

Sterling Greenwoods Ltd.



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16th annual report 2007-2008

resorts ● clubs ● township



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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
		Ankit Mathur	Director
		Jitendra Vyas	Nominee Director
		P. V. R. N. Iyer	Director
LEGAL ADVISOR	:	Ashwin Trivedi	
AUDITORS	:	H. M. Parikh Sahyog Building, Laldarvaja, Ahmedabad	
BANKERS	:	Central Bank of India Bank of Baroda ICICI Banking Corporation Ltd. HDFC Bank Ltd. Ahmedabad District Co-Operative Bank Ltd. Rajkot Nagrik Sahakari Bank Ltd. Axis Bank Ltd.	
REGISTERED OFFICE	:	Sterling Greenwoods 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 herewith the annual report of the company for the financial year 2007-2008.

During the year the company was able to maintain healthy growth and good all round performance as indicated by the sector wise review given below.

Real estate :

During the year, the company launched a new township scheme- Sarovar II. The company acquired land and prepared development plans with 500 plots of 500 sq yards in phase I. Sales and marketing was also started. The company was able to achieve 70% growth in real estate turn over.

Greenwood city:

Development work has been in progress. N.A. permission for many new survey numbers was obtained.

Sarovar city I (Sanand Nalsarovar Road) :

The company has made good progress on construction of roads, plantation, survey, plotting, landscaping, street-lights etc. The work on the construction of club house is also in an advanced stage.

Thol lake project :

In this project, further new land has been acquired during the year. Development work of about 80 % has been completed. There was a good demand for these plots and healthy sales turn over has been achieved. Company is in the process of executing the allotment deeds in favor of the plot holders.

Sterling greenwoods club & Lake Resort :

During the year the resort achieved a higher turn over of 12% over previous year. Club construction and interior work was completed for reception center, front plaza, change room, food court, and "Golden Swan" club building. Membership enrollment was started in Oct/Nov 2007. About 90 new members were enrolled during the year.

Phase I of the club is expected to be completed in 08-09 and new members are expected to be enrolled.

Financial performance :

The company has achieved higher turn over in both real estate and resort income the combined increase being about 40%

Dividend :

During the last year Board of Directors had recommended dividend at 8%. However, board is not recommending any dividend for current year considering the financial requirements for the projects in hand.

Future projections :

There is a market downturn and market sentiments are low. The stock market has come down steeply. Real Estate in major metros has been witnessing low demand and downturn trend in prices. Despite a slight down turn in demand /prices, the company is confident of improving its performance further during the year 2008-2009.

The market for Hotels and Resorts has been so far healthy resulting in over all increase in occupancy rates. But, with the completion of the first phase of the Club development and Resort renovation we are expecting to maintain the profitability level for the resort and a good in flow from club memberships during 2008-2009. However, due to the overall downward trend in industry, high crude oil prices, lower GDP projections the Hotel occupancy rates during 2008-09 may witness downward trend.

I thank my colleagues on the board and also express my gratitude to the company's managing director, the full time directors, officer and staff for their un-stinted support and hard work.

Yours sincerely,

Place : Ahmedabad

Date : 30/06/2008

B. Kumar

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NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Sterling Greenwood's Limited will be held on 19th September, 2008 at 11.30 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 2008 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 Shri B. K. Baheti, who retires by rotation and being eligible, offers himself for reappointment that has been appointed by the board.
(b) To appoint Director Mrs. Meeta Mathur, who retires by rotation and being eligible offers herself 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

NOTES :

1. A member entitled to attend, 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 Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001. The annual listing fees for the financial year 2007-2008 have been paid to the Stock Exchange.
4. Members of Physical shares are requested to notify to the registrar any change in their address.

Place : Ahmedabad

Date : 30/06/2008

By Order of the Board of Directors

B. KUMAR

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DIRECTOR'S REPORT

To,

To The Members of the STERLING GREENWOODS LTD.

Your Directors have pleasure in presenting the Sixteenth Annual Report of your company together with the Audited Statement of Accounts for the year ended, 31st March 2008.

Financial Results

Particulars	Rs. in Lacs	
	2007-2008	2006-2007
Income from Sales & Operations	785.46	557.35
Other Income	5.47	8.33
Total Income	790.93	565.68
Expenditure during the year	707.76	498.11
Net Surplus from operation before Depreciation	83.16	67.57
Depreciation	32.14	21.78
Profit/Loss before Taxation	51.02	45.79
Provision for Taxation	17.15	15.90
Profit after Taxation	33.87	29.89
Add : Balance b/f from previous year	290.68	267.60
Dividend for Previous Year	33.92	Nil
Short Provision of Tax on Dividend	5.76	6.81
Balance Profit carried forward to Balance Sheet	284.87	290.68

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. Even the resort business has shown a good growth as compared to the last year.

The Net Profit of the Company is Rs. 51,02,076/- before Taxation in comparison to previous year profit of Rs. 45,78,940/-.

DIVIDEND :

To strike a balance between the need to sustain investments for prospective growth your Directors are not recommending dividend for the year.

PUBLIC DEPOSITS :

During the year, the company has not received public deposits and as on 31.03.2008, the company held no public deposits on its books. Therefore, there are no unclaimed deposits and deposits that 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 herself 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.
4. That the directors have prepared the Annual Accounts for the financial year ended March 31, 2008 on a "Going Concern" basis.

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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.24,00,000/- per annum or who were employed for a part of the year and were in receipt of remuneration exceeding Rs. 2, 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, Rajkot Nagrik Co-operative Bank & Company's Bankers for their continued assistance guidance and support.

The Board of Directors also grateful to the Employees, Shareholders, Customers and the 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 : 30/06/2008

For and on Behalf of the Board

(Anurag Agarwal)
Managing Director

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CORPORATE GOVERNANCE

Sterling Greenwood's Limited has established a tradition of the highest standards of corporate governance principals and best practices. The Company is committed to introducing corporate governance practices in tandem with domestics and international developments to position it to conform to the best governance practices.

Our Governance philosophy

The company's philosophy on corporate governance envisages the attainment of the highest levels of transference, accountability and equity in all facets of its operation and in all its interactions with its stakeholders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must the underlying goal of enhancing overall shareholder value, over a sustained period of time. In our commitment to practice sound governance principles, we are guided by the following core principles:

- ❖ **Transparency**
To maintain the highest standards of transparency in all aspects of our interactions and dealings
- ❖ **Disclosures**
To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- ❖ **Accountability**
To demonstrate highest levels of personal responsibility and continually affirm that employees are responsible to themselves for the pursuit of excellence.
- ❖ **Compliances**
To comply with all the laws and regulations as applicable to the company
- ❖ **Ethical conduct**
To conduct the affairs of the company in an ethical manner
- ❖ **Stakeholders' interests**
To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community.

Governance practices beyond regulatory requirements

Our governance practices go beyond the statutory and regulatory requirements. Our endeavor is to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities. With this objective, we have formulated, inter alias, the following policy documents and introduced best practices of governance:

1. **Values and commitments**
We have set out and adopted policy documents on 'values and commitments' of the Company. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.
2. **Code of Ethics**
Our policy document on 'code of ethics', in essence, directs that our employees should conduct the business with integrity by excluding consideration of personal advantage.
3. **Business policies**
Our 'business policies' contains the policy on fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety & environment and quality.
4. **Separation of the Board's supervisory role from the executive management**
In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management and splitting the posts of chairman and MD.
5. **Prohibition of insider trading policy**
This document contains the policy on prohibiting trading in the equity shares of the Company, based on inside or privileged information.
6. **Prevention of sexual harassment**
Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

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7. Whistle blower policy

Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

8. Risk management

Our risk management procedures ensure that the management controls risks through means of a properly defined framework.

I. BOARDROOM PRACTICES

i. Board charter

The board of directors has adopted a comprehensive board charter. The charter has set out matters relating to board composition, scope and functions of the board and its committees, etc.

ii. Tenure of independent directors

Tenure of independent directors on the board of the Company shall not extend beyond stipulated years, subject to their re-appointment on retirement by rotation as per statutory provisions.

iii. Director's interaction with shareholders

Shri B. Kumar and Shri Anurag Agarwal, interact with shareholders on their suggestions and queries which are forwarded to the company secretary.

iv. Meeting of independent directors with operating team

The independent directors of the company meet in executive sessions with the operating teams in each of the respective areas, on a regular basis, as they deem necessary. These executive session discussions may include topics such as, operating policies and procedures; risk management strategies; measures to improve efficiencies; performance and compensation; strategic issues for board consideration; flow of information to directors; management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

v. Commitment of directors

The board meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance of all directors at the meetings of the board and its committees. Such advance planning of meetings enable the directors to plan their commitments, particularly in the context that the meetings of the board normally extend over the entire working day.

J. Governance practices being followed to promote the interests of our stakeholders

We have in the recent past introduced several trend setting governance practices to improve stakeholder satisfaction.

Compliance with clause 49 of the listing agreement

Sterling Greenwood's Limited is fully compliant with the mandatory requirements of clause 49 of the listing agreement formulated by Securities and Exchange Board of India (SEBI).

We present our report on compliance of governance conditions specified in clause 49.

I. BOARD OF DIRECTORS

1. Board composition - Board strength and representation

As at March 31, 2008, the board consisted of ten members. The composition of and the category of directors on the board of the company were as under:

Category	Particulars of Director
Promoter & Executive Director	<ul style="list-style-type: none"> - Mr. B. Kumar (Chairman) - Mr. Anurag Agarwal (Mg. Director) - Mrs. Kusum B. Kumar (W.T.D.) - Mrs. Meeta Mathur (W.T. D.) - Mr. Ankit Mathur (Director) - Mr. Umang Vyas (Executive Director)

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Promoter & Non Executive Director	- Nil
Independent & Non- Executive Director	<ul style="list-style-type: none"> - Mr.Kunal Mathur (Non-Executive Director) - Mr. B. K. Baheti (Non-Executive Director) - Mr. P. V. Iyer (Non-Executive Director)
Nominee Director	- Mr. Jitendra C. Vyas

2. Conduct of board proceedings

The day-to-day business is conducted by the officers and the managers of the Company under the direction of the board led by the Chairman. The board holds five to six meetings every year to review and discuss the performance of the company, its plans, strategies and other pertinent issues relating to the company.

The board performs the following specific functions in addition to the oversight of the business and the management:

- ❖ Review, monitor and approve major financial and business strategies and corporate actions.
- ❖ Assess critical risks facing the company their mitigation.
- ❖ Provide counsel on the selection, evaluation, development and compensation of senior management.
- ❖ ensure that processes are in place for maintaining the integrity of
 - the company
 - the financial statements
 - compliance with law
 - relationships with all the stakeholders
 - Delegation of appropriate authority to the senior executives of the company or effective management of operations.

3. Board meetings

Twelve Board Meetings were held during the year. They were held on 3rd April 2007, 28th April 2007, 24th June 2007, 21st July 2007, 31st July 2007, 10th September 2007, 20th September 2007, 27th October 2007, 28th January 2008, 31st January 2008, 27th February 2008 and 18th March 2008.

4. Attendance of directors at the Board Meetings held during 2007-08 and the last Annual General Meeting (AGM)

Directors	Meetings In year	Meetings	AGM Attended
Shri B. Kumar	12	11	1
Shri Anurag Agarwal	12	11	1
Smt. Kusum B. Kumar	12	11	1
Smt. Meeta Mathur	12	5	Nil
Shri Umang Vyas	12	11	1
Shri Kunal Mathur	12	5	Nil
Shri B. K. Baheti	12	11	1
Shri Ankit Mathur	12	11	1
Shri Jitendra C. Vyas	12	4	Nil
Shri P.V. Iyer	12	4	Nil

Notes:

- None of Directors has business relationship with the Company.
- None of the director receive any loans and advances from the Company