

sterling enterprises ltd.



14th annual report 2005-2006

resorts ● clubs ● township

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**Annual Report & Account 2006****COMPANY INFORMATION**

BOARD OF DIRECTORS	:	B. Kumar	Chairman
		Anurag Agrawal	Managing Director
		Kusum B. Kumar	Whole Time Director
		Meeta Mathur	Whole Time Director
		Kunal Mathur	Director
		Umangbhai M. Vyas	Director
		B. K. Baheti	Director
LEGAL ADVISOR	:	Ashwin Trivedi	
AUDITORS	:	H. M. Parikh	
		Sahyog Building, Laldarvaja, Ahmedabad	
BANKERS	:	The Ahmedabad Peoples Co-op. Bank Ltd.	
		Central Bank of India	
		Bank of Baroda	
		ICICI Banking Corporation Ltd.	
		HDFC Bank Ltd.	
		Ahmedabad District Co-Operative Bank Ltd.	
REGISTERED OFFICE	:	Sterling Enterprises Limited	
		Sunrise Centre, Opp. Drive-in Cinema,	
		Ahmedabad-380 054.	
REGISTRAR & SHARE TRANSFER AGENTS	:	Pinnacle Shares Registry Pvt Ltd.	
		Near Ashoka Mill, Naroda Road,	
		Ahmedabad - 380 025	

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FROM THE CHAIRMAN

Dear Shareholders,

We take pleasure in presenting here with the Annual Report of the Company for the financial year 2005-2006

During the year the company was able to register a healthy growth and good all around performance as indicated by the sector wise review given below

Real Estate :

To take advantage of the healthy market demand and up trend in the Real Estate field in Ahmedabad the Company aggressively took up the development works on its various Real Estate Projects and resorted to aggressive marketing. The company was able to achieve 400% growth in Real Estate turnover

Greenwood City :

Substantial progress was achieved on the development of the roads, plantation etc. for Phase III & IV. It is hoped that the development works will be completed by end of 2006-2007

Sarovar City Project on Sanand Nalsarovar Road :

The Company has been able to acquire about 1,00,000 Sq. yards. The work is in progress on Survey, demarcation of plots, culvert on the main road etc.

Thol Lake Project :

On this project also additional land of about 75,000 Sq. yards was acquired and construction of roads, plantation, etc. has also started.

There was good demand also for these plots and healthy Sales turn over was achieved.

Sterling Greenwood's Club & Lake Resort :

The work of renovation and up-gradation of the Greenwood's Club & Lake Resort Property has been taken up.

The Resort has achieved a higher turnover of 35% during year over the previous years.

Marketing for Club membership will be taken up by December 2006 after completion of certain facilities like Card Room, Games Room, Food Court, a suspension bridge on the lake etc.

Financial Performance :

The aggressive marketing combined with a cost cutting exercise and the improved customer service as well as substantial reduction in the company's liabilities and debts with the consequent reduction of interest outflow has resulted in a higher combined turn over of 110%.

In view of the heavy requirement of funds for completing the various developments, renovation works and construction of new facilities, the company has been unable to declare any dividend for the year.

Prospects for 2006-2007 :

The Company is confident of continuing on its growth path during the coming year and achieve a still higher turn over and profit during 2006-2007. We are very confident that the company will be able to declare a dividend during 2006-2007.

I thank my colleagues on the board and also express my gratitude to the Company's Managing Director, the full time Directors, officers and staff for their un-stinted support and hardwork.

I am also happy to announce the joining of Mr. Ankit Mathur, B.S. from University of California, USA as full time director of the Company.

Place: Ahmedabad

Date : 31-5-2006

Yours sincerely,

B Kumar

sterling enterprises ltd.**annual report & account 2006****NOTICE**

Notice is hereby given that the **Fourteenth Annual General Meeting** of the members of Sterling Enterprises Limited will be held on 25th August, 2006 at 11.00 a.m. at the company's Greenwood Lake Holiday Resort, Chharodi Farm Complex, off Sarkhej-Gandhinagar Highway, Opp. Village Chharodi, Ahmedabad to transact the following business

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2006 and Profit & Loss A/c for the year ended on that date and the report of Directors and Auditors thereon
2. (a) To appoint Director Smt Meeta Mathur, who retires by rotation and being eligible, offers himself for reappointment that has been appointed by the board.
(b) To appoint Director Shri B. K. Baheti, who retires by rotation and being eligible offers himself for reappointment who has been appointed by the board.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration
4. To confirm Shri Ankit Mathur as a Director, who was appointed as an additional director of the Company by the Board of Directors w.e.f 31st May 2006 in terms of section 260 of the Companies Act 1956, that he shall hold the office up to the date of Annual General Meeting. The company has received valid notice from the members of the company under section 257 of the Companies Act, 1956, proposing the candidature of Shri Ankit Mathur for the office of the Director. In view of the background and valuable knowledge of Ankit Mathur, it will be in the interest of the company that Shri Ankit Mathur, continues as a Director of the Company. The Directors recommends the resolution for approval of the shareholders.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a special resolution
"RESOLVED THAT subject to provision of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rule framed there under Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, prescribed or imposed by any authority while granting such approvals, permission and sanctions, which the Board of Directors of the Company be and is hereby authorized to agree, the consent of the Company be and hereby accorded to the Board to de-list the equity shares from the Ahmedabad Stock Exchange "

The Explanatory Statement under section 173(2) of the Companies Act, 1956 for item no. 5

Presently the Company's Securities are listed in Ahmedabad & Mumbai Stock Exchange. There are no significant transactions of share since long in Ahmedabad Stock Exchange however there are large number of shareholders in Gujarat, therefore the board has decided to de-list the shares of the Company from Ahmedabad Stock Exchange

The directors recommend the resolution for approval of the Shareholders.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. As per provisions of the Companies Act, 1956, shareholders are now entitled to make nomination in respect of shares held by them. Shareholders desirous of making nomination are requested to send their request in Form No. 2B in duplicate to the company.
3. The Equity Shares of the Company are listed at the Ahmedabad Stock Exchange, Kamdhenu Complex, Panjara Pole, Ambawadi, Ahmedabad – 380015 and the Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001. The annual listing fees for the financial year 2005-2006 have been paid to these Stock Exchanges
4. Members of Physical shares are requested to notify to the registrar any change in their address

Place : Ahmedabad**By Order of the Board of Directors****Date : 31-05-2006****B. KUMAR**

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DIRECTOR'S REPORT

To,

To The Members of the STERLING ENTERPRISES LTD.

Your Directors have pleasure in presenting the Forteenth Annual Report of your company together with the Audited Statement of Accounts for the year ended, 31st March 2006.

Financial Results

Particulars	Rs. in Lacs	
	2005-2006	2004-2005
Income from Sales & Operations	479.76	212.70
Other Income	1.49	5.35
Total Income	481.25	218.05
Expenditure during the year	462.22	174.65
Net Surplus from operation	19.03	43.40
Depreciation	18.49	18.48
Profit/Loss before Taxation	0.53	24.92
Gain on Trs of Assets to Stock	69.18	0.00
Provision for Taxation	5.30	12.00
Profit after Taxation	64.41	12.92
Add : Balance b/f from previous year	201.47	191.36
Profit available for appropriation	265.88	204.28
Add/Less : Deferred Tax Assets / Liabilities	1.71	-2.81
Proposed Dividend	Nil	Nil
Tax on Dividend	Nil	Nil
Balance Profit carried forward to Balance Sheet	267.59	201.47

PERFORMANCE REVIEW :

During the year, the Real Estate business of the company has shown an upward trend in comparison to the performance during the previous year.

The Net Profit of the Company is Rs. 53542/- before Taxation in comparison to previous year profit of Rs. 24.92 Lacs. During the year the company has to provide liability on account of electricity duty which was not provided considering that the company will get benefits as industry from turisom department

The GEB has turned down the further request for granting the stay till the final decision from govt. However company continues to fight for its claim but liability has been created as it has to start monthly instalment against the pending electricity duty. However the company has a gain of Rs. 69.18 Lacs on account of the transfer of certain assets to the stock of the Company. These lands were kept for certain future project by the company long back but now it has been decided to transfer it to the stock and sale it on plotting basis after due development

DIVIDEND:

As the company is not having sufficient profit for the distribution of dividend, it has not provided for dividend for the year 2005-06

PUBLIC DEPOSITS:

During the year, the company receives no public deposits and as on 31.03.2006, the company held no public deposits on its books. Therefore there are no unclaimed deposits and deposits which matured for payment during the year and were not repaid.

DIRECTORS:

Shri B.K. Baheti, Director, retires by rotation and is eligible offer himself for reappointment

Smt. Meeta Mathur, Director, retires by rotation and is eligible offer himself for reappointment

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm

1. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures
2. That the Directors have selected 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 or loss of the company for the year under review
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting Frauds and other irregularities.

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4. That the directors have prepared the Annual Accounts for the financial year ended March 31, 2006 on a "Going Concern" basis.

AUDITORS:

M/s. H. M. Parikh, Chartered Accountant, Ahmedabad, the present Auditors hold office until the conclusion of ensuing Annual General Meeting. The company has received a letter from them to the effect that their appointment, if made, would be within prescribed limits Under Section 224 (1) (b) of the Companies Act 1956 and are eligible for reappointment.

AUDITORS REMARKS:

In regard to the remarks of the Auditors in Para 9 of the Annexure to their report of the Notes on Accounts in Schedule 21, is self-explanatory of the position. Interest on the advances, which are not doubtful of recovery, is charged to the Parties and will be payable on redemption of the principal amounts.

PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, there were no employees who were employed during the year and were in receipt of remuneration exceeding Rs. 12, 00,000/- per annum or who were employed for a part of the year and were in receipt of remuneration exceeding Rs. 1, 00,000/- per month.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUT GO:

The company has no activity relating to conservation of energy or technology absorption. The foreign exchange inflow/outgo during the year was NIL.

ACKNOWLEDGEMENT:

The Board wishes to place on record the valuable co-operation extended by various government departments, GSFC & Company's Bankers for their continued assistance guidance and support.

The Board of Directors also grateful to the Employees, Shareholders, Customers and the general public for their support and confidence reposed in the Management. Your directors also place on record its appreciation of the dedicated services rendered by the employees to the company at all levels.

Place : Ahmedabad**Date : 31/05/2006****For and on Behalf of the Board**

(Anurag Agrawal)
Managing Director

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CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY :

At STERLING ENTERPRISES LIMITED the concept of Corporate Governance hinges on total transparency, integrity and accountability of the management team. Your Company is committed to follow good corporate governance practices and improves upon them year after year.

2. BOARD OF DIRECTORS :

Composition and category of Directors

Sr. No.	Category	Name of Director
i.	Promoter and Executive Directors	Mr B Kumar Mrs Kusum B Kumar Mr Anurag Agarwal Mrs Meeta Mathur
ii.	Promoter and Non-Executive Directors	NIL
iii.	Independent and Non-Execute Directors	Mr Kunal Mathur Mr. Umang Vyas Mr B. K Baheti
iv.	Nominee Directors	Nil

Attendance of Directors at the Meeting of Board of Directors (BoD) held during financial year 2005-2006 and the Annual General Meeting (AGM) held on 31st August, 2005

Nine Board Meetings were held during the year. They were held on 12th May 2005, 30th June 2005, 30th July 2005, 20th August 2005, 31st August 2005, 31st October 2005, 11th November 2005, 28th January 2006 and 27th March 2006.

Name of Directors	No. of meeting Attended	Attendance at the AGM	No. of BOD's Public Ltd. Companies	No. of Membership of Board	No. of Chairmanship of Board
Mr. B. Kumar	9	Yes	Nil	4	4
Mr. Anurag Agarwal	9	Yes	Nil	2	Nil
Mrs. Kusum B. Kumar	5	Yes	Nil	4	Nil
Mrs. Meeta Mathur	3	Yes	Nil	1	Nil
Mr. Kunal Mathur	1	Yes	Nil	Nil	Nil
Mr. Umang M. Vyas	7	Yes	Nil	Nil	Nil
Mr. B.K. Baheti	7	Yes	Nil	Nil	Nil

AUDIT COMMITTEE :

Brief description of Terms of Reference:

To oversee the Company's financial reporting process, internal control systems, reviewing the accounting policies and practices, reports of the Company's financial statements audited by the statutory auditors as also to review financial and risk management policies

Constitution As on 01-04-2003

Composition, Names of Members and
Record of attendance during the year
Mr B Kumar
Mr B K Baheti
Mr Umang Vyas

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Name of Director	No.Of Meeting Held	No.Of Meetings Attended
Mr. B. Kumar	12	12
Mr. B. K. Baheti	12	12
Mr. Umang Vyas	12	9

SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE:**Brief description of Terms of Reference:**

To specifically look into redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of annual report etc. received from shareholder / investors and improve the efficiency in investors service, wherever possible.

Constitution : Constituted by the Board of Directors at the meeting held On 01-04-2003.

Compositions, Names of Member and Record of attendance during the year : Mr. Umang Vyas
Mr. B. K. Baheti

Name of Director	No.of Meetings Held	No.Of Meeting Attended
Mr. Umang M. Vyas	5	5
Mr. B. K. Baheti	5	5

Details of Complaints received etc. During the year 2005-2006

Nature of Complaints/ Queries	No.Of Complaints/ Queries received Satisfaction of Shareholders	No. Of Complaints not solved to the extent received
Transfer of Shares	Nil	Nil
Non-receipts of Annual Report	Nil	Nil
Non-receipt of dividend	Nil	Nil
Warrants	Nil	Nil
Pending Share transfers	Nil	Nil

REMUNERATION COMMITTEE :

Constitution : Constituted by the Board of Directors at the meeting held On 01-04-2003.

Compositions, Names of Member and Record of attendance during the year : Mr. B. Kumar
Mr. Umang Vyas

Name of Director	No.of Meetings Held	No.Of Meeting Attended
Mr. B. Kumar	2	2
Mr. Umang M. Vyas	2	2

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Remuneration Policy :

The remuneration committee recommends the remuneration package for the Executive Director of the Board. In framing the remuneration policy the Committee takes into consideration the remuneration practices of Companies of similar size and nature and Industry Standards.

Subject to the approval of the Board and of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Whole-time Directors are paid remuneration as per the agreements entered into between them and the Company. The present remuneration package to Executive Directors includes salary, perks, and performance linked incentive etc.

Name of Director	Designation	Salary	Perks	Commission	P.F	Total
Mr. B.Kumar	Chairman	360000/-	Nil	Nil	Nil	360000/-
Mr. Anurag Agarwal	M.D.	360000/-	Nil	Nil	Nil	360000/-
Mrs.Kusum B.Kumar	Director	120000/-	Nil	Nil	Nil	120000/-
Mrs.Meeta Mathur	Director	240000/-	Nil	Nil	Nil	240000/-
Mr. Umang Vyas	Director	180000/-	Nil	Nil	Nil	180000/-

ANNUAL GENERAL MEETINGS:

Details of last three Annual General Meeting held

Particulars	F.Y. 2002-2003	F.Y. 2003-2004	F.Y. 2004-2005
Day	Monday	Wednesday	Wednesday
Date	29th September	30 th June	31 st August
Time	11.00 A.M.	11.00. A.M.	11 00 A M.
Venue	Greenwood Lake Holiday Resort, Chharodi, Ahmedabad	Greenwood Lake Holiday Resort, Chharodi, Ahmedabad	Greenwood Lake Holiday Resort Chharodi, Ahmedabad

DISCLOSURES:

- (1) There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, Directors of the Management their Subsidiaries or relative etc., that would have potential conflict with the interest of the Company at large.
- (2) No penalties of strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory or any matter related to capital market during the period under review.

MEANS OF COMMUNICATION:

The quarterly and half-yearly financial results of the Company are sent to the Stock Exchanges immediately after the Board approves them. These are also published in the prescribed Performa within 48 hrs. of the conclusion of the meeting of the Board in which they are considered, generally in "Western Times"