



Sterling
International
Enterprises Limited

Translating
Growth into Success

Annual Report
»» 2009-10



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DIRECTORS' REPORT

To the Members,
STERLING INTERNATIONAL ENTERPRISES LIMITED

Your Directors have pleasure in presenting the 26th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2010.

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year Ended 30-06-2010	Year Ended 30-06-2009
Operating Income	417.55	380.70
Gross Profit	336.31	301.04
Less: Depreciation	261.06	260.84
Profit Before Tax	75.25	40.20
Extra Ordinary Item	-	-
Provision for Taxation	12.00	5.35
Provision for Deferred Tax	10.00	8.25
Net Profit / (Loss) for the year	53.25	26.60
Less: Prior Period Adjustment	3.55	-
APPROPRIATIONS		
Proposed Dividend	-	-
Dividend Tax	-	-
Transfer to General Reserve	-	-
Surplus Balance carried forward to Balance Sheet	49.70	26.60

DIVIDEND

The Directors do not recommend any dividend for the current year with a view to conserve the resources.

OPERATIONS & FUTURE OUTLOOK

During the year under review, operating income of the Company has increased to ₹ 417.55 lacs from ₹ 380.70 lacs in the previous year, an increase of 9.68%. Profit After Tax for the year has also increased to ₹ 53.25 lacs as compared to ₹ 26.60 lacs in the previous year, an increase of 100.19%.

The new growth areas in oil related business like letting Oil Exploration Rigs on hire, Oil Trading, Seismic & Geology Survey etc. identified by your company and operated through overseas Subsidiaries has given fruits, which are reflected in the Consolidated Financial Statements.

ISSUE OF GLOBAL DEPOSITARY RECEIPTS

The Company has raised USD 175 Million by issue of 18,402,841 Global Depositary Receipts (GDRs) at an offer price of USD 9.51 per GDR equivalent to ₹ 110/- per share in the month of December 2009. The Company has completed over allotment option in the month of January 2010 and raised USD 26.25 Million by issue of 2,760,426 GDRs. Each GDR representing 4 underlying Equity Shares of ₹ 1/- each. The GDR's are listed on Luxembourg Stock Exchange and underlying equity shares are listed on Bombay Stock Exchange Limited.

SUBSIDIARY COMPANIES

The Company has the following direct and indirect overseas subsidiary companies:

British Oil & Gas Exploration Private Limited, Mauritius (BOGEPL)

BOGEPL is 100 per cent owned subsidiary which is a Holding Company of British Oil Resources Limited.

British Oil Resources Limited, Mauritius (BORL)

BORL is 100 per cent owned subsidiary of BOGEPL and holds the entire issued share capital of BOGEL, SORL & GGL.

British Oil & Gas Explorations Limited, British Virgin Islands (BOGEL)

BOGEL is 100 per cent owned subsidiary of BORL. The Company is engaged in business of oil rigs and associated services, which involves the purchase of oil rigs and letting it on hire by deployment of rigs on oil fields for drilling.

Sterling Oil Resources Limited, British Virgin Islands (SORL)

Sterling Oil Resources Ltd is a 100 per cent subsidiary of BORL. The company is engaged in the business of oil trading and other related products.

Geodynamics Geospectra Limited, British Virgin Islands (GGL)

Geodynamics Geospectra Limited (GGL) is 100% owned subsidiary of BORL. The company provides services in the collection and interpretation of seismic data. It is capable of acquiring both two-dimensional and three-dimensional seismic data. Seismic data is collected by causing an explosion in the area beneath a shot-hole and then capturing the resulting resonance by a geophone and a telemetry system. Interpretation of the seismic data collected helps in identifying the precise points for well drilling.

The members may refer to the Statement under Section 212 of the Companies Act, 1956 and information on the financials of subsidiaries in this Annual Report for further information on the subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on Management Discussion and Analysis relating to business and economic environment surrounding your company is enclosed as a part of the Annual Report.

CORPORATE GOVERNANCE

We believe Corporate Governance is at the heart of Stakeholder value creation. In pursuance of the system of Corporate Governance instituted by SEBI, forming part of the Listing Agreement with the Stock Exchange, a report thereon is separately attached to this report.

DIRECTORS

Shri Nitin J. Sandesara, and Shri Chetan J. Sandesara, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Board recommend re-appointment of Shri Nitin J. Sandesara and Shri Chetan J. Sandesara.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- i) That in the preparation of the Annual Accounts for the year ended 30th June, 2010, 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 judgements 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 profit of the Company for the year u n d e r 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 30th June, 2010 on a 'going concern' basis.

FIXED DEPOSITS

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

AUDITORS AND THEIR REPORT

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.

PARTICULARS OF EMPLOYEES

The company has no employees of the category indicated under Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules 1988 as amended.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company is engaged in Software activities and had no manufacturing activities during the year under review. No particulars are therefore required to be furnished in this report relating to the conservation of energy and technology absorption as required under Section 217(1)(e) of the Companies Act, 1956.

During the year under review, the company has no income in foreign currency.

ACKNOWLEDGEMENT

Your Directors appreciate the valuable co-operation extended by the Central and State Government authorities and are extremely grateful to the Financial Institutions and the Company's Bankers for their continued assistance, guidance and support. Your Directors are also grateful to the Employees, Shareholders, Customers and the General Public for their support and confidence reposed in the Management.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 19th November, 2010

Nitin J. Sandesara
Chairman

REPORT ON CORPORATE GOVERNANCE

Progress is measured not by the distance travelled, but the distance travelled in the right direction. Governance has a critical role in determining the right direction. In the corporate world, the primary responsibility for governance is in the hands of the Board of Directors, who set the direction for the company within the charter selected by the shareholders. The management in alignment with the Board of Directors accelerates the pace of progress, moving the company forward. The main role of Board of Directors is to see how management serves the interest of all stakeholders.

i) Corporate Governance Philosophy:

The Company views sound corporate governance as an integral part of its efforts to enhance shareholders' value. The Company endeavours to safeguard the interests of investors, customers, suppliers and lenders and build the confidence of the society in general. The company believes in adopting the philosophy of professionalism, transparency and accountability in all areas.

ii) Board of Directors (Board):

Presently, the Board comprises of 6 Directors, out of which 2 Directors are Promoter and Non Executive and 4 other Directors being Non-executive Directors. All the 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	Category	No. of other Directorships and Committees Memberships / Chairmanships			Relationships with other Directors
		Other Directorships	Committee Memberships	Committee Chairmanships	
Nitin J. Sandesara	Promoter/Non-executive	32	-	-	Brother of Shri Chetan J. Sandesara
Chetan J. Sandesara	Promoter/Non-executive	41	-	-	Brother of Shri Nitin J. Sandesara
R. B. Dixit	Independent /Non-executive	4	2	3	None
Ramni Iyer	Independent/Non-executive	3	-	-	None
Hitesh Patel	Independent/Non-executive	5	-	-	None
Ronald D'souza	Independent/Non-executive	-	-	-	None

b. Number of Board Meetings:

During the year under review the Board of Directors met five times on the following dates: 31/07/2009, 31/10/2009, 25/11/2009 (Adoption of Annual Accounts), 30/01/2010, and 15/05/2010.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 31-12-2009
Nitin J. Sandesara	1	YES
Chetan J. Sandesara	5	YES
R. B. Dixit	5	YES
Ramni Iyer	3	YES
Hitesh Patel	4	NO
Ronald D'souza	4	NO

iii) Committee of Directors

As mentioned in the last report, the board constituted following committees. **Audit Committee** Constituted on 27th March, 2002 to review 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 five times on 31-07-2009, 31-10-2009, 25-11-2009 (Adoption of Annual Accounts), 30-01-2010, and 15-05-2010. The meeting was attended by all the directors of the Audit Committee namely Shri R. B. Dixit, Shri Ramani Iyer and Shri Hitesh Patel.

Investors/Shareholders Grievance Committee constituted on 27th March, 2002 and at present Shri R. B. Dixit, Shri Ramani Iyer and Shri Hitesh Patel are the members of the Committee. 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.

Remuneration Committee of the Board

The company does not have Remuneration Committee.

iv) General Body Meetings:

Year	Venue	Date	Time	Any special Resolution	Kind of Meeting
2009	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	31 st December, 2009	11.00 a.m.	No	AGM
2008	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	27 th December, 2008	11.30 a.m.	No	AGM
2007	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	31 st December, 2007	10.30 a.m.	Yes	AGM
2007	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	20 th November, 2007	10.30 a.m.	No*	EGM
2007	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	4 th August 2007	10.30 a.m.	Yes	EGM

Special Resolution if any passed by postal ballot.

NIL

* The meeting was concluded without transacting any business mentioned in the notice.

v) **Disclosures:**

1. As required under the Companies Act, the Directors disclose the name of the Companies / Parties in which they are interested. During the year under review, there was no transaction with related party, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. which may have potential conflict with the interests of Company at large.
2. There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

vi) **Means of Communications:**

- a. Quarterly/ Half Yearly Financial Results of the Company are forwarded to the Stock Exchange where the shares of the company are listed and published in National & Regional Newspapers.
- b. The company has not made any presentations to any Institutional Investors / Analyst during the year.
- c. Management Discussion & Analysis Report is covered in Directors' Report to the Shareholders.

vii) **General Shareholder Information:**

a. Annual General Meeting

Date : 18th December, 2010

Time : 10.00 A.M.

Venue : Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W), Mumbai – 400 064

Date of Book Closure: Monday, the 13th December, 2010 to 18th December, 2010
(Both days inclusive)

b. Financial Calendar 2010 – 2011: Annual General Meeting December 2010 (next year)

		Board Meeting
Unaudited Results – Qtrly.	September 2010	November 2010
Unaudited Results – Qtrly.	December 2010	February 2011
Unaudited Results – Qtrly.	March 2011	May, 2011
Unaudited Results – Qtrly.	June 2011	August, 2011
Audited Accounts	June 2011	October/November 2011

c. Stock Exchanges where securities are listed

The Company's equity shares are Listed on the Bombay Stock Exchange Limited (BSE). Global Depository Receipts (GDRs) are listed on the Luxembourg Stock Exchange.

Name of Stock Exchange	Code
Bombay Stock Exchange Limited (BSE)	508998
Luxembourg Stock Exchange	CUSIP No. : 85935N1000 Common Code: 037422037 ISIN : US85935N1000

d. Stock Price Data

Month	High (BSE) ₹	Low (BSE) ₹
Jul-09	153.00	97.05
Aug-09	144.70	109.00
Sep-09	142.00	120.00
Oct-09	135.00	104.20
Nov-09	116.75	96.00
Dec-09	169.00	103.90
Jan-10	175.05	131.25
Feb-10	179.00	148.00
Mar-10	220.00	165.00
Apr-10	214.00	150.00
May-10	164.00	130.00
Jun-10	155.00	122.50

e. Share Transfer System

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects. Officers / Directors of the Company have been authorized to approve transfers.

The total number of shares transferred in the non-dematerialised segment during year 2009-2010 was NIL Shares.

Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 03.03.2001. All requests for dematerialisation 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 the stipulated time. Upto 30-06-2010, 84.20 % equity shares of the company have been dematerialized.

f. Shareholding Pattern – as on 30th June 2010

Sl. No	Category	No. of Shareholder	% age	No. of Equity Shares	% age
1.	Resident Individuals	798	81.85	9671767	3.56
2.	Indian Companies	127	13.03	67595946	24.91
3.	FIs/ MFs/Banks	0	0.00	0	0.00
4.	Indian Promoters	18	1.85	109407340	40.31
5.	NRIs/OCBs/FIIs/FCs	7	0.71	37546	0.02
6.	Clearing Members	24	2.46	37401	0.01
7.	Underlying Shares out of GDRs	1	0.10	84653068	31.19
	TOTAL	975	100.00	271403068	100.00

Distribution of Shareholding – as on 30th June 2010

Sl. No	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 - 5000	589	60.04	384215	0.14
2	5001 - 10000	78	7.95	569409	0.21
3	10001 - 20000	91	9.28	1451018	0.53
4	20001 - 30000	102	10.40	2478616	0.91
5	30001 - 40000	8	0.82	286020	0.11
6	40001 - 50000	6	0.61	283600	0.10
7	50001 - 100000	27	2.75	2130236	0.79
8	100001 & Above	80	8.15	263819945	97.21
	TOTAL	981	100.00	271403068	100.00

g. International Securities Identification Number (ISIN)

ISIN is an identification number for traded scrip. This number needs to be quoted in each transaction relating to the dematerialised equity shares of the Company. ISIN number for Equity Shares of the Company with NSDL and CDSL is INE696C01021.
ISIN No. of GDR Listed on the Luxembourg Stock Exchange is US85935N1000.

h. Dematerialisation of Shares:

Total No. of Shares dematerialized upto 30-06-2010 – 228533298
-With NSDL 125073495
- With CDSL 103459803

i. Location

Software Unit at PMT Complex, Pimpri Chinchwad Road, Pune, 411 018.

j. Address for Correspondence:

Shareholders can correspond at the Registered Office of the Company at Mumbai.

k. Complaints by Shareholders & their redressal during 1-7-2009 to 30-06-2010

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	0	0
Delay in Transfer of Shares	0	0
Change of Address	0	0
Pending Demat cases (Since Processed)	0	0
Other-Remat of Share (Since Processed)	0	0

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Sterling International Enterprises Limited
Mumbai

We have examined the compliance of conditions of corporate governance by Sterling International Enterprises Limited, for the year ended 30th June, 2010, as stipulated in clause 49 of the Listing Agreement with Stock Exchanges.

The compliances 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 the conditions of the 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 Shareholders/Investors Grievance Committee.

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

As per our report of even date

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

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

»»» June' 2010

GLOBAL OIL INDUSTRY OVERVIEW

- World Oil Production fell by 2 million barrels/day in 2009; the largest since 1982.
- World Oil Consumption fell by 1.2 million barrels/day in 2009; again the largest decline since 1982.
- Crude Oil prices are expected to average \$83 per barrel in 2011 as per EIA.
- Nigeria has announced a 2010/2011 oil prospecting/ exploration and production/ mining licensing round.
- India is looking to acquire an additional 22-29 million barrels per year from Nigeria.
- The demand for land rigs is expected to increase in 2011. Limited availability of land rigs has resulted in an increase in overall rig charter rates.

The global economy remains in a fragile state and additional stress is anticipated because of slow job growth, continued deleveraging and the struggle of riskier currencies. Demand growth is slowing and regulatory pressures continue to impact operations, while available reserves are more difficult and expensive to produce. The challenge in front of the oil and gas companies is the need to know how to respond to emerging trends, anticipate risk effectively, improve performance and operate more efficiently.

Global oil production dropped even more rapidly than consumption, falling by 2 million b/d, or 2.6%, the largest drop, again, since 1982. OPEC production cuts implemented late in 2008 were maintained throughout 2009, resulting in a decline of 2.5 million b/d, or 7.3%. Every OPEC member participating in the production-cutting agreement reduced output in 2009. OPEC's Middle Eastern members accounted for nearly 75% of the overall reductions. (Source: BP Statistical Review of World Energy, 2010)

Global oil consumption declined by 1.2 million barrels per day (b/d), or 1.7%, the largest decline since 1982. OECD consumption fell by 4.8% (2 million b/d), a fourth consecutive decline. Outside the OECD, consumption growth slowed to 860,000b/d, or 2.1%, the weakest percentage growth since 2001. China, India and Middle

Eastern countries accounted for all of the non-OECD growth.

Prices began the year below \$40 and rose steadily throughout the year, reaching a peak of more than \$78 in mid-November. Sustained OPEC production cuts and improving economic prospects as the year progressed supported prices. The price of crude is expected to average \$78 per barrel in 2010. EIA has also predicted that the crude oil prices will average \$83 per barrel in 2011.

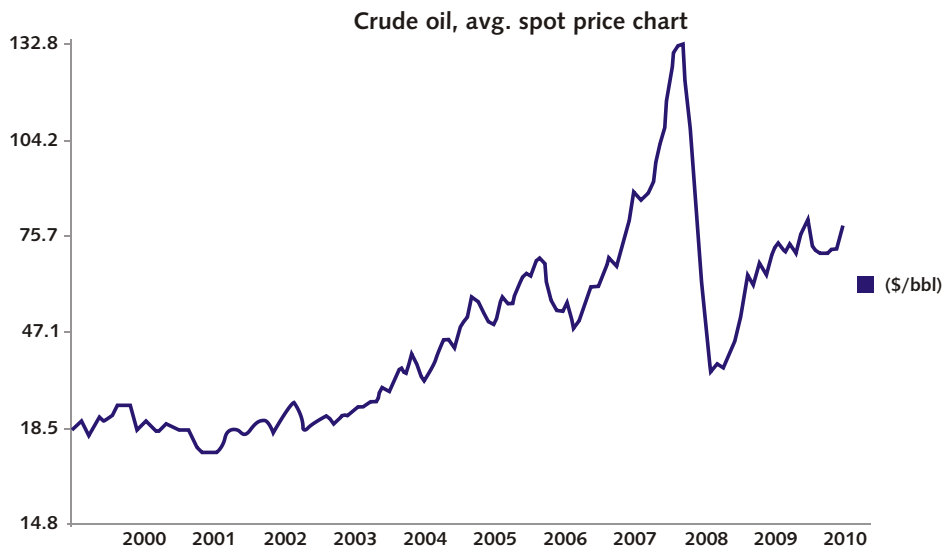
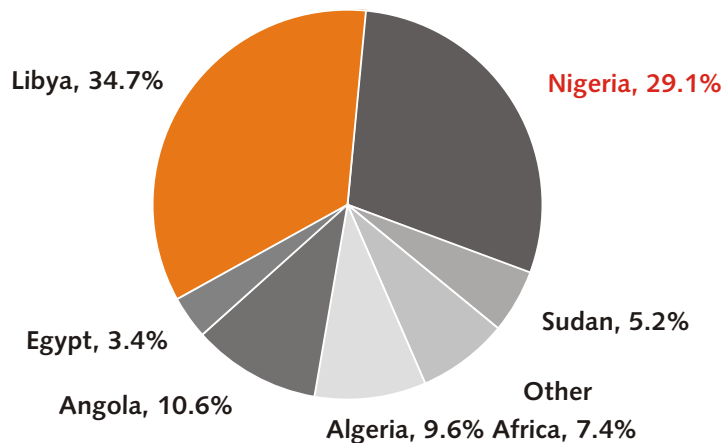


Fig: 10 Year Average Crude Oil Price Chart

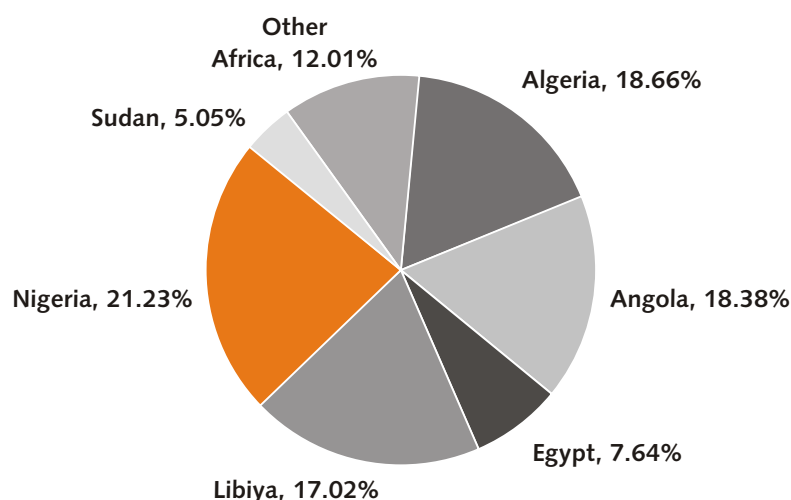
NIGERIAN OIL INDUSTRY

The upstream oil industry is the single most important sector in the economy. According to the 2010 BP Statistical Energy Survey, Nigeria had proved oil reserves of 37.22 billion barrels at the end of 2009 or 2.8 % of the world's reserves. The Nigerian government plans to expand its proven reserves to 40 billion barrels by 2011. Most of this is produced from the prolific Niger River Delta. Nigeria's wealth of oil makes it most attractive to the major oil-multinationals, most of who are represented in Nigeria. Nigeria produced an average of 2061 thousand barrels of crude oil per day in 2009, 2.6% of the world total.

Nigerian's Share of total Proven African Reserves



Nigerian's Share of total African Production



The decrease in crude production was due to companies relenting in exploration activities and full field studies but rather concentrating on development drilling. To promote exploration activities and to increase the total production of the country, Nigeria has announced a 2010/2011 oil prospecting/exploration and production/mining licensing round. The auction is expected to include around 40 blocks including 22 blocks from the auction of 2007. The licensing round is expected to happen soon after the passing of the Petroleum Industry Bill which is expected to promote Nigerian firms and at the same time create competition in Nigerian petroleum upstream industry which, till date has largely been dominated by Multi-National Companies (MNCs). This move is expected to attract more foreign investment in this sector and promote efficiency across the spectrum of oil & gas exploration activities. Nigeria intends to raise its oil output from 2.7 million barrels per day to 4 million bpd by 2012.

Indian companies are also planning to tap this increased production potential and increase their presence in Nigeria. India's energy demand is expected to increase by over 40% during the next decade, while domestic supplies from its ageing oilfields are anticipated to rise by a much lesser 12%. As a result of this expected imbalance, the government is encouraging Indian energy companies to look abroad for oil and gas supplies to feed its booming economy. India regularly imports over 70% of the oil that it consumes. Of this, Nigeria crude accounts for around 25% of India's oil import requirements. India is looking to acquire an additional 22-29 million barrels per year from Nigeria. The Nigerian crude is an obvious source because it holds the second largest hydrocarbon reserves in Africa after Libya. Further, the crude produced is light, sweet crude which commands a premium in the international market.

MANAGEMENT DISCUSSION AND ANALYSIS

»»» June' 2010

EXPLORATION ACTIVITY - OUTLOOK

The growth of drilling activity is always on the back of firm crude prices and the increase in demand for Crude. As the price and demand for oil and gas rise, global E&P activity gains momentum as more and more projects become viable and provide with good returns. This surge in the E&P activities has led to high demand for rigs. The rig contracting & oil-field services business has always remained out of bounds for new entrants because of high barriers to entry posed by capital and highly technology intensive nature of business. As a result, the present world rig fleet – existing as well as manufactured are unable to match the rise in demand for drilling activities to be undertaken. This has precisely led to backward integration exercise among major E&P players to decrease their dependence on suppliers of rigs and other related services.

In markets outside the US, competition for contracting rigs became stiff due to the availability of few land rigs and with aggressive explorers like Saudi Arabia ready to employ them at high day rates eventually has resulted into overall increase in rig charter rates.

The global drilling expenditure is forecast to grow at an annual average growth rate of about 6.6% in the forecast period of 2009 to 2015. As a result of the increasing demand and the decline of the reserves of crude oil and natural gas, the prices of crude oil and natural gas are expected to continue to rise.

The recent oil spill off the Gulf of Mexico in an offshore oilfield has also given a push to the onshore drilling activity which is expected to pick up further in 2011.

Nigerian Government's initiative of promoting exploration and production activities by way of a fresh licensing and mining round will have a positive impact on the need for 2D and 3D seismic data interpretation. The demand for 2D and 3D seismic data for the exploration and development of new oil and gas prospects is expected to continue growth as companies look to increase production to meet the surge in demand for oil as well as to enhance production from existing fields.

Opportunities

Increased exploration and production activity in countries like Angola, Sudan, Egypt and Nigeria is expected to drive the demand for drilling rigs. Also, the limited availability of land rigs may lead to further increase in rig charter rates.

The company also expects its seismic data acquisition and interpretation as well as oil trading division to get a boost in light of ambitious production targets set forth by Nigerian government. The company has already started exploring opportunities in terms of establishing strategic tie-ups with new E&P entrants by way of providing end-to-end integrated solution in the form of long term off-take contracts for oil finds.

FUTURE OUTLOOK

Sterling currently owns land rigs which have been deployed in Nigeria.

The company is currently in expansion mode and is in the process of acquiring a few more land rigs and will be deployed in Nigeria and other West African countries. The decision to buy additional rigs has been taken owing to the encouraging oil and gas finds which is expected to result into huge amount of production drilling and the robust demand for land rigs by way recent spurt in oil exploration activities in Nigeria and other West African countries.

The rigs are expected to be deployed by the second half of the financial year 2010-2011.

FINANCIAL PERFORMANCE:

During the year, Sterling achieved its first full year of exploration and production drilling activity. The highlights of Sterling's financial performance over 2009-10 were:

- Income from Operations was posted at ₹ 2198.92 Million
- Profit Before taxation was registered at ₹ 527.97 Million
- Profit after taxation was registered at ₹ 525.77 Million

BALANCE SHEET OVERVIEW:

SOURCES OF FUNDS

- **Share Capital**

Sterling's share capital stood at ₹ 271.40 million for the year ended 2009-2010, fully paid equity shares which included 155.65 million equity shares (Re 1 face value) allotted as bonus shares.

- **Reserves and Surplus**

Reserves and surplus for Sterling stood at ₹ 10979.88 Millions, i.e. an increase of ₹ 9804.95 Millions as compared to last year (₹ 1174.93 Millions) on account of issue of Global Depository Receipts (GDR) and increase in net profitability.

- **Capital Employed**

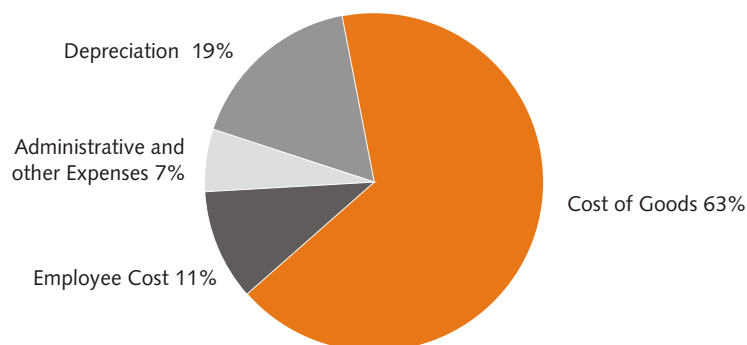
Sterling's Capital employed stood ₹12265.95 million accounting an increase of 179% in comparison with last year, which is facilitated from a substantial increase in the Reserves and Surplus.

PROFIT AND LOSS ACCOUNT ANALYSIS

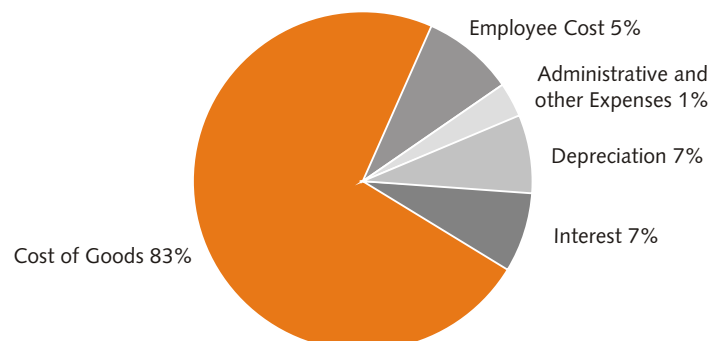
REVENUES

Sterling's Income for the current year was ₹ 2199.10 Million, recording a 21% decrease in comparison with last year. The decrease is on account of reduction in the global prices of crude oil and the quantum of work reducing from the seismic data acquisition and interpretation activities as the fields entered into production mode from exploration.

Expenditure: 2010



Expenditure: 2009



PROFIT AFTER TAX

Profit after tax for the current year stood at ₹ 525.77 million on account of a 31% increase in the net profit margin achieved from strict controls and internal efficiency.

AUDITORS' REPORT

To, the Members of

STERLING INTERNATIONAL ENTERPRISES LIMITED

1. We have audited the attached Balance Sheet of STERLING INTERNATIONAL ENTERPRISES LIMITED as at 30th June, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub Section (4A) of section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - b) In our opinion, Proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on 30th June, 2010 and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 30th June, 2010 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon give, the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - I) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2010;
 - ii) In the case of the Profit & Loss Account, of the Profit of the company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Hemant S. Hathi

(Partner)

Membership No. 37109

Place: Mumbai

Date: 19th November, 2010

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO
THE MEMBERS OF STERLING INTERNATIONAL ENTERPRISES LIMITED ON
THE ACCOUNTS AS AT AND FOR THE PERIOD ENDED 30th June, 2010.**

- (l) (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 our 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 us, during the year, the company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) (a) As per the information and explanations given to us, there is no trading or manufacturing activities in the company during the year, as a result there are no inventories in the company during the year. Therefore the clause is not applicable.
- (b) The clause is not applicable to the company as explained above.
- (c) The clause is not applicable to the company as explained above.
- (iii) The Company has not granted any unsecured loan to a company covered in the register maintained under section 301 of the companies Act, 1956. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information and explanations given to us, 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. We have not observed any continuing failure to correct major weakness in internal controls.
- (v). (a) According to the information and explanations given to us, we are 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 our opinion and according to the information and explanations given to us, 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 ₹ 5, 00,000/- or more in respect of each party.
- (vi) The Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and provisions of section 58A and 58AA or any other relevant provisions of the companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an internal audit System commensurate with the size and nature of its business.
- (viii) The maintenance of cost records has not been prescribed by the Central Government of India under section 209 (1) (d) of the companies Act, 1956 for the products manufactured by the company.
- (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 us, no undisputed amounts payable in respect of such statutory dues were outstanding as at the 30th June 2010 for a period of more than six months from the date they became payable .
- (c) According to the information and explanations given to us, there are no such statutory dues which have not been deposited on account of any dispute.
- (x). The Company neither has Accumulated losses nor it has incurred any cash losses during the year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of the dues to financial institutions or banks.

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, 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 our 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 our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company. All the Investments made by the company are held in its own name.
- (xv) According to the information and explanations given to us by the management, the company has not given any Guarantee for loan taken by other from banks or financial institutions.
- (xvi) According to the information and explanations given to us by the management, the company has not taken any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) 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) We have verified the end use of money raised by GDR as disclosed in the notes to the financial statements.
- (xxi) According to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

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

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

BALANCE SHEET AS AT 30th JUNE, 2010

Particulars	Schedule	As at 30th JUNE 2010 ₹	As at 30th JUNE 2009 ₹
SOURCES OF FUNDS			
1. Shareholders' Funds:			
a) Share Capital	1	271,403,068	186,750,000
b) Reserves & Surplus	2	9,486,650,567	202,501,451
		9,758,053,635	389,251,451
2. Loan Funds:			
a) Secured Loan		1,058,133	1,887,420
b) Unsecured Loan		-	157,500,000
3. Deferred Tax Liabilities			
		15,225,000	14,225,000
TOTAL FUNDS EMPLOYED		9,774,336,768	562,863,871
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	3	906,202,502	881,233,107
b) Less: Depreciation		365,396,089	339,290,553
c) Net Block		540,806,413	541,942,554
Capital Work in Progress		-	-
2. Investments			
	4	1,047,113,865	10,443,155
3. Current Assets, Loans & Advances:			
a) Current Assets	5	8,052,235,705	13,353,910
b) Loans & Advances	6	137,553,120	105,445,194
		8,189,788,825	118,799,104
Less: Current Liabilities & Provisions			
a) Current Liabilities	7	2,172,335	107,785,942
b) Provisions	8	1,200,000	535,000
		3,372,335	108,320,942
Net Current Assets		8,186,416,490	10,478,162
TOTAL ASSETS		9,774,336,768	562,863,871
NOTES TO THE ACCOUNTS	11		

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 30th JUNE, 2010

	Schedule	For the Year ended 30th JUNE 2010 ₹	For the Year ended 30th JUNE 2009 ₹
INCOME			
Income from operation		41,755,136	38,070,322
Other Income		180,223	59,843
Total		41,935,359	38,130,165
EXPENDITURE			
Employee Cost	9	5,589,714	5,190,324
Administrative & Other Expenses	10	2,714,677	2,835,204
Depreciation		26,105,536	26,084,489
Total		34,409,927	34,110,017
PROFIT BEFORE TAXATION		7,525,432	4,020,148
Provision for Current Tax		1,200,000	535,000
Provision for Deferred Tax		1,000,000	825,000
Profit After Taxation		5,325,432	2,660,148
Less: Prior Period Adjustment		355,076	
PROFIT AVAILABLE FOR APPROPRIATION		4,970,356	2,660,148
Surplus carried to Balance Sheet		4,970,356	2,660,148
NOTES TO THE ACCOUNTS	11		

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

SCHEDULES FORMING

PART OF THE BALANCE SHEET AS AT 30th JUNE,2010

	As at 30th JUNE 2010 ₹	As at 30th JUNE 2009 ₹
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
350,000,000 Equity Shares of ₹ 1/- each	350,000,000	350,000,000
(Previous year 350,000,000 equity shares of ₹ 1/- each)		
ISSUED & SUBSCRIBED:		
271,403,068 equity shares of ₹ 1/- each		
(Previous year 186,750,000 equity shares of ₹ 1/- each)	271,403,068	186,750,000
Out of the above		
- 155,625,000 Equity Shares of ₹ 1/- each fully Paid-up allotted as Bonus Shares by capitalization of reserves		
	271,403,068	186,750,000
SCHEDULE 2 - RESERVE & SURPLUS		
a) General Reserve	50,000,000	50,000,000
b) Share Premium	9,227,184,412	-
c) Profit & Loss a/c		
As per Last Balance Sheet	152,501,451	149,841,303
Add: Transferred from Profit & Loss Account	4,970,356	2,660,148
Balance in Profit & Loss a/c.	157,471,807	152,501,451
d) Foreign currency Monetary Item Translation Difference	51,994,348	-
Total Reserves & Surplus	9,486,650,567	202,501,451

SCHEDULES FORMING

PART OF THE BALANCE SHEET AS AT 30th JUNE, 2010

(Figures in ₹)

Description	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As on 01.07.2009	Additions As on 30.06.2010	As on 01.07.2009	For the Year As on 30.06.2010	As on 30.06.2010	As on 30.06.2009
Land	35,162,363	24,969,395	-	-	60,131,758	35,162,363
Building	458,665,482	-	18,172,210	3,022,340	437,470,932	440,493,272
Computer systems, Peripherals & other hardware	343,685,237	-	301,533,547	20,388,764	21,762,926	42,151,690
Office Equipments Furniture & Fixture	33,729,903	-	14,364,324	2,135,104	17,230,475	19,365,579
Vehicles	9,990,122	-	5,220,472	559,328	4,210,322	4,769,650
Grand-Total	881,233,107	24,969,395	339,290,553	26,105,536	540,806,413	541,942,554
Previous year	837,938,278	43,294,829	313,206,065	26,084,489	541,942,553	524,732,213

SCHEDULES FORMING

PART OF THE BALANCE SHEET AS AT 30th JUNE,2010

	For the Year ended 30th JUNE 2010 ₹	For the Year ended 30th JUNE 2009 ₹
SCHEDULE 4 - INVESTMENTS		
Quoted & Fully paid	921,870	6,421,155
Unquoted & Fully Paid up	1,046,191,995	4,022,000
TOTAL	1,047,113,865	10,443,155
Market Value of Quoted Investments - ₹ 15,49,542 (Previous Year - ₹ 54,84,991)		
SCHEDULE 5 - CURRENT ASSETS		
A) Sundry Debtors (Unsecured & considered good)		
Debts outstanding for a period exceeding 6 months	167,823	626,389
Other Debts	3,192,364	3,988,702
TOTAL (A)	3,360,187	4,615,091
B) Cash & Bank Balances		
Cash On Hand	416,501	550,984
Bank Balance with Scheduled Banks in Current A/c and Fixed Deposits	8,048,459,017	8,187,835
TOTAL (B)	8,048,875,518	8,738,819
TOTAL (A + B)	8,052,235,705	13,353,910
SCHEDULE 6 - LOANS AND ADVANCES		
Advances Recoverable In Cash or kind for value to be received	137,553,120	105,445,194
TOTAL	137,553,120	105,445,194
SCHEDULE 7 - CURRENT LIABILITIES		
Sundry Creditors	2,172,335	1,898,374
Other Liabilities	-	105,887,568
TOTAL	2,172,335	107,785,942
SCHEDULE 8 - PROVISIONS		
Provision for Current Tax	1,200,000	535,000
TOTAL	1,200,000	535,000

SCHEDULES FORMING

PART OF THE PROFIT & LOSS ACCOUNT AS AT 30th JUNE,2010

	As at 30th JUNE 2010 ₹	As at 30th JUNE 2009 ₹
SCHEDULE 9 - EMPLOYEE COST		
Salaries, Bonus, Incentive & other employee Benefits	3,746,071	4,220,190
Staff Welfare	401,290	357,702
Professional Charges	1,442,353	612,432
TOTAL	5,589,714	5,190,324
SCHEDULE 10- ADMINISTRATIVE & OTHER EXPENSES		
Auditors Remuneration	75,000	75,000
Office Expenses	1,079,771	903,922
Advertisement & Publicity	16,545	5,03,443
Financial & Other Expenses	876,081	5,34,137
Rent, Rates & Taxes	521,962	5,03,240
Communication expenses	145,318	3,15,462
TOTAL	2,714,677	2,835,204

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and materially comply with the mandatory accounting standards issued by the institute of Chartered Accountants of India and the Provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported accounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts, and the useful life of fixed assets. Actual results could differ from these estimates.

3. Revenue recognition

Revenue from fixed-price contracts is recognized principally on the basis of completed milestones as specified in the contracts, on a percentage of completion basis. Where milestones are not representative of the percentage of completion method, estimates of work completed to the Balance Sheet date are used to recognize revenue on fixed-price contracts. Revenue from software developed on a time-and-materials basis is recognized as per the terms of specific contracts.

4. Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. Direct costs are capitalized until the assets are ready to be put to use.

5. Depreciation at the rates specified in schedule XIV of the Companies Act, 1956

Depreciation on fixed assets is provided using the straight-line method at the rates specified in the schedule XIV of the Companies Act, 1956. It is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing ₹ 5,000/- or less are depreciated in full in the year of purchase.

6. Foreign Currency Transactions

Foreign currency transactions during the period are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency denominated assets and liabilities are translated into rupees at the rates of exchange prevailing at the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except for those relating to the acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

7. Borrowing Cost

Borrowing cost attributable to the acquisition of fixed assets is included in the cost of asset. The balance borrowing cost is charged to revenue.

8. Income Tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise and deferred tax asset or liability is recorded for the timing differences. The deferred tax asset or liability is recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

9. Export Benefits

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

10. Impairment Loss

As per Accounting Standard AS 28 'Impairment of Assets' effective from April 01, 2004, the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account.

11. Investments

Long Term investments are stated at cost. Other investments are stated at the lower of cost or market value. Any decline, other than temporary in the value of long term investments (including investments in subsidiaries) is charged to the Profit & Loss Account.

B. NOTES TO ACCOUNTS:

- During the year, the Company has issued 8,46,53,068 underlying Equity Shares of ₹ 1/- each representing 2,11,63,267 GDRs for US \$ 201.26 million.
- An amount of ₹ 5,19,94,348/- has been credited to Foreign Currency Monetary Item Translation Difference Account under Reserves and Surplus on account of Exchange Fluctuation.

3. Foreign currency Earnings and Expenditure

	Year Ended 30th June, 2010 ₹	Year Ended 30th June, 2009 ₹
FOB value of Exports	NIL	4,935,466
CIF value of Imports (Capital Goods)	NIL	NIL
Other Expenditure incurred	NIL	NIL

4. Quantitative Details:

The Company is engaged in the development of Computer Software. The production and sale of such software can not be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

Auditors' Remuneration	Year Ended 30th June, 2010 ₹	Year Ended 30th June, 2009 ₹
Statutory Audit Fees	55,000	55,000
For Other Services	20,000	20,000
Out of Pocket Expenses	-	-
	----- 75,000 -----	----- 75,000 -----

6. Contingent Liabilities

Estimated amount of contracts remaining to be provided on Capital Account	Nil	Nil
Guarantees Given by the Company	Nil	Nil
	----- Nil -----	----- Nil -----

- The company has wholly owned overseas subsidiary, British Oil and Gas Exploration Private Limited, Mauritius. British Oil and Gas Exploration Private Limited has wholly owned subsidiary British Oil Resources Limited, Mauritius. British Oil Resources Limited has three wholly owned subsidiaries namely British Oil and Gas Exploration Limited at BVI, Sterling Oil Resources Limited at BVI and Geodynamic Geospectra Limited at BVI.

8. Transaction with Related Parties

	Year Ended 30th June, 2010 ₹	Year Ended 30th June, 2009 ₹
Investment - Subsidiary Companies	1,046,191,995	Nil

- Figures of previous year have been regrouped to confirm to current year's presentation.

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi

(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2010

Particulars	For the Year ended 30th JUNE 2010 ₹	For the Year ended 30th JUNE 2009 ₹
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	7,525,432	4,020,148
Adjustment for:		
Depreciation and Amortisation	26,105,536	26,084,489
Foreign Exchange Variances	-	273,000
Operating Profit before working adjustments for	33,630,968	30,377,637
Trade Receivables	1,254,904	13,561,189
Other Receivables	-32,107,926	91,849,809
Inventories	-	-
Trade Payables	-105,613,607	-89,505,465
Interest paid	-	-
Direct Taxes Paid	-890,076	-7,490,000
Cash flow before extra ordinary items	-103,725,737	38,793,170
Dividend & Dividend tax	-	-
Net Cash Flow from operating Activities	-103,725,737	38,793,170
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-24,969,395	-43,294,829
Sale of Fixed Assets	-	-
Dividend Received	-	-
Purchase & Sale of Investments	-1,036,670,710	-
Net Cash used in Investing Activities	-1,061,640,105	-43,294,829

(C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Issue of GDR	9,363,831,828	-
Proceeds from Share application money	-	-
Proceeds from long term borrowings	-	1,887,420
Repayments of Long term Borrowings	-158,329,287	-
Share Issue Expenses		
Net Cash flow in financing Activities	9,205,502,541	1,887,420
Net Increase/(Decrease) in Cash & Equivalents (A+B+C)	8,040,136,699	-2,614,239
Cash & Cash Equivalents as at 1st July (Opening)	8,738,819	11,353,058
Cash & Cash Equivalents as at 30th June (Closing)	8,048,875,518	8,738,819

We have Examined the attached Cash Flow Statement of Sterling International Enterprises Limited for the year ended 30th June, 2010. The statement has been prepared by the company in accordance with the listing agreement of the stock exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of the even date to the members of the company.

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	REGISTRATION DETAILS			
	Registration No.	142575		
	CIN No.	L72300MH2003PLC142575		
	State Code	11		
	Balance Sheet Date	30/06/2010		
II.	CAPITAL RAISED DURING THE YEAR (Amount in ₹ Thousand)			
	Public Issue	*84653	Rights Issue	NIL
	Bonus Issue	NIL	Private Placement	NIL
	*Issue of Global Depository Receipt			
III.	POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in ₹ Thousand)			
	Total Liabilities	9,774,337	Total Assets	9,774,337
	Source of Funds			
	Paid Up Capital	271,403	Reserves & Surplus	9,486,651
	Secured Loans	1,058	Unsecured Loans	-
	Deferred Tax Liability	15225		
	Application of Funds			
	Net Fixed Assets	540,806	Investments	1,047,114
	Net Current Assets	8,186,417	Miscellaneous Expenditure	-
IV.	PERFORMANCE OF COMPANY (Amount in ₹ Thousand)			
	Total Turnover	41,935	Total Expenditure	34,409
	Profit before Tax	7,525	Profit after Tax	5,325
	Earning per Share in ₹	0.02	Face Value in ₹	1
	(Annualised)		Dividend Rate %	-
V.	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY As per monetary terms)			
	ITC Code		Not Applicable	
	Product Description		Computer Software	

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

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R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies

Information on Subsidiaries

The Ministry of Company Affairs, Government of India has vide its letter No. 47/102/2010-CL-III dated 04/03/2010, has exempted the Company from furnishing the annual report of Companies subsidiaries, i) British Oil and Gas Exploration Pvt. Limited, Mauritius ii) British Oil Resources Limited, Mauritius iii) British Oil and Gas Exploration Limited, BVI iv) Geodynamic Geospectra Limited, BVI and v) Sterling Oil Resources Limited, BVI. The Annual Report Contains consolidated financial statements of the Company and its subsidiaries prepared in accordance with the relevant Accounting Standards and duly audited by the statutory auditors. The annual reports of all the above mentioned subsidiaries and the related information will be made available to the investors of the company and its subsidiaries and will also be kept for inspection in the respective registered offices.

Statement pursuant to exemption received under section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies.

	Particulars	BRITISH OIL & GAS EXPLORATION PRIVATE LIMITED, MAURITIUS	BRITISH OIL RESOURCES LIMITED, MAURITIUS	BRITISH OIL & GAS EXPLORATION LIMITED, BVI	GEODYNAMIC GEOSPECTRA LIMITED, BVI	STERLING OIL RESOURCES LIMITED, BVI
		For the Year ended June' 10	For the Year ended June' 10	For the Year ended June' 10	For the Year ended June' 10	For the Year ended June' 10
1	Capital	1,053,532,800	4,660,000	2,330,000	2,330,000	2,330,000
2	Reserves & Surplus (adjusted for debit balance in P&L Account, where Applicable)	-18,747,180	-829,665	1,085,717,994	220,719,082	232,601,530
3	Total Assets (Fixed Assets + Current Assets + Deferred Tax Asset + Misc. Expenditure not written off.)	1,031,675,070	4,214,784	3,947,521,174	229,291,478	285,799,857
4	Total Liabilities (Debts + Current Liabilities + Deferred Tax Liability)	1,549,450	7,374,450	2,859,473,181	6,242,396	50,868,327
5	Investments	4,660,000	6,990,000	-	-	-
6	Total Income	-	-	1,047,564,983	86,897,117	1,022,708,438
7	Profit Before Tax	-18,421,912	-391,393	519,970,770	5,711,218	13,573,887
8	Provision for Tax	-	-	-	-	-
9	Profit After Tax	-18,421,912	-391,393	519,970,770	5,711,218	13,573,887
10	Proposed Dividend and Tax thereon	-	-	-	-	-
11	Details of Investments (other than in Subsidiaries)	NIL	NIL	NIL	NIL	NIL

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To, Sterling International Enterprises Limited

The Board of Directors

We have audited the attached Consolidated Balance Sheet of Sterling International Enterprises Limited ('the Company'), its subsidiaries (the company and its subsidiaries constitutes "the Group") as at 30th June, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS-21, Consolidated Financial Statements.

Based on our audit, and on the other financial information of its components, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and faire view in conformity with the accounting principles generally accepted in India;

- a. In the case of the Consolidated Balance Sheet, of the affairs of the Group as at 30th June, 2010;
- B. In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

CONSOLIDATED BALANCE SHEET

AS AT 30th JUNE, 2010

Particular	Schedule	As at 30th JUNE 2010 ₹	As at 30th JUNE 2009 ₹
SOURCES OF FUNDS			
1. Shareholders' Funds:			
a) Share Capital	1	271,403,068	186,750,000
b) Reserves & Surplus	2	10,979,525,549	1,174,933,927
c) Foreign Currency Translation Reserve		33,939,394	54,578,208
		11,284,868,011	1,416,262,135
2. Loan Funds:			
a) Secured Loan		1,058,133	1,887,420
b) Unsecured Loan		2,174,837,631	2,972,414,258
3. Deferred Tax Liabilities			
		15,225,000	14,225,000
TOTAL FUNDS EMPLOYED		13,475,988,774	4,404,788,813
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block		3,885,050,808	3,892,197,867
b) Less: Depreciation		817,694,991	501,593,023
c) Net Block		3,067,355,817	3,390,604,844
2. Investments			
	4	921,870	6,421,155
3. Current Assets, Loans & Advances:			
a) Current Assets	5	410,961,452	448,980,813
b) Cash & Bank Balances		8,121,122,501	27,040,023
c) Loans & Advances	6	1,598,218,790	761,611,935
		10,130,302,743	1,237,632,771
Less: Current Liabilities & Provisions			
a) Current Liabilities	7	60,459,708	230,057,794
b) Provisions	8	1,200,000	535,000
		61,659,708	230,592,794
Net Current Assets		10,068,643,035	1,007,039,977
4. Miscellaneous Expenditure (to the extent not written off)			
	9	339,068,052	722,837
TOTAL ASSETS		13,475,988,774	4,404,788,813
NOTES TO THE ACCOUNTS	12		

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 2010

	Schedule	For the Year ended 30th JUNE 2010 ₹	For the Year ended 30th JUNE 2009 ₹
INCOME			
Income from operation		2,198,925,674	2,770,307,681
Other Income		180,223	59,843
Total		2,199,105,897	2,770,367,524
EXPENDITURE			
Cost of Goods		1,046,176,151	1,887,566,374
Employee Cost	10	173,948,011	106,645,140
Administrative & Other Expenses	11	112,582,059	27,103,193
Depreciation		320,407,883	161,209,627
Interest		-	80,951,521
Misc. Expenses W.off.		18,023,855	210,628
Total		1,671,137,959	2,263,686,483
PROFIT BEFORE TAXATION		527,967,938	506,681,041
Provision for Current Tax		1,200,000	535,000
Provision for Deffered Tax		1,000,000	825,000
PROFIT AFTER TAXATION		525,767,938	505,321,041
Less: Prior Period Adjustment		355,076	
PROFIT AVAILABLE FOR APPROPRIATION		525,412,862	505,321,041
Dividend		-	-
Dividend Tax		-	-
Surplus carried to Balance Sheet		525,412,862	505,321,041
NOTES TO THE ACCOUNTS	12		

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi
(Partner)
Membership No. 37109
Place: Mumbai
Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)
R.B. Dixit – (Director)
Ramani Iyer – (Director)
Hitesh N. Patel – (Director)
Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th JUNE, 2010

	As at 30th JUNE 2010 ₹	As at 30th JUNE 2009 ₹
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
350,000,000 Equity Shares of ₹ 1/- each (Previous year 350,000,000 equity shares of ₹ 1/- each)	350,000,000	350,000,000
ISSUED & SUBSCRIBED		
271,403,068 equity shares of ₹ 1/- each (Previous year 186,750,000 equity shares of ₹ 1/- each)	271,403,068	186,750,000
Out of the above		
- 155,625,000 Equity Shares of ₹1/- each fully Paid-up allotted as Bonus Shares by capitalization of reserves		
	271,403,068	186,750,000
SCHEDULE 2 - RESERVE & SURPLUS		
a) General Reserve	50,000,000	50,000,000
b) Share Premium	9,227,184,412	-
c) Profit & Loss a/c		
As per Last Balance Sheet	1,124,933,927	61,96,12,886
Add: Transferred from Profit & Loss Account	525,412,862	505,321,041
Balance in Profit & Loss a/c.	1,650,346,789	1,124,933,927
Foreign currency Monetary Item Translation Difference	51,994,348	-
Total Reserves & Surplus	10,979,525,549	1,174,933,927
SCHEDULE 4 - INVESTMENTS		
Quoted & Fully paid	921,870	6,421,155
Unquoted & Fully Paid up	-	-
TOTAL	921,870	6,421,155
Market Value of Quoted Investments - ₹ 15,49,542 (Previous Year - ₹ 54,84,991)		

**SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT 30th JUNE, 2010**

(Figures in ₹)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.07.2009	Additions	Exchange fluctuation Adjustment	As on 30.06.2010	As on 01.07.2009	For the Year	Exchange fluctuation Adjustment	As on 30.06.2010	As on 30.06.2010	As on 30.06.2010	As on 30.06.2009
Land	35,162,363	24,969,395		60,131,758	-	-		-	60,131,758		35,162,363
Building	458,665,482	-		458,665,482	18,172,210	3,022,340		21,194,550	437,470,932		440,493,272
Computer systems, Peripherals & other hardware	343,685,237	-		343,685,237	301,533,547	20,388,764		321,922,311	21,762,926		42,151,690
Plant & Machinery	3,010,964,760	47,765,000	-79,881,454	2,978,848,306	162,302,469	294,302,347	-4,305,915	452,298,901	2,526,549,405		2,848,662,291
Office Equipments Furniture & Fixture	33,729,903	-		33,729,903	14,364,325	2,135,104		16,499,429	17,230,474		19,365,578
Vehicles	9,990,122	-		9,990,122	5,220,472	559,328		5,779,800	4,210,322		4,769,650
Grand-Total	3,892,197,867	72,734,395	-79,881,454	3,885,050,808	501,593,023	320,407,883	-4,305,915	817,694,991	3,067,355,817		3,390,604,844
Previous year	2,050,310,992	1,703,007,375	138,879,500	3,892,197,867	337,590,154	161,209,627	2,793,242	501,593,023	3,390,604,844		1,712,720,838

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30th JUNE, 2010

	As at 30th JUNE 2010 ₹	As at 30th JUNE 2009 ₹
SCHEDULE 5 - CURRENT ASSETS		
A) Sundry Debtors(Unsecured & considered good)		
Debts outstanding for a period exceeding 6 months	167,823	626,389
Other Debts	410,793,629	448,354,424
TOTAL (A)	410,961,452	448,980,813
B) Cash & Bank Balances		
Cash On Hand	416,501	550,985
Bank Balance with Scheduled Banks in Current A/c and Fixed Deposits	8,120,706,000	26,489,038
TOTAL (B)	8,121,122,501	27,040,023
TOTAL (A + B)	8,532,083,953	476,020,836
SCHEDULE 6 - LOANS AND ADVANCES		
Advances Recoverable In Cash or kind for value to be received		
TOTAL	1,598,218,790	761,611,935
SCHEDULE 7 - CURRENT LIABILITIES		
Sundry Creditors	60,459,708	124,170,226
Other Liabilities	-	105,887,568
TOTAL	60,459,708	230,057,794
SCHEDULE 8 - PROVISIONS		
Provision for Current Tax	1,200,000	535,000
TOTAL	1,200,000	535,000
SCHEDULE 9 - MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary & Share Issue Expenses)		
Opening Balance	722,837	837,525
Add: Incurred during the year	356,376,436	-
Less:- Written off	18,023,855	210,628
Add:- Exchange Fluctuation Adjustment	-7,366	95,940
TOTAL	339,068,052	722,837

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 2010

	For the Year ended 30th JUNE 2010 ₹	For the Year ended 30th JUNE 2009 ₹
SCHEDULE 10 - EMPLOYEE COST		
Salaries, Bonus, Incentives & other employee Benefits	172,104,368	105,675,006
Staff Welfare	401,290	357,702
Professional Charges	1,442,353	612,432
TOTAL	173,948,011	106,645,140
SCHEDULE 11 - ADMINISTRATIVE & OTHER EXPENSES		
Travelling & Conveyance Expenses	27,413,242	19,942,458
Consumables - stores & spares	77,533,173	-
Legal & Professional Expenses	1,647,030	2,291,728
Auditors Remuneration	191,500	218,610
Office Expenses	4,237,208	2,794,115
Advertisement & Publicity	16,545	503,443
Financial & Other Expenses	876,081	534,137
Rent, Rates & Taxes	521,962	503,240
Communication expenses	145,318	315,462
TOTAL	112,582,059	27,103,193

SCHEDULE 12

NOTES FORMING PART OF THE ACCOUNTS:

1. Basis of Consolidation

The consolidation financial statements relate to Sterling International Enterprises Limited (the Company), its subsidiary companies. The Company and its subsidiaries constitute the Group.

a) Basis of Accounting:

- i) The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company, i.e. for the year ended 30th June, 2010.
- ii) The financial statements of the Group have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

b) Principles of Consolidation:

The Consolidated Financial Statements relate to Sterling International Enterprises Limited and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis.

- i) In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra group balances and unrealized profits / losses on intra group transactions as per Accounting Standard AS 21 Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- ii) In case of foreign subsidiaries, revenue items, assets and liabilities are converted at rates prevailing at the end of the year. The net impact of such change is disclosed under foreign exchange translation reserve.
- iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

c) The Subsidiary companies considered in the consolidated financial statements are as Under

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership Interest
1	British Oil and Gas Exploration Private Limited	Mauritius	100%
2	British Oil Resources Limited	Mauritius	100%
3	British Oil and Gas Exploration Limited	BVI	100%
4	Sterling Oil Resources Limited	BVI	100%
5	Geodynamic Geospectra Limited	BVI	100%

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), and materially comply with the mandatory accounting standards issued by the institute of Chartered Accountants of India and the Provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported accounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts, and the useful life of fixed assets. Actual results could differ from these estimates.

C. Revenue recognition

Revenue from fixed-price contracts is recognized principally on the basis of completed milestones as specified in the contracts, on a percentage of completion basis. Where milestones are not representative of the percentage of completion method, estimates of work completed to the Balance Sheet date are used to recognize revenue on fixed-price contracts. Revenue from software developed on a time-and-materials basis is recognized as per the terms of specific contracts.

D. Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation. Direct costs are capitalized until the assets are ready to be put to use.

E. Depreciation at the rates specified in schedule XIV of the Companies Act, 1956

Depreciation on fixed assets is provided using the straight-line method at the rates specified in the schedule XIV of the Companies Act, 1956. It is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing ₹ 5,000/- or less are depreciated in full in the year of purchase.

F. Investments

Long Term investments are stated at cost. Other investments are stated at the lower of cost or market value. Any decline, other than temporary in the value of long term investments (including investments in subsidiaries) is charged to the Profit & Loss Account.

G. Foreign Currency Transactions

Foreign currency denominated assets and liabilities are translated into rupees at the rates of exchange prevailing at the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except for those relating to the acquisition of fixed assets, which are adjusted in the cost of the fixed assets.

H. Borrowing Cost

Borrowing cost attributable to the acquisition of fixed assets is included in the cost of asset. The balance borrowing cost is charged to revenue.

I. Income Tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise and deferred tax asset or liability is recorded for the timing differences. The deferred tax asset or liability is recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

J. Export Benefits

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

K. Impairment Loss

As per Accounting Standard AS 28 'Impairment of Assets' effective from April 01, 2004, the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the profit and loss account.

L. Subsidiaries of the company

(A) Wholly owned Direct Holding

British Oil & Gas Exploration Private Limited, Mauritius

(B) Indirect Holding

British Oil Resources Limited, wholly owned subsidiary of British Oil & Gas Exploration Private Limited, Mauritius.

British Oil & Gas Exploration Limited - BVI, Sterling Oil Resources Limited - BVI, and Geodynamic Geospectra Limited BVI wholly owned subsidiaries of British Oil Resources Limited, Mauritius.

M. Segment Report

(A) Primary Segments (Business Segments):

(₹ In Lacs)

Particulars	Information Technology		Oil related activities		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue External	419.35	381.30	21,571.71	27,322.38	21,991.06	27,703.68
Inter-Segment	-	-	-	-	-	-
Total Revenue	419.35	381.30	21,571.71	27,322.38	21,991.06	27,703.68
Result						
Segment Result	75.25	40.20	5,204.43	5,836.13	5,279.68	5,876.33
Unallocated expenditure net of unallocated Income	-	-	-	-	-	-
Interest expenses	-	-	-	809.52	-	809.52
Interest Income	-	-	-	-	-	-
Profit Before Tax	75.25	40.20	5,204.43	5,026.61	5,279.68	5,066.81
Provision for Current Tax and FBT	12.00	5.35	-	-	12.00	5.35
Provision for Deferred Tax	10.00	8.25	-	-	10.00	8.25
Profit after Tax	53.25	26.60	5,204.43	5,026.61	5,257.68	5,053.21
Segment assets	97,777.09	6,711.85	37,599.39	39,641.97	1,35,376.48	46,353.82
Segment Liabilities	196.55	2,819.33	22,331.25	29,371.86	22,527.80	32,191.19
Capital Expenditure	249.69	432.95	477.65	16,597.12	727.34	17,030.07
Depreciation and amortisation	261.06	260.84	3,123.26	1,353.36	3,384.32	1,614.20
Non cash expenses other than depreciation	-	-	-	-	-	-

(B) Secondary Segments (Geographical Segments):

(₹ In Lacs)

Particulars	Domestic		Overseas		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue						
External	419.35	381.30	21,571.71	27,322.38	21,991.06	27,703.68
Inter-Segment	-	-	-	-	-	-
Total Revenue	419.35	381.30	21,571.71	27,322.38	21,991.06	27,703.68
Other Information						
Carrying amount of Fixed Assets	5,408.06	5,419.43	25,265.49	28,486.62	30,673.56	33,906.05
Capital Expenditure	249.69	432.95	477.65	16,597.12	727.34	17,030.07

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi

(Partner)

Membership No. 37109

Place: Mumbai

Date: 19th November, 2010

For and on behalf of the Board
Nitn J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)

R.B. Dixit – (Director)

Ramani Iyer – (Director)

Hitesh N. Patel – (Director)

Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2010

Particulars	For the Year ended 30th JUNE 2010 ₹	For the Year ended 30th JUNE 2009 ₹
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	527,967,938	506,681,041
Adjustment for:		
Depreciation and Amortisation	338,431,737	161,420,255
Financial Charges	-	80,951,521
(Profit) / Loss on Sale of Fixed Assets	-	-
Prior Year Adjustments	-	-
Operating Profit before working adjustments for	866,399,675	749,052,817
Trade Receivables	38,019,361	- 148,498,015
Other Receivables	- 836,606,855	- 243,828,198
Inventories	-	-
Priliminary Expenses	-	-
TradePayables	-169,598,086	- 9,088,261
Interest paid	-	- 80,951,521
Direct Taxes Paid	- 890,076	- 7,490,000
Cash flow before extra ordinary items	- 102,675,981	259,196,822
Dividend & Dividend tax	-	-
Net Cash Flow from operating Activites	- 102,675,981	259,196,822
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	- 72,734,395	- 1,841,886,875
Sale of Fixed Assets	-	-
Dividend Received		-
Purchase of Investments/ Sale of Investments	5,499,285	-
		-
Net Cash used in Investing Activities	- 67,235,110	- 1,841,886,875
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of GDR	9,363,831,828	-
Proceeds from Share application money	-	-
Proceeds from long term borrowings	-	1,519,675,901
Repayments of Long term Borrowings	- 798,405,914	-
Misc. Expenses	- 356,369,070	
GDR Issue Expenses	-	-
Net Cash flow in financing Activities	8,209,056,844	1,519,675,901
Net Increase/(Decrease) in Cash & Equivalents (A+B+C)	8,039,145,752	- 63,014,152
Translation Adjustment	54,936,727	57,275,508
Cash & Cash Equivalents as at 1st July (Opening)	27,040,023	32,778,667
Cash & Cash Equivalents as at 30th June (Closing)	8,121,122,501	27,040,023

We have Examined the attached consolidated Cash Flow Statement of Sterling International Enterprises Limited and its subsidiaries for the year ended 30th June,2010. The statement has been prepared by the company in accordance with the listing agreement of the stock exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of the even date to the Board of Directors of the company.

As per our report of even date
For H. S. Hathi & Co.
Chartered Accountants
Firm Reg. No. : 103596W

Hemant S. Hathi

(Partner)

Membership No. 37109

Place: Mumbai

Date: 19th November, 2010

For and on behalf of the Board
Nitin J. Sandesara – (Chairman)

Chetan J. Sandesara – (Director)

R.B. Dixit – (Director)

Ramani Iyer – (Director)

Hitesh N. Patel – (Director)

Ronald D'souza – (Director)

Sunil Joshi – (Company Secretary)

STERLING INTERNATIONAL ENTERPRISES LIMITED
26TH ANNUAL REPORT 2009-2010

**BOARD OF
DIRECTORS**

Nitin J. Sandesara
Chairman

Chetan J. Sandesara
Director

Rajbhushan Dixit
Director

Ramani Iyer
Director

Hitesh N. Patel
Director

Ronald D'souza
Director

Sunil Joshi
Company Secretary

BANKERS
Andhra Bank

AUDITORS
H. S. Hathi & Co.
Chartered Accountants

REGISTERED OFFICE:
43, Atlanta, Nariman Point, Mumbai 400 021.

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



**Sterling
International
Enterprises Limited**

43, Atlanta, Nariman Point, Mumbai 400 021.