



STERLING INTERNATIONAL ENTERPRISES LIMITED



Annual Report

2012-2013



Translating Growth into Success

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
AXIS Bank
State Bank of India
HDFC Bank
Allahabad Bank
The Catholic Syrian 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 29th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th June, 2013.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Year Ended 30-06-2013	Year Ended 30-06-2012
Operating Income	612.85	721.50
Other Income	339.29	0.71
Total Income	952.14	722.21
Earning before Depreciation, Interest & Tax	705.71	638.84
Less : Depreciation	95.85	185.23
Interest	410.82	404.80
Profit Before Tax	199.04	48.81
Provision for Taxation	38.00	14.00
Provision for Deferred Tax	11.05	(2.60)
Net Profit / (Loss) for the year	149.99	37.41

DIVIDEND

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

OPERATIONS & FUTURE OUTLOOK

During the year under review, operating income of the Company has reduced to ₹ 612.85 lacs from ₹ 721.50 lacs in the previous year. The total income, due to sale of some investments in the form of land during the year under review, has been ₹ 952.14 lacs against ₹ 722.21 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 Nitin J. Sandesara, and Shri Chetan J. Sandesara, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Board recommends re-appointment of Shri Nitin J. Sandesara and Shri Chetan J. Sandesara.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the Annual Accounts for the year ended 30th June, 2013, 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 30th June, 2013 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.

ACKNOWLEDGMENT

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: 29th August, 2013

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 four times on the following dates: 29/08/2012 (Adoption of Annual Accounts), 08/11/2012, 14/02/2013 and 14/05/2013.

c. Attendance of Directors

Name	Meetings Attended	Attended last AGM on 31-12-2012
Nitin J. Sandesara	3	NO
Chetan J. Sandesara	3	YES
R. B. Dixit	3	YES
Ramni Iyer	2	NO
Hitesh Patel	4	YES
Ronald D'souza	4	YES

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 four on 29/08/2012 (Adoption of Annual Accounts), 08/11/2012, 14/02/2013 and 14/05/2013. 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 once 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
2012	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	31 st December, 2012	9.30 a.m.	No	AGM
2011	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	31 st December, 2011	10.00 a.m.	No	AGM
2010	Sheetal – I Hall, Land Mark, Link Road, Mith Chowkey, Malad (W) Mumbai – 400 064	31 st December, 2010	10.00 a.m.	No	AGM

Special Resolution if any passed by postal ballot.

NIL

vi) Disclosures :

- As required under the Companies Act, the Directors disclose the name of the Companies / Parties in which they are interested. In terms of Accounting Standard AS-18, details of related party transaction during the year have been set out in notes 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.
- There was no non-compliance during the last three years by the Company on any matter related to Capital Market.

vii) Means of Communications :

- The quarterly/annual financial results of the Company are published in the newspapers within 48 hours from the conclusion of the Board meeting.
- No representation were made to the Institutional Investors or to any analysts.
- 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 : 28th December, 2013

Time : 9.00 A.M.

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

Date of Book Closure: Tuesday, the 24th December, 2013 to Saturday, the 28th December, 2013 (Both days inclusive)

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

b. Financial Calendar 2013 – 2014 : Annual General Meeting December 2014 (next year)**Board Meeting**

Unaudited Results – Qtrly.	September, 2013	November, 2013
Unaudited Results – Qtrly.	December, 2013	February, 2014
Unaudited Results – Qtrly.	March, 2014	May, 2014
Audited Accounts	June, 2014	August, 2014

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.

d. Stock Price Data

Month	High (BSE) ₹	Low (BSE) ₹
July – 2012	6.56	3.21
August - 2012	8.75	5.02
September - 2012	5.60	3.66
October - 2012	4.32	2.95
November - 2012	3.25	2.30
December – 2012	4.77	2.67
January - 2013	4.10	3.02
February - 2013	3.49	2.89
March - 2013	3.52	2.78
April - 2013	5.47	3.69
May – 2013	5.33	3.66
June - 2013	4.06	3.53

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 2012-2013 were 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. Upto 30-06-2013, 97.64 % equity shares of the company have been dematerialized.

f. Shareholding Pattern – as on 30th June 2013

Sl. No	Category	No. of Shareholder	% age	No. of Equity Shares	% age
1.	Resident Individuals	3620	91.67	21,575,780	7.95
2.	Indian Companies	213	5.39	52,168,152	19.22
3.	Indian Promoters	18	0.46	109,407,340	40.31
4.	NRIs/OCBs/FIIs/FCs	44	1.11	5,322,346	1.96
5.	Clearing Members	53	1.34	1,556,382	0.57
6.	Underlying Shares out of GDRs	1	0.03	81,373,068	29.98
	TOTAL	3949	100.00	271,403,068	100.00

Distribution of Shareholding – as on 30th June 2013

Sl. No	No. of shares Held	No. of Shareholders	% of Holders	Holding	% of Holding
1	1 – 5000	3078	77.88	2883068	1.06
2	5001 – 10000	277	7.01	2114064	0.78
3	10001 – 20000	210	5.31	3139504	1.16
4	20001 – 30000	158	4.00	3871047	1.43
5	30001 - 40000	26	0.66	905076	0.33
6	40001 – 50000	26	0.66	1200238	0.44
7	50001 - 100000	63	1.60	4732777	1.74
8	100001 & Above	114	2.88	252557294	93.06
	TOTAL	3952	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 30-06-2013 – 265,005,298

-With NSDL	145,424,427
- With CDSL	119,580,871

j. Location

Software Unit at PMT Complex, Pimpari 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 – 400 078.

l. Complaints by Shareholders & their redressal during 1-7-2012 to 30-06-2013

Nature of Complaints	Received	Solved
Non-receipt of Annual Report	1	1
Delay in Transfer of Shares	0	0
Change of Address	0	0

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of
Sterling International Enterprises Limited
Mumbai**

We have examined the compliance of conditions of corporate governance by Sterling International Enterprises Limited, for the year ended 30th June, 2013, 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
Proprietor
Membership No. 37109
Place: Mumbai
Date: 29th August, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT COMPANY

The global Gross Domestic Product (GDP) grew by 2.3 % in 2012, downwardly revised from its June estimate of 2.5 %. (Source: World Bank)

Global Oil consumption in 2012 increased by 0.7% from 88.66 mnbbls/d in 2011 to 89.28 mnbbls/d in 2012. (Source: EIA Statistics)

Global Oil Supply in the 2012 increased by 2.1% from 87.48 mnbbls/d in 2011 to 89.35 mnbbls/d in 2012. (Source: EIA Statistics)

OPEC Oil production increased by 4% from 35.33 mnbbls/d in 2011 to 36.64 mnbbls/d, with Nigeria contributing around 6.9% to total OPEC Oil production. (Source: EIA Statistics)

Oil production in Nigeria decreased by 1.2% from 2.55 mnbbls/d in 2011 to 2.52 mnbbls/d in 2012. (Source: EIA Statistics)

Standard & Poor's and Moody upgraded Nigeria's credit rating to BB- & Ba3 respectively with stable outlook

The world onshore drilling market is set to expand from an estimated 9,700 rigs to more than 11,000 rigs by 2016

Price of Brent Crude Oil is forecasted to remain above the level of \$ 100 / barrel in 2013 & 2014.

Sterling International Enterprises Ltd. (SIEL) a company established by Sandesara Group is in the business of providing oil & gas related services. SIEL operates internationally through its step down subsidiaries. Its activities include letting on hire of oil rigs, services in seismic data interpretation and oil trading activities. Following is the brief summary of Operating Companies of SIEL:

British Oil & Gas Exploration Limited (BOGEL) is a company incorporated in British Virgin Island and is engaged in the business of leasing of oil rigs and associated services. Currently it owns and operates three high capacity land rigs. It is deployed in Nigeria. Going forward it is expected to be key business vertical.

Sterling Oil Resources Limited (SORL, BVI) is a company incorporated in British Virgin Island and is engaged in the business of oil trading.

Geodynamics Geospectra Limited (GDGSL), a company incorporated in British Virgin Islands and is engaged in the business of providing services in the collection and interpretation of seismic data. It has its operations mainly in Nigeria.

GLOBAL ECONOMIC SCENARIO

Despite the economic slowdown during the year 2012, commodity indices held up although with some phases of volatility. The same pattern was observed in Oil and gas average prices which broadly shown little change ranging from 2011 average price levels. The prospects for the next two years continue to be challenging. The forecasted expansion of the world economy in the year 2013 is of 2.4 %. It predicted that the world economy would grow by 3.1 % in 2014 and 3.3 % in 2015.

GLOBAL OIL INDUSTRY

Annual global oil production increased by 1.9 million barrels per day (mnbbl/d) or 2.1% virtually, with OPEC region contributing by 41%, largely from countries like Saudi Arabia, Iran, United Arab Emirates, Iraq, Kuwait, Nigeria, etc. Post last year loss of Libyan supply due to political protest, this year per day production increased to 1.48 mnbbls/day. (Source: EIA Statistics)

Global oil consumption grew by a below-average 0.6 million barrels/day or 0.7%, to reach 89.2 mnbbl/d. OECD consumption declined 1.04% (0.48 mnbbls/d), Outside the OECD, consumption has shown upward trend. Despite strong oil prices, oil consumption growth was below average in the regions of production especially in the Middle East and Sub-Saharan Africa due to regional unrest. China continued to record the largest consumer of crude oil with per day consumption of 10.3 mnbbls/d, growth of 4.3% as compared to previous year. Whereas, India shown a growth of 6.2% in terms of consumption of Petroleum products, the consumption increased from 3.4 mnbbls/d in 2011 to 3.6 mnbbls/d in 2012. (Source: EIA Statistics)

Future Outlook for Global Oil and Gas Industry

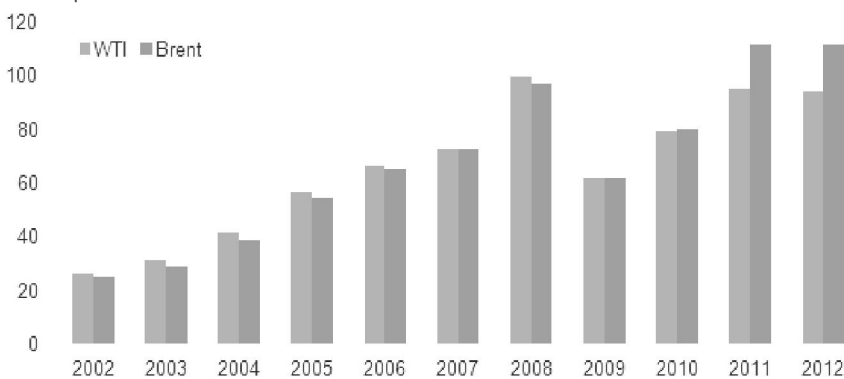
Global demand for energy continues to grow, especially in developing countries such as China and India, as the oil and gas industry continues to search for new sources of energy. Increasingly, oil and gas are found in challenging areas, such as deep water, arctic regions and politically challenged regions of the world.

Global liquid fuels consumption is estimated to increase by 1.1 million b/d in 2013 and by another 1.2 million b/d in 2014, according to EIA. China, the Middle East, Central and South America, and other countries outside of the Organization for Economic Cooperation and Development account for “essentially all consumption growth,” EIA’s outlook said.

EIA forecasts non-OPEC liquid fuels production to increase by 1.6 million b/d in 2013 and by 1.4 million b/d in 2014, with the largest production growth from North America. EIA expects that OPEC liquid fuels production will decline by 0.8 million b/d in 2013 and 0.2 million b/d in 2014, reflecting unplanned production outages among some OPEC producers as well as decreases in Saudi Arabia’s production in accommodating the increase of non-OPEC supply.

CRUDE OIL PRICES

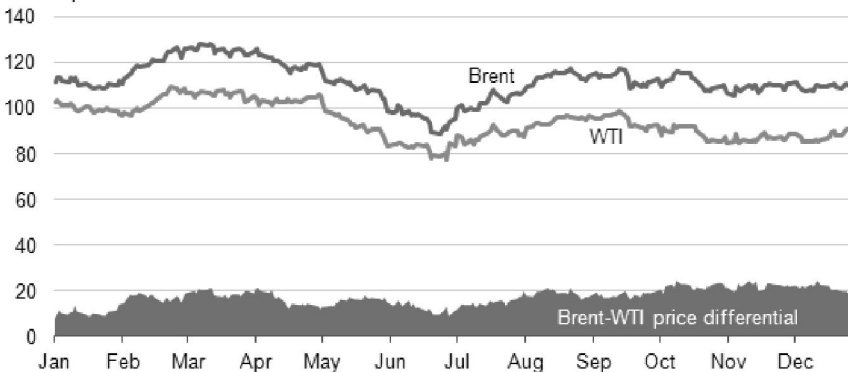
Average annual spot price for Brent and WTI crude oil, 2002-2012
dollars per barrel



(Source: eia)

Average crude oil prices in 2012 were at historically high levels for the second year in a row. Brent crude oil averaged \$111.67 per barrel, slightly above the 2011 average of \$111.26. West Texas Intermediate oil averaged \$94.05 per barrel in 2012, down slightly from \$94.88 in 2011. The differential between Brent and WTI spot prices historically was just a few dollars per barrel in either direction. In 2011, the Brent premium over WTI averaged \$16.38 per barrel; however, in 2012 this premium widened to \$17.61 per barrel.

Daily spot price for Brent and WTI crude oil, 2012
dollars per barrel



(Source: eia)

The significant events which had an impact on Crude Oil Prices in 2012 include:

- U.S. crude oil production rose by an estimated 780,000 barrels per day (bbl/d) in 2012, the largest yearly increase to date.
- The surge in crude oil production led to crude oil stocks held in land-locked Cushing, Oklahoma, which is a major pricing point for crude oil that resulted in record-high end-of-month stock levels from April through December.
- The United States remained a significant net oil importer when levels of crude oil and petroleum products are added together.
- After Brent fell below \$90/bbl in late June and WTI dropped below \$80/bbl, prices rebounded in July on expectations that policymakers in the United States, Europe, and China would take action to stimulate economic growth, which could increase oil demand.
- Disruptions in oil production in South Sudan, Yemen, Syria, and the North Sea reduced available global supplies, putting upward pressure on oil prices.

Future Outlook for Crude oil prices

Brent crude oil price to continue to weaken, averaging \$107 per barrel during the fourth quarter of 2013 and \$102 per barrel in 2014. Projected West Texas Intermediate (WTI) crude oil prices average \$101 per barrel during the fourth quarter of 2013 and \$96 per barrel during 2014.

NIGERIAN ECONOMIC SCENARIO

Nigeria's macroeconomic performance has been broadly positive over the past year. Real gross domestic product (GDP) growth is projected to have decelerated slightly to 6.3 percent, reflecting the effects of the nationwide strike in early 2012, floods in the fourth quarter of 2012, and continued security problems in the north. Annual inflation increased from 10.3 percent (end-of-period) in 2011 to 12.3 percent in 2012, owing mainly to the adjustment of administrative prices of fuel and electricity; large increases in import tariffs on rice and wheat; and the impact of floods in Q3. The external position has strengthened and international reserves rose from US\$32.6 billion at end-2011 to US\$44 billion at end-2012 (5½ months of prospective imports), driven by sustained high oil prices, stricter administration of the gasoline subsidy regime, and strong portfolio inflows.

The fiscal policy stance was tightened in 2012 and fiscal buffers are being rebuilt. The non-oil primary deficit of the consolidated government is estimated to have narrowed from about 36 percent of non-oil GDP in 2011 to 30.5 percent in 2012, mainly due to expenditure restraint. Monetary policy remained tight in 2012 in response to inflationary pressures. The central bank kept its policy rate unchanged during the year but raised the cash reserve requirement for banks from 8 percent to 12 percent and lowered allowable open foreign exchange position for banks. Financial soundness indicators point to continued improvements in the health of the banking system.

Nigeria: Selected Economic and Financial Indicators, 2009–2013

Particulars	2009 Act.	2010 Act.	2011 Act.	2012 Act.	2013 Proj.
National income and prices	(Annual percentage change, Unless otherwise specified)				
Real GDP (at 1990 factor cost)	7.0	8	7.4	6.3	7.2
Oil and Gas GDP	0.5	5.2	-0.6	1.8	4.9
Non-Oil GDP	8.3	8.5	8.9	7.1	7.5
Production of crude oil (million barrels per day)	2.2	2.5	2.4	2.4	2.5
Nominal GDP at market prices (trillions of naira)	25.1	34.4	37.8	43.1	48.1
Nominal non-oil GDP at factor cost (trillions of naira)	17.7	19.9	22.5	26.9	31.1
Nominal GDP per capita (US\$)	1,110	1,465	1,522	1,637	1,686
Consumer price index (end of period)	12.5	13.7	10.8	12.7	8.2
External Sector	(Annual percentage change, Unless otherwise specified)				
Exports of goods and services	-33.4	36.5	20.1	6.5	0.7
Imports of goods and services	-22.6	36.6	27.2	4.2	3.5
Price of Nigerian oil (US\$ per barrel)	61.8	79	109	110.1	104.4
Gross international reserves (US\$ billions)	42.4	32.3	32.6	45.9	53.4

Sources: Nigerian authorities; and IMF staff estimates and projections.

Future Outlook for Nigerian Economy

In 2013, growth is expected to recover to above 7 percent. Inflation is projected to decline below 10 percent, supported by the tight monetary policy stance and ongoing fiscal consolidation. The key downside risks are a large drop in world oil prices; and slow progress in building consensus around key fiscal reforms.

GLOBAL OIL AND GAS EXPLORATION & PRODUCTION (E & P) SCENARIO

There is a direct relationship between global crude oil prices / demand & drilling / exploration activities. With an increase in Crude oil price and demand, the global crude oil E&P activities increase and vice-a-versa. During the year 2012, sustained high oil prices are driving a trend toward higher capital spending. Oil prices have been at elevated levels above \$100 per barrel for Brent and \$85 and above for WTI for close to around 24 months. Those are exceptionally good levels for most of the Oil and Gas E & P companies. Capital investments in Oil and Gas E & P activity have seen an upward trend in the recent times. Currently, global onshore drilling market is estimated to be of 9,700 rigs. During 2012, Nigeria show marginal decline in onshore drilling activity, largely due to Nigeria's worst flooding in over 50 years. Many large Oil and Gas E & P companies had to halt their operations in Nigeria due to severity of the floods.

Future Outlook for Global Oil and Gas E & P

The global oil and gas capital expenditure (capex) is expected to increase to \$1,201 billion in 2013, registering a growth of 15.9%. The global oil and gas capex first passed the trillion levels in 2012 and will continue to witness incremental growth in 2013. Meanwhile, the global E&P sector capex is expected to witness a year-over-year growth of 18.7% in 2013. The capex is expected to grow from \$716.3 billion in 2012 to \$850.5 billion in 2013. The E&P capex growth will be driven by increasing exploration and development efforts by oil and gas companies in deep and ultra-deep offshore areas. Besides this, a strong demand outlook for oil and gas is also expected to boost upstream capex in 2013. The world onshore drilling market is set to expand from an estimated 9,700 rigs to more than 11,000 rigs by 2016. Such growth will be driven by an increasing volume & complexity of well requirements in order to meet global oil demand. As per Douglas-Westwood estimates, the growth in global rig demand will be at an average of 5% per annum over 2012-2016.

The West African Oil and Gas market is experiencing a period of strong growth in terms of Oil and Gas E & P activities. The capital expenditure in the West African Oil and Gas market will total \$21.30bn in 2013.

FINANCIAL PERFORMANCE

During the year, Sterling International Enterprises Limited (SIEL) witnessed severe decline in revenue mainly due to lower level of oil trading & seismic data interpretation service related activities. The highlights of SIEL's consolidated financial performance for FY 2012-13 are as follows:

Revenue from Operations was Rs. 4,704.16 million

Profit Before taxation was Rs. 224.72 million

Profit after taxation was Rs. 219.82 million

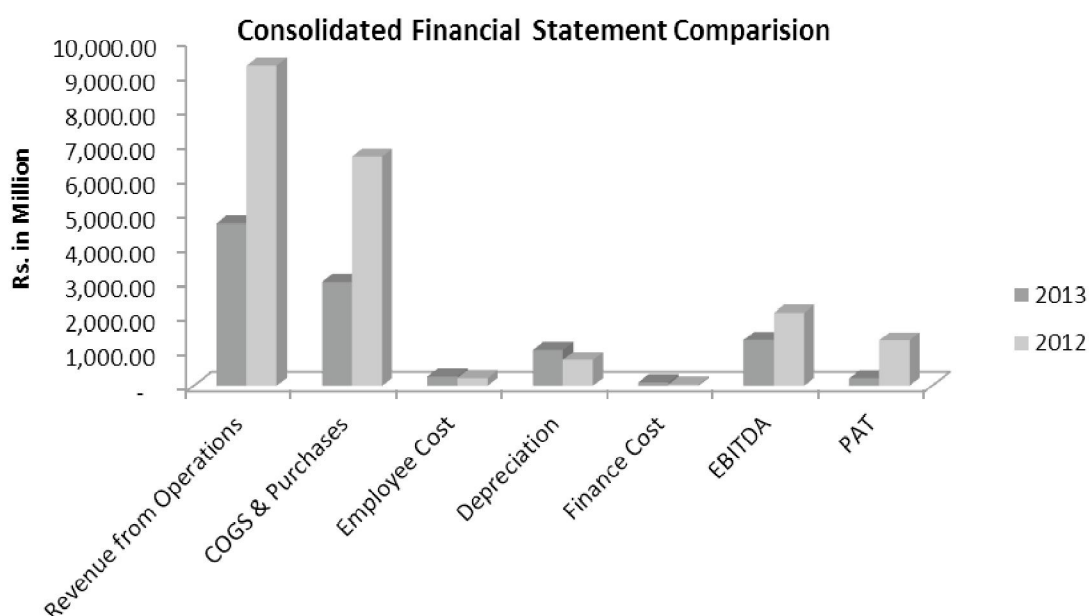
Net Worth as at June 30, 2013 stood at Rs. 20,122.22 million

TOTAL INCOME

SIEL's total income from operations for the current year was Rs. 4,704.16 Million, which has declined by 49.3% as compared to previous year. The reason for such sharp decline in revenue of the company is due to lower level of Oil Trading & Seismic Studies related activities. During the year, revenue from Oil trading activities reduced by 63.7% & Seismic Studies activities reduced by 46.5%. The company is focusing more towards its business of leasing drilling rigs considering the potential of this business. The revenue from leasing of drilling rigs has improved by 11.3% as compared to previous year due to operationalization of one additional rig. Utilization of drilling rigs was partially disrupted due to recent severe floods in Nigeria, so the growth in the revenue from leasing of drilling rigs was not as per company's estimation.

PROFIT AFTER TAX

Profit after tax for the current year stood at Rs. 219.82 million i.e. 4.7% of revenue. The reduction in PAT margin was largely due to high Depreciation cost and marginal rise in finance cost.



Balance Sheet Overview :

Networth

During the year, Share capital of SIEL remained unchanged at Rs. 271.40 million divided into fully paid equity shares of Re. 1 each. Networth of the company for the current year increased to Rs. 20,122.22 million due to increase in Reserves & Surplus by Rs. 13,117.37 million 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 Rs. 16,436.32 million an increase of Rs. 4,805.58 million over the previous year mainly on account of addition of equipments and components for land drilling rigs.

WAY FORWARD

The drilling industry is based on certain external key factors like fluctuating oil and gas prices and changes in the exploration and development budgets of field developers. These have an impact on results that are beyond management's control. Demand is expected to continue to be strong for conventional heavy capacity drilling rigs. The increased exploration and production activity in countries like Nigeria, Angola, Gabon, Uganda, Sudan, Kenya, Egypt, etc. will increase demand for land drilling rigs.

E&P spending is on the rise, the rig industry is expected to grow significantly in Latin America, Africa and the Middle East in the years to come. The company will continue to focus on operations at Africa region. Currently, drilling Rigs owned by the Company are deployed in Nigeria. One rig is deployed with Nigerian Government owned agency & other rigs are deployed with a group Company in one of the oil fields. Going forward, in the mid to long term, considering the long term growth prospects, focus is expected to remain in the business of leasing of land rigs.

AUDITOR'S REPORT

To,

The Members of

STERLING INTERNATIONAL ENTERPRISES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of STERLING INTERNATIONAL ENTERPRISES LIMITED (the "Company"), which comprise the Balance Sheet as at 30th June, 2013, and the Statement of Profit & Loss Account and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2013;
- b) In the case of the Statement of Profit & Loss, of the profit of the company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the "Companies (Auditor's Report) order, 2003", as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report 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, 2013 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, 2013 from being appointed as a Director in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
M/s. H. S. HATHI & Co.
Chartered Accountants
Firm Registration No.103596W

Hemant S. Hathi

Proprietor
Membership No.37109

Place: Mumbai
Dated: 29th August, 2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF STERLING INTERNATIONAL ENTERPRISES LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 30TH JUNE, 2013.

- (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) 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 30th June 2013 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) According to the information and explanations given to us by the management, and on the basis of records examined by us, the company has defaulted in the repayment of the dues to financial institutions or banks or debenture holders. As on 30th June, 2013 the amount outstanding and overdue for 347 days is ₹ 67,810,706/-.
- (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 co-guarantee 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.

For and on behalf of
M/s. H. S. HATHI & Co.
Chartered Accountants
Firm Registration No.103596W

Hemant S. Hathi
Proprietor
Membership No.37109

Place: Mumbai
Dated: 29th August, 2013

BALANCE SHEET AS AT JUNE 30, 2013

PARTICULARS	NOTE NO.	As at June 30, 2013	As at June 30, 2012
(Amount in ₹)			
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	2	271,403,068	271,403,068
Reserves & Surplus	3	9,458,725,512	9,443,726,669
		9,730,128,580	9,715,129,737
Non-Current Liabilities			
Long Term Borrowings	4	-	126,728
Deferred Tax Liabilities (Net)	5	16,970,000	15,865,000
		16,970,000	15,991,728
Current Liabilities			
Short Term Borrowings	6	-	250,000,000
Trade Payables	7	5,813,889	5,696,332
Other Current Liabilities	8	79,056,788	799,048
Short Term Provisions	9	1,939,633	-
		86,810,310	256,495,380
TOTAL		9,833,908,890	9,987,616,844
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	341,178,376	528,311,126
Non-Current Investments	11	9,041,914,821	9,040,444,869
Long Term Loans & Advances	12	1,801,628	3,253,866
		9,384,894,825	9,572,009,861
Current Assets			
Trade Receivables	13	16,719,058	3,972,570
Cash & Cash Equivalents	14	1,916,297	1,752,777
Short Term Loans & Advances	15	430,378,710	409,881,637
		449,014,065	415,606,983
TOTAL		9,833,908,890	9,987,616,844

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

Proprietor
MEMBERSHIP NO. 37109
Place : Mumbai.
Dated : 29th August, 2013

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 & LOSS STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

PARTICULARS	NOTE NO.	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012
(Amount in ₹)			
INCOME			
Revenue from Operations	16	61,284,516	72,149,621
Other Income	17	33,928,999	71,555
Total Revenue		95,213,515	72,221,176
EXPENSES			
Employee Benefits Expense	18	1,733,004	1,587,542
Finance Costs	19	41,081,871	40,480,456
Depreciation	20	9,585,160	18,522,904
Other Expenses	21	22,909,636	6,748,862
Total Expenses		75,309,672	67,339,764
PROFIT BEFORE TAX		19,903,843	4,881,412
Tax Expense			
- Current Tax		3,800,000	1,400,000
- Deferred Tax		1,105,000	(260,000)
PROFIT FOR THE YEAR	3	14,998,843	3,741,412
EARNINGS PER SHARE (Face Value of ₹ 1)			
- Basic & Diluted	25	0.06	0.01

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

Proprietor

MEMBERSHIP NO. 37109

Place : Mumbai.

Dated : 29th August, 2013

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, 2013

(Amount in ₹)					
NOTE NO.	PARTICULARS	As at June 30, 2013		As at June 30, 2012	
		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 fully paid up	271,403,068	271,403,068	271,403,068	271,403,068
	TOTAL		271,403,068		271,403,068
2.1	8,46,53,068 (8,46,53,068) 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:				
		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, 2013		As at June 30, 2012	
		No. of Shares	% held	No. of Shares	% held
The Bank of New York Mellon	81,373,068	29.98%	81,373,068	29.98%	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

NOTE NO.	PARTICULARS	As at June 30, 2013	As at June 30, 2012
(Amount in ₹)			
3	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)
	Add : During the year	-	2,802
	PROFIT AND LOSS ACCOUNT		
	As per Last Balance Sheet	166,542,257	162,800,846
	Add : Profit the year	14,998,843	3,741,412
		181,541,100	166,542,258
	GRAND TOTAL	9,458,725,512	9,443,726,669
4	LONG TERM BORROWINGS:		
	SECURED		
	Hire Purchase Principal	-	126,728
	TOTAL	-	126,728
4.1	Vehicle Loans from Tata Capital Ltd of ₹ 24.98 lakhs was repayable in 36 equated monthly installments and is secured by hypothecation of vehicles financed by them		
5.	DEFERRED TAX LIABILITIES (NET):		
	Deferred Tax Liabilities	16,970,000	15,865,000
	TOTAL	16,970,000	15,865,000
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 and there is a default in repayment of the same. (Average Rate of Interest for the year 22.16% (Previous Year 16.09%))		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

(Amount in ₹)

NOTE NO.	PARTICULARS	As at June 30, 2013	As at June 30, 2012
7	TRADE PAYABLES		
	Others	5,813,889	5,696,332
	TOTAL	5,813,889	5,696,332
8	OTHER CURRENT LIABILITIES		
	Current Maturities of Long Term Debt	67,810,706	-
	Interest Accrued & due on Borrowings	6,234,974	-
	Hire Purchase Principal	126,728	779,751
	Other Payables - Statutory Dues	16,880	19,297
	Advance against Property Sale	4,867,500	-
	TOTAL	79,056,788	799,048
9	SHORT TERM PROVISIONS		
	- Provision for Taxation (Net of Advance Tax)	1,939,633	-
	TOTAL	1,939,633	-

10 FIXED ASSETS									
(Amount in ₹)									
TANGIBLE ASSETS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK		
	As on 01.07.2012	ADDITION / (DELETION)	TOTAL 30.06.2013	As on 01.07.2012	FOR THE YEAR	TOTAL 30.06.2013	30.06.2013	30.06.2012	
OWN ASSETS									
Land - Freehold	69,133,488	(8,654,825)	60,478,663	-	-	-	60,478,663	69,133,488	
Building - Freehold	460,784,282	(168,892,765)	291,891,517	27,239,230	3,022,340	30,261,570	261,629,947	433,545,052	
Computers & Peripherals	348,007,146	-	348,007,146	341,822,435	3,913,938	345,736,373	2,270,773	6,184,711	
Office Equipments, Furniture & Fixtures	34,763,497	-	34,763,497	20,845,893	1,808,686	22,654,579	12,108,918	13,917,604	
Vehicles	12,946,606	-	12,946,606	7,416,335	840,196	8,256,531	4,690,075	5,530,271	
Grand Total	925,635,019	(177,547,590)	748,087,429	397,323,893	9,585,160	406,909,053	341,178,376	528,311,126	
Previous Year	921,951,416	3,683,603	925,635,019	378,800,989	18,522,904	397,323,893	528,311,126	543,150,427	

10.1 Vehicles include vehicles financed under hire purchase agreements

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

(Amount in ₹)

Sr. No.	Particulars	As at June 30, 2013	As at June 30, 2013
11	NON CURRENT INVESTMENT:		
	OTHER INVESTMENTS		
	Equity Shares - Subsidiaries		
	Unquoted, fully paid up		
	195,112,000 (P.Y. 195,112,000) British Oil & Gas Exploration Pvt Ltd, Mauritius of \$1 Each	9,039,522,999	9,039,522,999
	SUB TOTAL (A)	9,039,522,999	9,039,522,999
	Equity Shares – Others		
	Unquoted, fully paid up		
	25,000 (P.Y. NIL) Sterling Exploration & Energy Production Co. Ltd, BVI of \$1 Each	1,469,952	-
	SUB TOTAL (B)	1,469,952	-
	Quoted, fully paid up		
	8,293 (P.Y. 8,293) Andhra Bank of Rs.10 Each	746,370	746,370
	450 (P.Y. 450) Punjab National Bank of Rs. 10 Each	175,500	175,500
	SUB TOTAL (C)	921,870	921,870
	TOTAL (A + B + C)	9,041,914,821	9,040,444,869
Aggregate amount of quoted investments	921,870	921,870	
Market Value of quoted investments	972,102	1,403,946	
Aggregate amount of unquoted investments	9,040,992,951	9,039,522,999	
12	LONG TERM LOANS AND ADVANCES:		
	Security Deposits - Unsecured, considered good	1,189,628	1,187,984
	Other Long Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	612,000	613,000
	- Advance Tax (Net of Provisions)	-	1,452,882
	TOTAL	1,801,628	3,253,866
13	TRADE RECEIVABLES:		
	Unsecured considered good		
	Over six months	749,631	95,862
	Others	15,969,427	3,876,708
	TOTAL	16,719,058	3,972,570
14	CASH & CASH EQUIVALENTS :		
	Balance with Banks		
	In Current Accounts	1,793,103	1,729,368
	Cash on Hand	123,194	23,409
	TOTAL	1,916,297	1,752,777

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

(Amount in ₹)

Note No.	Particulars	For the Year ended June 30, 2013	For the Year ended June 30, 2013
15	SHORT TERM LOANS AND ADVANCES:		
	Security Deposits - Unsecured, considered good	2,975,000	2,975,000
	Other Short Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	24,000	12,000
	- Others - Unsecured, considered good	427,379,710	406,894,637
	TOTAL	430,378,710	409,881,637
16	INCOME		
	Income from Sales	61,284,516	72,149,621
	Revenue from Operations	61,284,516	72,149,621
17	OTHER INCOME:		
	Interest Income	74,839	71,555
	Dividend from Long Term Investments	201,358	-
	Profit on Sale of Assets	33,652,802	-
	TOTAL	33,928,999	71,555
18	EMPLOYEE BENEFITS EXPENSE		
	Salary	1,665,500	1,512,156
	Staff Welfare	67,504	75,386
	TOTAL	1,733,004	1,587,542
19	FINANCIAL COSTS:		
	Interest Expense		
	On Short Term Borrowings	41,028,606	40,231,165
	On Vehicle Loans	53,265	131,481
	On Others	-	117,810
	TOTAL	41,081,871	40,480,456
20	DEPRECIATION EXPENSE:		
	Depreciation	9,585,160	18,522,904
	TOTAL	9,585,160	18,522,904
21	OTHER EXPENSES:		
	Advertisement & Publicity	158,297	200,274
	Electricity Expenses	472,893	442,885
	Miscellaneous Expenses	2,169,099	3,107,358
	Payment to Auditor	50,000	50,000
	Professional Charges	6,927,433	395,832
	Postage, Courier & Periodicals	1,612,002	25,726
	Printing & Stationery	2,131,771	434,373
	Rent, Rates & Taxes	1,057,523	918,029
	Repair & Maintenance	1,877,334	281,314
	Telephone Expenses	1,320,806	140,442
	Travelling Expenses	5,132,478	752,630
	TOTAL	22,909,636	6,748,862

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 Rs. 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 classifications of assets and liabilities.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

22	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.		
23	MSME Disclosures		
	Based on the information received by the Company from 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	
	III) Enterprise in which significant influence is exercised Sterling Exploration and Energy Production Company Limited, BVI		
	B) Transactions during the year with related parties		
	Particulars	For the year ended June 30, 2013	For the year ended June 30, 2012
		(Amount in ₹)	
	Investment in III above	1,469,952	NIL
25	Earnings Per Share		
	Profit for the year	14,998,843	3,741,412
	Amount available for Equity Shareholders	14,998,843	3,741,412
	No. of Equity Shares of ₹ 1/- each	271,403,068	271,403,068
	Basic & Diluted Earning per Share	0.06	0.01
26	Auditors Remuneration		
	Auditor	30,000	30,000
	For Other Services	20,000	20,000
	Total	50,000	50,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

27	CONTINGENT LIABILITIES AND COMMITMENTS		
	(To the Extent Not Provided for)		
		As at June 30, 2013	As at June 30, 2012
(Amount in ₹)			
	Contingent Liabilities		
	Corporate guarantees given by Company	4,850,000,000	4,850,000,000
28	Foreign Currency Earnings and Expenditure		
		For the year ended June 30, 2013	For the year ended June 30, 2012
(Amount in ₹)			
	FOB value of Exports	NIL	NIL
	CIF value of Imports (Capital Goods)	NIL	NIL
	Other Expenditure incurred	NIL	NIL

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

HEMANT S. HATHI

Proprietor
MEMBERSHIP NO. 37109
Place : Mumbai.
Dated : 29th August, 2013

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 STATEMENT FOR THE YEAR ENDED JUNE 30, 2013			
(Amount in ₹)			
	PARTICULARS	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	19,903,843	4,881,412
	Adjustment for :		
	Depreciation and Amortisation	9,585,160	18,522,904
	Interest & Dividend Received	(276,197)	(71,555)
	Profit on Sale of Assets	(33,652,802)	-
	Foreign Exchange Variances	-	2,802
	Interest paid	(41,081,871)	(40,480,456)
	Operating Profit before Working Capital Changes	(45,521,867)	(17,073,339)
	Movements in Working Capital:		
	Increase / (Decrease) in Trade Payables & Other Liabilities	80,314,930	(3,791,016)
	(Increase) / Decrease in Trade Receivables	(12,746,488)	50,379
	(Increase) / Decrease in Loans & Advances	(22,444,835)	(263,805,392)
	Cash Generated from Operations	(398,260)	(284,619,368)
	Direct Taxes Paid	(400,000)	(1,200,000)
	Cash flow before extra ordinary items	(798,260)	(285,819,368)
	Dividend & Dividend tax	-	-
	Net Cash Flow from Operating Activities	(798,260)	(285,819,368)
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	-	(3,683,603)
	Sale of Fixed Assets	211,200,392	-
	Interest Received	74,839	71,555
	Dividend Received	201,358	-
	Purchase of Investments	(1,469,952)	-
	Net Cash used in Investing Activities	210,006,637	(3,683,603)
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds / (Repayments) from Long Term Borrowings	(126,728)	(720,958)
	Proceeds / (Repayments) from Short Term Borrowings	(250,000,000)	250,000,000
	Interest Paid	41,081,871	40,480,456
	Net Cash flow in financing Activities	(209,044,856)	289,759,499
	Net Increase/(Decrease) in Cash & Equivalents (A+B+C)	163,520	256,528
	Cash & Cash Equivalents as at beginning of the period	1,752,777	1,496,249
	Cash & Cash Equivalents as at end of the period	1,916,297	1,752,777

We have Examined the attached Cash Flow Statement of Sterling International Enterprises Limited for the year ended 30th June, 2013. 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

Proprietor
MEMBERSHIP NO. 37109
Place : Mumbai.
Dated : 29th August, 2013

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 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 30th June 2013	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 30th June 2013	For the previous years since it became a subsidiary	For the financial year ended 30th June 2013	For the previous years since it became a subsidiary
1	BRITISH OIL & GAS EXPLORATION PRIVATE LIMITED	30th June 2013	100.00%	(458.39)	(1,426.96)	NIL	NIL
2	BRITISH OIL RESOURCES LIMITED	30th June 2013	100.00%	(6.63)	(23.17)	NIL	NIL
3	BRITISH OIL & GAS EXPLORATION LIMITED	30th June 2013	99.96%	691.42	24,217.44	NIL	NIL
4	STERLING OIL RESOURCES LIMITED	30th June 2013	100.00%	1,613.67	16,300.16	NIL	NIL
5	GEODYNAMIC GEOSPECTRA LIMITED	30th June 2013	100.00%	207.87	22,804.50	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	BRITISH OIL RESOURCES LIMITED	BRITISH OIL & GAS EXPLORATION LIMITED	STERLING OIL RESOURCES LIMITED	GEODYNAMIC GEOSPECTRA LIMITED
	Country of Incorporation	Mauritius	Mauritius	BVI	BVI	BVI
1	Reporting Currency	USD	USD	USD	USD	USD
2	Exchange Rate	59.70	59.70	59.70	59.70	59.70
3	Capital	116,480.89	59.70	29.86	29.85	29.85
4	Reserves	(1,621.75)	(26.93)	30,370.77	19,924.29	29,201.01
5	Total Assets	114,880.04	128.29	101,951.21	64,550.87	130,070.74
6	Total Liabilities	20.89	95.52	71,550.58	44,596.73	100,839.88
7	Investment (included in total assets)	59.70	89.55	0.80	-	-
8	Turnover (including other income)	-	-	13,445.79	20,772.38	12,210.63
9	Profit before taxation	(458.39)	(6.63)	691.70	1,613.67	207.87
10	Provision for taxation	-	-	-	-	-
11	Profit after taxation	(458.39)	(6.63)	691.70	1,613.67	207.87
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
Proprietor
MEMBERSHIP NO. 37109
Place : Mumbai.
Dated : 29th August, 2013

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

AUDITOR'S 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, 2013, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a. in the case of the Consolidated Balance Sheet, of the affairs of the Group as at 30th June, 2013;
- b. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For and on behalf of
For H. S. Hathi & Co
Chartered Accountants
Firm Reg. No.: 103596W

HEMANT S. HATHI
Proprietor
Membership No.: 37109
Place : Mumbai
Dated : 29th August 2013

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2013

(Amount in ₹)

PARTICULARS	NOTE NO.	As at June 30, 2013	As at June 30, 2012
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	2	271,403,068	271,403,068
Reserves & Surplus	3	19,850,816,783	18,539,079,622
		20,122,219,851	18,810,482,690
Minority Interest		1,215,539	1,120,419
Non-Current Liabilities			
Long Term Borrowings	4	2,916,228,210	2,963,979,097
Deferred Tax Liabilities (Net)	5	16,970,000	15,865,000
		2,933,198,210	2,979,844,097
Current Liabilities			
Short Term Borrowings	6	-	250,000,000
Trade Payables	7	1,501,761,242	159,583,376
Other Current Liabilities	8	1,568,097,512	1,302,217,577
Short Term Provisions	9	1,939,633	-
		3,071,798,387	1,711,800,953
TOTAL		26,128,431,987	23,503,248,158
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	13,252,047,635	9,538,699,505
Capital Work In Progress	10	5,841,803,829	7,953,935,356
Non-Current Investments	11	2,471,819	997,324
Long Term Loans & Advances	12	3,573,838,850	3,347,791,788
Other Non-Current Assets	13	296,761,261	323,133,307
		22,966,923,394	21,164,557,280
Current Assets			
Trade Receivables	14	2,709,162,410	1,878,717,119
Cash & Cash Equivalents	15	21,967,473	50,092,123
Short Term Loans & Advances	16	430,378,710	409,881,637
		3,161,508,593	2,338,690,878
TOTAL		26,128,431,987	23,503,248,158

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

Proprietor

MEMBERSHIP NO. 37109

Place : Mumbai.

Dated : 29th August, 2013

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 & LOSS FOR THE YEAR ENDED JUNE 30, 2013

(Amount in ₹)			
PARTICULARS	NOTE NO.	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012
INCOME			
Revenue from Operations	17	4,704,164,301	9,283,780,552
Other Income	18	33,928,999	71,555
Total Revenue		4,738,093,300	9,283,852,107
EXPENSES			
Cost of Goods Sold		1,826,323,343	5,153,741,532
Consumption of Materials		1,185,746,088	1,674,116,290
Employee Benefits Expense	19	271,702,800	225,486,164
Finance Costs	20	105,057,829	40,480,456
Depreciation & Amortization	21	1,036,015,558	797,876,009
Other Expenses	22	88,522,260	69,807,242
Total Expenses		4,513,367,879	7,961,507,693
PROFIT BEFORE TAX		224,725,421	1,322,344,414
Tax Expense			
- Current Tax		3,800,000	1,400,000
- Deferred Tax		1,105,000	(260,000)
PROFIT FOR THE YEAR (before adjustment of Minority Interest)		219,820,421	1,321,204,414
Less : Share of Profit transferred to Minority Interest		27,657	183,814
PROFIT FOR THE YEAR (after adjustment of Minority Interest)		219,792,764	1,321,020,600
EARNINGS PER SHARE (Face Value of Re 1)			
- Basic & Diluted	25	0.81	4.87

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

Proprietor

MEMBERSHIP NO. 37109

Place : Mumbai.

Dated : 29th August, 2013

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 TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2013					
(Amount in ₹)					
NOTE NO.	PARTICULARS	As at June 30, 2013		As at June 30, 2012	
		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 fully paid up	271,403,068	271,403,068	271,403,068	271,403,068
		271,403,068	271,403,068	271,403,068	271,403,068
2.1	8,46,53,068 (8,46,53,068) 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:				
		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 in the Parent Company:				
	Name of Shareholder	As at June 30, 2013		As at June 30, 2012	
		No. of Shares	% held	No. of Shares	% held
	The Bank of New York Mellon	81,373,068	29.98%	81,373,068	29.98%

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

NOTE NO.	PARTICULARS	As at June 30, 2013	As at June 30, 2012
			(Amount in ₹)
3	RESERVES & SURPLUS:		
	SECURITIES PREMIUM RESERVE	9,227,899,612	9,227,858,994
	GENERAL RESERVE	50,000,000	50,000,000
	FOREIGN CURRENCY TRANSLATION RESERVE	4,204,180,077	3,112,276,298
	PROFIT AND LOSS ACCOUNT		
	As per Last Balance Sheet	6,148,944,330	4,827,923,731
	Add : Profit the year	219,792,764	1,321,020,600
		6,368,737,094	6,148,944,330
	TOTAL	19,850,816,783	18,539,079,622
4	LONG TERM BORROWINGS:		
	Term Loans		
	- From Banks - Secured	2,708,724,298	2,837,973,600
	Hire Purchase Principal	-	126,728
	Loans from related parties - Unsecured	133,458,232	125,878,769
	Loans from Other parties - Unsecured	74,045,680	-
	TOTAL	2,916,228,210	2,963,979,097
4.1	Term Loan from banks 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 repayments of Installment of Term Loan amounting to ₹ 85.97 crores and the same is continuing as on the balance sheet date.		
4.3	Vehicle Loans from Tata Capital Ltd of ₹ 24.98 lakhs was repayable in 36 equated monthly installments and is secured by hypothecation of vehicles financed by them		
5	DEFERRED TAX LIABILITIES (NET):		
	Deferred Tax Liabilities	16,970,000	15,865,000
	TOTAL	16,970,000	15,865,000
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 and there is a default in repayment of the same. (Average Rate of Interest for the year 22.16% (Previous Year 16.09%))		

10. FIXED ASSETS

DESCRIPTION	(Amount in ₹)									
	GROSS BLOCK					DEPRECIATION / AMORTIZATION			NET BLOCK	
	As on 01.07.2012	ADDITION/ (DELETION)	ADJUSTMENTS	As on 30.06.2013	As on 01.07.2012	FOR THE YEAR	AMORTIZATION	As on 30.06.2013	30.06.2013	30.06.2012
Land - Freehold	69,133,488	(8,654,825)	-	60,478,663	-	-	-	-	60,478,663	69,133,488
Building - Freehold	460,784,282	(168,892,765)	-	291,891,517	27,239,230	3,022,340	-	30,261,570	261,629,947	433,545,052
Computers & Peripherals	348,007,146	-	-	348,007,146	341,822,435	3,913,938	-	345,736,373	2,270,773	6,184,711
Office Equipments, Furniture & Fixtures	34,763,497	-	-	34,763,497	20,845,893	1,808,686	-	22,654,579	12,108,918	13,917,604
Vehicles	12,946,606	-	-	12,946,606	7,416,335	840,196	-	8,256,531	4,690,075	5,530,271
Plant & Machinery	10,705,109,428	4,338,545,495	(644,580,325)	15,688,235,248	1,694,721,049	980,601,719	(102,043,221)	2,777,365,989	12,910,869,259	9,010,388,379
Grand Total	11,630,744,447	4,160,997,905	(644,580,325)	16,436,322,677	2,092,044,942	990,186,879	(102,043,221)	3,184,275,042	13,252,047,635	9,538,699,505
Previous Year	8,302,451,017	1,415,667,985	1,912,625,445	11,630,744,447	1,140,128,267	754,621,912	197,294,763	2,092,044,942	9,538,699,505	7,162,322,750
CAPITAL WORK IN PROGRESS									5,841,803,829	7,953,935,356

10.1 Vehicles include vehicles financed under hire purchase agreements

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013
(Amount in ₹)

NOTE	PARTICULARS	As at June 30, 2013	As at June 30, 2012
7	TRADE PAYABLES		
	Others	1,501,761,242	159,583,376
	TOTAL	1,501,761,242	159,583,376
8	OTHER CURRENT LIABILITIES		
	Current Maturities of Long Term Debt	1,357,319,906	1,216,274,400
	Interest Accrued & due on Borrowings	205,766,498	85,144,129
	Hire Purchase Principal	126,728	779,751
	Other Payables - Statutory Dues	16,880	19,297
	Advance against Property Sale	4,867,500	-
	TOTAL	1,568,097,512	1,302,217,577
9	SHORT TERM PROVISIONS		
	- Provision for Taxation (Net of Advance Tax)	1,939,633	-
	TOTAL	1,939,633	-
11	NON CURRENT INVESTMENT:		
	OTHER INVESTMENTS		
	Equity Shares		
	Unquoted, fully paid up		
	British Oil & Gas Exploration Ltd - Nigeria	79,997	75,454
	Sterling Exploration & Energy Production Co. Ltd, BVI	1,469,952	-
	SUB TOTAL (A)	1,549,949	75,454
	Equity Shares - Others		
	Quoted, fully paid up		
	8,293 Andhra Bank of ₹ 10 Each	746,370	746,370
	(8,293)		
	450 Punjab National Bank of ₹ 10 Each	175,500	175,500
	(450)		
	SUB TOTAL (B)	921,870	921,870
	TOTAL (A + B)	2,471,819	997,324
	Aggregate amount of quoted investments	921,870	921,870
	Market Value of quoted investments	972,102	1,403,946
Aggregate amount of unquoted investments	1,549,949	75,454	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

(Amount in ₹)

NOTE	PARTICULARS	As at June 30, 2013	As at June 30, 2012
12	LONG TERM LOANS AND ADVANCES:		
	Loans & Advances to related parties - Unsecured, considered good	3,572,037,222	3,344,537,922
	Security Deposits - Unsecured, considered good	1,189,628	1,187,984
	Other Long Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	612,000	613,000
	- Advance Tax (Net of Provisions)	-	1,452,882
	TOTAL	3,573,838,850	3,347,791,788
13	OTHER NON-CURRENT ASSETS		
	MISCELLANEOUS EXPENDITURE	296,761,261	323,133,307
	(To the extent not written off or adjusted)		
	TOTAL	296,761,261	323,133,307
14	TRADE RECEIVABLES:		
	Unsecured considered good		
	Over six months	749,631	95,862
	Others	2,708,412,779	1,878,621,257
	TOTAL	2,709,162,410	1,878,717,119
14.1	Out of the above, ₹ 40.78 Crores (Previous Year ₹ 42.44 Crores) is receivable from Sterling Oil Exploration & Energy Production Company Limited, Nigeria		
15	CASH & CASH EQUIVALENTS :		
	Balance with Banks		
	In Current Accounts	21,260,716	50,068,714
	Cash on Hand	706,757	23,409
	TOTAL	21,967,473	50,092,123
16	SHORT TERM LOANS AND ADVANCES:		
	Security Deposits - Unsecured, considered good	2,975,000	2,975,000
	Other Short Term Loans & Advances		
	- Staff Loans - Unsecured, considered good	24,000	12,000
	- Others - Unsecured, considered good	427,379,710	406,894,637
	TOTAL	430,378,710	409,881,637

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013
(Amount in ₹)

NOTE	PARTICULARS	As at June 30, 2013	As at June 30, 2012
17	INCOME		
	Income from Sales	4,701,897,153	9,278,049,760
	Other Operating Revenue	2,267,148	5,730,792
	Revenue from Operations	4,704,164,301	9,283,780,552
18	OTHER INCOME:		
	Interest Income	74,839	71,555
	Dividend from Long Term Investments	201,358	-
	Profit on Sale of Assets	33,652,802	-
	TOTAL	33,928,999	71,555
19	EMPLOYEE BENEFITS EXPENSE		
	Salary	271,635,296	225,410,778
	Staff Welfare	67,504	75,386
	TOTAL	271,702,800	225,486,164
20	FINANCIAL COSTS:		
	Interest Expense		
	On Short Term Borrowings	41,028,606	40,231,165
	On Long Term Borrowings	63,975,958	-
	On Vehicle Loans	53,265	131,481
	On Others	-	117,810
	TOTAL	105,057,829	40,480,456
21	DEPRECIATION & AMORTIZATION EXPENSE:		
	Depreciation	990,186,879	754,621,912
	Miscellaneous Expenditure W/off	45,828,679	43,254,097
	TOTAL	1,036,015,558	797,876,009
22	OTHER EXPENSES:		
	Advertisement & Publicity	158,297	200,274
	Electricity Expenses	472,893	442,885
	Miscellaneous Expenses	60,155,111	65,185,200
	Payment to Auditor	124,625	190,775
	Professional Charges	14,479,420	452,142
	Postage, Courier & Periodicals	1,612,002	25,726
	Printing & Stationery	2,131,771	434,373
	Rent, Rates & Taxes	1,057,523	918,029
	Repair & Maintenance	1,877,334	281,314
	Telephone Expenses	1,320,806	140,442
	Travelling Expenses	5,132,478	1,536,083
	TOTAL	88,522,260	69,807,242

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**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, 2013 :

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership Interest	
			2013	2012
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 Rs. 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 classifications of assets and liabilities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

23 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	612.85	721.50	46,428.80	92,116.31	47,041.64	92,837.81
Inter-Segment	-	-	-	-	-	-
Total Revenue	612.85	721.50	46,428.80	92,116.31	47,041.64	92,837.81
Result						
Segment Result	609.86	453.62	2,687.98	13,174.63	3,297.83	13,628.25
Unallocated expenditure net of unallocated Income	-	-	-	-	-	-
Interest expenses	410.82	404.80	639.76	-	1,050.58	404.80
Interest Income	-	-	-	-	-	-
Profit Before Tax	199.04	48.81	2,048.22	13,174.63	2,247.25	13,223.44
Provision for Current Tax	38.00	14.00	-	-	38.00	14.00
Provision for Deferred Tax	11.05	(2.60)	-	-	11.05	(2.60)
Profit after Tax	149.99	37.41	2,048.22	13,174.63	2,198.20	13,212.04
Segment assets	98,339.09	99,876.17	162,945.23	135,156.31	261,284.32	235,032.48
Segment Liabilities	1,037.80	2,724.87	59,024.32	44,202.78	60,062.12	46,927.65
Capital Expenditure	-	36.84	43,289.60	13,971.45	43,289.60	14,008.29
Depreciation and amortisation	95.85	185.23	10,264.30	7,793.53	10,360.16	7,978.76
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	612.85	721.50	46,428.80	92,116.31	47,041.64	92,837.81
Inter-Segment	-	-	-	-	-	-
Total Revenue	612.85	721.50	46,428.80	92,116.31	47,041.64	92,837.81
Carrying amount of Fixed Assets	3,411.78	5,283.11	129,108.69	90,103.88	132,520.48	95,387.00
Capital Expenditure	-	36.84	43,289.60	13,971.45	43,289.60	14,008.29

24	MSME Disclosures Based on the information received by the Company from 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.		
25	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 * * Subsidiary of British Oil Resources Limited III) Enterprise in which significant influence is exercised a) Sterling Exploration and Energy Production Company Limited, BVI b) Sterling Oil Exploration and Energy Production Company Limited, Nigeria		
	Particulars	Year Ended June 30, 2013	Year Ended June 30, 2012
	B) Transactions during the year with related parties Investment in III a above	14.70	(₹ In Lacs) NIL
	Services of Rig Hire to party mentioned under III b above by British Oil & Gas Exploration Limited	4120.37	3527.96
26	Earnings Per Share		(Amount in ₹)
	Profit for the year	219,792,764	1,321,020,600
	Amount available for Equity Shareholders	219,792,764	1,321,020,600
	No. of Equity Shares of ₹ 1/- each	271,403,068	271,403,068
	Basic & Diluted Earning per Share	0.81	4.87
27	Auditors Remuneration		
	Auditor	104,625	170,775
	For Other Services	20,000	20,000
	Total	124,625	190,775
28	CONTINGENT LIABILITIES AND COMMITMENTS		(Amount in ₹)
	(To the Extent Not Provided for)	As At June 30, 2013	As At June 30, 2012
	Contingent Liabilities		
	Co-Guarantees given by Company	4,850,000,000	4,850,000,000
29	Foreign currency Earnings and Expenditure		
		For the Year Ended June 30, 2013	For the Year Ended June 30, 2012
	FOB value of Exports	NIL	NIL
	CIF value of Imports (Capital Goods)	NIL	NIL
	Other Expenditure incurred	NIL	NIL

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

HEMANT S. HATHI
Proprietor
MEMBERSHIP NO. 37109
Place : Mumbai.
Dated : 29th August, 2013

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, 2013

(Amount in ₹)

	PARTICULARS	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	224,725,421	1,322,344,414
	Adjustment for :		
	Depreciation and Amortisation	1,036,015,558	797,876,009
	Interest & Dividend Received	(276,197)	(71,555)
	Profit on Sale of Assets	(33,652,802)	-
	Foreign Exchange Variances	-	2,802
	Interest paid	(105,057,829)	(40,480,456)
	Minority Interest	(27,657)	(183,814)
	Operating Profit before Working Capital Changes	1,121,726,494	2,079,487,399
	Movements in Working Capital:		
	Increase / (Decrease) in Trade Payables & Other Liabilities	1,609,997,434	(2,013,462,056)
	(Increase) / Decrease in Trade Receivables	(830,445,291)	2,530,255,222
	(Increase) / Decrease in Loans & Advances	(249,944,135)	(1,745,324,673)
	Cash Generated from Operations	1,651,334,502	850,955,892
	Direct Taxes Paid	(400,000)	(1,200,000)
	Cash flow before extra ordinary items	1,650,934,502	849,755,892
	Dividend & Dividend tax	-	-
	Net Cash Flow from operating Activities	1,650,934,502	849,755,892
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(4,338,545,495)	(1,415,667,985)
	Purchase of CWIP	2,112,131,527	(2,555,073,376)
	Sale of Fixed Assets	211,200,392	-
	Interest Received	74,839	71,555
	Dividend Received	201,358	-
	Purchase of Investments	(1,474,495)	(15,529)
	Sale of Investments	-	-
	Net Cash used in Investing Activities	(2,016,411,875)	(3,970,685,335)

	PARTICULARS	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of GDR/ Shares	135,738	515,414
	Proceeds / (Repayments) from Long Term Borrowings	(47,750,887)	1,035,967,180
	Proceeds / (Repayments) from Short Term Borrowings	(250,000,000)	250,000,000
	Interest Paid	105,057,829	40,480,456
	Net Cash flow in financing Activities	(192,557,319)	1,326,963,051
	Net Increase/(Decrease) in Cash & Equivalents(A+B+C)	(558,034,692)	(1,793,966,392)
	Translation Adjustment	529,910,043	1,670,366,946
	Cash & Cash Equivalents as at beginning of the period	50,092,123	173,691,569
	Cash & Cash Equivalents as at end of the period	21,967,473	50,092,123

We have Examined the attached Consolidated Cash Flow Statement of Sterling International Enterprises Limited for the year ended 30th June, 2013. 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

Proprietor
MEMBERSHIP NO. 37109
Place : Mumbai.
Dated : 29th August, 2013

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

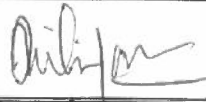
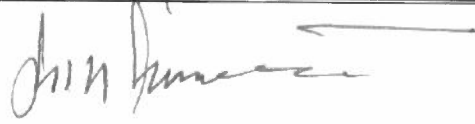


STERLING INTERNATIONAL ENTERPRISES LIMITED

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FORM B

Covering Letter of the Annual Audit Report of Sterling International Enterprises Limited
for the year ended 30th June, 2013 to be filed with the stock exchanges:

1.	Name of the Company:	Sterling International Enterprises Limited
2.	Annual financial statements for the year ended	30 th June, 2013
3.	Type of Audit qualification	Qualified for default in repayment of the dues to Banks or financial institutions etc.
4.	Frequency of qualification	The said Qualification appeared in Audit Report for the first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors' report:	<p>A. The qualification is at Clause No. (xi) of Annexure to Auditors' Report dated 29th August, 2013 at page no. 21 of the Annual Report.</p> <p>B. Management's Response regarding the said qualification is as under,</p> <p>The Company is in continuation dialogue with the lender for extension of time for payment of debt.</p>
6.	Additional comments from the board/audit committee chair:	The Company is in process of making payment shortly.
7.	To be signed by-	
	• Non-Executive Chairman – Nitin Sandesara	
	• Auditor of the company- H.S. Hathi & Co. Hemant S. Hathi, Proprietor	
	• Audit Committee Chairman – R. B. Dixit	