

Translating  
Growth into Success

Annual  
report

2011-2012



**STERLING INTERNATIONAL ENTERPRISES LIMITED**

## 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 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 International Enterprises Limited

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30<sup>th</sup> June, 2012.

## FINANCIAL RESULTS

(` in Lacs)

Particulars	Year Ended 30-06-2012	Year Ended 30-06-2011
Operating Income	721.50	393.85
Earning before Depreciation & Tax	234.04	210.34
Less : Depreciation	185.23	134.05
Profit Before Tax	48.81	76.29
Extra Ordinary Item	-	-
Provision for Taxation	14.00	14.00
Provision for Deferred Tax	(2.60)	9.00
Net Profit / (Loss) for the year	37.41	53.29
Less : Prior Period Adjustments	-	-
<b>APPROPRIATIONS</b>		
Proposed Dividend	-	-
Dividend Tax	-	-
Transfer to General Reserve	-	-
Surplus Balance carried forward to Balance Sheet	37.41	53.29

## DIVIDEND

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

## OPERATIONS &amp; FUTURE OUTLOOK

During the year under review, operating income of the Company has increased to ` 721.50 lacs from ` 393.85 lacs in the previous year. Profit After Tax for the year has also marginally decreased to ` 37.41 lacs as compared to ` 53.29 lacs in the previous year.

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 continued to give fruits, which are reflected in the Consolidated Financial Statements.

## 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 of the Company 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 SORL & GGL and 99.96 per cent of the entire issued share capital of BOGEL.

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

BOGEL is 99.96 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 R. B. Dixit, and Shri Hitesh Patel, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Board recommends re-appointment of Shri R. B. Dixit and Shri Hitesh Patel.

## 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 June 30, 2012, 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 profit 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 June 30, 2012 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, offer themselves 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: August 29, 2012

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	63	-	-	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	8	-	-	None
Ronald D'souza	Independent/ Non-executive	-	-	-	None

## b. Number of Board Meetings

During the year under review the Board of Directors met six times on the following dates: 08/07/2011, 11/08/2011, 14/09/2011, 14/11/2011, 30/11/2011 (Adoption of Annual Accounts), 27/12/2011, 12/01/2012, 14/02/2012, 05/03/2012, 20/04/2012 and 15/05/2012.



## c. Attendance of Directors:

Name	Meetings Attended	Attended last AGM on 31-12-2011
Nitin J. Sandesara	8	NO
Chetan J. Sandesara	10	YES
R. B. Dixit	10	YES
Ramani Iyer	4	NO
Hitesh Patel	9	YES
Ronald D'souza	6	NO

## 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

Audit Committee of Sterling International Enterprises Limited consists of three Non-Executive Independent Directors. The terms of reference to the Audit Committee mainly to see the effectiveness of 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 11/08/2011, 14/11/2011, 30/11/2011 (Adoption of Annual Accounts), 14/02/2012, and 15/05/2012. 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 of Sterling International Enterprises Limited consists of three non executive Directors. The Committee redresses shareholder and investors complaints like a delay in transfer of shares, non-receipt of dividend, non-receipt of balance sheet, etc. The Committee met two times and the meeting was attended by all the Directors of the Investors/Shareholders Grievance Committee namely Shri R. B. Dixit, Shri Ramani Iyer and Shri Hitesh Patel.

## Remuneration Committee of the Board

The company does not have Remuneration Committee.

## v) General Body Meetings :

Year	Venue	Date	Time	Any Special Resolution	Kind of Meeting
2011	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064.	31 <sup>st</sup> December, 2011	10.00 a.m.	No	AGM
2010	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064.	18 <sup>th</sup> December, 2010	10.00 a.m.	No	AGM
2009	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064.	31 <sup>st</sup> December, 2009	11.00 a.m.	No	AGM

Special Resolution if any passed by postal ballot.

NIL

## vi) Disclosures:

1. 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 8 of Schedule 11 (B) annexed to the Balance Sheet and Profit and Loss Account. However, they are not having any 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.

## vii) Means of Communications:

- a. The quarterly/annual financial results of the Company are published in the newspapers within 48 hours from the conclusion of the Board meeting.
- b. No representation were made to the Institutional Investors or to any analysts.
- c. Management Discussion & Analysis Report forms part of Annual Report as an annexure to the Director's Report.

## viii) General Shareholder Information :

## a. Annual General Meeting

Date : 31st December, 2012

Time : 9.30 A.M.

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

Date of Book Closure: Thursday, the 27th December, 2012 to 31st December, 2012  
(Both days inclusive)

## b. Financial Calendar 2012-2013 : Annual General Meeting December 2013 (next year)

		Board Meeting
Unaudited Results – Qtrly.	September, 2012	November, 2012
Unaudited Results – Qtrly.	December, 2012	February, 2013
Unaudited Results – Qtrly.	March, 2013	May, 2013
Audited Accounts	June, 2013	October/November, 2013

## 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) `
July - 2011	257.40	212.00
August - 2011	235.10	181.00
September - 2011	253.50	197.00
October - 2011	227.50	184.00
November - 2011	219.00	164.00
December - 2011	219.00	75.75
January - 2012	72.00	24.85
February - 2012	23.65	14.60
March - 2012	14.31	9.45
April - 2012	9.27	6.39
May - 2012	6.27	4.19
June - 2012	4.11	2.93

## e. Share Transfer System

The share transfers are affected within 15 days from the date of lodgement of transfer, transmission, sub-division, renewal etc. Such modified share certificates are delivered to the shareholders immediately.

The total number of shares transferred in the non-dematerialised segment during year 2011-2012 was Nil Shares.

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. Up to 30-06-2012, 97.64 % equity shares of the company have been dematerialized.

f. Shareholding Pattern – as on 30<sup>th</sup> June 2012

Sl. No.	Category	No. of Shareholder	% age	No. of Equity Shares	% age
1.	Resident Individuals	2,799	88.55	12,855,200	4.74
2.	Indian Companies	226	7.15	60,547,669	22.31
3.	FIs/ MFs/Banks	0	0.00	0	0.00
4.	Indian Promoters	18	0.57	109,407,340	40.31
5.	NRIs/OCBs/FIIs/FCs	52	1.64	5,960,769	2.20
6.	Clearing Members	65	2.06	1,259,022	0.46
7.	Underlying Shares out of GDRs	1	0.03	81,373,,068	29.98
	TOTAL	3,161	100.0	271,403,068	100.00

Distribution of Shareholding – as on 30<sup>th</sup> June 2012

Sl. No	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 – 5000	2566	81.10	1903432	0.70
2	5001 – 10000	166	5.25	1248473	0.46
3	10001 – 20000	146	4.61	2211935	0.82
4	20001 – 30000	117	3.70	2842039	1.05
5	30001 - 40000	13	0.41	455757	0.17
6	40001 – 50000	14	0.44	662805	0.24
7	50001 - 100000	45	1.42	3213660	1.18
8	100001 & Above	97	3.07	258864967	95.38
	TOTAL	3164	100.00	271403068	100.00

## g. Outstanding GDRs

The Company has outstanding 20,343,267 GDRs representing in aggregate 81,373,068 equity shares of ₹ 1/- each.

## h. 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.

## i. Dematerialisation of Shares :

Total No. of Shares dematerialized upto 30-06-2012 - 265,005,298

- With NSDL 149,929,898

- With CDSL 115,075,400

## j. Location

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

## 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., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup, Mumbai – 400078.

## l. Complaints by Shareholders &amp; their redressal during 1-7-2011 to 30-06-2012

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	1	1
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 30<sup>th</sup> June, 2012, 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: August 29, 2012

## MANAGEMENT DISCUSSION AND ANALYSIS

## WORLD OIL INDUSTRY

- *Global Oil Production increased marginally by 0.08 million barrels/day (mb/d) in the year 2011 as compared to the year 2010 i.e. increased by 0.1% (Source: Energy Information Administration (EIA) Statistics)*
- *Oil production in Nigeria marginally increased by 0.7 million barrels per day i.e. 2.8% in the year 2011. (Source: EIA Statistics)*
- *Global consumption of oil increased by 0.38 million barrels per day i.e. 0.4% in the year 2011 as compared to the year 2010 (Source: EIA Statistics)*
- *The world oil consumption has increased by 9.25 million barrels per day i.e. 11.8% in the last 10 years. (Source: EIA Statistics)*
- *Net Oil Export Revenues of OPEC countries increased by \$ 199 billion i.e. 29.4% in the year 2011; Oil Export revenue of Nigeria increased by 32.8% in the year 2011. (Source: EIA Statistics)*
- *The crude oil price forecast for 2013 is \$103 a barrel for Brent and \$ 88 a barrel for West Texas Intermediate (WTI). (Source: EIA forecast)*
- *World land rig demand will average 5% per year in 2012-2016 (Source: Study by Douglas-Westwood Ltd.)*

After suffering a major setback during 2011, global prospects are gradually strengthening again, but downside risks remain elevated. Real GDP growth is forecast to slow to about 3½ percent in 2012, from about 4 percent in 2011, and to return to 4 percent in 2013. . In the advanced economies, growth is projected at about 1½ percent in 2012 and 2 percent in 2013. Because of weak confidence, fiscal consolidation, and still-tight financial conditions in a number of economies, euro area GDP is forecast to contract in 2012 by about ¼ percent (Source: IMF – world economic outlook).

The slowdown in economic growth across the globe led to weaker world oil demand during the year. The negative economic impact on oil demand could be seen in both the Organization for Economic Co-operation and Development (OECD) and 'non-OECD' regions. Oil demand declined in the OECD in 2011, wiping out 0.4 mb/d from the region's total demand pool. Although China's third-quarter demand was surprisingly weak, the non-OECD region's demand grew by 1.2 million barrels/day (mb/d) year-on-year (y-o-y) in 2011, after an upward revision of 0.2 mb/d. The main reasons for this decline were lower US demand, increased taxes in some OECD countries, higher retail prices and the removal of price subsidies in some non-OECD countries. The Euro-zone's debt problem had a big impact on OECD Europe's economy in 2011, reducing its GDP growth to only 2.0 percent and its oil demand growth to -1.6 per cent during the year.

According to secondary sources, Organization of the Petroleum Exporting Countries (OPEC) crude oil production averaged 29.77 mb/d in 2011, a rise of 520 thousand barrels per day (tb/d) from the previous year. The share of OPEC crude in global oil supply remained steady at 34 per cent in 2011, slightly higher than the year before. The increase in OPEC crude oil production in the second half of the year, coupled with a reasonably steady level of non-OPEC supply, supported OPEC crude's share of the global supply mix in 2011.

Non-OPEC supply averaged 52.39 mb/d in 2011 a minor increase of 0.1 mb/d over the previous year. The USA, Canada, Colombia and Russia were the main contributors to the growth in non-OPEC supply, whereas declines from the UK, Norway, Azerbaijan, Yemen, Australia, Malaysia, Indonesia and Syria offset most of this growth.

During the course of 2011, the market shifted from supply fears, amid a recovery in demand, to a more bearish sentiment, due to the disappointing economic picture and ongoing demand revisions. Indeed, the initial forecast for world oil demand growth of 1.0 mb/d was revised up, reaching a peak of 1.4 mb/d in the middle of the year, before experiencing a downward revision to stand at 0.8 mb/d. Earlier upward revisions to demand growth were a reflection of the initial optimism about the global economic recovery,

which gradually dissipated on continuing concern about the fragility of some OECD economies and the impact this would have on other countries, resulting in demand growth being adjusted down. The triple catastrophe in Japan, high retail petroleum prices and efforts in China to reduce energy use from the previous year also contributed to the downward revision. The absolute level of world oil demand also saw some adjustments in both directions, to stand at 87.8 mb/d.

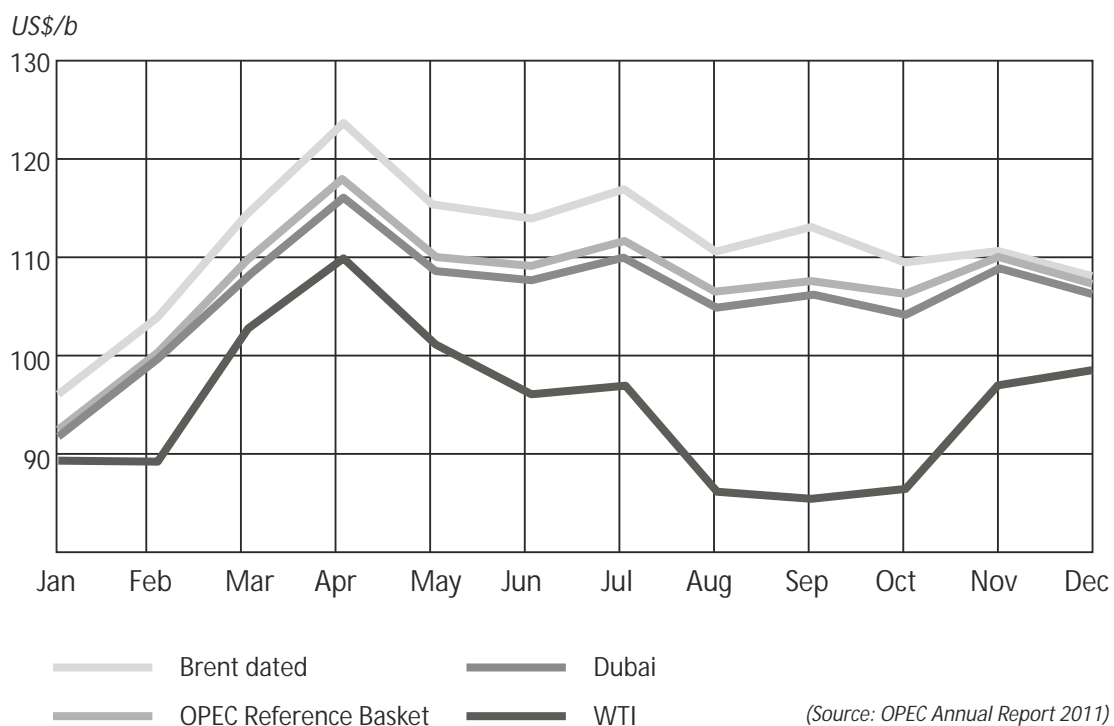
On the supply side, the initial forecast for non-OPEC supply growth for 2011 was also pushed higher, before being revised down to stand at 0.1 mb/d. The main reasons behind the downward revision were delays in project start-ups and ramp-ups, unfavourable weather conditions (lower biofuel output during the harvest season), larger decline rates, political turmoil (in Syria and Yemen), extended maintenance and outages (e.g. UK production showed the largest decrease since 2004, driven by extended maintenance, as well as developments in the Buzzard field, an outage in the Azeri-Chirag-Gunashli field and so on).

Non-OPEC supply witnessed the weakest annual growth since 2008, when it dropped by around 130,000 b/d during the onset of the recession in that year. The latest figures put non-OPEC supply at 52.4 mb/d.

OPEC crude oil production, averaging 29.8 mb/d in 2011, was 0.5 mb/d lower than demand for OPEC crude, which resulted in a drop in inventories, as could be seen in the OECD's commercial stocks.

The OPEC Reference Basket moved within a wide range of \$89.81–120.91/b in 2011, and its annual average exceeded the key \$100/b mark for the first time, at \$107.46/b. This represented an increase of around \$30/b, or 39 per cent, over the year before. Moreover, it was almost 14 per cent higher than the previous record of \$94.45/b of 2008. This exceptional increase in the price, even with an uncertain economy, was attributed mainly to the turbulence in the Middle East and North Africa (MENA) area disrupting exports, mostly in Libya, coupled with a supply deficit from other regions, including the North Sea and West Africa. All Basket components strengthened sharply in 2011, particularly lighter grades. Brent-related African crudes, namely Algeria's Saharan Blend, Libya's Es Sider and Nigeria's Bonny Light, rose by around 41 per cent, or more than \$32.80/b.

Monthly oil price movements, 2011



## NIGERIAN UPSTREAM OIL INDUSTRY

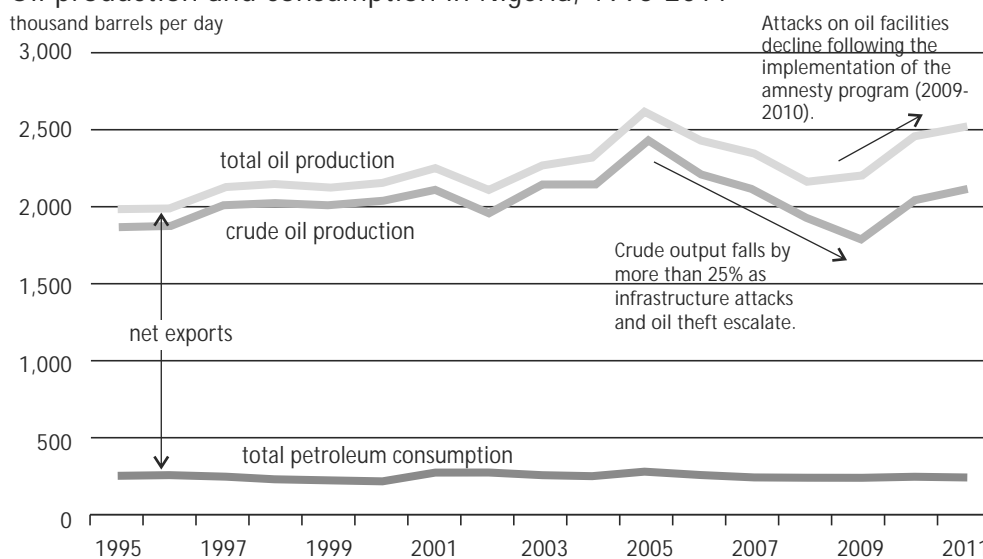
Nigeria is the largest oil producer in Africa and has been a member of the Organization of Petroleum Exporting Countries (OPEC) since 1971. In 2011, Nigeria produced about 2.53 million barrels per day (bbl/d) of total liquids, well below its oil production capacity of over 3 mb/d due to production disruptions that have compromised portions of the country's oil for years. The Nigerian economy is heavily dependent on the oil sector, which accounts for over 95 percent of export earnings and about 40 percent of government revenues, according to the International Monetary Fund (IMF)

According to Oil and Gas Journal (OGJ), Nigeria has an estimated 37.2 billion barrels of proven oil reserves as of the end of 2011. The majority of reserves are found along the country's Niger River Delta and offshore in the Bight of Benin, the Gulf of Guinea, and the Bight of Bonny. Current exploration activities are mostly focused in the deep and ultra-deep offshore with some activities in the Chad basin, located in the northeast of the country.

The government hopes to increase proven oil reserves to 40 billion barrels in the next few years; however, exploration activity levels are at their lowest in a decade and only three exploratory wells were drilled in 2011, compared to over 20 in 2005. Rising security problems related to oil theft, pipeline sabotage, and piracy in the Gulf of Guinea, coupled with investment uncertainties surrounding the long-delayed Petroleum Industry Bill (PIB), have curtailed oil exploration projects and impeded the country from reaching its ongoing target to increase production to 4 mb/d. Instead, crude oil production averaged 2.13 mb/d in 2011, roughly the same as it was a decade ago, and total liquids production averaged 2.53 million that same year, which is still below the peak production of 2.63 mb/d reached in 2005.

In 2011, crude oil production averaged close to 2.13 mb/d, up from 2.05 mb/d in the previous year. EIA's recent estimates show that crude output rose slightly again in 2012 and averaged almost 2.15 mb/d for the first half of this year. (Source: EIA – country profile)

Oil production and consumption in Nigeria, 1995-2011

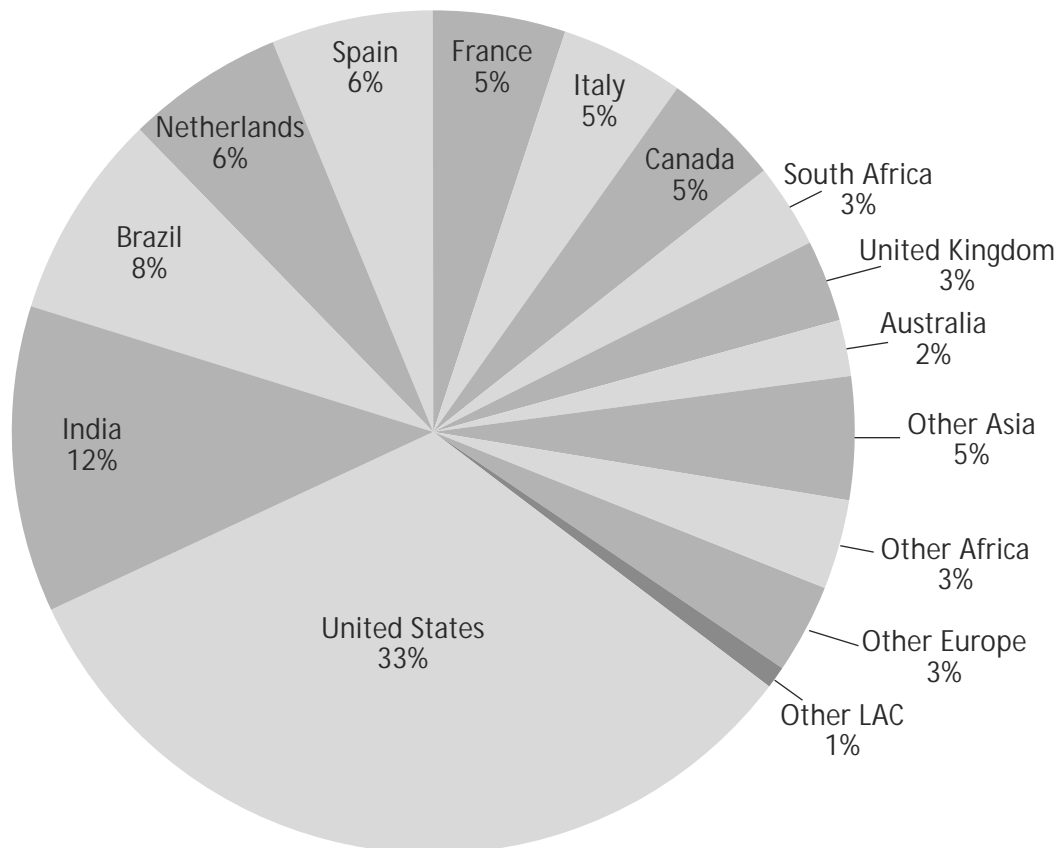


Source: U.S. Energy Information Administration



In 2011, Nigeria exported approximately 2.2-2.3 mb/d of crude oil, according to an analysis of data from the Global Trade Atlas (GTA), APEX Tanker Data (Lloyd's Maritime Intelligence Unit), and OPEC. Nigeria is an important oil supplier to the United States. In 2011, 767,000 bbl/d of crude (33 percent) of Nigeria's crude exports were sent to the United States, making Nigeria the fourth largest foreign oil supplier to the United States. Although Nigeria's high-quality light, sweet crude is a preferred gasoline feedstock, United States imports of Nigerian crude have decreased in volume and as a share of total imports in 2011, with the trend continuing in 2012. Other major importers of Nigerian crude oil include Europe (28 percent), India (12 percent), Brazil (8 percent), Canada (5 percent), and South Africa (3 percent).

### Nigerian crude oil exports, by destination, 2011



Note: "Other Asia" includes Indonesia, China, Taiwan, Singapore, Malaysia, Japan and Thailand "Other Africa" includes Cote d'Ivoire, Cameroon, Ghana and Senagal.  
 "Other Europe" includes Germany Portugal, Ireland, Gibraltar and Norway.  
 "Other LAC" includes Peru, Bahamas and Curacao.

Source: *Global Trade Atlas, APEX (Lloyd's) and U.S. Energy Information Administration*

### WORLD OIL EXPLORATION SCENARIO

The Drilling activity is directly linked to global crude oil prices and demand. With an increase in Crude oil price and demand, the global crude oil Exploration & Production (E&P) activities increase. The future outlook for drilling market remains positive on account of global recession is fading, an increase in oil prices, increased global energy demand and the call for new, more sophisticated rigs to construct increasingly complex wells. The world drilling rig market is set to expand from an estimated 9,700 rigs today to more than 11,000 units by 2016. Such growth is driven by an increasing volume and complexity of well requirements in order to meet global production targets. A significant number of high specification rigs and associated equipment

will need to come to the market in the next five years and the pressure on the supply chain will be significant. Growth in global active rig demand will average 5% per annum over the 2012-2016 period. (Source: Global Information Inc. Research)

The future development of the oil and gas industry will be characterized by a consumption of hydrocarbons which will be greater than the supply, so there will be a shift towards finding more hydrocarbon reserves to meet the demand. This is expected to lead to increased investment in exploration. Nowadays, sophisticated technologies and modern exploration equipment are essential for oil companies to extend their resource bases. There will be demand for seismic surveys in particular, as high quality seismic works considerably reduce the risks that arise when significant spending decisions are made during the project exploration stage. As the need to find new oil and gas deposits increases, the exploration industry will be relentlessly driven toward the use of more advanced surveying methods, including seismic 2D, 3D and 4D imaging techniques.

#### Opportunities

The increased exploration and production activity in countries like Nigeria, Angola, Gabon, Uganda, Sudan, Kenya, Egypt, etc. will increase demand for land drilling rigs. The Supply-Demand imbalance, increased drilling activity and Utilization may lead to increase in rig day rates.

The company estimates seismic survey market to grow in the coming years with demand for high quality seismic work at exploration stage. The company also expects its oil trading activities to grow on the account of recent tie-up with oil producers. The strategic tie-ups with Oil E&P companies in Nigeria and other African countries will boost performance of the Company.

#### FUTURE OUTLOOK

Currently, the company is contracted for deploying its rigs in Nigeria. Further, the company is planning to expand its drilling services by deploying additional rigs for Nigeria and other African Countries in the long run. Other businesses of Oil trading and Seismic studies are expected to remain steady in the next year with key focus on the drilling services.

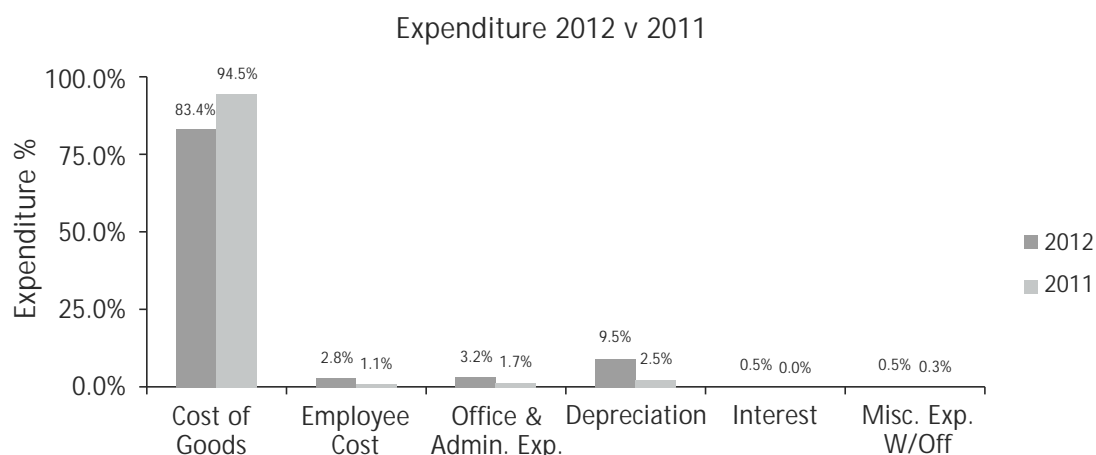
#### FINANCIAL PERFORMANCE

During the year, Sterling witnessed significant decline in topline primarily due to decrease in trading activity, lower demand for seismic data interpretation and marginal lower rigs utilization. The highlights of Sterling International Enterprises Limited (SIEL) consolidated financial performance for FY2011-12 are as follows:

- Income from Operations was ` 9,278.05 million
- Profit Before taxation was ` 1,322.34 million
- Profit after taxation was ` 1,321.20 million
- Net Worth as at June 30, 2012 stood at ` 18,487.36 million

#### TOTAL INCOME

Sterling's total income for the current year was ` 9,283.85 Million. The company witnessed decline in total income primarily due to decrease in oil trading activity, lower income from seismic data interpretation and marginal lower rigs utilization.



### PROFIT AFTER TAX

Profit after tax for the current year stood at ` 1,321.20 million on account of a significant decline in the company's topline coupled with marginal increase in Depreciation cost.

### Balance sheet Overview:

- Share Capital

Share capital of SIEL stood at ` 271.40 million as at 30th June 2012 divided into fully paid equity shares of ` 1 each. Share capital includes 155.625 million equity shares ( ` 1 face value) allotted as bonus shares.

- Reserves and Surplus

Reserves and Surplus for Sterling stood at ` 18,539.08 million as compared to ` 13,756.81 million in the last year mainly on account of transfer of net profit for the year and Foreign Currency Translation Reserve.

- Gross Fixed Assets

The Company's consolidated gross fixed assets stood at ` 11,630.74 million an increase of ` 1,415.67 million over the previous year mainly on account of addition of equipments for seismic data acquisition and components for land drilling rigs.

## 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, 2012 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, 2012 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, 2012 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, 2012;
    - ii) In the case of the Profit & Loss Account, of the Profit of the company for the period ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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: August 29, 2012

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, 2012.

- (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 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) (a) 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 Rs.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 30<sup>th</sup> June 2012 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 during the period under review 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) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by other from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) In our opinion and according to the information & 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 investment.
- (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) During the period covered by our report the company has not raised any money by way of public issue.
- (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.

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: August 29, 2012

## BALANCE SHEET AS AT JUNE 30, 2012

(Amount in `)

PARTICULARS	NOTE NO.	As at June 30, 2012	As at June 30, 2011
<b>EQUITY AND LIABILITIES</b>			
Shareholders Funds			
Share Capital	2	271,403,068	271,403,068
Reserves & Surplus	3	9,443,726,669	9,439,982,456
		9,715,129,737	9,711,385,524
Non-Current Liabilities			
Long Term Borrowings	4	126,728	847,685
Deferred Tax Liabilites (Net)	5	15,865,000	16,125,000
		15,991,728	16,972,685
Current Liabilities			
Short Term Borrowings	6	250,000,000	-
Trade Payables	7	5,696,332	9,419,601
Other Current Liabilites	8	799,048	866,795
		256,495,380	10,286,396
<b>TOTAL</b>		<b>9,987,616,844</b>	<b>9,738,644,605</b>
<b>ASSETS</b>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	528,311,126	543,150,427
Non-Current Investments	10	9,040,444,869	9,040,444,869
Long Term Loans & Advances	11	3,253,866	3,365,969
		9,572,009,861	9,586,961,265
Current Assets			
Trade Receivables	12	3,972,570	4,022,949
Cash & Cash Equivalents	13	1,752,777	1,496,249
Short Term Loans & Advances	14	409,881,637	146,164,142
		415,606,983	151,683,340
<b>TOTAL</b>		<b>9,987,616,844</b>	<b>9,738,644,605</b>

Notes forming part of the financial statements 1

As per our report of even date attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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

## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED JUNE 30, 2012 (Amount in `)

PARTICULARS	NOTE NO.	For the Year ended June 30, 2012	For the Year ended June 30, 2011
<b>INCOME</b>			
Revenue from Operations	15	72,149,621	39,384,800
Other Income	16	71,555	1,091,755
Total Revenue		72,221,176	40,476,555
<b>EXPENSES</b>			
Employee Benefits Expense	17	1,983,373	2,476,329
Finance Costs	18	40,480,456	210,922
Depreciation	19	18,522,904	13,404,900
Other Expenses	20	6,353,031	16,755,366
Total Expenses		67,339,764	32,847,516
<b>PROFIT BEFORE TAX</b>		<b>4,881,412</b>	<b>7,629,039</b>
Tax Expense			
- Current Tax		1,400,000	1,400,000
- Deferred Tax		(260,000)	900,000
<b>PROFIT FOR THE YEAR</b>	<b>3</b>	<b>3,741,412</b>	<b>5,329,039</b>
<b>EARNINGS PER SHARE (Face Value of ` 1)</b>			
- Basic & Diluted	24	0.01	0.02
Notes forming part of the financial statements	1		

As per our report of even date attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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



## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	As at June 30, 2012		As at June 30, 2011	
		No. of Shares	Amount	No. of Shares	Amount
2	SHARE CAPITAL:				
	AUTHORISED:				
	Equity Shares of ` 1/- each	750,000,000	750,000,000	750,000,000	750,000,000
	ISSUED, SUBSCRIBED AND PAID UP				
	Equity Shares of ` 1/- each fully paid up	271,403,068	271,403,068	271,403,068	271,403,068
	TOTAL		271,403,068		271,403,068
	2.1	81,373,068 (84,653,068) Shares out of the issued, subscribed and paid up share capital were allotted as equivalent to Global Depository Receipts (GDR), since inception.			
2.2	Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period, is as under:				
	PARTICULARS	No. of Shares	Amount	No. of Shares	Amount
	Equity shares outstanding as at the beginning of the year	271,403,068	271,403,068	271,403,068	271,403,068
	Changes during the year	-	-	-	-
	Equity shares outstanding as at the end of the year	271,403,068	271,403,068	271,403,068	271,403,068
2.3	The Company has only one class of shares referred to as equity shares having par value of ` 1/- each. Each holder of equity share is entitled to one vote per share except GDR Holders / Depository. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting except in case of Interim Dividend. In the event of liquidation of the Company the holders will be entitled to receive remaining assets of the Company, after distribution of all preferential distribution in proportion to the number of Equity Shares held by the shareholders.				
2.4	The details of shareholder holding more than 5 % shares				
	Name of Shareholder	As at June 30, 2012		As at June 30, 2011	
		No. of Shares	% held	No. of Shares	% held
	The Bank of New York Mellon	81,373,068	29.98%	84,653,068	31.19%

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	As at June 30, 2012	As at June 30, 2011
3.	RESERVES & SURPLUS		
	SECURITIES PREMIUM RESERVE		
	As per Last Balance Sheet	9,227,184,412	9,227,184,412
	GENERAL RESERVE		
	As per Last Balance Sheet	50,000,000	50,000,000
	FOREIGN CURRENCY MONETARY ITEM TRANSLATION RESERVE		
	As per Last Balance Sheet	(2,802)	51,994,348
	Add : During the year	2,802	(51,997,150)
		-	(2,802)
	PROFIT AND LOSS ACCOUNT		
	As per Last Balance Sheet	162,800,846	157,471,807
	Add : Profit for the year	3,741,412	5,329,039
		166,542,257	162,800,846
	GRAND TOTAL	9,443,726,669	9,439,982,456
4.	LONG TERM BORROWINGS		
	SECURED		
	Hire Purchase Principal	126,728	847,685
	TOTAL	126,728	847,685
4.1	Vehicle Loans from Tata Capital Ltd. of ` 24.98 lakhs is repayable in 36 equated monthly installments and is secured by hypothecation of vehicles financed by them.		
5.	DEFERRED TAX LIABILITIES (NET):		
	Deferred Tax Liabilities	15,865,000	16,125,000
	TOTAL	15,865,000	16,125,000
6.	SHORT TERM BORROWINGS:		
	SECURED		
	From SICOM	250,000,000	-
	TOTAL	250,000,000	-
6.1	Short Term Loan from SICOM of ` 25 crores is secure by first charge on immovable property as well as first pari-passu charge on selected properties. (Average Rate of Interest for the year 16.09%)		
7.	TRADE PAYABLES		
	Others	5,696,332	9,419,601
	TOTAL	5,696,332	9,419,601
8.	OTHER CURRENT LIABILITIES		
	Hire Purchase Principal	779,751	856,773
	Other Payables - Statutory Dues	19,297	10,022
	TOTAL	799,048	866,795

9. FIXED ASSETS	(Amount in `)										
	TANGIBLE ASSETS			GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK	
Own Assets	As on 01.07.2011	Addition	Total 30.06.2012	As on 01.07.2011	Addition	As on 30.06.2012	As on 01.07.2011	Addition	As on 30.06.2012	30.06.2012	30.06.2011
Land - Freehold	69,133,488	-	69,133,488	-	-	-	-	-	-	69,133,488	69,133,488
Building - Freehold	458,665,482	2,118,800	460,784,282	24,216,890	3,022,340	27,239,230	24,216,890	3,022,340	27,239,230	433,545,052	434,448,592
Computers & Peripherals	346,482,245	1,524,901	348,007,146	329,362,437	12,459,998	341,822,435	329,362,437	12,459,998	341,822,435	6,184,711	17,119,808
Office Equipments, Furniture & Fixtures	34,723,595	39,902	34,763,497	18,645,523	2,200,370	20,845,893	18,645,523	2,200,370	20,845,893	13,917,604	16,078,072
Vehicles	12,946,606	-	12,946,606	6,576,139	840,196	7,416,335	6,576,139	840,196	7,416,335	5,530,271	6,370,467
Grand Total	921,951,416	3,683,603	925,635,019	378,800,989	18,522,904	397,323,893	378,800,989	18,522,904	397,323,893	528,311,126	543,150,427
Previous Year	906,202,502	15,748,914	921,951,416	365,396,089	13,404,900	378,800,989	365,396,089	13,404,900	378,800,989	543,150,427	540,806,413

9.1 Vehicles include vehicles financed under hire purchase agreements

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	As at June 30, 2012	As at June 30, 2011
10.	NON CURRENT INVESTMENT		
	OTHER INVESTMENTS		
	Equity Shares - Subsidiaries		
	Unquoted, fully paid up		
	19,51,12,000 British Oil & Gas Exploration Pvt Ltd, Mauritius of \$1 Each (19,51,12,000)	9,039,522,999	9,039,522,999
	SUB TOTAL (A)	9,039,522,999	9,039,522,999
	Equity Shares - Others		
	Quoted, fully paid up		
	8,293 (8,293) Andhra Bank of ` 10 Each	746,370	746,370
	450 (450) Punjab National Bank of ` 10 Each	175,500	175,500
	SUB TOTAL (B)	921,870	921,870
	TOTAL (A + B)	9,040,444,869	9,040,444,869
	Aggregate amount of quoted investments	921,870	921,870
	Market Value of quoted investments	1,403,946	1,602,668
	Aggregate amount of unquoted investments	9,039,522,999	9,039,522,999
11.	LONG TERM LOANS AND ADVANCES:		
	Security Deposits - Unsecured, considered good	1,187,984	1,188,534
	Other Long Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	613,000	617,000
	- Advance Tax (Net of Provisions)	1,452,882	1,560,435
	TOTAL	3,253,866	3,365,969
12.	TRADE RECEIVABLES:		
	Unsecured considered good		
	Over six months	95,862	131,482
	Others	3,876,708	3,891,467
	TOTAL	3,972,570	4,022,949
13	CASH & CASH EQUIVALENTS :		
	Balance with Banks		
	In Current Accounts	1,729,368	1,118,641
	In Fixed Deposits	-	374,831
	Cash on Hand	23,409	2,777
	TOTAL	1,752,777	1,496,249
14.	SHORT TERM LOANS AND ADVANCES:		
	Capital Advances - Secured, considered good	-	2,118,800
	Security Deposits - Unsecured, considered good	2,975,000	2,975,000
	Other Short Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	12,000	13,500
	- Others - Unsecured, considered good	406,894,637	141,056,842
	TOTAL	409,881,637	146,164,142

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	For the year ended June 30, 2012	For the year ended June 30, 2011
15.	INCOME		
	Sale of Services	72,149,621	39,384,800
	Revenue from Operations	72,149,621	39,384,800
16.	OTHER INCOME:		
	Interest Income	71,555	1,086,355
	Dividend from Long Term Investments	-	5,400
	TOTAL	71,555	1,091,755
17.	EMPLOYEE BENEFITS EXPENSE		
	Salary	1,512,156	2,217,913
	Staff Welfare	75,386	57,671
	Professional Charges	395,832	200,745
	TOTAL	1,983,374	2,476,329
18.	FINANCIAL COSTS:		
	Interest Expense		
	On Short Term Borrowings	40,231,165	-
	On Vehicle Loans	131,481	210,922
	On Others	117,810	-
	TOTAL	40,480,456	210,922
19.	DEPRECIATION EXPENSE:		
	Depreciation	18,522,904	13,404,900
	TOTAL	18,522,904	13,404,900
20.	OTHER EXPENSES:		
	Advertisement & Publicity	200,274	94,377
	Bank Charges	14,318	4,630
	Business Promotion	-	153,160
	Electricity Expenses	442,885	587,596
	Insurance	69,662	95,213
	Miscellaneous Expenses	1,398,512	5,986,756
	Payment to Auditor	50,000	75,000
	Postage, Courier & Periodicals	25,726	16,927
	Printing & Stationery	434,373	106,425
	Rent, Rates & Taxes	918,029	869,118
	Repair & Maintenance	281,314	436,791
	Stamp Duty & ROC Charges	1,611,118	2,801,000
	Telephone Expenses	140,442	172,262
	Travelling Expenses	752,630	5,343,570
	Vehicle Expenses	13,748	12,540
	TOTAL	6,353,031	16,755,366

## 1. 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 notified under Section 211(3C) [(Companies (Accounting Standards) Rules, 2006, as amended)] and other relevant 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 balances of assets and liabilities, disclosure related to contingent liabilities as 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

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

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) Impairment

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.

### G) 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.

### 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) 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.

J) Income Tax

Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. 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.

K) Export Benefits

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

L) Contingent Liabilities

Contingent Liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts.

M) Current / Non Current

All assets and liabilities are presented as Current or Non Current as per Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of products and the time of acquisition of assets and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non Current classification of assets and liabilities.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

## 21. SEGMENT REPORTING

The Company has identified business segments (industry practice) as its primary segment and geographic segments as its secondary segment.

The Primary Segment is related to Information Technology.

There are no reportable Secondary Segments since the Company is operating only in India.

## 22. MSME Disclosure

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

## 23. Related Party Disclosures

## A) Related Parties and their relationship

I) Subsidiary (Direct Holding)	II) Subsidiary (Indirect Holding)
British Oil and Gas Exploration Private Limited, Mauritius.	British Oil Resources Limited, Mauritius British Oil & Gas Exploration Limited, BVI * Sterling Oil Resources Limited, BVI * Geodynamic Geospectra Limited, BVI * * Subsidiaries of British Oil Resources Limited

## B) Transactions with related parties

PARTICULARS	Year Ended June 30, 2012 ( ` )	Year Ended June 30, 2011 ( ` )
Investment – Subsidiary Companies	NIL	7,993,331,004
24. Earnings Per Share		
Profit for the year	3,741,412	5,329,039
Amount available for Equity Shareholders	3,741,412	5,329,039
No. of Equity Shares of ` 1/- each	271,403,068	271,403,068
Basic & Diluted Earning per Share	0.01	0.02
25. Auditors Remuneration		
Auditor	30,000	55,000
For Other Services	20,000	20,000
Total	50,000	75,000

## 26. CONTINGENT LIABILITIES AND COMMITMENTS

(To the Extent Not Provided for)

	As at June 30, 2012	As at June 30, 2011
Contingent Liabilities		
Corporate guarantees given by Company	4,850,000,000	-



## 27. Foreign currency Earnings and Expenditure

	For the year ended June 30, 2012	For the year ended June 30, 2011
FOB value of Exports	NIL	NIL
CIF value of Imports (Capital Goods)	NIL	NIL
Other Expenditure incurred	NIL	NIL

28. The Financial Statements for the year ended 30th June, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Financial Statements for the year ended 30th June, 2012 has been prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements.

As per our report of even date attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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 JUNE 30, 2012

(Amount in `)

PARTICULARS	For the year ended June 30, 2012	For the year ended June 30, 2011
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	4,881,412	7,629,039
Adjustment for :		
Depreciation and Amortisation	18,522,904	13,404,900
Foreign Exchange Variances	2,802	-
Interest paid	(40,480,456)	(210,922)
Operating Profit before Working Capital Changes	(17,073,339)	20,823,017
Movements in Working Capital:		
Increase / (Decrease) in Trade Payables & Other Liabilities	(3,791,016)	5,788,829
(Increase) / Decrease in Trade Receivables	50,379	(662,762)
(Increase) / Decrease in Loans & Advances	(263,805,392)	(10,858,532)
Cash Generated from Operations	(284,619,368)	15,090,552
Direct Taxes Paid	(1,200,000)	(2,250,000)
Cash flow before extra ordinary items	(285,819,368)	12,840,552
Dividend & Dividend tax	-	-
Net Cash Flow from Operating Activities	(285,819,368)	12,840,552
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,683,603)	(15,748,914)
Sale of Fixed Assets	-	-
Dividend Received	-	-
Purchase of Investments	-	(8,045,328,154)
Net Cash used in Investing Activities	(3,683,603)	(8,061,077,068)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (Repayments) from Long Term Borrowings	(720,958)	646,325
Proceeds / (Repayments) from Short Term Borrowings	250,000,000	-
Interest Paid	40,480,456	210,922
Net Cash flow in financing Activities	289,759,499	857,246
Net Increase/(Decrease) in Cash & Equivalents( A+B+C)	256,528	(8,047,379,269)
Cash & Cash Equivalents as at beginning of the period	1,496,249	8,048,875,518
Cash & Cash Equivalents as at end of the period	1,752,777	1,496,249

We have Examined the attached Cash Flow Statement of Sterling International Enterprises Limited for the year ended 30th June, 2012. 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 attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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

STATEMENT PURSUANT TO SECTION 212(1) AND (3) OF  
THE COMPANIES ACT, 1956 REGARDING TO SUBSIDIARY COMPANIES

(₹ In Lakhs)

Sr. No.	Name of the Subsidiary	Financial year of the subsidiary ended on	Extent of holding by Sterling International Enterprises Limited in the subsidiary as on June 30, 2012	Profit / (loss) so far as it concerns the members of Sterling International Enterprises Limited and not dealt with in the accounts of Sterling International Enterprises Limited		Profit / (loss) so far as it concerns the members of Sterling International Enterprises Limited and dealt with in the accounts of Sterling International Enterprises Limited	
				For the financial year ended June 30, 2012	For the previous years since it became a subsidiary	For the financial year ended June 30, 2012	For the previous years since it became a subsidiary
1	BRITISH OIL & GAS EXPLORATION PRIVATE LIMITED	June 30, 2012	100.00%	(434.71)	(968.57)	NIL	NIL
2	BRITISH OIL RESOURCES LIMITED	June 30, 2012	100.00%	(4.28)	(16.54)	NIL	NIL
3	BRITISH OIL & GAS EXPLORATION LIMITED	June 30, 2012	99.96%	4,595.36	23,526.01	NIL	NIL
4	STERLING OIL RESOURCES LIMITED	June 30, 2012	100.00%	4,571.37	14,686.49	NIL	NIL
5	GEODYNAMIC GEOSPECTRA LIMITED	June 30, 2012	100.00%	4,445.06	22,596.63	NIL	NIL

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES

Information With Regard To Subsidiary Companies in terms of the general exemption u/s 212(8) of the Companies Act, 1956 granted by the Ministry of Company Affairs vide Circular No. 51/12/2007-CL-III dated February 8, 2011

( ` In Lakhs)

Sr. No.	Particulars	BRITISH OIL & GAS EXPLORATION PRIVATE LIMITED, MAURITIUS	BRITISH OIL RESOURCES LIMITED, MAURITIUS	BRITISH OIL & GAS EXPLORATION LIMITED, BVI	STERLING OIL RESOURCES LIMITED, BVI	GEODYNAMICS GEOSPECTRA LIMITED, BVI
1	Reporting Currency	USD	USD	USD	USD	USD
2	Exchange Rate	56.31	56.31	56.31	56.31	56.31
3	Capital	109,865.62	56.31	28.17	28.15	28.15
4	Reserves	(1,097.29)	(19.15)	27,993.51	17,270.71	27,346.55
5	Total Assets	108,787.89	127.12	97,080.39	63,478.06	114,622.82
6	Total Liabilities	19.57	89.95	69,058.72	46,179.19	87,248.12
7	Investment (included in total assets)	56.31	84.46	0.75	-	-
8	Turnover (including other income)	-	-	12,076.90	57,220.91	22,818.50
9	Profit before taxation	(434.71)	(4.28)	4,597.20	4,571.37	4,445.06
10	Provision for taxation	-	-	-	-	-
11	Profit after taxation	(434.71)	(4.28)	4,597.20	4,571.37	4,445.06
12	Proposed dividend	-	-	-	-	-

As per our report of even date attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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, the Board of Directors  
Sterling International Enterprises Limited

We have audited the attached Consolidated Balance Sheet of Sterling International Enterprises Limited ('the Company') and its subsidiaries (the company and its subsidiaries constitutes "the Group") as at 30th June, 2012, 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 fair 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, 2012;
- 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.

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: August 29, 2012

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012

(Amount in `)

PARTICULARS	NOTE NO.	As at June 30, 2012	As at June 30, 2011
<b>EQUITY AND LIABILITIES</b>			
Shareholders Funds			
Share Capital	2	271,403,068	271,403,068
Reserves & Surplus	3	18,539,079,622	13,756,813,274
		18,810,482,690	14,028,216,342
Minority Interest		1,120,419	743,841
Non-Current Liabilities			
Long Term Borrowings	4	4,265,397,626	3,229,430,445
Deferred Tax Liabilities (Net)	5	15,865,000	16,125,000
		4,281,262,626	3,245,555,445
Current Liabilities			
Short Term Borrowings	6	250,000,000	-
Trade Payables	7	159,583,376	2,172,977,685
Other Current Liabilities	8	799,048	866,795
		410,382,424	2,173,844,480
<b>TOTAL</b>		<b>23,503,248,158</b>	<b>19,448,360,108</b>
<b>ASSETS</b>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	9,538,699,505	7,162,322,750
Capital Work In Progress	9	7,953,935,356	5,398,861,980
Non-Current Investments	10	997,324	981,795
Long Term Loans & Advances	11	3,347,791,788	1,866,384,610
Other Non-Current Assets	12	323,133,307	290,980,921
		21,164,557,280	14,719,532,056
Current Assets			
Trade Receivables	13	1,878,717,119	4,408,972,341
Cash & Cash Equivalents	14	50,092,123	173,691,569
Short Term Loans & Advances	15	409,881,637	146,164,142
		2,338,690,878	4,728,828,052
<b>TOTAL</b>		<b>23,503,248,158</b>	<b>19,448,360,108</b>

Notes forming part of the financial statements 1

As per our report of even date attached  
For H.S.HATHI & CO.Chartered Accountants  
Firm Registration No. 103596WHEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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 STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

PARTICULARS	NOTE NO.	For the year ended June 30, 2012	For the year ended June 30, 2011
<b>INCOME</b>			
Revenue from Operations	16	9,283,780,552	16,925,535,698
Other Income	17	71,555	1,091,755
<b>Total Revenue</b>		<b>9,283,852,107</b>	<b>16,926,627,453</b>
<b>EXPENSES</b>			
Cost of Goods Sold		5,153,741,532	11,680,280,002
Consumption of materials		1,674,116,290	1,429,044,326
Employee Benefits Expense	18	225,938,305	146,564,184
Finance Costs	19	40,480,456	210,922
Depreciation	20	754,621,912	340,680,529
Other Expenses	21	112,609,198	149,227,602
<b>Total Expenses</b>		<b>7,961,507,693</b>	<b>13,746,007,564</b>
<b>PROFIT BEFORE TAX</b>		<b>1,322,344,414</b>	<b>3,180,619,889</b>
Tax Expense			
- Current Tax		1,400,000	1,400,000
- Deferred Tax		(260,000)	900,000
<b>PROFIT FOR THE YEAR (before adjustment of Minority Interest)</b>		<b>1,321,204,414</b>	<b>3,178,319,889</b>
Less : Share of Profit transferred to Minority Interest		183,814	742,947
<b>PROFIT FOR THE YEAR (after adjustment of Minority Interest)</b>		<b>1,321,020,600</b>	<b>3,177,576,942</b>
<b>EARNINGS PER SHARE (Face Value of ` 1/-)</b>			
- Basic & Diluted	25	4.87	11.71
Notes forming part of the financial statements	1		

As per our report of even date attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	As at June 30, 2012		As at June 30, 2011	
		No. of Shares	Amount	No. of Shares	Amount
2	SHARE CAPITAL:				
	AUTHORISED:				
	Equity Shares of ` 1/- each	750,000,000	750,000,000	750,000,000	750,000,000
	ISSUED, SUBSCRIBED AND PAID UP				
	Equity Shares of ` 1/- each fully paid up	271,403,068	271,403,068	271,403,068	271,403,068
	TOTAL		271,403,068		271,403,068

2.1 8,13,73,068 (84,653,068) Shares out of the issued, subscribed and paid up share capital were allotted as equivalent to Global Depository Receipts (GDR), since inception.

2.2 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period, is as under:

PARTICULARS	No. of Shares	Amount	No. of Shares	Amount
Equity shares outstanding as at the beginning of the year	271,403,068	271,403,068	271,403,068	271,403,068
Changes during the year	-	-	-	-
Equity shares outstanding as at the end of the year	271,403,068	271,403,068	271,403,068	271,403,068

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

2.4 The details of shareholder holding more than 5 % shares

Name of Shareholder	As at June 30, 2012		As at June 30, 2011	
	No. of Shares	% held	No. of Shares	% held
The Bank of New York Mellon	81,373,068	29.98%	84,653,068	31.19%



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	As at June 30, 2012	As at June 30, 2011
3.	RESERVES & SURPLUS		
	SECURITIES PREMIUM RESERVE	9,227,858,994	9,227,720,158
	GENERAL RESERVE	50,000,000	50,000,000
	FOREIGN CURRENCY TRANSLATION RESERVE	3,112,276,298	(348,827,813)
	FOREIGN CURRENCY MONETARY ITEM TRANSLATION RESERVE	-	(2,802)
	PROFIT AND LOSS ACCOUNT		
	As per Last Balance Sheet	4,827,923,731	1,650,346,789
	Add : Profit for the year	1,321,020,600	3,177,576,942
		6,148,944,330	4,827,923,731
	GRAND TOTAL	18,539,079,622	13,756,813,274
4.	LONG TERM BORROWINGS		
	Term Loans		
	- From Banks - Secured	4,139,392,129	3,219,840,000
	Hire Purchase Principal	126,728	847,685
	Loans from related parties - Unsecured	125,878,769	8,742,760
	TOTAL	4,265,397,626	3,229,430,445
4.1	Term Loan from banks of ` 368 crores at a variable Interest rate payable half yearly is secured by exclusive first charge on rigs and movable assets financed by lender as well as Corporate Guarantees from Group Companies and Personal Guarantee by one of the Board Members. Repayable in 10 half yearly installments commencing from 24th May 2012 and last installment is payable on 24th May 2017.		
4.2	There has been a default in the repayment of installment of Term Loan amounting to ` 18.41 crores for over a month and the same is continuing as on the balance sheet date.		
4.3	Vehicle Loans from Tata Capital Ltd of ` 24.98 lakhs is repayable in 36 equated monthly installments and is secured by hypothecation of vehicles financed by them.		
5.	DEFERRED TAX LIABILITIES (NET):		
	Deferred Tax Liabilities	15,865,000	16,125,000
	TOTAL	15,865,000	16,125,000
6.	SHORT TERM BORROWINGS:		
	SECURED		
	From SICOM	250,000,000	-
	TOTAL	250,000,000	-
6.1	Short Term Loan from SICOM of ` 25 crores is secure by first charge on immovable property as well as first pari-passu charge on selected properties. (Average Rate of Interest for the year 16.09%)		
7.	TRADE PAYABLES		
	Others	159,583,376	2,172,977,685
	TOTAL	159,583,376	2,172,977,685
8.	OTHER CURRENT LIABILITIES		
	Hire Purchase Principal	779,751	856,773
	Other Payables - Statutory Dues	19,297	10,022
	TOTAL	799,048	866,795

(Amount in `)

## 9. FIXED ASSETS

## Tangible Assets

Description	Gross Block			Depreciation			Net Block	
	As on 01.07.2011	Additions	Adjustment	As on 01.07.2011	For the Year	Adjustment	As on 30.06.2012	As on 30.06.2011
	As on 01.07.2011	As on 30.06.2012	As on 30.06.2012	As on 01.07.2011	As on 30.06.2012	As on 30.06.2012	As on 30.06.2012	As on 30.06.2011
Land - Freehold	69,133,488	-	-	-	-	-	69,133,488	69,133,488
Building - Freehold	458,665,482	2,118,800	-	24,216,890	3,022,340	-	433,545,052	434,448,592
Computers & Peripherals	346,482,245	1,524,901	-	329,362,437	12,459,998	-	6,184,711	17,119,808
Office Equipments, Furniture & Fixtures	34,723,595	39,902	-	18,645,523	2,200,370	-	13,917,604	16,078,072
Vehicles	12,946,606	-	-	6,576,139	840,196	-	5,530,271	6,370,467
Plant & Machinery	7,380,499,601	1,411,984,382	1,912,625,445	761,327,278	736,099,008	197,294,763	9,010,388,379	6,619,172,323
Grand Total	8,302,451,017	1,415,667,985	1,912,625,445	1,140,128,267	754,621,912	197,294,763	9,538,699,505	7,162,322,750
Previous Year	3,885,050,808	4,537,576,922	(120,176,713)	817,694,991	340,680,529	(18,247,252)	7,162,322,749	3,067,355,817
Capital Work in Progress							7,953,935,356	5,398,861,980

9.1 Vehicles include vehicles financed under hire purchase agreements.

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	As at June 30, 2012	As at June 30, 2011
10.	NON CURRENT INVESTMENT		
	OTHER INVESTMENTS		
	Equity Shares		
	Unquoted, fully paid up		
	British Oil & Gas Exploration Ltd - Nigeria	75,454	59,925
	SUB TOTAL (A)	75,454	59,925
	Equity Shares - Others		
	Quoted, fully paid up		
	8,293 (8,293) Andhra Bank of ` 10/- Each	746,370	746,370
	450 (450) Punjab National Bank of ` 10/- Each	175,500	175,500
	SUB TOTAL (B)	921,870	921,870
	TOTAL (A + B)	997,324	981,795
	Aggregate amount of quoted investments	921,870	921,870
	Market Value of quoted investments	1,403,946	1,602,668
	Aggregate amount of unquoted investments	75,454	59,925
11.	LONG TERM LOANS AND ADVANCES:		
	Loans & Advances to related parties - Unsecured, considered good	3,344,537,922	1,863,018,641
	Security Deposits - Unsecured, considered good	1,187,984	1,188,534
	- Staff Loans - Unsecured, considered good	613,000	617,000
	- Advance Tax (Net of Provisions)	1,452,882	1,560,435
	TOTAL	3,347,791,788	1,866,384,610
12.	OTHER NON-CURRENT ASSETS		
	MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	323,133,307	290,980,921
	TOTAL	323,133,307	290,980,921
13.	TRADE RECEIVABLES:		
	Unsecured considered good		
	Over six months	95,862	131,482
	Others	1,878,621,257	4,408,840,859
	TOTAL	1,878,717,119	4,408,972,341
13.1	Out of the above, ` 15.26 crores (Previous Year ` 27.99 crores) is receivable from Sterling Oil Exploration & Energy Production Company Limited.		
14.	CASH & CASH EQUIVALENTS:		
	Balance with Banks		
	In Current Accounts	50,068,714	173,313,961
	In Fixed Deposits	-	374,831
	Cash on Hand	23,409	2,777
	TOTAL	50,092,123	173,691,569
15.	SHORT TERM LOANS AND ADVANCES:		
	Capital Advances - Secured, considered good	-	2,118,800
	Security Deposits - Unsecured, considered good	2,975,000	2,975,000
	Other Short Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	12,000	13,500
	- Others - Unsecured, considered good	406,894,637	141,056,842
	TOTAL	409,881,637	146,164,142

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

Note No.	PARTICULARS	For the year ended June 30, 2012	For the year ended June 30, 2011
16.	<b>INCOME</b>		
	Sale of Services	9,278,049,760	16,925,535,698
	Other Operating Revenue	5,730,792	-
	Revenue from Operations	9,283,780,552	16,925,535,698
17.	<b>OTHER INCOME:</b>		
	Interest Income	71,555	1,086,355
	Dividend from Long Term Investments	-	5,400
	<b>TOTAL</b>	<b>71,555</b>	<b>1,091,755</b>
18.	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salary	225,410,778	146,261,048
	Staff Welfare	75,386	57,671
	Professional Charges	452,142	245,465
	<b>TOTAL</b>	<b>225,938,305</b>	<b>146,564,184</b>
19.	<b>FINANCIAL COSTS:</b>		
	Interest Expense		
	On Short Term Borrowings	40,231,165	-
	On Vehicle Loans	131,481	210,922
	On Others	117,810	-
	<b>TOTAL</b>	<b>40,480,456</b>	<b>210,922</b>
20.	<b>DEPRECIATION EXPENSE:</b>		
	Depreciation	754,621,912	340,680,529
	<b>TOTAL</b>	<b>754,621,912</b>	<b>340,680,529</b>
21.	<b>OTHER EXPENSES:</b>		
	Advertisement & Publicity	200,274	94,377
	Bank Charges	928,549	707,927
	Business Promotion	-	153,160
	Electricity Expenses	442,885	587,596
	Insurance	69,662	95,213
	Miscellaneous Expenses	62,562,123	101,562,905
	Payment to Auditor	190,775	186,800
	Postage, Courier & Periodicals	25,726	16,927
	Printing & Stationery	434,373	106,425
	Rent, Rates & Taxes	918,029	869,118
	Repair & Maintenance	281,314	436,791
	Stamp Duty & ROC Charges	1,611,118	2,801,000
	Telephone Expenses	140,442	172,262
	Travelling Expenses	1,536,083	7,027,904
	Vehicle Expenses	13,748	12,540
	Miscellaneous Expenditure W/off	43,254,097	34,396,656
	<b>TOTAL</b>	<b>112,609,198</b>	<b>149,227,602</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

## 1 SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

## A) Basis of Consolidation :

The consolidated financial statements envisage combining of financial statement of Sterling International Enterprise Limited and its Subsidiary and Stepdown Subsidiaries as given below drawn up to the same reporting date as of the company, i.e. for the year ended 30th June, 2012 :

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership Interest	
			2012	2011
1	British Oil and Gas Exploration Private Limited	Mauritius	100%	(100%)
2	British Oil Resources Limited	Mauritius	100%	(100%)
3	British Oil and Gas Exploration Limited	British Virgin Islands	99.96%	(99.96%)
4	Sterling Oil Resources Limited	British Virgin Islands	100%	(100%)
5	Geodynamic Geospectra Limited	British Virgin Islands	100%	(100%)

## B) Principles of Consolidation :

The Consolidated Financial Statements relate to Sterling International Enterprises Limited and the above mentioned Subsidiaries. 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) 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 notified under Section 211(3C) [(Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

## D) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure related to contingent liabilities as 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.

## E) 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.

- F) 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.
- G) Depreciation  
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.
- H) Impairment  
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.
- I) 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.
- J) 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.
- K) 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.
- L) Income Tax  
Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. 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.
- M) Export Benefits  
The Company accounts for export benefit entitlements under the Duty Entitlement Pass Book Scheme of Government of India, on accrual basis.
- N) Contingent Liabilities  
Contingent Liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts.
- O) Current / Non Current  
All assets and liabilities are presented as Current or Non Current as per Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of products and the time of acquisition of assets and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non Current classification of assets and liabilities.

## 22 Segment Reporting

The Company has identified business segments (industry practice) as its primary segment and geographic segments as its secondary segment.

The Primary Segments are Information Technology & Oil related activities.

The Secondary Segments include Domestic & Overseas Operations.

## (A) Primary Segments (Business Segments):

(` In Lakhs)

Particulars	Information Technology		Oil related activities		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue						
External	722.21	404.77	92,116.31	168,861.51	92,838.52	169,266.27
Inter-Segment	-	-	-	-	-	-
Total Revenue	722.21	404.77	92,116.31	168,861.51	92,838.52	169,266.27
Result						
Segment Result	453.62	78.40	13,174.63	31,729.91	13,628.25	31,808.31
Unallocated expenditure net of unallocated Income	-	-	-	-	-	-
Interest expenses	404.80	2.11	-	-	404.80	2.11
Interest Income	-	-	-	-	-	-
Profit Before Tax	48.81	76.29	13,174.63	31,729.91	13,223.44	31,806.20
Provision for Current Tax	14.00	14.00	-	-	14.00	14.00
Provision for Deferred Tax	(2.60)	9.00	-	-	(2.60)	9.00
Profit after Tax	37.41	53.29	13,174.63	31,729.91	13,212.04	31,783.20
Segment assets	99,876.17	97,386.45	135,156.31	97,097.16	235,032.48	194,483.60
Segment Liabilities	2,724.87	272.59	44,202.78	53,928.85	46,927.65	54,201.44
Capital Expenditure	36.84	157.59	13,971.45	45,241.72	14,008.29	45,399.21
Depreciation and amortisation	185.23	134.05	7,360.99	3,272.76	7,546.22	3,406.81
Non cash expenses other than depreciation	-	-	-	-	-	-

## (B) Secondary Segments (Geographical Segments):

(` In Lakhs)

Particulars	Domestic		Overseas		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue						
External	722.21	404.77	92,116.31	168,861.51	92,838.52	169,266.27
Inter-Segment	-	-	-	-	-	-
Total Revenue	722.21	404.77	92,116.31	168,861.51	92,838.52	169,266.27
Carrying amount of Fixed Assets	5,283.11	5,431.50	90,103.88	66,191.72	95,387.00	71,623.23
Capital Expenditure	36.84	157.49	13,971.45	45,241.72	14,008.29	45,399.21

## 23. MSME Disclosure

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



## 24. Related Party Disclosures

## A) Related Parties and their relationship

I) Subsidiary (Direct Holding) British Oil and Gas Exploration Private Limited, Mauritius.	II) Subsidiary (Indirect Holding) British Oil Resources Limited, Mauritius British Oil & Gas Exploration Limited, BVI * Sterling Oil Resources Limited, BVI * Geodynamic Geospectra Limited, BVI * * Subsidiaries of British Oil Resources Limited
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III) Enterprise in which significant influence is exercised  
Sterling Oil Exploration and Energy Production Company Limited, Nigeria

	Year Ended June 30, 2012	Year Ended June 30, 2011
B) Transactions with related parties Services of Rig Hire to party mentioned under III above by British Oil & Gas Exploration Limited	3,527.96	6,380.89
25 Earnings Per Share		
Profit for the year	1,321,020,600	3,177,576,942
Amount available for Equity Shareholders	1,321,020,600	3,177,576,942
No. of Equity Shares of ₹ 1/- each	271,403,068	271,403,068
Basic & Diluted Earning per Share	4.87	11.71
26 Auditors Remuneration		
Auditor	170,775	166,800
For Other Services	20,000	20,000
For Reimbursement of Expenses	-	-
Total	190,775	186,800
27 CONTINGENT LIABILITIES AND COMMITMENTS (To the Extent Not Provided for)	As at June 30, 2012	As at June 30, 2011
Contingent Liabilities		
Corporate guarantees given by Company	4,850,000,000	-
28 Foreign currency Earnings and Expenditure		
FOB value of Exports	NIL	NIL
CIF value of Imports (Capital Goods)	NIL	NIL
Other Expenditure incurred	NIL	NIL

29 The Financial Statements for the year ended 30th June, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Financial Statements for the year ended 30th June, 2012 has been prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements.

As per our report of even date attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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 CASH FLOW STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

(Amount in `)

PARTICULARS	For the year ended June 30, 2012	For the year ended June 30, 2011
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,322,344,414	3,180,619,889
Adjustment for :		
Depreciation and Amortisation	797,876,009	375,077,185
Foreign Exchange Variances	2,802	-
Interest paid	(40,480,456)	(210,922)
Minority Interest	(183,814)	(742,947)
Operating Profit before Working Capital Changes	2,079,558,954	3,554,743,205
Movements in Working Capital:		
Increase / (Decrease) in Trade Payables & Other Liabilities	(2,013,462,056)	2,111,059,540
(Increase) / Decrease in Trade Receivables	2,530,255,222	(3,998,010,889)
(Increase) / Decrease in Loans & Advances	(1,745,324,673)	(413,211,502)
Cash Generated from Operations	851,027,447	1,254,580,354
Direct Taxes Paid	(1,200,000)	(2,250,000)
Cash flow before extra ordinary items	849,827,447	1,252,330,354
Dividend & Dividend tax	-	-
Net Cash Flow from operating Activities	849,827,447	1,252,330,354
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,415,667,985)	(4,537,576,922)
Purchase of CWIP	(2,555,073,376)	(5,398,861,980)
Sale of Fixed Assets	-	-
Dividend Received	-	-
Purchase of Investments	(15,529)	(59,925)
Sale of Investments	-	-
Net Cash used in Investing Activities	(3,970,756,890)	(9,936,498,827)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of GDR/ Shares	515,414	1,279,587
Proceeds / (Repayments) from Long Term Borrowings	1,035,967,180	1,054,391,454
Proceeds / (Repayments) from Short Term Borrowings	250,000,000	-
Interest Paid	40,480,456	210,922
Net Cash flow in financing Activities	1,326,963,051	1,055,881,962
Net Increase/(Decrease) in Cash & Equivalents( A+B+C)	(1,793,966,392)	(7,628,286,510)
Translation Adjustment	1,670,366,946	(319,144,422)
Cash & Cash Equivalents as at beginning of the period	173,691,569	8,121,122,501
Cash & Cash Equivalents as at end of the period	50,092,123	173,691,569

We have Examined the attached Consolidated Cash Flow Statement of Sterling International Enterprises Limited for the year ended 30th June, 2012. 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 attached  
For H.S.HATHI & CO.  
Chartered Accountants  
Firm Registration No. 103596W

HEMANT S. HATHI  
Partner  
MEMBERSHIP NO. 37109  
Place : Mumbai.  
Dated : August 29, 2012

For and on behalf of the Board of Directors

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