.18	10,036.71	35,804.54	
(b)	Other income *	193.16	212.33	179.17	713.86	
	Total income from operations	8,560.24	8,239.51	10,215.88	36,518.40	
2	Expenses					
(i)	Cost of materials consumed *	5,855.55	5,174.47	6,873.30	23,782.99	
(ii)	Excise duty on sale of goods	-	-	610.65	739.43	
(iii)	(Increase)/ decrease in stock of finished goods, stock-in-trade and Work-in-progress	235.91	318.12	344.78	1,363.48	
(iv)	Employee benefits expense	1,305.75	1,666.92	1,354.83	5,841.18	
(v)	Finance cost	23,745.49	11,361.25	10,251.52	43,967.15	
(vi)	Depreciation and amortization expenses	6,144.26	6,143.70	6,667.50	24,574.79	
(vii)	Other expenses	593.94	657.75	858.41	2,831.56	
	Total expenses	37,880.90	25,322.21	26,961.00	1,03,100.58	
3	Loss from operations before exceptional items and tax(1-2)	(29,320.66)	(17,082.70)	(16,745.12)	(66,582.18)	
4	Exceptional Items	3,00,989.93	76,705.53	-	77,229.33	
5	Loss from operations before tax(3-4)	(3,30,310.59)	(93,788.22)	(16,745.12)	(1,43,811.52)	
6	Tax (credit)/expense	-	-	-	-	
	Current tax	-	-	-	-	
	Tax for earlier years	-	-	-	-	
	Deffered tax expense/(credit)	(99,390.46)	(37,478.00)	(5,795.00)	(43,273.00)	
7	Net Profit/(Loss) for the period/year (5+6)	(2,30,920.13)	(56,310.22)	(10,950.12)	(1,00,538.51)	
8	Other comprehensive income	(1,42,002.20)	336.81	177.79	514.60	
9	Total comprehensive income (7+8)	(3,72,922.33)	(55,973.41)	(10,772.33)	(1,00,023.91)	
10	Paid-up equity share capital(face value of share Rs.1/- each)	2,721.70	2,721.70	2,721.70	2,721.70	
11	Earnings/(Loss) per share (Not annualised)					
	Basic (Rs.)	(137.02)	(20.57)	(4.02)	(36.94)	#
	Diluted (Rs.)	(137.02)	(20.57)	(2.53)	(36.94)	#

Annualized EPS

SHAH & ASSOCIATES LLP * CHARTERED ACCOUNTANTS *

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162
Read with note no: 1

STERLING BIOTECH LTD.

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STERLING BIOTECH LIMITED

(All amounts are in Indian Rupees Lakhs, except if otherwise stated)

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018

Notes:-

* The changes in the below figures is due to regrouping of foreign exchange variance

Particulars	Quarter ended March 31, 2018 as per LODR of March 2018	Regrouping	Quarter ended March 31, 2018 as per quarterly results
Revenue from operations	8,091.25	(64.07)	8,027.18
Other income	149.84	62.49	212.33
Cost of materials consumed	5,176.05	(1.58)	5,174.47

Particulars	Year ended March 31, 2018 as per LODR of March 2018	Regrouping	Year ended March 31, 2018 as per quarterly results
Revenue from operations	35,972.74	(168.20)	35,804.54
Other income	550.06	163.80	713.86
Cost of materials consumed	23,787.39	(4.40)	23,782.99

1) The above Statement of Standalone Financial Results for the quarter June 30, 2018 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the respective plant locations and supervised by Mr. Manish Shah (Consultant-Commercial functions for Sterling Biotech Limited) and Mr. Girish Jethmalani (Employee-Accounts) and approved in the meeting held on February 1, 2019 and has been reviewed by the Statutory Auditors of the Company. Since no quarterly reviews were carried out for the quarter ended March 31, 2018 the figures are based on the best judgement of the management. The period is prior to the Resolution Professional (RP) appointment and hence RP holds no liabilities for the said quarter nor the correspodning quarters of FY 2017-2018.

2) The company's operations fall under single segment hence segment reporting is not applicable.

3) 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").

4) The Company has incurred net loss during the current quarter and in the previous year and the Company's current liabilities have exceeded its current assets as at the reporting date.

However, the petition was admitted by the Hon'ble National Company Law Tribunal, Mumbai Bench pursuant to an order dated 11th June, 2018 and corporate insolvency resolution process was initiated against the Company under Section 7 of the Insolvency and Bankruptcy Code, 2016. Subsequently, the Resolution Professional took over the management of the affairs of the Company.

The new management is working towards a workable resolution plan to resolve financial position with the lenders within the prescribed time limit and to continue its business as a going concern.

Following are some of the highlights of the improvements which further substantiate the going concern assumption:

i) The company has managed to cut down the purchase expenses by negotiating with the vendors.

ii) Masar Division has achieved the highest sales in August'18 and September'18 comparing past twelve months.

iii) Due to increase in production, sales and receivable, Masar & Karakhadi plants are able to manage their working capital requirements from their internal accruals and the cash accrual of company have gone up.

iv) The company has successfully retained and catered the gelatin requirement of Ooty division from Karakhadi division, of the customers who were affected due to closure of production facility at Ooty. Company is catering to the needs of 50 to 60 % of the Ooty customer's requirement from Karakhadi.

v) Committee of creditors (CoC) of the company have passed resolution dated 8th September, 2018 approving the implementation of Zero Liquid Discharge for Ooty Plant from internal accruals of the corporate debtor / company.

Thus, on the basis of the grounds mentioned above, the financial statements have been prepared on the going concern assumption.

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162

STERLING BIOTECH LTD.

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

5) Exceptional items relates to impairment of certain current assets, investments and capital work in progress. The impairment is on the basis of valuation report issued by the valuers appointed

Particulars	EXCEPTIONAL ITEMS	OCI	TOTAL (In Lakh)
Capital Work In Progress (CWIP)	2,50,320.44	-	2,50,320.44
Investments	16,420.03	1,42,002.20	1,58,424.88
Current Assets	34,249.46	-	34,249.46
TOTAL	**3,00,989.93**	**1,42,002.20**	**4,42,994.78**

The company had raised external commercial borrowings for expansion prior to 2012. The interest cost on such external commercial borrowings were being capitalized upto March 31, 2018. Due to the impairment of capital work in progress based on the valuation report issued by the valuers appointed under the CIRP, the interest cost on such external commercial borrwoings have been charged to the statement of profit and loss for the quarter June 30, 2018.

6) The management has not made any provisions for interest payable towards outstanding financial borrowings post initiation of CIRP (i.e) June 11, 2018

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

Place: Mumbai
Date: 1-Feb-2019

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STERLING BIOTECH LTD.

Resolution Professional of Sterling Biotech Limited
Sundaresh Bhat 1-2-2019

Resolution Professional in the matter of CIRP of Sterling Biotech Limited
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Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Resolution Professional of Sterling Biotech Limited
Signed without any liability for administrative purpose only, as review period is prior to appointment of insolvency professional/ commencement of corporate insolvency resolution process read with Note 1

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162

NB

Limited Review Report on the Standalone Unaudited Financial Results of *Sterling Biotech Limited* for the quarter ended June 30, 2018 pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members of
Sterling Biotech Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results of Sterling Biotech Limited ('the Company') for the quarter ended June 30, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Resolution Professional of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

JHS & ASSOCIATES LLP * CHARTERED ACCOUNTANTS *

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4. Basis of Qualification

   a. The comparative Ind AS financial information of the Company for the corresponding quarter ended June 30, 2017 was reviewed by the predecessor auditor M/S. H. S. Hathi & Co, Chartered Accountants who expressed an unmodified opinion vide their report dated August 12, 2017 and reliance has been placed by us for the purpose of this report. However, financial information for the quarter ended March 31, 2018 was not reviewed and is based on the information provided by the management (Refer Note No. 1 to the Statement).
   b. The Company has not fully complied with all the requirements of the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and hence the Statementis not Ind AS compliant.
   c. The Company has not prepared and presented Consolidated Ind AS Financial Statements for the quarter ended June 30, 2018 as required under Section 129 (3) of the Companies Act, 2013.

   Based on our review conducted as above and subject to the possible effects of the matters described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices (subject to our comment in Para 4 (C) above) and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to:
   a. Andhra Bank ("AB"), in its capacity as the Financial Creditor of Sterling Biotech Limited ("Corporate Debtor"), filed C. P. (I.B.) 490/MB/2018 of 2018 ("Petition") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble Adjudicating Authority, i.e. National Company Law Tribunal, at Mumbai ("Hon'ble NCLT Mumbai") for initiation of Corporate Insolvency Resolution Process ("CIRP") for the Corporate Debtor. The said Application of Andhra Bank has since been admitted by the Hon'ble NCLT Mumbai vide its order dated June 11, 2018 ("Order") and the CIRP has commenced from the date of the order.

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

The Hon'ble NCLT Mumbai vide its Order has inter alia appointed, Mr. Sundaresh Bhat (having Insolvency Professional registration no. IBBI/IPA-001 /IP-N00077/2017-18/10162) 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 IRP. All the powers of the Board of Directors of the Company stand suspended and are now vested with and shall be exercised by the IRP.

The Government of India, Ministry of Corporate affairs vide order F No 3/197/2018-CLII (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/Inv/AOI/2017-18/I/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 filled against Income Tax officers and Directors of the Company.

Further, 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. This matter is sub-judice and the impact, if any of the enquiry is unascertainable at this stage.

b. 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.

Further, in the absence of availability of gross value, opening net value and Management's assessment of the estimated useful life for various items of PPE, we are not able to comment on the adequacy and accuracy of the depreciation of Rs. 6,144.26 Lakh charged for the quarter under audit.

The Company has taken land on rent for a term of 99 years from Sterling SEZ -and Infrastructure Limited on March 26, 2010 on payment of premium of Rs. 6,462.68 Lakh. In addition, an annual lease rental of Rs 1 per square meter amounting to Rs 4.36 Lakh is being paid. The same is disclosed by the Company as owned assets reflected at carrying value of Rs 6,108.65 Lakh instead of operating lease as per the requirement of Ind AS 17 'Leases'. As a result, the Property Plant and Equipment is overstated by Rs. 6,108.65 Lakh.

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

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An agreement to sell was entered into at Vadodara on November 19, 2015 by and between Sterling Biotech Limited and Alembic Pharmaceuticals limited for sale of land namely 782, 789, 791, 800, 801, 802, 818/B, 830/B/1, 830/B/2, 831/A, 831/B, and 832 defined specifically in annexure of the agreement for total consideration of 499.63 Lakh. An amount of Rs 247.31 Lakh was received as advance for the aforementioned purpose by Sterling in November 2015. The said land has been mortgaged to SREI Infrastructure Finance Limited. The balance amount of Rs 249.81 Lakh was to be paid at the time of completion of the sale and on Sterling delivering vacant and peaceful possession of the said land along with necessary approvals. It was agreed that the transfer of the said land shall be completed on or before November 18, 2017. As of the reporting date, the transfer of the land has not materialized and management is unable to share further details on the outcome of the transfer.

c. As at June 30, 2018, the Company is carrying loans, borrowings and external commercial borrowings of Rs. 780,091.28 Lakh from various banks, financial institutions and other parties. Corporate Insolvency Resolution Process has been initiated against the Company by the NCLT and the estimated amount of claims from financial creditors is Rs 1,501,373 Lakh and admitted claim as per "List of Claims" is Rs 896,269 Lakh upto December 31, 2018. These claims also include claims admitted in relation to corporate guarantees provided by the Company on behalf of group companies. In the absence of necessary information and in view, of the pendency of the CIRP, we are unable to comment on probability of occurrence of any default and the actual liability that may devolve on the Company in this regard.

d. During the period ended June 30, 2018, the Company has recognized deferred tax income of Rs. 99,390.46 Lakh. In the absence of reasonable certainty on realization of this asset against future taxable profits of the Company, we are unable to comment on the carrying value of this asset in the Statement.

e. The manufacturing activities of the Ooty plant of the Company have been temporarily discontinued due to alleged violation of environmental norms in the state of Tamil Nadu with effect from June 28, 2018. The matter is currently under trial with the Environmental Pollution Control Board of Tamil Nadu. As of December, 2018 temporary power has been granted by the Environmental Pollution Control Board of Tamil Nadu to enable the plant convert the existing WIP into finished goods. This power facility is granted only up to January 31, 2019. During this period no fresh purchases, production can be undertaken by the plant. These facts cast material uncertainty about the functionality of the Ooty plant in the near future.

SHS & ASSOCIATES LLP * CHARTERED ACCOUNTANTS *

f. The Management has not made any provisions for interest payable towards outstanding financial borrowings post initiation of CIRP as on June 11, 2018. During the period under review, interest expense was recognised only from April 1, 2018 to June 11, 2018(Refer Note no 6 of the Statement). Further, The Company has not provided for interest on derivative loss payable to JP Morgan Chase from July 11, 2017.

g. During the period under review, the Management has provided for impairment of various assets for Rs. 4,42,994.78 Lakh under exceptional items in the Statement (Refer Note no 5 of the Statement).

h. Management has prepared the Statement on a going concern basis on in spite of following facts and circumstances (Refer Note no 4 of the Statement):
    a. The Company has incurred net losses of Rs. 230,920.13 Lakh during the current quarter and the previous year (year ended March 31, 2018) of Rs. 100,538.51 Lakh (including the provision for finance cost and depreciation).
    b. The Company's current liabilities have exceeded its current assets as at the reporting date
    c. National Company Law Tribunal has admitted petition for insolvency proceedings initiated by the Financial and other Creditors against the Company (Refer Note No. 3 to the Statement).

Our report is not modified in respect of these matters.

For **JHS & Associates LLP**
Chartered Accountants
Firm's Registration No.: 133288W/W100099

Jignesh Thaker
Partner
Membership No.: 107231

Place: Mumbai
Date: February 1, 2019.

JHS & ASSOCIATES LLP * CHARTERED ACCOUNTANTS *

STERLING BIOTECH LIMITED

(All amounts are in Indian Rupees Lakhs, except if otherwise stated)

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2018

	Particulars	Quarter ended			Period ended		Year Ended
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income from operations**						
(a)	Revenue from operations*	8,195.88	8,367.08	8,979.78	16,562.96	19,054.46	35,804.54
(b)	Other income*	182.54	193.16	222.74	375.70	367.47	713.86
	Total income from operations	**8,378.43**	**8,560.24**	**9,202.52**	**16,938.67**	**19,421.92**	**36,518.40**
2	**Expenses**						
(i)	Cost of materials consumed*	5,139.99	5,855.55	5,821.14	10,995.54	12,536.85	23,782.99
(ii)	Excise duty on sale of goods			128.78		739.43	739.43
(iii)	(Increase)/ decrease in stock of finished goods, stock-in-trade and Work-in-progress	32.22	235.91	353.95	268.13	859.84	1,363.48
(iv)	Employee benefits expense	1,210.16	1,305.75	1,348.24	2,515.91	2,703.07	5,841.18
(v)	Finance cost	14,750.39	23,745.49	11,206.29	38,495.88	21,457.81	43,967.15
(vi)	Depreciation and amortization expenses	6,145.65	6,144.26	6,143.70	12,289.91	12,287.39	24,574.79
(vii)	Other expenses	572.19	593.94	676.48	1,166.12	1,534.90	2,831.56
	Total expenses	**27,850.61**	**37,880.90**	**25,678.58**	**65,731.50**	**52,119.30**	**1,03,100.58**
3	**Loss from operations before tax and exceptional items(1-2)**	**(19,472.18)**	**(29,320.66)**	**(16,476.06)**	**(48,792.84)**	**(32,697.39)**	**(66,582.18)**
4	Exceptional Items	-	3,00,989.93	-	3,00,989.93	523.81	77,229.33
5	**Loss from operations before tax(3-4)**	**(19,472.18)**	**(3,30,310.59)**	**(16,476.06)**	**(3,49,782.77)**	**(33,221.19)**	**(1,43,811.51)**
6	Tax (credit)/expense						
	Current tax	-	-	-	-	-	
	Tax for earlier years						
	Deffered tax expense/(credit) @	(5,859.18)	(99,390.46)	-	(1,05,249.64)	(5,795.00)	(43,273.00)
7	**Net Profit/(Loss) for the period/year (5-6)**	**(13,613.00)**	**(2,30,920.13)**	**(16,476.06)**	**(2,44,533.13)**	**(27,426.19)**	**(1,00,538.51)**
8	Other comprehensive income	(10.81)	(1,42,002.20)	-	(1,42,013.01)	177.79	514.60
9	**Total comprehensive income (7+8)**	**(13,623.81)**	**(3,72,922.33)**	**(16,476.06)**	**(3,86,546.14)**	**(27,248.40)**	**(1,00,023.91)**
10	Paid-up equity share capital(face value of share Rs.1/- each)	2,721.70	2,721.70	2,721.70	2,721.70	2,721.70	2,721.70
11	**Earnings/(Loss) per share (Not annualised)**						
	Basic (Rs.)	(5.01)	(137.02)	(6.05)	(142.02)	(10.01)	(36.94) $
	Diluted (Rs.)	(5.01)	(137.02)	(6.05)	(142.02)	(10.01)	(36.94) $

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162
Read with note no: 2

STERLING BIOTECH LTD.

STERLING BIOTECH LIMITED

(All amounts are in Indian Rupees Lakhs, except if otherwise stated)

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2018

Statement of Assets and Liabilities as at September 30, 2018 (Rs in Lakhs)

Particulars	September 30, 2018	March 31, 2018
	Unaudited	Audited
Assets		
Non-current assets		
a) Property, plant and equipment	2,36,622.36	2,48,812.15
b) Capital work in progress	-	2,50,320.44
c) Other Intangible assets		
d) Financial assets	211.53	1,58,644.56
e) Deferred tax Assets (net)	2,17,708.63	81,285.55
f) Other non current assets	585.51	585.60
Current assets		
a) Inventories	5,167.36	6,092.96
b) Financial assets		
i) Trade receivables	4,951.08	5,134.09
ii) Cash & cash equivalent	4,568.85	911.40
iii) Other bank balances		
iv) Other financial assets	2,551.26	35,927.88
c) Other current assets		
Total Assets	**4,72,366.58**	**7,87,714.63**
Equity and liabilities		
Equity		
a) Equity share capital	2,721.70	2,721.70
b) Other equity	(3,30,509.08)	24,863.61
Liabilities		
Non-current liabilities		
a) Long term provisions	1,97,873.50	1,97,873.50
Current liabilities		
a) Financial liabilities		
i) Borrowings	1,25,149.23	1,21,086.74
ii) Trade payables	2,516.46	2,070.34
iii) Other financial liabilities	4,71,821.57	4,37,455.87
b) Short term provisions	2,793.20	1,642.85
c) Other current liabilities		
Total Equity and Liabilities	**4,72,366.58**	**7,87,714.63**

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

STERLING BIOTECH LTD.

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162
Read with Note No: 1

STERLING BIOTECH LIMITED

(All amounts are in Indian Rupees Lakhs, except if otherwise stated)

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2018

Notes:-

* The changes in the below figures is due to regrouping of foreign exchange variance

Particulars	Year ended March 31, 2018 as per LODR of March 2018	Regrouping	Year ended March 31, 2018 as per quarterly results
Revenue from operations	35,972.74	(168.20)	35,804.54
Other income	550.06	163.80	713.86
Cost of materials consumed	23,787.39	(4.40)	23,782.99

@ The deferred tax calculations were not carried out for the quarters of September 17 , December 17 and March 18 after last published results of June 17 quarter. It was carried out only for the full FY 17-18

$ Annualized EPS

1) The above Statement of Standalone Financial Results for the quarter September 30, 2018 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat(IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the respective plant locations and supervised by Mr. Manish Shah (Consultant-Commercial functions for Sterling Biotech Limited) and Mr. Girish Jethmalani (Employee-Accounts) and approved in the meeting held on February 1, 2019 and has been reviewed by the Statutory Auditors of the Company. Since no quarterly reviews were carried out for the quarter ended September 30, 2017 the figures are based on the best judgement of the management, except for the quarter under review (Sep 2018), all other periods are prior to the appointment of the RP, hence RP takes no liability for the said periods, nor for the corresponding previous financial years.

2) The company's operations fall under single segment hence segment reporting is not applicable.

3) The Company was admitted to corporate insolvency resolution process ("CIRP") vide order of the National Company Law Tribunal ("NCLT"), Mumbai Bench, dated June 11,

4) The Company has incurred net loss during the current quarter and in the previous year and the Company's current liabilities have exceeded its current assets as at the reporting date. However, the petition was admitted by the Hon'ble National Company Law Tribunal, Mumbai Bench pursuant to an order dated 11th June, 2018 and corporate insolvency resolution process was initiated against the Company under Section 7 of the Insolvency and Bankruptcy Code, 2016. Subsequently, the Resolution Professional took over the management of the affairs of the Company.

The new management is working towards a workable resolution plan to resolve financial position with the lenders within the prescribed time limit and to continue its business as a going concern. Following are some of the highlights of the improvements which further substantiate the going concern assumption:

i) The company has managed to cut down the purchase expenses by negotiating with the vendors.

ii) Masar Division has achieved the highest sales in August'18 and September'18 comparing past twelve months.

iii) Due to increase in production, sales and receivable, Masar & Karakhadi plants are able to manage their working capital requirements from their internal accruals and the cash accrual of company have gone up.

iv) The company has successfully retained and catered the gelatin requirement of Ooty division from Karakhadi division, of the customers who were affected due to closure of production facility at Ooty. Company is catering to the needs of 50 to 60 % of the Ooty customer's requirement from Karakhadi.

v) Committee of creditors (CoC) of the company have passed resolution dated 8th September, 2018 approving the implementation of Zero Liquid Discharge for Ooty Plant from internal accruals of the corporate debtor / company.

Thus, on the basis of the grounds mentioned above, the financial statements have been prepared on the going concern assumption.

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162

STERLING BIOTECH LTD.

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

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Read with note no: 1

5) Exceptional items relates to impairment of certain current assets, investments and capital work in progress. The impairment is on the basis of valuation report issued by the valuers appointed under the CIRP as detailed below:

Particulars	EXCEPTIONAL ITEMS	OCI	TOTAL (In Lakh)
Capital Work In Progress (CWIP)	2,50,320.44	-	2,50,320.44
Investments	16,420.03	1,42,013.01	1,58,433.04
Current Assets	34,249.46	-	34,249.46
TOTAL	**3,00,989.93**	**1,42,013.01**	**4,43,002.94**

The company had raised external commercial borrowings for expansion prior to 2012. The interest cost on such external commercial borrowings were being capitalized upto March 31, 2018. Due to the impairment of capital work in progress based on the valuation report issued by the valuers appointed under the CIRP, the interest cost on such external commercial borrwoings have been charged to the statement of profit and loss for the quarter June 30, 2018.

6) The management has not made any provisions for interest payable towards outstanding financial borrowings post initiation of CIRP as on June 11, 2018

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

STERLING BIOTECH LTD.

Resolution Professional of Sterling Biotech Limited
Sundaresh Bhat

Place: Mumbai

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

Date: 1-Feb-2019

Resolution Professional in the matter of CIRP of Sterling Biotech Limited
Communications Email Address: irp.sterling@bdo.in ;
sundareshbhat@bdo.in
Mobile: +91 9920 977 977

IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162
IBBI Registered Email: sundareshbhat@bdo.in
IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA
Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Signed without any liability for administrative purpose only
Read with note no: 1

Mr. Sundaresh Bhat
Reg. No. IBBI/IPA-001/
IP-P00077/2017-18/10162

Limited Review Report on the Standalone Unaudited Financial Results of Sterling Biotech Limited for the quarter ended and year till date September 30, 2018 pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members of
Sterling Biotech Limited

1. We have reviewed the accompanying statement of standalone unaudited financial results of Sterling Biotech Limited ('the Company') for the quarter ended and year till date September 30, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Resolution Professional of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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4. Basis of Qualification

   a. The comparative Ind AS financial information of the Company for the corresponding quarter and half year ended September 30, 2017 was not reviewed and is based on the information provided by the management (Refer Note No. 1 to the Statement).
   b. The Company has not fully complied with all the requirements of the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and hence the Statement is not Ind AS compliant.
   c. The Company has not prepared and presented Consolidated Ind AS Financial Statements for the quarter ended September 30, 2018 as required under Section 129 (3) of the Companies Act, 2013.

   Based on our review conducted as above and subject to the possible effects of the matters described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices (subject to our comment in Para 4 (C) above) and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to:
   a. Andhra Bank ("AB"), in its capacity as the Financial Creditor of Sterling Biotech Limited ("Corporate Debtor"), filed C. P. (I.B.) 490/MB/2018 of 2018 ("Petition") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble Adjudicating Authority, i.e. National Company Law Tribunal, at Mumbai ("Hon'ble NCLT Mumbai") for initiation of Corporate Insolvency Resolution Process ("CIRP") for the Corporate Debtor. The said Application of Andhra Bank has since been admitted by the Hon'ble NCLT Mumbai vide its order dated June 11, 2018 ("Order") and the CIRP has commenced from the date of the order.

JHS & ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★

The Hon'ble NCLT Mumbai vide its Order has inter alia appointed, Mr. Sundaresh Bhat (having Insolvency Professional registration no. IBBI/IPA-001 /IP-N00077/2017-18/10162) 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 IRP. All the powers of the Board of Directors of the Company stand suspended and are now vested with and shall be exercised by the IRP.

The Government of India, Ministry of Corporate affairs vide order F No 3/197/2018-CLII (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/Inv/AOI/2017-18/I/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 filled against Income Tax officers and Directors of the Company.

Further, 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. This matter is sub-judice and the impact, if any of the enquiry is unascertainable at this stage.

b. 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.

Further, in the absence of availability of gross value, opening net value and Management's assessment of the estimated useful life for various items of PPE, we are not able to comment on the adequacy and accuracy of the depreciation of Rs. 6,145.65 Lakh charged for the quarter under audit.

The Company has taken land on rent for a term of 99 years from Sterling SEZ -and Infrastructure Limited on March 26, 2010 on payment of premium of Rs. 6,462.68 Lakh. In addition, an annual lease rental of Rs 1 per square meter amounting to Rs 4.36 Lakh is being paid. The same is disclosed by the Company as owned assets reflected at carrying value of Rs 6,108.65 Lakh instead of operating lease as per the requirement of Ind AS 17 'Leases'. As a result, the Property Plant and Equipment is overstated by Rs. 6,091.83 Lakh.

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An agreement to sell was entered into at Vadodara on November 19, 2015 by and between Sterling Biotech Limited and Alembic Pharmaceuticals limited for sale of land namely 782, 789, 791, 800, 801, 802, 818/B, 830/B/1, 830/B/2, 831/A, 831/B, and 832 defined specifically in annexure of the agreement for total consideration of 499.63 Lakh. An amount of Rs 247.31 Lakh was received as advance for the aforementioned purpose by Sterling in November 2015. The said land has been mortgaged to SREI Infrastructure Finance Limited. The balance amount of Rs 249.81 Lakh was to be paid at the time of completion of the sale and on Sterling delivering vacant and peaceful possession of the said land along with necessary approvals. It was agreed that the transfer of the said land shall be completed on or before November 18, 2017. As of the reporting date, the transfer of the land has not materialized and management is unable to share further details on the outcome of the transfer.

c. As at September 30, 2018, the Company is carrying loans, borrowings and external commercial borrowings of Rs. 794,844.30 Lakh from various banks, financial institutions, preference share capital and other parties. Corporate Insolvency Resolution Process has been initiated against the Company by the NCLT and the estimated amount of claims from financial creditors is Rs. 1,501,373 Lakh and admitted claim as per "List of Claims" is Rs 896,269 Lakh upto December 31, 2018. These claims also include claims admitted in relation to corporate guarantees provided by the Company on behalf of group companies. In the absence of necessary information and in view, of the pendency of the CIRP, we are unable to comment on probability of occurrence of any default and the actual liability that may devolve on the Company in this regard.

d. During the quarter ended September 30, 2018, the Company has recognized deferred tax income of Rs. 5,859.18 Lakh. In the absence of reasonable certainty on realization of this asset against future taxable profits of the Company, we are unable to comment on the carrying value of this asset in the Statement.

e. The manufacturing activities of the Ooty plant of the Company have been temporarily discontinued due to alleged violation of environmental norms in the state of Tamil Nadu with effect from June 28, 2018. The matter is currently under trial with the Environmental Pollution Control Board of Tamil Nadu. As of December, 2018 temporary power has been granted by the Environmental Pollution Control Board of Tamil Nadu to enable the plant convert the existing WIP into finished goods. This power facility is granted only up to January 31, 2019. During this period no fresh purchases, production can be undertaken by the plant. These facts cast material uncertainty about the functionality of the Ooty plant in the near future.

JHS & ASSOCIATES LLP CHARTERED ACCOUNTANTS

f. The Management has not made any provisions for interest payable towards outstanding financial borrowings post initiation of CIRP as on June 11, 2018. During the period under review, interest expense was recognised only from April 1, 2018 to June 11, 2018 (Refer Note no 6 of the Statement). Further, The Company has not provided for interest on derivative loss payable to JP Morgan Chase from July 11, 2017.

g. During the half year ended September 30, 2018, the Management has provided for impairment of various assets for Rs. 4,43,002.94 Lakh under exceptional items in the Statement (Refer Note no 5 of the Statement).

h. Management has prepared the Statement on a going concern basis in spite of following facts and circumstances (Refer Note no 4 of the Statement):
    a. The Company has incurred net losses of Rs. 244,533.13 Lakh during the half year ended September 30, 2018 and in the previous year (year ended March 31, 2018) of Rs. 100,538.51 Lakh (including the provision for finance cost and depreciation).
    b. The Company's current liabilities have exceeded its current assets as at the reporting date
    c. National Company Law Tribunal has admitted petition for insolvency proceedings initiated by the Financial and other Creditors against the Company (Refer Note No. 3 to the Statement).

Our report is not modified in respect of these matters.

For **JHS & Associates LLP**
Chartered Accountants
Firm's Registration No.: 133288W/W100099

Jignesh Thaker
Partner
Membership No.: 107231

Place: Mumbai
Date: February 1, 2019