

STERLING BIOTECH LIMITED

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

CIN : L51900MH1985PLC035738

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the members of the Company will be held at Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON) Founder Acharya : His Divine Grace A.C. Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai - 400 049 on Tuesday, the 30th June, 2015 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st December, 2014 including audited Balance Sheet as at 31st December, 2014 and the statement of Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Vilas Joshi (DIN-00507833), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. P. B. Mehta (DIN-01392227), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. H. S. Hathi & Co., Chartered Accountants (ICAI Registration No. 103596W) as Statutory Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

To appoint Ms. Mayuri Patel (DIN 00090549), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED that pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the “Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Clause 49 of the listing agreement, Ms. Mayuri Patel (DIN 00090549), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 25th March, 2015 in terms of Section 161 (1) of the Act and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 24th March, 2020.”

6. ISSUE OF UNLISTED 8 % REDEEMABLE CUMULATIVE NON-PARTICIPATING NON-CONVERTIBLE PREFERENCE SHARES CARRYING NO VOTING RIGHTS

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 55, 62, 23, 24 & 42 and all other applicable provisions, if any, of the Companies Act, 2013 ('the act'), applicable rules as applicable from time to time (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force), and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with Stock Exchange where the shares of the Company are listed and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments and

bodies as may be required and subject to such terms and conditions, alteration and modifications as may be considered appropriate and agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches, 1,012,287,602 Unlisted 8 % Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights of face value of Rs. 10 each ("Preference Shares"), at par or at premium or at such price or prices, on private Placement basis to various entities/persons including Promoters / Promoter Group & Associates whether or not they are member(s) of the Company, with such rights and privileges and on such terms and conditions including but not limited as to the rate of dividend, redemption period, manner of redemption, without any Voting Rights, except as provided in the act if any, and to modify, alter and re-set all or any of the said terms from time to time, as the Board at its absolute discretion deem appropriate and that such authority shall be continuing authority to the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

7. CHANGE OF ACCOUNTING YEAR

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 2 (41) and all other applicable provisions, if any, of the Companies Act, 2013, the financial year of the Company, which ends on 31st December 2015, beginning from the 1st January, 2015 be extended to close on the 31st March, 2016 so that balance-sheet and the profit and loss account giving effect to such change shall be complied with for a period of fifteen months from 1st January, 2015 to 31st March, 2016 for the financial year ended on 31st March, 2016 and thereafter the financial year commence on 1st April and ends on 31st March every year.

Resolved Further That Copy of the said resolution certified to be true be submitted to Registrar of Companies, Maharashtra, Mumbai, Stock Exchanges and such other Government Authorities as may be required to note the said change.

By Order of the Board
For Sterling Biotech Limited

Nitin J. Sandesra
Managing Director
(DIN-00255496)

Place: Mumbai

Date: 15th May, 2015

IMPORTANT NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Company, societies etc. must be supported by an appropriate resolution/ authority as applicable.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which set out details relating to Special Business at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 23rd June, 2015 to Tuesday, the 30th June, 2015 (both days inclusive).
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat account. Members holding shares in physical form can submit their PAN details to the Company.
5. Details under clause 49 of the listing agreement with the stock exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
6. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2014 is being sent in permitted mode.
7. Electronic copy of the notice of the 29th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and proxy form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the notice of 29th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in permitted mode.
8. Members holding shares in physical form are requested to notify immediately any change in their address with PIN code to the Company's Share Transfer Agents and in case of Members holding shares in electronic form, this information should be passed on directly to their respective Depository Participants and not to the Company.
9. Members desirous of obtaining any information on the Annual Accounts to be explained at the Meeting are requested to write to the Company at an early date to facilitate compilation of information.
10. The details of unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follow:

Date of Declaration / Payment	For the Accounting Year	Date of Transfer Due On
02-06-2008	31-12-2007	01-06-2015
30-06-2009	31-12-2008	29-06-2016
30-06-2010	31-12-2009	29-06-2017
30-06-2011	31-12-2010	29-06-2018

11. The information required to be provided under the Listing Agreement entered into with stock exchanges, regarding the Directors, who are proposed to be appointed/ re-appointed are as under.

Mr. Vilas D. Joshi (DIN-00507833)

A Law Graduate and practicing Advocate and Solicitor for more than 33 years. He is specialized in the field of Corporate Law and Constitutional matters. He is rendering services as Director on the Board of the company since 1995. He is also Director of Josh Technologies Private Ltd., Venue Infrastructure Ltd., Genovate Solutions Baroda Pvt. Ltd., VJ Hospitalities Pvt. Ltd., Venue Parking Infrastructure Pvt. Ltd., Josh Garden Holiday Home and Resorts Pvt. Ltd., and Blade Energy India Pvt. Ltd.

He does not hold any share/s in the Company.

Mr. Priyadarshan B. Mehta (DIN-01392227)

A Master Degree in Arts with over four decades of consultancy services to various engineering companies for project development and management.

He is also Director of Sterling SEZ and Infrastructure Ltd., Gujarat Wedge Wire Screens Ltd., Tubestar Oil and Gas Services Pvt. Ltd., Ganapati Syntex Pvt. Ltd., Vamitex Pvt. Ltd., and Ganpati Textile Ltd.

He does not hold any share/s in the Company.

Ms. Mayuri Patel (DIN-00090549)

Ms. Mayuri Patel is a Commerce Graduate and having 23 years experience in Accounting, Management and liaison works. She is also Director of Panoramic Investments Pvt. Ltd., Sterling Fitness and Wellness Pvt. Ltd., Jangpriya Properties Pvt. Ltd., Shameek Mercantile Pvt. Ltd., Succor Mercantile Pvt. Ltd., Osmund Properties Pvt. Ltd., Alltrade Marketing Pvt. Ltd., Sterling Port Ltd., and Sterling International Enterprises Ltd.

She does not hold any share/s in the Company.

By Order of the Board
For Sterling Biotech Limited

Nitin J. Sandesara
Managing Director
(DIN-00255496)

Place: Mumbai

Date: 15th May, 2015

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 5 :-

Ms. Mayuri Patel was appointed as independent director w.e.f 25th March, 2015. She is a Commerce Graduate and having 23 years experience in Accounting, Management and liaison works. She is not holding any shares of the Company.

Section 149 and section 152 of the Companies Act, 2013, inter alia specifies that:

- (a) Independent Directors shall hold office for a term of upto five consecutive years, and shall be eligible for re-appointment for a further period of five years, subject to passing of special resolution by the Shareholders in General Meeting; and
- (b) An Independent Director shall not be liable to retire by rotation at the annual general meeting.

The new provisions further provide that the Independent Directors shall give a confirmation of independence and meeting of the prescribed criteria, as mentioned in section 149(6) of the Companies Act, 2013.

In terms of section 149 and other applicable provisions of the Companies Act, 2013, Ms. Mayuri Patel being eligible and offering herself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto March 24, 2020.

The Company has received from Ms. Mayuri Patel

- (i) Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub section (2) of section 164 of the Companies Act, 2013.
- (ii) A declaration to the effect that she meets the criteria of independence as provided under sub section (6) of section 149 of the Companies Act, 2013.

In the opinion of the Board, Ms. Mayuri Patel fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Ms. Mayuri Patel as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Mayuri Patel as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under clause 49 of the Listing agreement with the Stock Exchanges.

None of the Directors or KMPs of the Company or their relatives except Ms. Mayuri Patel herself is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at Item No.5 for your consideration and approval.

ITEM No. 6 :-

The proposed Special Resolution set out at Item No. 6 is an enabling Resolution authorizing the Board of Directors to raise resources by issue of 1,012,287,602 Unlisted 8 % Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no Voting Rights, of face value of Rs. 10/- each ("Preference Shares"), for the purpose of meeting general corporate purposes, Augment the long term resources for long term financial needs of the Company including payment of overdues and refinancing of the existing debt.

The Preference Shares may be issued in one or more tranches to the various entities/persons which may include the Promoters/Promoter Group & Associates whether or not they are member(s) of the Company, on private placement basis. The said enabling resolution empowers the Board to issue 1,012,287,602 Unlisted 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting of face value

of Rs. 10/- each, from time-to-time, on such terms and conditions mentioned below, including but not limited as to the rate of dividend, period and manner of redemption, amount of premium on redemption, without any Voting Rights, except as provided in companies act if any, as the Board in its absolute discretion may determine;

Terms and Conditions:

- 1) The size of the issue and number of preference shares to be issued and nominal value of each share - issue and allot, in one or more tranches, 1,012,287,602 Unlisted 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights of face value of Rs. 10/- each ("Preference Shares"),
- 2) The nature of such shares i.e. cumulative or non - cumulative, participating or non - participating , convertible or non - convertible - Unlisted 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights.
- 3) The objectives of the issue – For meeting general corporate purposes, Augment the long term resources for long term financial needs of the Company including payment of overdues and refinancing of the existing debt
- 4) The manner of issue of shares – Private Placement
- 5) The price at which such shares are proposed to be issued – Rs. 10/- each.
- 6) The terms of issue, including terms and rate of dividend on each share, etc. – Rate of Dividend @ 8% P.A. on the face value of Preference Share.
- 7) The terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion – Unlisted 8 % Redeemable at the end of 15 Years from the date of Allotment with the option to the Company to redeem before the Tenure in accordance with the provisions of the Companies Act, 2013 as may be applicable from time to time, Redemption at face value of Rs. 10/- each with no conversion right.
- 8) The manner and modes of redemption – Settlement by way of Proper Banking Channel.
- 9) The current shareholding pattern of the company – As per Annual Report Page No. 16.
- 10) The expected dilution in equity share capital upon conversion of preference shares – Not Applicable as the Preference Shares are non-convertible preference shares.

The Board shall also be authorized to approve any modification, alteration and re-setting of all or any of the terms and conditions of the Preference Shares from time-to-time in consultation and agreement with the subscribers/holders of Preference Shares. The terms and conditions of the Preference Shares shall however be subject to provisions of the Companies Act, 2013 and the Memorandum and Articles of Association of the Company.

The Preference Shares shall rank in priority to Equity Shares for repayment of Capital and payment of dividend.

The Preference Shares shall be transferred in the same manner as Equity shares. The Preference Shares shall be redeemed in accordance to the provisions of the Companies Act, 2013 as applicable from time to time and the Memorandum and Articles of Association of the Company.

Pursuant to provisions of Sections 55, 62, 23, 24 & 42 and all other applicable provisions as well as Rules, if any, of the Companies Act, 2013 as applicable from time to time and the Listing Agreement entered into with the Stock Exchange, any offer or issue of shares in a company to persons other than the shareholders of the company requires prior approval of the Members in General Meeting by way of a Special Resolution. The consent of the Members is therefore, sought to authorize the Board to issue Preference Shares as aforesaid. The Board of Directors of the Company recommends the Resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members, in the best interest of the Company.

As the Preference Shares proposed to be issued by this resolution are "Unlisted 8 % Redeemable Cumulative Non-Participating Non-convertible Preference Shares carrying no Voting Rights, the provisions of SEBI

(Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), are not applicable. Further, as a result of proposed allotment of Unlisted 8 % Redeemable Cumulative Non-Participating Non-convertible Preference Shares carrying no Voting Rights, there will not be any change in management control of the Company.

None of the Directors, Key Managerial Personnel and relatives of Directors / Key Managerial Personnel of the Company is in any way concerned or interested in this Special Resolution except to the extent of shares that may be offered and / or allotted to them.

The Board of Directors recommends resolution set out at Item No. 6 for your consideration and approval.

ITEM No. 7 :-

As per the Companies Act, 2013 The financial year of the company must be ended on 31st March, every year. As our company has followed accounting year ended on 31st December every year, we have to change the accounting year which will end on 31st March every year so the next financial statements will be prepared for a period of fifteen months starting from 1st January, 2015 and ended on 31st March, 2016 and thereafter every year the financial year commences on 1st April and ended on 31st March of the following year.

None of the Directors, Key Managerial Personnel and relatives of Directors / Key Managerial Personnel of the Company is in any way concerned or interested in this Special Resolution.

The Board of Directors recommends resolution set out at Item No.7 for your consideration and approval.

By Order of the Board
For Sterling Biotech Limited

Nitin J. Sandesara
Managing Director
(DIN-00255496)

Place: Mumbai
Date: 15th May, 2015

STERLING BIOTECH LIMITED

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

CIN : L51900MH1985PLC035738

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on June 27, 2015 at 9.00 a.m and ends on June 29, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of June 22, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / Address Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Sterling Biotech Limited on which you choose to vote.

- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	L51900MH1985PLC035738
Name of the Company	:	Sterling Biotech Limited
Registered Office	:	43, Atlanta Building, Nariman Point, Mumbai, Maharashtra 400 021
Name of the member (s)	:	
Registered Address	:	
E-mail Id	:	
Folio No / Client Id	:	
DP Id	:	

I / We, being the Member(s) holding _____ shares of the above named Company, hereby appoint;

- (1) Name: _____ Address _____
E-mail Id _____ Signature _____ or failing him / her;
- (2) Name: _____ Address _____
E-mail Id _____ Signature _____ or failing him / her;
- (3) Name: _____ Address _____
E-mail Id _____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, the 30th June, 2015 at 10.30 a.m. at Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON) Founder Acharya : His Divine Grace A.C. Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai - 400 049 and any adjournment thereof in respect of such resolutions as are indicated below:

Resolu- tion No.	Resolutions	For*	Against*
	Ordinary Business:		
1.	Adoption of Financial Statement for the financial year ended 31 st December, 2014		
2.	Re-appointment of Shri Vilas Joshi (DIN - 00507833), Director who retires by rotation.		
3.	Re-appointment of Shri P. B. Mehta (DIN 01392227), Director who retires by rotation.		
4.	To appoint and fix remuneration of Auditors of the Company for the financial year 2015-16.		
	Special Business:		
5.	Appointment of Ms. Mayuri Patel as Independent Director		
6.	Issue of unlisted 8 % redeemable cumulative non-participating non-convertible preference shares carrying no voting rights		
7.	Change of Financial Year		

Signed this _____ day of _____ 2015

Signature of Shareholder _____

Signature of Proxy holder(s) _____

AFFIX
Re. 1/-
REVENUE
STAMP

Notes:

- * Please put a 'X' in the Box in the appropriate column against the resolution. If you leave the 'for' or 'against' column blank against the resolution, your proxy would be entitled to vote in the manner as he / she thinks appropriate.
- This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 29th Annual General Meeting.

STERLING BIOTECH LIMITED

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

CIN No. L51900MH1985PLC035738

Tel. No. +91 22 66306732/33

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip at the venue of the meeting

DP ID*	
Client ID*	

Regd. Folio No.	
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NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held: _____

I hereby record my presence at the 29th ANNUAL GENERAL MEETING of the company held on Tuesday, the 30st June, 2015 at 10:30 a.m. at Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON) Founder Acharya : His Divine Grace A.C. Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai - 400049.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

STERLING BIOTECH LIMITED

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

CIN No. L51900MH1985PLC035738

Tel. No. +91 22 66306732/33

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip at the venue of the meeting

DP ID*	
Client ID*	

Regd. Folio No.	
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NAME AND ADDRESS OF THE SHAREHOLDER

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Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.



STERLING BIOTECH LIMITED

ANNUAL REPORT *2014*

BOARD OF DIRECTORS

Nitin J. Sandesara	- Managing Director
Chetan J. Sandesara	- Joint Managing Director
Rajbhushan Dixit	- Director
Vilas D. Joshi	- Director
Priyadarshan B. Mehta	- Director
Mayuri Patel	- Director

BANKERS

Andhra Bank	Allahabad Bank
Bank of Baroda	Bank of India
Bank of Maharashtra	Catholic Syrian Bank Ltd.
Indian Overseas Bank	IDBI Bank
Punjab National Bank	Oriental Bank of Commerce
Syndicate Bank	State Bank of India
Vijaya Bank	Uco Bank

AUDITORS

H. S. Hathi & Co.
Chartered Accountants

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.
Unit: Sterling Biotech Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
Ph.: 022-2594 6970 Fax: 022-2594 6969
Email: rnt.helpdesk@linkintime.co.in

REGISTERED OFFICE

43, Atlanta Building,
Nariman Point, Mumbai – 400 021.

Members are requested to bring their copy of the Annual Report
with them to the Annual General Meeting.

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DIRECTORS' REPORT

To
The Members
Sterling Biotech Limited

We have great pleasure in presenting the 29th Annual Report of the Company together with the audited statements of accounts for the year ended 31st December, 2014.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Million)	
	Year Ended 31 st December 2014	Year Ended 31 st December 2013
Sales	6,669.51	7,180.69
Total Income	6,706.33	7,223.30
EBIDTA from Operation	1,149.19	989.41
Interest	4,695.06	4,377.08
Depreciation	2,765.74	2,543.17
Profit / (Loss) before Tax and Extraordinary item	(6,311.61)	(5,930.83)
Extraordinary items	–	–
Profit / (Loss) before Tax	(6,311.61)	(5,930.83)
Provision for Current Tax	0.00	0.00
Provision for Deferred Tax	(2,047.80)	(1,924.30)
Profit / (Loss) after Tax	(4,263.81)	(4,006.53)

DIVIDEND

Having regard to the loss for the year ended 31st December, 2014, your Directors do not recommend any dividend for the year.

OPERATIONS

During the year under review, the turnover (including other income) of the Company decreased to Rs. 6,706.33 Million as against Rs. 7,223.30 Million in the previous year. The finance cost increased to Rs. 4,695.06 Million as against Rs. 4,377.08 Million in the previous year. The Loss before tax was Rs. 6,311.61 Million as against Rs. 5,930.83 Million in the previous year. After reducing the deferred tax, the loss after tax was Rs. 4,263.81 Million as against Rs. 4,006.53 Million in the previous year.

REASONS OF REDUCTION IN PROFITABILITY

The major reasons for reduction in profitability are, Increase in Effluent Treatment cost due to increase in standards, global economic slowdown, increase in the cost of raw materials, the selling prices have remained more or less stable there by the increase in cost could not be passed on to the buyer.

CORRECTIVE STEPS TAKEN BY MANAGEMENT

1. Company has taken action like thorough study on the effluent discharge issue, tightening of quality norms for effluent discharge from the plant, evaluation of requirement of modification of existing effluent discharge problem and the necessary CAPEX has also been incurred by the company.

2. The Company has put in place the cost control measures like hard negotiation with the material suppliers, improvement in and tightening up of cost control system etc.

Company expects that the combined effect of all these factors would be favorable for overall operations.

SUBSIDIARY COMPANY

The Company has Overseas Subsidiary namely, Sterling Fincom Private Limited, Mauritius which also has a subsidiary namely Sterling Commercial FZE, U.A.E. However there are no business operations in the said subsidiaries.

ISSUE OF PREFERENCE SHARES

During the year, with a view to mitigate the financial crunch, promoters have funded Rs. 15,068,265,980 by subscribing to preference shares and the Company has issued and allotted 1,506,826,598 Unlisted 8% Redeemable Cumulative Non- Participating Non-Convertible Preference Shares carrying no voting rights of face value of Rs. 10/- each at par to entities in which promoters are interested.

ISSUE OF FRESH FCCBs IN LIEU OF EXISTING FCCBs

During the year, the Company has completed the Cashless Exchange Offer by issue of the Zero Coupon Convertible Bonds due 2019 aggregating to US\$ 206,464,000 in exchange of outstanding Foreign Currency Convertible Bonds due 2012 of which USD 134,500,000 in principle amount remained outstanding.

As per the terms of the Cashless Exchange Offer, Now the Company's obligation to the holders of the Foreign Currency Convertible Bonds due 2012 with respect to payment of principal, interest, default interest and premium stands discharged in full and no other amounts shall be payable to the holders of Foreign Currency Convertible Bonds due 2012. The FCCBs due 2019 carry a 0% coupon with a yield of 5.43% per annum calculated on semi-annual basis and convertible at a conversion price of Rs. 60.00 per share with fixed rate of exchange on conversion of Rs.48/- per United States Dollar.

QUALITY

Meeting the stringent quality standards required by our international clientele, our facilities have earned certifications including:

- Hazardous Analysis and Critical Control Point Certification (HACCP)
- ISO 9001
- ISO 14001
- European Directorate For Quality of Medicine Certification (EDQM).
- Kosher Certificate
- IFANCA Halal Certificate

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement entered with stock exchanges is enclosed as a part of this Directors' Report.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement entered with stock exchanges, a separate section on Corporate Governance is attached to the Annual Report.

DIRECTORS

It is lamentable and shocking to note the sad demise of Shri N. B. Patel, Director of the company. Shri N. B. Patel was on the Board of Directors of the company for many years. May his soul rest in peace and may almighty give courage to the members of the bereaved family to withstand this irreparable loss to them. The Directors would like to place on record their sincere appreciation for his commitment and contribution made by him during his tenure on the Board.

Shri Vilas Joshi and Shri P. B. Mehta, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i) That in the preparation of the Annual Accounts for the year ended 31st December, 2014 the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the Annual Accounts for the year ended 31st December, 2014 on a going concern basis.

FIXED DEPOSITS

The Company did not accept any deposits from the Public during the year under review.

AUDITORS

M/s. H. S. Hathi & Co., Chartered Accountants, Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and having furnished the required certificate pursuant to Section 224(1B) of the Companies Act, 1956, are eligible for re-appointment. The Board recommends their re-appointment. In respect of observations made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory, and do not call for any further comments.

INDUSTRIAL RELATIONS

The industrial relations of the Company continued to remain cordial. The Directors wish to place on record their sincere appreciation for the co-operation extended and the valuable contribution made by the employees at all levels.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in annexure to the Director's Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such information may inspect at or write to the Company's Registered Office address.

CHANGE IN ACCOUNTING YEAR

Our Company has financial year ended on December 31 every year. Pursuant to Section 2(41) of the Companies Act, 2013, we are required to change financial year from December to March. Therefore our next financial statement will be prepared for a period of fifteen months starting from 1st January, 2015 and ended on 31st March, 2016.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required to be given by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report in the prescribed format under these rules.

ACKNOWLEDGEMENTS

We appreciate the valuable co-operation extended by the Central and State Government Authorities and all other Regulatory Authorities and are extremely grateful to Financial Institutions, ECB Lenders, Facility Agent(s), FCCB Holders and our bankers for their continued assistance and guidance. We are also grateful to our employees, shareholders, GDR Holders, Depositories, customers for their co-operation and look forward to their support in the future.

For and on behalf of the Board of Directors

NITIN J. SANDESARA
Managing Director
DIN: 00255496

CHETAN J. SANDESARA
Jt. Managing Director
DIN: 00255671

Place: Mumbai

Date: 28th February, 2015

ANNEXURE TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, forming part of the Directors' Report for the year ended 31st December, 2014.

A. CONSERVATION OF ENERGY

Energy Conservation Measures taken: The Company has undertaken various measures for conservation and saving of energy in critical areas including

1. Power factor improvement
2. Quicker heat transfer
3. Monitoring of combustion efficiency of boilers
4. Reuse of Steam condensate as boiler feed water
5. Optimum use of utility depending upon process requirement.

As in earlier years, your Company continued to envisage and implement energy conservation measures in various manufacturing operations leading to saving of quantitative consumption of power, fuel and oil etc. The Company is also carrying on continuous education and awareness program for its employees for Energy conservation and optimum use.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company:

- Improvement of product quality
- Process improvements
- Cost effectiveness
- Elimination of waste in the systems

2. Benefits derived as a result of the above R & D:

Improvement in yield and product quality, cost effectiveness and reduction in consumption of raw material and utilities.

3. Future plan of action:

The Company's effort will continue in the areas of product quality, process improvement technology with the aim of offering better products to meet consumer needs.

4. Expenditure on R & D:

- a. Capital : Rs. 62.17 Million
- b. Recurring : Rs. 169.74 Million
- c. Total : Rs. 231.91 Million
- d. Total R & D Expenditure as a percentage of total turnover: 3.48 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

After full absorption of technology imparted by foreign collaborations, innovations in process control, cost reduction and quality improvements are being made on a continuous basis.

2. Benefits derived as a result of the above efforts:

Improvements in productivity cost of manufacturing, quality, waste elimination and flexibility in manufacturing.

3. Information regarding technology imported during last 5 years: Nil.

C. FOREIGN EXCHANGE EARNED AND USED

- a. Earned : Rs. 795.12 million
- b. Used : Rs. 27.16 million

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Gelatin Market is projected to reach 440 Thousand Metric Tons by 2020, driven by increasing use in drugs and supplements in the pharmaceutical industry, according to New Report by Global Industry Analysts, Inc. (GIA). As stated by the new market research report on Gelatin, Europe represents the largest market worldwide, followed by Asia-Pacific. Asia-Pacific is also forecast to spearhead growth with the fastest CAGR of 4.9% over the analysis period. Growing GDP, rising standards of living, increasing disposable income, expanding healthcare access and robust gelatin demand from end-use industries represent key factors driving growth in the region.

In recent years, usage of gelatin has increased steadily in food and nutraceuticals industries. This is due to the rise in demand for low fat, healthy and high protein food, particularly among the health conscious people. Food & beverage application segment accounted for over 28% of the gelatin market share while Nutraceutical, the second largest application market, accounted for over 25% (published news reports).

Gelatin is a brittle, colorless, water soluble, translucent substance with high molecular weight. It is a rich source of protein derived from collagen present in animals. Gelatin is viscous semi-solid gel; its general composition includes 85% to 90% protein, 2% to 4% mineral salts and 8% to 12% water. Edible gelatin is the most common form available that does not contain additives or preservatives. Non-edible gelatins are used mostly in cosmetics and photography. Gelatin is not only used extensively in the pharmaceutical, food and photographic industry, but also in such diverse industries as cosmetics, metal refining, paper, plastics and toiletries.

Gelatin represents an omnipresent element in foods, drugs, and supplements used as a thickener, plasticizer, emulsifier, foaming agent, moisture retainer, texture enhancer, and binding agent. As a rich source of protein, Gelatin finds application in numerous end-use sectors including pharmaceuticals, food and beverage, photographic supplies, cosmetics, explosives, electroplating, dyes, papermaking and printing, among others. Rising standards of living, easier access to healthcare services, increase in disposable incomes and rapidly aging world population represent key factors driving growth in demand for gelatin. Improving lifestyles in developing economies of India and China are also expected to promote market expansion. Lack of availability of competitive substitutes in the market makes gelatin one of the most indispensable feedstock in various end-use industries.

The raw material for gelatin is the naturally occurring protein, collagen, which is commercially sourced from meat and leather industries. From its earliest rudimentary culinary uses, when boiled up into broth, which when cooled produced a nutritious jelly, gelatin is now manufactured on a commercial scale to stringent technical specifications to meet the demands of variety of industries. Like its parent material, collagen, gelatin is made up of many different amino acids which are the building blocks of all proteins.

The food and beverage industry represents the largest end-use application sector for gelatin supported by its increasing use in bakery, beverages, confectionery, ice creams, chilled desserts, low fat spreads, meat and tinned meat products, yogurt, and dairy products, among others. Consumption in the pharmaceutical industry remains high driven by rapidly ageing demographics, rising incidence of chronic and lifestyle related diseases, and growing health consciousness. Growing focus on preventive healthcare amidst mounting healthcare costs represents another important growth driver. Rising popularity of nutraceutical is also expected to benefit gelatin consumption in the near term. Gelatin encapsulated medicines and gelatin-based dietary and health supplements are expected to witness strong demand in the coming years.

The Indian pharmaceuticals market is third largest in terms of volume and thirteen largest in terms of value, as per a pharmaceuticals sector analysis report by equity master. India has achieved an eminent global position in pharma sector. The country also has a huge pool of scientists and engineers who have the potential to take the industry to a very high level.

The Indian pharmaceutical sector is expected to grow five-fold to reach Rs. 5 lakh crore (US\$ 91.45 billion) by 2020 at 20% compound annual growth rate (CAGR) over the next five years. India is now among the top five pharmaceutical emerging markets. The Indian Pharma industry has been growing at a compounded annual growth rate (CAGR) of more than 15% over the last 5 years and has significant growth opportunities. Indian pharmaceutical manufacturing facilities registered with US Food and Drug Administration (FDA) as on March 2014 was the highest at 523 for any country outside the US.

OPPORTUNITIES AND THREATS

➤ Opportunities:

As the hydrolyzed form of gelatin, collagen is a highly purified protein that can be easily absorbed in the human body. It is used as an ingredient for nutritional supplements such as protein bars and drinks, weight loss, beauty products, and overall body health. This product is easily soluble in hot and cold liquids. It is also perfect where traditional gelling ability is not required. Our gelatin products have numerous and varied applications in the Food, Health and Nutritional industries. Gelatin is a natural and fat-free ingredient that is both high in protein and virtually calorie free. It is invaluable in the processing of these and many other health products.

The change in the world topography especially in the European countries leading to increase in the ageing population is expected to ensure a stable growth in the global demand of gelatin over the coming years. Further the increasing use of gelatin in Pharmaceutical, Nutraceutical and cosmetic products would add to this stable growth in global demand. The food and beverage industry continuous to represents one of the largest consumer of gelatin.

The general growth in health concerns and the increase in the standard of living of the people leading to greater disposable income has increased the use of dietary supplement and thereby increases the usage of gelatin based products.

As regards the alternatives that meet some of the gelatin characteristics, none is yet available that matches all the functions such as gelling, binding, thickening, stabilizing, film forming, and aerating properties. Thus, no comparable substitute has been developed till date.

The gelatin has unique characteristics that make it especially useful as a film-forming agent for encapsulation of liquids and powders. Gelatin capsules offer the unique advantages of dosage accuracy, ease of swallowing, and appearance. In addition to hard and soft capsules, gelatin's unique physical properties allow for the coating and binding of the dry components in tablets. Having no toxicity, and the ability to be easily absorbed by the body, gelatin is an ideal substance to use in medicinal and nutritional preparations. Gelatin is the excipient of choice to provide an effective delivery system.

As a rich source of protein, Gelatin finds application in numerous end-use sectors including pharmaceuticals, food and beverage, photographic supplies, cosmetics, explosives, electroplating, dyes, papermaking and printing, among others. Rising standards of living, easier access to healthcare services, increase in disposable incomes and rapidly aging world population represent key factors driving growth in demand for gelatin. Improving lifestyles in developing economies of India and China are also expected to promote market expansion. Lack of availability of competitive substitutes in the market makes gelatin one of the most indispensable feedstock in various end-use industries.

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As stated by the new market research report on Gelatin, Europe represents the largest market worldwide, followed by Asia-Pacific. Asia-Pacific is also forecast to spearhead growth with the fastest CAGR of 4.9% over the analysis period. Growing GDP, rising standards of living, increasing disposable income, expanding healthcare access and robust gelatin demand from end-use industries represent key factors driving growth in the region.

Demand is driven by the world's aging population, increasing awareness of health issues, and end-use industries including pharmaceuticals, nutraceuticals, and food and beverages. Demand in emerging markets such as India and China will also fuel expansion, along with rising standards of living and the availability of vegetarian gelatin options. Obstacles to industry growth include consumer concerns regarding the potential health threat in using products derived from animal body parts. (Global Industry Analysts).

Whereas the pharma industry meets around 70% of the Country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals & injectable. The domestic pharmaceutical market is expected to register a strong double digit growth of 15% on the back of increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets.

➤ Threats:

Despite the bright outlook, consumer concerns related to the safety and social aspects of using products derived from animal body parts continue to haunt industry prospects. The industry, over the years, has borne the brunt of tightened regulations and legislative riders governing the use of gelatin in supplements.

In spite of OIE clearance for India as "Negligible risk" country for Bovine Spongiform Encephalopathy (BSE), the USFDA refusing to acknowledge this rating and place India in the 'Undetermined' category which could affect export. Sales and realization of DCP suffered a minor setback.

Environmental regulation continues to become more stricter and strengthen on account of which there would arise a need for larger capital outlay for achieving revised standard as well as higher operating cost for the treatment. Raw Material namely crushed bones availability has been short and thereby prices are at historical highs.

PERFORMANCE

The Company is engaged into manufacturing of Gelatin from animal bones. Gelatin is primarily used in pharmaceuticals industry for making capsule caps and in food industry. Company has developed world-class technology for gelatin by establishing state-of-the-art facilities. The Company's plants located at Karakhadi and Ooty employ the latest innovations in technology for the production of gelatin.

The Company produces pharmaceutical product meeting global quality standards, viz. Lovastatin (Cholesterol lowering drug) and Oncology / Other Pharmaceutical products. Sterling, as of today, has highest Lovastatin manufacturing capacity with required regulatory approvals. The fermentation facility of Masar plant is one of the largest fermentation facilities in India.

The company has increased its focus on Lovastatin and other Cholesterol lowering drugs as well as Oncology products which have a very bright future in Domestic & International Markets.

Brief overview of Pharma and Oncology products manufactured by the Company is as under:

Anti-cancer Products:-

- DOXO Rubicin is an anti-cancer chemotherapy drug and is classified as an anthracycline antibiotic.
- IDARUBICIN is an anti-cancer (antineoplastic or cytotoxic) chemotherapy drug. This medication is classified as an anthracycline antitumor antibiotic.
- Daunorubicin is used to treat acute lymphocytic and myelocyticleukemias.
- IMATINIB is a drug used to treat certain cancers.
- EPI Rubicin is an anthracycline drug used for chemotherapy.

Other Products :-

- Lovastatin is a cholesterol-lowering agent that belongs to the class of medications called statins
- DACARBAZINE – It is used to treat Hodgkin disease and malignant melanoma
- Temozolamide – It is an oral alkylating agent used for the treatment of Grade IV astrocytoma.
- Simvastatin is a lipid lowering drug used to decrease heart problems in those at a high risk

OUTLOOK

The company continues to focus its attention on Pharmaceutical products, Oncology products and Hydrolised Proteins besides production of Bone gelatin for its future growth. The Company intends to have focused and continuous innovation in Research and Development which will help secure a sound future. Concentration is also on expansion of the product portfolio along with stricter credit policy and cost control through long term contracts with suppliers and tightening of expenses so as to improve margins.

The Company has all required certifications in terms of quality which gives the company better demand visibility in the International & Domestic Market. With future growth in pharma sector which uses gelatin as raw material for manufacture of capsules, there will not be any demand constraint for the Company in coming years.

RISKS AND CONCERNS

Statements in the Management's Discussion and Analysis describing the Company's projections, estimates, expectations or predictions may be "forward looking predictions" within the meaning of applicable securities laws and regulations. Actual results may differ from such estimates, projections, etc., whether expressed or implied. Factors which would make a significant difference to the Company's operations include achievement of better quality and good market price in domestic and overseas market, changes in Government regulations and tax laws, economic conditions affecting demand / supplies and other environmental factors over which the Company does not have any control. Stringent regulation / norms required to be followed by slaughter houses for meat exports to EU countries, increase in cost of power & fuel due to increase in the price of furnace oil & increase in other fixed / semi variable cost due to overall inflationary pressure are also the matter of concerns.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has adequate internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements. The Company has in place documented procedures covering all financial and operational functions commensurate with its size and complexity. The Company has also taken required measures to counter the demand issue viz. improvement in marketing set up, tightening of credit control, Diversification of products & cost control measures.

RESEARCH & DEVELOPMENT

R&D facility at the plant is equipped with all modern analytical and process equipment including HPLCs, GC, GCMS, IR, Spectrophotometer, Autoclave etc. and is under strict controls & restricted entry

Sterling Biotech undertakes research & development activities at its in-house R&D centers which look after at specific areas of improvement of product quality, process improvements, cost effectiveness and elimination of waste in the systems. The company also carries out R&D work on fermentation products, API and intermediates.

The company has invested significant amount of resources on Research & Development and has set up a state-of-the-art R&D facility in the name of "Sterling Biotech Research Centre" at its Masar plant in Vadodara, which is engaged in development of complex and niche generic active substances for leading generic players from Europe and other regulated market. For company, the R&D is an integral part of process and product development.

The Company also has a microbiology laboratory which is equipped with all facility to handle culture maintenance, inoculums preparation and propagation, in-process batch analysis, shake flask trials.

QUALITY CERTIFICATIONS

The company continuous to have the following quality certifications in accordance its policy to achieve and maintain the highest standards of quality:-

Sr.	Certification	Purpose
1	EDQM (European Directorate for Quality of Medicine)	This certification denotes that the product is in compliance with the European Union pharmacopeia.
2	IFANCA / MUI	This certification is required for Halal certification, which certifies that the gelatin is manufactured using Halal-defined processes and can be used by the Muslim population.
3	KOSHER	This certifies that the Jewish population can consume Sterling's gelatin and that the inputs used for gelatin production are in accordance with the religious standards of the Jewish community.

Sr.	Certification	Purpose
4	HACCP (Hazardous Analysis and Critical - Control Point)	This certifies the manufacturing process with the highest and most consistent quality and safety of product. Also ensures the availability of fallback measures in case of unfortunate events.
5	ISO 9001	This certification denotes that the production process is in accordance with standards laid down by the International Standards Organizations.
6	ISO 14001	This certification signifies that the environment management system is in compliance with the Environmental Management System Standard.

OPERATING AND FINANCIAL PERFORMANCE

The highlights of Sterling Biotech's financial performance during 2014 are as under:

- The company achieved a turnover (including other income) of Rs. 67,063 Lacs.
- EBIDTA from operations is Rs. 11,492 Lacs.
- The finance cost is Rs. 46,951 Lacs leading to Loss before tax of Rs. 63,116 Lacs.
- After reducing the deferred tax, the loss after tax is Rs. 42,638 Lacs.
- Net worth as at 31st December 2014 stands at Rs. 2,54,429 Lacs including Preference Share Capital of Rs. 1,50,683 Lacs.

DEVELOPMENT IN HUMAN RESOURCES MANAGEMENT

Sterling believes that Human Resources always play a very key role in the future growth of the company. It recognizes employees as the most valued asset. By providing on job and off job training, continuous development and learning initiatives for improvement in professional competencies, the management aims to achieve high standards of human resource development.

The Company has a strength of 877 Employees as on Balance sheet date.

WAY FORWARD

Way forward the company is expected to capitalize on the demand issue like improvement in Marketing set up which will enable the Company to reach to the wide range of customers in different countries, diversification of product portfolio of pharma products through in house research, by taking action like thorough study on the effluent discharge issue, tightening of quality norms for effluent discharge from the plant, evaluation of requirement of modification of existing effluent discharge problem and CAPEX needs required to set it right, by putting in place the cost control measures with the help of better negotiation with the material suppliers, improvement in and tightening up of cost control system for various semi variable expenses, etc. Company is also taking various steps to reduce its finance Cost and look forward to continue to substantially reduce its bank loans / debts. Company expects that the combined effect of all these factors would be favorable for overall operations of the Company in the next few years.

The company also expects to improve its volume from the middle of 2015 which would have an overall impact on the performance of the Company to steadily improve from the end of FY 2015 onwards.

REPORT ON CORPORATE GOVERNANCE

I) CORPORATE GOVERNANCE PHILOSOPHY

At Sterling Biotech Limited, we view sound corporate governance as an integral part of our efforts to enhance shareholders value. We endeavor to safeguard the interests of investors, customers, suppliers and lenders and build the confidence of society in general. We adopt a philosophy of Professionalism, transparency and accountability in all areas.

II) BOARD OF DIRECTORS (BOARD)

The Board comprises of 6 Directors of whom 4 are Non-executive Directors and a majority of them being independent. All Directors are eminent industrialists and/or professionals with experience in overall management, finance and law, who bring a wide range of skills and experience to the Board.

a. Composition of the Board

Name	Designation	No. of other Directorships and Committees Memberships / Chairmanships			Relationships with other Directors
		Other Directorships	Committee Memberships	Committee Chairmanships	
Nitin J. Sandesara	Managing Director - Executive	34	–	–	Brother of Shri Chetan J. Sandesara
Chetan J. Sandesara	Joint Managing Director - Executive	62	–	–	Brother of Shri Nitin J. Sandesara
R. B. Dixit	Independent & Non-executive Director	4	2	2	None
Vilas D. Joshi	Independent & Non-executive Director	7	–	–	None
Priyadarshan B. Mehta	Independent & Non-executive Director	6	–	–	None
Narendrabhai B. Patel	Independent & Non-executive Director	1	–	–	None

b. Number of Board Meetings

During the year under review the Board of Directors met 7 times on the following dates: 28-02-2014, 15-05-2014, 24-05-2014, 14-08-2014, 25-10-2014, 14-11-2014 and 31-12-2014.

c. Attendance of Directors:

Name	Meetings Attended	Attended last AGM on 30th June 2014
Nitin J. Sandesara	5	YES
Chetan J. Sandesara	6	NO
R. B. Dixit	6	YES
Vilas D. Joshi	6	YES
Priyadarshan B. Mehta	4	NO
Narendrabhai B. Patel	5	NO

d. Remuneration of Directors

Shri Nitin Sandesara – Rs. 12.00 Lacs (Salary)

Shri Chetan Sandesara – Rs. 24.00 Lacs (Salary)

No remuneration paid to non-executive directors. None of the non-executive directors hold any shares in the Company.

III) CODE OF CONDUCT

The Board lays down code of conduct for Board members and senior management of the Company and is posted on the website of the Company. The Board members and senior management personnel affirm compliance to the code of conduct.

IV) COMMITTEE OF DIRECTORS

The involvement of Non-executive Directors in providing guidance on policy matters to the operating management is formalized through constitution of committees of the Board. The Committees provide periodical and regular exchange of information and ideas between the Directors and the Operating Management. The Board constituted following committees:

AUDIT COMMITTEE

The Committee reviews the Company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices, reports of the Company's Internal Auditors, quarterly/half yearly financial statements as well as its financial risk policies. It also recommends appointment of statutory auditors, fixes audit fees and reviews internal control systems, scope for observations of the auditors and adequacy of the internal audit function. During the year under review, the committee met four times on 28-02-2014 (Adoption of Annual Accounts), 15-05-2014, 14-08-2014 and 14-11-2014 and the meeting was attended by all the Directors of the Audit Committee namely Shri R. B. Dixit-Chairman, Shri V. D. Joshi - Member and Shri P. B. Mehta - Member.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The name of the Investors/Shareholders grievance committee changed to Stakeholders Relationship Committee. The Committee comprises of Shri R. B. Dixit - Chairman, Shri P. B. Mehta - Member and Shri N. B. Patel - Member. The Committee redresses shareholder and investors complaints like a delay in transfer of shares, non-receipt of dividend, non-receipt of balance sheet etc. During the year the committee met one times.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors had constituted a Remuneration Committee in the year 2003. The Board at its meeting held on May 15, 2014, had approved the change in name of the committee to Nomination & Remuneration Committee, in accordance with section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises Shri R. B. Dixit, Shri P. B. Mehta and Shri N. B. Patel to recommend and review the remuneration package of Directors based on performance, industry practice and defined criteria. During the year, the Committee met One times.

The aggregate value of salary and perquisites payable for the year ended 31st December, 2014 to Nitin Sandesara, Managing Director is Rs. 12 lacs and to Chetan Sandesara, Joint Managing Director is Rs. 24 lacs.

V) GENERAL BODY MEETINGS:

Year	Venue	Date	Time	Any Special Resolution	Kind of Meeting
2014	Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON), Founder Acharya : His Divine Grace A.C. Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai-400 049	30th June, 2014	10.30 a.m.	Yes	AGM
2013	Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON), Founder Acharya : His Divine Grace A.C. Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai-400 049	29th June, 2013	10.30 a.m.	Yes	AGM
2012	Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON), Founder Acharya : His Divine Grace A.C. Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai-400 049	30th June, 2012	10.30 a.m.	No	AGM

Special Resolution if any passed by postal ballot : NIL

VI) DISCLOSURES

- As required under the Companies Act, the Directors disclose the name of the Companies/ Parties in which they are interested. In terms of Accounting Standard AS-18, details of related party transaction during the year have been set out under Note 27 B annexed to the Balance Sheet and Profit and Loss Account. However, they are not having any potential conflict with the interests of the Company at large.
- There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange or SEBI, on any matters relating to the capital market, over the last three years.

RISK MANAGEMENT

The Company's activities expose it to a variety of risks including market risk, sales risk, raw material risk, regulatory risk, product liability and liquidity risk etc. The Company's overall risk management seeks to minimise potential adverse effects on its performance.

A Risk Management Steering Committee of the Company has been formed headed by Mr. Chetan Sandesara as Chairman of the Committee and also represented by the functional heads as Chief Risk officers. The Committee embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the Company.

VII) MEANS OF COMMUNICATION

- Quarterly / Annual financial results are forwarded to the Stock Exchanges where the shares of the Company are listed and published in the Free Press Journal in English and the Nav Shakti paper in Marathi.
- A Management Discussion & Analysis Report is annexed to the Directors' Report to the Shareholders.

VIII) GENERAL SHAREHOLDER INFORMATION

A. ANNUAL GENERAL MEETING:

Date : 30th day of June, 2015

Time : 10.30 A.M.

Venue : Bhakti Kala Kshetra, International Society for Krishna Consciousness (ISKCON),

Founder Acharya : His Divine Grace A.C.

Bhaktivedanta Swami Prabhupada, Hare Krishna Land, Juhu, Mumbai - 400 049.

B. DATE OF BOOK CLOSURE:

Tuesday, the 23rd day of June, 2015 to Tuesday, the 30th day of June, 2015 (both days inclusive)

C. FINANCIAL CALENDAR 2015:

Board Meeting

Unaudited Results – Qtrly. March 2015 : May 2015

Unaudited Results – Qtrly. June 2015 : August 2015

Unaudited Results – Qtrly. September 2015 : November 2015

Audited Accounts – March 2016 : April/May 2016

Annual General Meeting : June 2016 (Next Year)

D. STOCK EXCHANGES WHERE SECURITIES ARE LISTED

The Company's equity shares are listed on the BSE and NSE. Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds due 2019 are listed on the Luxembourg Stock Exchange. 12.00% Secured Redeemable Non-Convertible Debentures are listed on the Bombay Stock Exchange Limited (BSE) in Debt Segment.

Name of Stock Exchange	Code/Symbol
Bombay Stock Exchange Limited (BSE) (Equity)	512299
National Stock Exchange of India Limited (Equity)	STERLINBIO
Luxembourg Stock Exchange (GDRs)	CUSIP No. : 85916G108 Common Code : 017757709 ISIN : US85916G1085
Luxembourg Stock Exchange (FCCBs)	CUSIP No. : 85916G108 Common Code : 104680640 ISIN : XS1046806409
Bombay Stock Exchange Limited (BSE) (Debentures)	945828

E. Stock Price Data

Month	BSE		NSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
January 2014	9.20	6.76	9.20	6.80
February 2014	7.88	6.71	7.95	6.70
March 2014	10.42	7.80	10.15	7.65
April 2014	9.78	8.11	9.85	8.00
May 2014	15.50	8.45	15.40	8.40
June 2014	17.73	13.25	17.65	13.35
July 2014	19.45	11.65	19.30	11.60
August 2014	14.23	11.07	14.05	11.05
September 2014	13.05	8.51	13.00	8.50
October 2014	10.4	8.00	10.35	8.00
November 2014	9.7	7.5	9.65	7.25
December 2014	9.50	5.90	8.65	5.80

F. SHARE TRANSFER SYSTEM

Our RTA is Link Intime India Pvt. Ltd., Share sent for physical transfers are registered and returned within a stipulated time frame, if the documents filed are clear in all respects. Officers/ Directors of the Company have been authorized to approve transfers. Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 26-02-2001. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within a stipulated time frame. Upto 31-12-2014, 95.75% equity shares of the company have been dematerialized.

Total Number of shares transferred in the non-dematerialized form during the year 2014 i.e. from 01.01.2014 to 31.12.2014 were 6,500.

G. Shareholding Pattern – as on 31st December 2014

Sr. No.	Category	No. of Shareholder	Percentage	No. of Equity Shares	Percentage
1.	Indian Promoters	33	0.10	90840135	33.39
2.	FIs / MFs / Banks	6	0.02	7003	0.00
3.	Indian Companies	609	1.85	44561460	16.38
4.	Resident Individuals	31777	96.25	57174701	21.02
5.	Clearing Members	164	0.50	5489575	2.02
6.	NRIs/OCBs/FIIs/FCs	424	1.28	28312351	10.41
7.	Underlying Shares out of GDR's	1	0.00	45662763	16.78
	TOTAL	33014	100.00	272047988	100.00

Distribution of Shareholding – as on 31st December 2014

Sr. No.	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 – 5000	30865	93.49	25833686	9.50
2	5001 – 10000	1034	3.13	8094780	2.98
3	10001 – 20000	467	1.41	6821700	2.51
4	20001 – 30000	223	0.68	5561196	2.04
5	30001 - 40000	75	0.23	2698183	0.99
6	40001 – 50000	64	0.19	3035234	1.12
7	50001 - 100000	118	0.36	8498964	3.12
8	100001 & Above	168	0.51	211504245	77.74
	TOTAL	33014	100.00	272047988	100.00

H. DEMATERIALISATION OF SHARES

ISIN Number for Equity Shares of the Company in NSDL & CDSL: INE324C01038

Total No. of Shares dematerialized upto 31-12-2014 : 264,058,215

With NSDL 164,037,973

With CDSL 100,020,242

I. OUTSTANDING GDRS, FCCBS OR OTHER CONVERTIBLE AND NON-CONVERTIBLE INSTRUMENTS

As of date, the Company has the following outstanding instruments:

1. GDRs:

7,610,460 GDRs representing in aggregate 45,662,763 equity shares of Rs. 1/- each.

2. FCCBs:

(a) Zero Coupon FCCB due 2019 aggregating to USD 201.235 Million. FCCBs are convertible into equity shares at the option of the bond holders at a price of Rs. 60/- per share and fixed rate of exchange is Rs. 48.00.

The outstanding but matured FCCBs if converted into equity shares will increase the equity capital by approx 160,988,002 equity shares and post conversion capital of the Company would reach approx 433,035,990 equity shares of Rs. 1 each.

3. Debentures:

(a) 12.00% Secured Redeemable Non-Convertible Debentures due 2015 of Rs. 300 Crores.

J. PLANT LOCATION

1. ECP Road, Village Karakhadi – 391 450, Tal. Padra, Dist. Baroda, Gujarat.
2. Village Masar, Jambusar Road, Tal. Padra, Dist. Vadodara, Gujarat
3. Sandyanalla, Sholur Gram Panchayat, Ottacamund, Dist. The Nilgiris, Tamilnadu

K. ADDRESS FOR CORRESPONDENCE

Shareholders can correspond at the Registered Office of the Company at Mumbai and / or Registrar & Transfer Agent (RTA) - Link Intime India Pvt. Ltd., Unit: Sterling Biotech Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

Ph.: 022-2594 6970 Fax: 022-2594 6969, Email: rnt.helpdesk@linkintime.co.in.

Investor complaints may be addressed to: investorscomplain@stergel.com.

L. Complaints by Shareholders & their redressal

Nature of Complaints	Received	Solved
Non-receipt of Share Certificate	1	1
Non-receipt of Annual Report	8	8
Non-receipt of Exchange Certificates	1	1
Others	3	3

Whistle Blower Policy

Sterling Biotech believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. In order to inculcate accountability and transparency in its business conduct, the Company has been constantly reviewing its existing systems and procedures. Your Company has approved a whistle blower policy which will enable all employees, directors and other stakeholders to raise their genuine concerns internally in a responsible and effective manner if and when they discover information which they believe shows serious malpractice or irregularity within the Company and/or to report to the management instances of unethical behavior, actual or suspected, fraud or violation of Company's code of conduct or ethics policy.

CERTIFICATE

To
The Members
Sterling Biotech Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Sterling Biotech Limited, for the year ended 31 December, 2014, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information, and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No.: 103596W

HEMANT S. HATHI
Proprietor
Membership No.: 37109

Place: Mumbai
Date : 28th February, 2015

CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

I, Shri Nitin Sandesara, in my capacity as Chief Executive Officer (CEO) of the Company hereby certify that -

- a. I have reviewed the financial statements and the cash flow statement for the year ended 31 December, 2014 and that to the best of my knowledge and belief:
 - i) These statements do not contain any material untrue statement or omit any material fact or contain statement that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violated the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the Auditors and the Audit committees:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Sterling Biotech Limited

NITIN SANDESARA
Managing Director
DIN: 00255496

Place: Mumbai
Date: 28th February, 2015

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT

In Accordance with Clause 49 I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended on 31st December, 2014.

For Sterling Biotech Limited

NITIN SANDESARA
Managing Director
DIN: 00255496

Place: Mumbai
Date: 28th February, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of
STERLING BIOTECH LIMITED

Report on the Financial Statements

I have audited the accompanying financial statements of Sterling Biotech Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2014, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which I have signed under reference to this report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at December 31, 2014;
- b) In the case of the Statement of Profit & Loss, of the Loss of the company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003', as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order") , and on the basis of such checks of the books and records of the company as I considered appropriate and according to the information and explanation given to me, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, I report that:
 - a) I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purposes of my Audit;
 - b) In my opinion, proper books of account, as required by law, have been kept by the company, so far as appears from my examination of those books;

- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In my opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
- e) On the basis of the written representations received from the Directors as on December 31, 2014 and taken on record by the Board of Directors, I report that none of the Directors of the company are disqualified as on December 31, 2014 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

For H. S. HATHI & CO.
Chartered Accountants
Firm Regn. No. 103596W

HEMANT S. HATHI
Proprietor
Membership No. 037109

Place : Mumbai

Dated : 28th February, 2015

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of my report of even date.

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management based on a phased program of verification of all the assets during the year, which in my opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
 - (c) As per the information and explanations given to me, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii)
 - (a) As explained to me inventories have been physically verified by the management at reasonable intervals during the year.
 - (b) In my opinion and according to information and explanations given to me, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of my examinations of records of inventories, I am of the opinion that the company is maintaining proper records of the inventory. As explained to me, no material discrepancies have been noticed on physical verification of inventories as compared to Books records.
- (iii)
 - (a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the companies Act, 1956. The Maximum amount involved during the year was Rs. 83.68 crores and the year end balance of loans granted to such parties was Rs. 0.06 crores. The company has not taken any unsecured loan from companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
 - (b) In my opinion, terms and conditions on which loans granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
 - (c) The parties have repaid the principal amounts as stipulated.
 - (d) There are no overdue amounts of Loans granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sales of Goods and service. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to me, I have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v)
 - (a) According to the information and explanations given to me, I am of the opinion that the particulars of contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In my opinion and according to the information and explanations given to me, there are no transactions of purchase of Goods and materials and sales of Goods, material & services made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5,00,000/- or more in respect of each party.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In my opinion, the Company has an internal audit System commensurate with the size and nature of its business.
- (viii) I have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.

- (ix) (a) According to the records of the company, the company has been regular in depositing with appropriate authorities, Undisputed statutory dues including Provident Fund, Income tax, Sales Tax / VAT, Wealth tax, Service Tax, Custom duty, Cess and other statutory dues.
- (b) According to the information and explanations given to me, no undisputed amounts payable in respect of such statutory dues were outstanding as at the 31st December 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to me, there are no such statutory dues which have not been deposited on account of any dispute.
- (x) In my opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has incurred cash losses during the year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to me by the management, and on the basis of records examined by me, the company has defaulted in the repayment of the dues to financial institutions or banks or debenture holders. The amount outstanding and overdue for less than 60 days is Rs. 226.85 crores and for more than 60 days is Rs. 1337.83 crores.
- (xii) According to the information and explanations given to me and based on the documents and records produced to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In my opinion, the Company is not a chit fund, a nidhi or a mutual benefit fund society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In my opinion, the company is maintaining proper record and making timely entries in respect of shares, securities, debentures and other investments. Further all the investments made by the company are held in its own name.
- (xv) In my opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to me by the management, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short term basis have been used for long term investments.
- (xviii) According to the information and explanations given to me, the Company has made preferential allotment of shares to companies covered in the register maintained under section 301 of the companies Act, 1956. In my opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- (xix) During the period covered by my report, the company has not issued any debentures and hence clause 4(XIX) of the companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) During the period covered by my report, the company has not raised any money by way of public issue.
- (xxi) During the course of my examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have I been informed of any such case by the Management.

For H. S. HATHI & CO.
Chartered Accountants
Firm Regn No. 103596W

HEMANT S. HATHI
Proprietor
Membership No. 037109
Place : Mumbai
Dated : 28th February, 2015

BALANCE SHEET AS AT 31st DECEMBER, 2014

(Amount in Rs.)

PARTICULARS	NOTE	As at 31 st December, 2014	As at 31 st December, 2013
Equity and Liabilities			
Shareholders' funds			
Share capital	3	15,340,313,968	267,873,590
Reserves and surplus	4	10,102,602,533	14,433,365,109
		25,442,916,501	14,701,238,699
Non-current liabilities			
Long-term borrowings	5	18,611,464,303	9,477,849,362
		18,611,464,303	9,477,849,362
Current Liabilities			
Short-term borrowings	6	11,817,144,452	16,925,224,398
Trade payables	7	246,905,539	200,517,217
Other current liabilities	8	16,006,908,272	32,683,443,506
		28,070,958,263	49,809,185,121
TOTAL		72,125,339,067	73,988,273,182
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	9	32,738,420,749	34,334,357,977
Capital work-in-progress		22,701,267,203	21,097,920,284
Investments	10	1,689,074,519	3,765,174,519
Deferred tax assets (Net)	11	2,503,698,631	455,898,631
Other Non-current Assets	12	1,885,707,000	–
		61,518,168,102	59,653,351,411
Current Assets			
Inventories	13	6,345,654,225	7,935,198,157
Trade receivables	14	1,805,592,293	3,357,059,962
Cash and Bank balances	15	176,592,213	174,871,540
Short-term loans and advances	16	2,279,332,234	2,867,792,112
Other Current Assets		–	–
		10,607,170,965	14,334,921,771
TOTAL		72,125,339,067	73,988,273,182
The notes are an integral part of this financial statements			

This is the Balance Sheet referred to in our Report of even date.

For H. S. HATHI & CO.

Chartered Accountants

Firm Regn. No. 103596W

HEMANT S. HATHI

Proprietor

Membership No. 037109

Place : Mumbai.

Dated : 28th February, 2015

For and on behalf of the Board of Directors

Nitin J. Sandesara

Managing Director

DIN: 00255496

Chetan J. Sandesara

Joint Managing Director

DIN: 00255671

Rajbhushan O. Dixit

Director

DIN: 00025484

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st DECEMBER, 2014 (Amount in Rs.)

PARTICULARS	NOTE	For the Year ended 31 st December 2014	For the Year ended 31 st December 2013
Income			
Revenue from operations (net)	18	6,669,507,242	7,180,694,670
Other income		36,820,123	42,605,401
Total Revenue (I)		6,706,327,365	7,223,300,071
Expenses			
Manufacturing Expenses	19	6,178,386,580	4,843,450,888
Change in inventories of finished goods and work-in-progress	20	(1,523,262,131)	274,979,530
Employee benefits expense	21	516,727,062	546,767,544
Other expenses	22	385,281,291	568,691,248
Total Expenses (II)		5,557,132,802	6,233,889,210
Earnings before interest, tax, depreciation, amortisation and before exceptional item (I - II)		1,149,194,563	989,410,861
Depreciation & Amortisation	23	2,765,743,385	2,543,166,416
Finance costs		4,695,056,697	4,377,079,365
Profit/(Loss) before exceptional item and tax		(6,311,605,519)	(5,930,834,920)
Less : Extraordinary Item		–	–
Profit/(Loss) before tax		(6,311,605,519)	(5,930,834,920)
Tax expense			
- Current tax		–	–
- Deferred tax		(2,047,800,000)	(1,924,300,000)
Total Tax expense		(2,047,800,000)	(1,924,300,000)
Profit/(Loss) after tax		(4,263,805,519)	(4,006,534,920)
Prior Year Adjustment		(313,246,539)	–
Profit/(Loss) for the year		(4,577,052,058)	(4,006,534,920)
Earning per equity share [Face value of Re. 1/- each]	24		
- Basic		(16.82)	(14.96)
- Diluted		(10.57)	(13.24)
The notes are an integral part of these financial statements			

This is the Statement of Profit and Loss referred to in our Report of even date.

For H.S.HATHI & CO.

Chartered Accountants

Firm Regn. No. 103596W

HEMANT S. HATHI

Proprietor

Membership No. 037109

Place : Mumbai.

Dated : 28th February, 2015

For and on behalf of the Board of Directors

Nitin J. Sandesara

Managing Director

DIN: 00255496

Chetan J. Sandesara

Joint Managing Director

DIN: 00255671

Rajbhushan O. Dixit

Director

DIN: 00025484

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

Note	
1.	<p>Nature of Operations</p> <p>Sterling Biotech Limited ("The Company") is engaged in the manufacturing of Pharma Grade Gelatine & Di-Calcium Phosphate and other Pharma products.</p>
2.	Summary of Significant Accounting Policies
2.1.	<p>Basis of preparation</p> <p>These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.</p> <p>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 Schedule VI to the Companies Act, 1956. 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.</p>
2.2.	<p>Use of estimates</p> <p>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.</p>
2.3.	<p>Tangible Assets</p> <p>Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated 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.</p> <p>Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.</p> <p>Items of fixed assets 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.</p> <p>Loss arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.</p>
2.4.	<p>Depreciation / Amortisation</p> <p>Depreciation is provided on pro-rata basis on the Straight Line Method (SLM) at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956 on all assets. Depreciation pertaining to revalued amounts is withdrawn from Revaluation Reserve Account and credited to the statement of Profit and Loss.</p>
2.5.	<p>Borrowing costs</p> <p>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.</p>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

Note	
2.6.	<p>Impairment</p> <p>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.</p>
2.7.	<p>Inventories</p> <p>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.</p>
2.8.	<p>Revenue Recognition</p> <p>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, sales taxes and excise duties.</p>
2.9.	<p>Other Income</p> <p>Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p>Export Benefits: The Company accounts for export benefit entitlements under the Duty Entitlement Pass Book Scheme of Government of India, on accrual basis.</p>
2.10.	<p>Foreign Currency Translations</p> <p>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.</p>
2.11.	<p>Retirement Benefits</p> <p>Retirement benefits payable to employees is charged to revenue on accrual basis. Employer's contribution to Provident Fund is accounted for on accrual basis.</p>
2.12.	<p>Employee Benefits</p> <p>a. Short Term Employee benefits</p> <p>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.</p> <p>b. Defined Contribution Plan</p> <p>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.</p>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

Note	
c.	<p>Defined Benefit Plan</p> <p>The Company's liability towards gratuity to its employees is covered by a group gratuity policy with LIC of India. 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.</p>
2.13.	<p>Current and deferred tax</p> <p>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.</p> <p>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.</p> <p>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.</p>
2.14.	<p>Research and Development expenditure</p> <p>Revenue expenditure is charged to the statement of Profit and Loss in the period in which it is incurred. Capital expenditure is debited to Fixed Assets and depreciated at applicable rates.</p>
2.15.	<p>Provisions and Contingent Liabilities</p> <p>Provisions: Provisions are recognised when there is a present obligation as a result if 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.</p> <p>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.</p>
2.16.	<p>Cash and Cash Equivalents</p> <p>In the cash flow statement cash and cash equivalent include cash in hand, demand deposits with banks and other short term highly liquid investments.</p>
2.17.	<p>Earning Per Share</p> <p>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.</p>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

Note	(Amount in Rs.)				
2.18.	Measurement of EBITDA The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations before depreciation and amortisation expense, finance cost and tax expense.				
3.	Share Capital	As at 31 st December 2014 Rs.	As at 31 st December 2013 Rs.		
	Authorised 500,000,000 (December 31, 2013: 500,000,000) equity shares of Rs. 1/- each	500,000,000	500,000,000		
	2,750,000,000 (December 31, 2013: Nil) 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights of Rs. 10/- each	27,500,000,000	–		
	Total	28,000,000,000	500,000,000		
	Issued and Subscribed 275,771,988 (December 31, 2013: 271,597,590) equity shares of Rs. 1/- each	275,771,988	271,597,590		
	1,506,826,598 (December 31, 2013: Nil) 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights of Rs. 10/- each	15,068,265,980	–		
	Total	15,344,037,968	271,597,590		
	Paid up 272,047,988 (December 31, 2013: 267,873,590) equity shares of Rs. 1/- each fully paid	272,047,988	267,873,590		
	1,506,826,598 (December 31, 2013: Nil) 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares carrying no voting rights of Rs. 10/- each	15,068,265,980	–		
	Total	15,340,313,968	267,873,590		
a.	Reconciliation of number of shares				
	Equity Shares	As at 31 st December 2014		As at 31 st December 2013	
		No. of Shares	Rs.	No. of Shares	Rs.
	Balance as at the beginning of the year	267,873,590	267,873,590	267,873,590	267,873,590
	Add : Shares issued during the year	4,174,398	4,174,398	–	–
	Balance as at the end of the year	272,047,988	272,047,988	267,873,590	267,873,590
	Preference Shares				
	Balance as at the beginning of the year	–	–	–	–
	Add : Shares issued during the year	1,506,826,598	15,068,265,980	–	–
	Balance as at the end of the year	1,506,826,598	15,068,265,980	–	–

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2013

Note					
b.	<p>Rights, preferences and restrictions attached to shares</p> <p>Equity Shares</p> <p>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.</p> <p>Preference Shares</p> <p>The Company has only one class of Unlisted 8% Redeemable Cumulative Non-Participating Non-Convertible Preference Shares redeemable at the end of 15 years from the date of allotment, carrying no voting rights, of face value of Rs. 10/- each issued on private Placement basis to Promoter Group & Associates whether or not they are member(s) of the Company.</p> <p>Accumulated dividend on proportionate basis of issued Preference Shares as on balance sheet date amounts to Rs. 479,134,466.</p>				
c.	Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company				
	Name of Shareholder	As at 31 st December 2014		As at 31 st December 2013	
		Numbers	% holding	Numbers	% holding
	Equity shares of Rs. 1/- each fully paid Albula Investment Fund Limited	15,963,234	5.87%	15,963,234	5.96%
	Preference shares of Rs. 10/- each fully paid				
	Sterling Port Limited	1,246,563,599	82.73%	–	0.00
	PMT Machines Limited	159,999,999	10.62%	–	0.00
	Sterling SEZ and Infrastructure Limited	100,263,000	6.65%	–	0.00
	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.				
4.	Reserves and Surplus				
		As at 31 st December 2014 Rs.		As at 31 st December 2013 Rs.	
	General Reserve				
	Balance as at the beginning of the year	4,175,353,706		8,181,888,626	
	Add/(Less) : Transferred from/(to) Profit & Loss Account	(4,175,353,706)		(4,006,534,920)	
	Add/(Less) : Transferred from/(to) Debenture Redemption Reserve	–		–	
	Balance as at the end of the year	–		4,175,353,706	
	Profit & Loss Account				
	Balance as at the beginning of the year	–		–	
	Add/(Less) : Transferred from/(to) Profit & Loss Account	(401,698,351)		–	
	Add/(Less) : Transferred from/(to) Debenture Redemption Reserve	–		–	
	Balance as at the end of the year	(401,698,351)		–	
	Debenture Redemption Reserve				
	Balance as at the beginning of the year	498,214,285		498,214,285	
	Add/(Less) : Transferred from/(to) General Reserve*	–		–	
	Balance as at the end of the year	498,214,285		498,214,285	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

Note		As at 31 st December 2014 Rs.	As at 31 st December 2013 Rs.
	Share Premium Account		
	Balance as at the beginning of the year	9,759,797,117	9,759,797,117
	Add : Addition due to conversion of FCCBs to equity	246,289,482	–
	Balance as at the end of the year	10,006,086,599	9,759,797,117
	Total	10,102,602,533	14,433,365,109
	* As the company has incurred Losses during the year, the company has not created Debenture Redemption Reserve during the year.		
5.	Long-term borrowings	As at 31 st December 2014 Rs.	As at 31 st December 2013 Rs.
	Secured (Secured by way of first charge on Fixed Assets of the company, on pari passu basis)		
	Term Loans from Banks	307,520,836	420,125,000
	Redeemable Non-Convertible Debentures	–	450,000,000
	External Commercial Borrowings		
	a) ECB 2009 aggregating USD 25,875,000 (December 31, 2013: USD 50,625,000)	1,638,702,563	3,133,535,625
	b) ECB 2010 aggregating USD 61,908,000 (December 31, 2013: USD 88,440,292)	3,920,726,502	5,474,188,737
	Unsecured		
	Foreign Currency Convertible Bonds Zero Coupon Convertible Bonds due 2019 (Aggregating to USD 201,235,000 (December 31, 2013: Nil))	12,744,514,403	–
	Total	18,611,464,303	9,477,849,362
	1. Interest rates on Rupee term loans from banks vary in the range of 11.5% p.a. to 16.35% p.a. (linked with BPLR). The said loans are repayable in quarterly installments with a maximum tenure of 6 years. 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%. The said debentures are redeemable in 20 quarterly installments starting from November 05, 2010 and last installment due on August 05, 2015.		
	3. Interest rates on External Commercial Borrowings vary in the range of 4.50% p.a. to 6.50% p.a. (linked with LIBOR). The said ECBs are repayable in half yearly installments starting from May 20, 2012 with a maximum tenure of 6 years.		
	4. The company has defaulted in repayment of certain debt obligations towards installments and interest. Certain Banks and Financial Institutions have initiated legal action against the Company and/or its directors for recovery of these debt. However, the Company is in continuous dialogue with the lenders for bilateral restructuring of its debt. Certain banks have already restructured its debt.		
	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 will be charged in favour of the lenders participating in Obligor co-obligor structure and the interest rate for facilities extended by these lenders will be at 12% p.a.		
	6. The Company has completed the Cashless Exchange Offer by issue of the Zero Coupon Convertible Bonds due 2019 aggregating to US\$ 206,464,000 (Fresh FCCBs) in exchange of outstanding Zero Percent Foreign Currency Convertible Bonds due 2012. As per the terms of the Cashless Exchange Offer, now the Company's obligation to the holders of the existing bonds with respect to payment of principal, interest, default interest and premium on existing bonds stands discharged in full and no other amounts shall be payable to the holders of existing bonds. The summary of Fresh FCCBs due 2019 are as under:		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

Note			
	<p>i) The FCCBs carry a 0% coupon with a yield of 5.43% per annum (calculated on semi-annual basis).</p> <p>ii) The FCCBs will mature on March 25, 2019.</p> <p>iii) The FCCBs are convertible into equity shares or GDRs of the Company. During the year pursuant to conversion of USD 5,218,000 FCCBs, the Company has issued 4,174,398 equity shares. After conversion, the outstanding FCCBs are USD 201,235,000.</p> <p>iv) The FCCBs are convertible at any time after May 05, 2014 at a conversion price of Rs. 60.00 per share with fixed rate of exchange on conversion of Rs. 48/- per USD.</p> <p>v) The FCCBs are admitted for trading on the Euro MTF market of Luxembourg Stock Exchange.</p>		
		As at 31 st December 2014 Rs.	As at 31 st December 2013 Rs.
6.	Short-term borrowings		
	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)	7,398,313,610	10,306,271,689
	Interest accrued and due on working capital borrowings	1,488,233,293	2,508,453,872
	Short Term Loans from Banks	2,930,597,550	4,110,498,837
	Total	11,817,144,452	16,925,224,398
	<p>1. Interest rates on Working capital Borrowings from Banks vary in the range of 13.25% p.a. to 16.50% p.a. (linked with BPLR). The said loans are repayable on demand and also secured by way of a 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 Directors of the Company.</p> <p>2. Interest rate on the Short Term Loans from Banks repayable during 2013 and 2014 vary in the range of 13.25% to 15%.</p>		
		As at 31 st December 2014 Rs.	As at 31 st December 2013 Rs.
7.	Trade payables		
	Trade payables	246,905,539	200,517,217
	Total	246,905,539	200,517,217
		As at 31 st December 2014 Rs.	As at 31 st December 2013 Rs.
8.	Other current liabilities		
	Current maturities of long term borrowings (note 5) [Including interest accrued and due]		
	Term Loans from Banks	3,446,364,301	8,852,937,883
	Redeemable Non-Convertible Debentures	4,699,249,041	3,570,590,584
	External Commercial Borrowings		
	a) ECB 2009 aggregating USD 55,595,393 (December 31, 2013: USD 47,315,243)	3,520,939,617	2,928,671,618
	b) ECB 2010 aggregating USD 61,419,807 (December 31, 2013: USD 70,290,270)	3,889,808,484	4,350,756,809
	Foreign Currency Convertible Bonds Zero Coupon Convertible Bonds due 2012 (December 31, 2013: USD 203,115,187) [Including provision for premium on redemption aggregating to USD 49,352,085 and interest accrued thereon]	–	12,572,220,742
		15,556,361,444	32,275,177,636
	Other current liabilities	450,546,828	408,265,870
	Total	16,006,908,272	32,683,443,506

9. TANGIBLE ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	01.01.2014	Additions/ Adjustments	Deductions/ Adjustments	31.12.2014	01.01.2014	For the year	Deductions/ Adjustments	31.12.2014
Land & Development	341,490,057	-	-	341,490,057	-	-	-	341,490,057
Leasehold Land	648,448,287	-	-	648,448,287	7,292,238	3,365,648	-	637,790,401
Building	4,361,075,762	51,127,919	-	4,412,203,681	734,716,082	146,700,516	-	3,530,787,083
Plant & Machinery	43,303,706,784	832,277,447	-	44,135,984,231	13,940,099,608	2,358,260,427	-	27,837,624,196
Office Equipments & Furniture	347,270,914	9,848,496	-	357,119,410	150,140,709	21,229,067	-	185,749,634
Vehicles	259,801,068	84,163,998	26,639,378	317,325,688	95,186,259	26,664,727	9,504,676	204,979,378
TOTAL	49,261,792,873	977,417,860	26,639,378	50,212,571,354	14,927,434,896	2,556,220,385	9,504,676	32,738,420,749
Previous Year	48,719,297,935	549,495,179	7,000,242	49,261,792,873	12,387,988,996	2,543,166,416	3,720,516	34,334,357,977

Note : Additions to Plant & Machinery includes Borrowing cost and exchange variation on foreign currency loans for expansion projects.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014
(Amount in Rs.)

Note		As at 31 st December 2014	As at 31 st December 2013
10.	Investments (At cost/carrying amount unless otherwise stated)		
	In Units of Mutual Funds [Market Value Rs. 13,309,305 (31 December 2013: Rs. 8,758,483)]	14,976,458	14,976,458
	In Shares (Quoted) [Market Value Rs. 4,219,228 (31 December 2013: Rs. 3,689,467)]	30,435,921	30,435,921
	In Shares (Un-quoted at cost)	1,643,594,140	3,719,694,140
	National Savings Certificate	68,000	68,000
	Total	1,689,074,519	3,765,174,519
		As at 31 st December 2014	As at 31 st December 2013
11.	Deferred tax (liability) / Asset (Net)		
	Deferred tax (liability) / Asset	2,503,698,631	455,898,631
	Total	2,503,698,631	455,898,631
		As at 31 st December 2014	As at 31 st December 2013
12.	Other Non-current assets		
	Opening Balance	–	–
	Add : Capitalised during the year	2,095,230,000	–
	Less : Amortised during the year	209,523,000	–
	Closing Balance	1,885,707,000	–

Initially, during the previous year, the Company has decided to develop an improved process of manufacturing of Gelatin with higher yield and effective colors and viscosity, which is typically high for high Bloom gelatins, to retain higher profits and sales realisation from it. The international standards are also becoming stringent and more demanding in terms of parameters. The Company is always improving its product and it's a continuous effort. Considering the same, the Company has identified the new process for proper Ph, Moisture control, lesser ASH, Control Sulphur dioxide content (SO₂), acceptable microbiological properties and accordingly charged the bone and the same was lying in the process with various utilities application as Work In Process stage for development to improvise yield and technical properties. While gelatin is very stable in its gel form, various factors such as pH, temperature or bacterial environment may cause an hydrolysis of the protein chain yielding not only a decreased viscosity but also a decrease in Bloom. However, the company continued to invest the funds in inventory of Bone, Lime, HCL and utilities in work in process stage as the improvement seen at work in process stage was highly encouraging and the technical team of the Company was convinced that the development is in right direction.

During the period, due to the stringent pollution control norms for ETP plant, the Company was forced to keep material for longer period of even more than 210 days. Resultant in the process, instead of development of better ossien, all gelatin licked up during liming process. Ossien was lying without any other process and liming reaction was continued. Accordingly, Company was forced to take decision to dispose off the material without further extraction of Gelatin to avoid contamination.

As the inventory was stored & processed for new developmental activity of the Company whereas the Company got abnormal process cost, therefore the said cost of Rs. 209.52 crores will be carried forward for 10 years and will be amortised over such period.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014
(Amount in Rs.)

Note		As at 31 st December 2014	As at 31 st December 2013
13.	Inventories		
	Raw Materials	123,390,620	1,242,929,225
	Stock in Process	6,046,972,731	6,306,327,544
	Stores & Spares parts	115,577,276	13,614,734
	Finished Goods	59,713,598	372,326,654
	Total	6,345,654,225	7,935,198,157
14.	Trade Receivables (Unsecured, Considered Good)		
	Outstanding for a period exceeding six months from the date they are due for payment	3,011,007	578,635,641
	Other receivables	1,802,581,286	2,778,424,321
	Total	1,805,592,293	3,357,059,962
15.	Cash and Bank Balances		
	Cash and cash equivalents		
	Cash on hand	2,366,554	2,237,485
	Balances with banks		
	In Current Account	108,167,314	118,504,991
	In Fixed Deposits	66,058,345	54,129,064
	Total	176,592,213	174,871,540
16.	Short-term loans and advances (Unsecured, Considered Good)		
	Deposits	55,226,525	57,106,100
	Balance with Excise & Other Government Authorities	95,397,471	62,767,784
	Advance recoverable in cash or kind or for value to be received	2,128,708,238	2,747,918,228
	Total	2,279,332,234	2,867,792,112
17.	Contingent Liabilities (Not provided for)		(Rs. in Lacs)
	Estimated amount of contracts remaining to be executed on capital account	92.43	778.93
	Letters of credit issued by the Banks	Nil	Nil
	Disputed claims / levies in respect of claims by other parties	Nil	8,286.44

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

(Amount in Rs.)

Note		For the year ended 31 st December 2014 Rs.	For the year ended 31 st December 2013 Rs.
18.	Revenue		
	Sale of Finished goods	6,669,507,242	7,180,694,670
	Revenue from operations (net)	6,669,507,242	7,180,694,670
19.	Cost of material consumed		
	Opening Stock	1,256,543,959	1,745,740,141
	Add: Purchases	5,160,810,517	4,354,254,707
	Total	6,417,354,476	6,099,994,848
	Less: Closing Stock	238,967,896	1,256,543,959
	Total	6,178,386,580	4,843,450,888
20.	Changes in inventory of finished goods and work-in-progress		
	Inventory at the end of the year		
	Finished goods	59,713,598	372,326,654
	Work-in-progress	6,046,972,731	6,306,327,544
		6,106,686,329	6,678,654,198
	Inventory at the beginning of the year		
	Finished goods	372,326,654	583,017,474
	Work-in-progress	6,306,327,544	6,370,616,253
		6,678,654,198	6,953,633,727
	Less : transferred to other Non-current Asset	2,095,230,000	–
		4,583,424,198	6,953,633,727
	(Increase)/decrease in inventory	(1,523,262,131)	274,979,530
21.	Employee benefits expense		
	Salaries, Wages & Bonus	451,077,087	501,190,317
	Contribution to Provident Fund & Other funds	37,834,649	20,314,289
	Staff Welfare expenses	27,815,326	25,262,938
	Total	516,727,062	546,767,544
	Managerial Remuneration (included above)		
	Salary (including Bonus)	3,600,000	4,800,000
	Total	3,600,000	4,800,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014
(Amount in Rs.)

Note		For the year ended 31 st December 2014	For the year ended 31 st December 2013
22.	Other expenses		
	Repair & Maintenance: Buildings	6,882,900	23,255,893
	Repair & Maintenance: Plant & Machinery	70,059,277	90,202,336
	Traveling & Conveyance	52,081,921	36,053,809
	Telephone & Telex	7,374,283	7,905,530
	Printing & Stationery	4,621,798	4,805,477
	Postage, Telegram & Courier	1,510,778	1,123,001
	Office Expenses	181,885,812	169,935,172
	Selling & Distribution Expenses	60,864,522	183,808,082
	Loss on Fire	–	51,601,949
	Total	385,281,291,	568,691,248
	Auditors Remuneration (Included in Office expenses)		
	Audit Fees	400,000	400,000
	Tax Audit Fees	150,000	150,000
	Taxation and other matters	200,000	200,000
	Service Tax	92,700	92,700
	Total	842,700	842,700
23.	Depreciation and amortisation		
	Depreciation on fixed assets	2,556,220,385	2,543,166,416
	Amortisation of Non-current Assets	209,523,000	–
	Total	2,765,743,385	2,543,166,416
24.	Earnings per share (EPS)		
	a. Net Profit/(loss) for the year as per Statement of Profit and loss	(4,577,052,058)	(4,006,534,920)
	b. Nominal value of each Equity share (Rs.)	1.00	1.00
	c. Weighted average No. of Equity Shares for Basic EPS	272,047,988	267,873,590
	d. Basic Earnings per Share (Rs.) (a/c)	(16.82)	(14.96)
	e. Weighted average No. of Equity Shares for Diluted EPS	433,035,990	302,503,000
	f. Diluted Earnings per Share (Rs.) (a/e)	(10.57)	(13.24)
25.	Foreign Currency Earnings and Expenditure		(Rs. in Lacs)
	a. FOB value of Exports	7,951.19	18,597.98
	b. CIF Value of Imports	59.56	122.17
	c. Other Expenditure	212.02	126.71

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

26. SEGMENTAL REPORTING

The company's operations fall under single segment; hence Segment Reporting as defined under AS-17 is not applicable to the Company.

27. Related Party Disclosures

A) Names of related Parties and their relationship

i) Details of Key Management Personnel 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 Pvt. Ltd. British Oil & Gas Exploration Ltd. Sterling Fincom Private Limited, Mauritius (Subsidiary) Sterling Commercial FZE, U.A.E. (subsidiary of Sterling Fincom Private Limited, Mauritius)
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B. The aggregate amount of transaction with the related parties is as below (Rs. in Lacs)

Particulars	Nature of Transaction	For the Year ended 31 st December 2014	For the Year ended 31 st December 2013
1. Mr. Nitin J. Sandesara	Remuneration	12.00	24.00
2. Mr. Chetan J. Sandesara	Remuneration	24.00	24.00
3. Sterling SEZ and Infrastructure Limited	Loans & Advances	6.30	3,112.00
	Maximum amount outstanding	3,112.00	3,112.00
4. Sterling Port Limited	Loans & Advances	–	5,256.00
	Maximum amount outstanding	5,256.00	5,256.00
5. Sterling SEZ and Infrastructure Limited	Investment	4,875.00	18,500.00
6. Sterling Oil Resources Limited	Investment	500.00	500.00
7. Sterling Port Limited	Investment	9,900.00	17,036.00
8. Atlantic Bluewater Services Pvt. Ltd.	Investment	4.97	4.97
9. British Oil & Gas Exploration Ltd.	Investment	5.46	5.46

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014

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) there are no amounts due to such vendors during the year and as at the year end. Therefore, disclosure required under the Act have not been given.

29. Previous year figures

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

These are the notes referred to in our report of even date.

For H.S.HATHI & CO.

Chartered Accountants

Firm Regn. No. 103596W

HEMANT S. HATHI

Proprietor

Membership No. 037109

Place : Mumbai.

Dated : 28th February, 2015

For and on behalf of the Board of Directors

Nitin J. Sandesara

Managing Director

DIN: 00255496

Chetan J. Sandesara

Joint Managing Director

DIN: 00255671

Rajbhushan O. Dixit

Director

DIN: 00025484

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2014 (Amount in Rs.)

PARTICULARS	For the year ended 31 st December 2014	For the year ended 31 st December 2013
A) Cash flow from operating activities:		
Net Profit before taxation and exceptional items	(6,311,605,519)	(5,930,834,920)
Adjustments for		
- Depreciation/amortisation	2,765,743,385	2,543,166,416
- Interest expenses	4,695,056,697	4,377,079,365
Operating profit before working capital changes	1,149,194,563	989,410,861
Movement in working capital :		
Trade Receivables	1,551,467,669	113,900,000
Other Receivables	588,459,878	5,719,764
Inventories	(505,686,068)	764,175,711
Trade Payable (Current Liabilities)	88,680,200	(143,259,729)
Direct Tax	(313,257,459)	(11,212,424)
Cash flow Before Extra Ordinary Items	2,558,858,783	1,718,734,184
Extra-Ordinary Expenses	-	-
Net cash flow (used in)/from operating activities (A)	2,558,858,783	1,718,734,184
B) Cash flows from investing activities		
Sale / (Purchase) of fixed assets	(1,904,067,072)	(3,148,183,502)
Sale / (Purchase) of investments	2,076,100,000	-
Net cash flow used in investing activities (B)	172,032,928	(3,148,183,502)
C) Cash flows from financing activities		
Proceeds from Issue of Equity & Preference Shares	15,072,440,378	-
Proceeds from Share Premium on Conversion of FCCB	246,289,482	-
Proceeds/(Repayment) of long term borrowings	(9,424,665,543)	4,083,490,516
Proceeds/(Repayment) of short term borrowings	(3,928,178,659)	1,719,578,953
Interest paid	(4,695,056,697)	(4,377,079,365)
Net cash (used in)/from financing activities (C)	(2,729,171,038)	1,425,990,104
Net increase/(decrease) in cash & cash equivalents (A+B+C)	1,720,673	(3,459,214)
Cash and cash equivalents at the beginning of the year	174,871,540	178,330,754
Cash and cash equivalents at the end of the year	176,592,213	174,871,540
	1,720,673	(3,459,214)

Notes: 1. The Cash flow has been prepared under the Indirect Method as set out in Accounting Standard-3 on Cash Flow statement.

2. Figures in bracket represent Cash Outflow.

This is the Cash Flow Statement referred to in our report of even date
For H.S.HATHI & CO.
Chartered Accountants
Firm Regn. No. 103596W
HEMANT S. HATHI
Proprietor
Membership No. 037109
Place : Mumbai.
Dated : 28th February, 2015

For and on behalf of the Board of Directors

Nitin J. Sandesara
Managing Director
DIN: 00255496

Chetan J. Sandesara
Joint Managing Director
DIN: 00255671

Rajbhushan O. Dixit
Director
DIN: 00025484