

**20th
Annual
Report
2011-12**



**STERLING
GREENWOODS LTD.**

RESORTS • CLUBS • TOWNSHIP

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Annual Report & Account 2011-12

CORPORATE INFORMATION

BOARD OF DIRECTORS :

B. Kumar	Chairman
Ankit Mathur	Managing Director
Meeta Mathur	Whole Time Director
P. V. R. N. Iyer	Director
Virendra Singh Rawat	Director

AUDITORS : M/s. Anil S. Shah & Co.
Chartered Accountants
Ahmedabad.

BANKERS : Axis Bank Ltd.
Rajkot Nagrik Sahakari Bank Ltd.
HDFC Bank Ltd.
State Bank of India

REGISTERED & CORPORATE OFFICE : Sunrise Centre, Opp. Drive-in Cinema,
Ahmedabad-380 054.

REGISTRAR & SHARE TRANSFER AGENTS : Sharepro India Private Limited
Sharepro Services (India) Pvt. Ltd.
13 AB Samitha Warehousing Complex,
Sakinaka Telephone Lane,
Sakinaka, Andheri (E), Mumbai - 400 072.

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of M/s STERLING GREENWOODS LIMITED will be held on Saturday the 29th September 2012 at the Greenwood Lake Holiday Resort, Off Sardar Patel Ring Road, Nr. Sarkhej-Gandhinagar Highway, Nr. Vaishnodevi Circle, Ahmedabad at 11.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as on 31st March, 2012 and Profit and Loss Account for the year ended on 31st March, 2012 together with Directors' and Auditors' Report
2. To appoint a Director in place of Shri P.V.R.N. Iyer who retires by rotation and is eligible for reappointment.
3. To appoint the Auditor to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

Item No. 4

To consider and if thought fit, to pass with or without modification the following resolution as ordinary resolution.

"RESOLVED THAT Shri Virendra Singh Rawat appointed under Section 260 of the Companies Act, 1956 (Act) as additional director of the Company with effect from 14th November 2011 and who holds office upto this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as director of the company"

By Order of the Board of Directors

Place : Ahmedabad

Date : 14/08/2012

Shri Basant Kumar
Chairman
(sd/-)

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 on a poll and that a proxy need not be a member. Proxies, in order to be effective, forms must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
2. Additional information pursuant to Clause 49 of the Listing Agreement with stock exchanges, on directors recommended for reappointment at the Annual General Meeting, is given in this notice.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Book of the Company shall remain closed from 24th September 2012 to 28th September 2012 both days inclusive.
4. Members / proxies should bring their copy of the Annual Reports and Accounts along with Attendance Slip (duly completed) when attending the Meeting.
5. Members are requested to write their Folio Number / Client ID – DP ID Number in the Attendance Slip for attending the Meeting.
6. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their email address for receiving electronic communication.

7. Pursuant to Section 205A and 205C and other applicable provisions, if any, of the Act, all unclaimed / unpaid dividend and application money, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

Members who have not yet encashed their dividend warrant(s) for the financial years 2006-07, 2009-10 and 2010-11 onwards, are requested to make their claims without any delay.

8. Details of Directors seeking re-appointment and appointment as per Item No. 2 of the Ordinary Business and Item No. 4 of special business in ensuing Annual General Meeting to be held on 29th September, 2012 are as under:

Name of the Director	Shri P.V.R.N. Iyer	Shri Virendra Singh Rawat
Date of Birth	14/08/1928	27/02/1972
Date of Appointment	31/01/2007	14/11/2011
Qualifications	B. Sc. Visharad	MBA
Expertise in Specific functional areas	Sales Management General Management	Mentor in Education (KG to PG) and expert for setting up Green School since last 5 years.
List of outside Directorship held	1	0
Chairman/member of the committees of the Board of Directors of the Company	3	3
Chairman / Member of the Committee of the Board of Directors of the other Public Limited Company	Nil	Nil
Share Holding	Nil	Nil
Relationship with other directors	No	No

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 4

Shri Virendra Singh Rawat has wide Experience as consultant in field of education since last 15 years or more. His experience and knowledge will benefit the Company. He was appointed as Additional Director of the Company w.e.f. 14th November 2011 and eligible to hold office up to this Annual General Meeting. As per provisions of section 257 of the Companies Act, a notice has been received from a shareholder to appoint him as Director of the Company.

The Board commends the resolution at item No. 5 for approval of members. None of the Directors except Shri Virendra Singh Rawat is interested in the resolution.

By Order of the Board of Directors

Shri Basant Kumar
Chairman
(sd/-)

Place : Ahmedabad

Date : 14/08/2012

DIRECTOR'S REPORT

To,
To The Members

Your Directors have great pleasure in presenting the 20th Annual Report together with the Audited Accounts of the Company for the Company for the year ended, 31st March 2012.

Financial Results

Rs. in Lacs

Particulars	2011-2012	2010-2011
Income for the Year	761.49	1003.03
Profit before interest, depreciation and tax (PBITD)	155.71	203.62
Less:		
Financial Expenses	41.84	52.80
Depreciation	39.10	38.68
Profit / (Loss) before tax	74.77	112.14
Provision for taxation (i) Current Income Tax,	17.78	32.89
Profit after tax	56.99	79.25
Add / (Less): Prior Period Adjustment	00.00	00.00
Net Profit	56.99	79.25
Opening Balance of Profit & Loss Account	377.29	372.29
Net Balance Carried forward to Balance Sheet	56.99	4.99

PERFORMANCE REVIEW

During the year under review the turnover is Rs. 728.68 lacs against Rs. 985.01 lacs in previous year. Profit before Interest, depreciation and tax (PBITD) is Rs. 155.71 lacs against Rs. 203.62 lacs in previous year. Your directors expects to perform better in the coming years

DIVIDEND :-

With a view to conserve the resources, your Directors do not recommend any dividend for the financial year 2011-2012.

FUTURE PROSPECTS

Ahmedabad is witnessing an unprecedented growth in new 3, 4, & 5 star hotels. This is likely to result in over supply of hotel rooms. Yet your GREENWOODS is a unique property with a large lake of its own, large lush green lawns & areas, & comprehensive leisure facilities.

One M/s AQUARIUS TOURS AND TRAVELS has been

entrusted with setting up an ADVENTURE ZONE, with 10 adventure items including: flying fox, river crossing, BURMAH Bridge etc. which became operational in June 2012

INDUSTRIAL RELATIONS :-

Industrial relations remained cordial throughout the year. Your Directors place on record their deep appreciation of the contribution made by the employees at all levels.

Measures have been taken for Human Resources Development.

DIRECTORS :-

Shri P.V.N. R Iyer retires from the Board by rotation and being eligible, offers himself for re-appointment.

INSURANCE :-

The Assets of the company have been adequately insured.

PUBLIC DEPOSIT :-

During the period under review the company has not mobilized resources by way of deposit from the public.

CORPORATE GOVERNANCE REPORT :-

Pursuant to clause 49 of the Listing Agreement of the company with the Stock Exchanges, the Management Discussion & Analysis Report, Report on Corporate Governance, and confirmed by all the Board Members and Senior Management personnel with Company's Code of Conduct are made a part of the Annual Report. A certificate regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid clause 49 is attached to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT :-

Pursuant to requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

1. THAT in the preparation of the Account for the financial year ended 31st March, 2012 the applicable standards have been followed along with proper explanation relating to material departures ;
2. THAT the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the, state of affairs of the company as at 31st March 2012 and of the profit of the company for the year ending on that date ;
3. 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;
4. THAT the Directors have prepared the accounts for the financial year ended on 31st March, 2012 on a going concern basis.

AUDITORS

M/s. Anil S Shah & Co., Chartered Accountants, retire as Auditor of the company and being eligible, offer themselves for re-appointment. A certificate is obtained from them that their re-appointment, if made, will be within the limit prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

SECRETARIAL COMPLIANCE CERTIFICATE

Secretarial Compliance Certificate pursuant to provisions of Section 383A of the Companies Act, 1956 is obtained from practicing Company Secretary.

SUBSIDIARY COMPANY

The Company had one subsidiary Company. A statement containing brief financial details of the subsidiaries is included in the Annual Report.

As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and its subsidiary is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under Section 211(3C) of the Act. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiary.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Company's subsidiary for the financial year ended March 31, 2012 is included in the Annual Report. The annual accounts of subsidiary and the related detailed information will be made available to any member of the Company seeking such information at any point of time and are also available for inspection by any member of the Company at the registered office of the Company. The annual accounts of the subsidiary will also be available for inspection, as above, at the registered offices of the respective subsidiary companies. The Company shall furnish a copy of the details of annual accounts of subsidiary to any member on demand.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required under section 217 (1) (e) of the Companies Act, 1956 and the rules made therein, the concerned particulars relating to The Company does not consume Energy in its business so the matter of Energy Conservation is not applicable to said Company. Company does not engage in such business to undertake any Technology Absorption. However to save the power it has installed Solar Water Heating Systems and also installed CFL lamps at its Resort. Company does not have any Export Earnings in the Financial Year 2011-12 hence particulars of Foreign Exchange are not applicable to the Company.

PARTICULARS OF EMPLOYEES

Particulars of employees in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 as amended are not given as none of the employees qualify for such disclosure.

ACKNOWLEDGEMENT

The directors extend their sincere thanks to the Bankers, Financial Institutions, Central Government and State Government Authorities and all associated with the company for the co-operation.

The directors also place on record the efforts made by the employees, workers and all other associated with the company for making their organisation successful.

By Order of the Board

Place : Ahmedabad

Date : 14/08/2012

Shri Basant Kumar
Chairman
(sd/-)

COMPANY STRUCTURE AND DEVELOPMENT

The company is putting its best foot forward to obtain best results with optimum performance. But with certain measures taken by RBI, like tightening of credit, particularly for real estate sector, increase in bank lending rates, etc the real estate sentiment turned negative, resulting in falling sales in 3rd quarter onwards for most of the Real Estate Companies in India.

INSPIRE of above your company has done reasonably well.

Progress on development of infrastructure was satisfactory. However Construction work on club & resort could not be started on account of delay in NA approvals.

Opportunities, Threats, Risks, Concerns and Outlook:

The global economy was volatile in the financial year 2011-12. Issues relating to medium-term fiscal consolidation, the exposure of European banks to public and private debt, and recurring differences in the ways to resolve the Euro-debt crisis continued to weigh on the global economic outlook as the Eurozone accounts for close to one-fifths of global Gross Domestic Product (GDP).

Adding to this was the devastating effect of the earthquake and tsunami on the Japanese economy. With supply disruptions weighing heavily on industrial production and consumer sentiment and spending. The looming risk to the global outlook is also on account of the geopolitical tensions centred on Iran that could disrupt oil supply and result in an increase in oil prices.

Growth in emerging and developing economies evolved steadily as expected, but with considerable variation across regions. However, rising inflation is a major cause of concern for many economies.

GDP growth in advanced economies declined to 1.6% in 2011 compared to 3.2% in 2010 and is expected to be even lower at 1.2% in 2012. The global economy is expected to grow by 3.3% in 2012 compared to 3.8% in 2011 as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO).

The greatest challenge for the global economy in this slow growth environment is to raise productivity without losing job opportunities for the millions who are looking for reasonably paid jobs to support their living standards.

It is heartening to note that the global economy is moving from unbalanced growth to balanced growth. For instance, the US is getting back on the positive growth track. And, China has shown promising progress too. Asian countries like South Korea, India and Thailand are also growing at a fast pace.

Real Estate sector

The superior economic performance of India has provided a strong impetus to the Real Estate sector, which has been witnessing heightened activity in the recent years. Substantial end user and investor interest, large scale investment in infrastructure and rapid urbanization have contributed to the growth trajectory of Indian Real Estate domain.

The housing sector alone contributes to 5-6 per cent of the India's GDP. Housing Shortage is one of the biggest challenges for India. According to Cushman & Wakefield Research, property market in India from 2011-15 is likely to witness a demand for Rs. 3.94 Million new housing units growing at a Compounded Annual Growth Rate (CAGR) of 11%.

The need of the hour for the Real Estate sector in India to continue its forward march and a proactive approach towards reforms and transparency. The likely establishment of the Real Estate Regulatory Authority (RERA) will serve as an important step towards advancement. The need for streamlining approval procedures with a 'single window clearance' structure is also essential.

Risk Management Report

Risk Management is a continuous and dynamic process that involves identification, assessment, analysis, and measurement of all potential threats, event, and associated risks which may have a bearing on the achievement of stated objectives or on the operations of the Company. The Board of Directors and Audit Committee of the Company have been entrusted with the responsibility of establishing and implementing an effective risk management system.

Sales Market Risk

A decline in the Real Estate market may cause the property buyers to remain risk averse and the market spending may turn more cautious because of it. These factors could have adverse effects on the Company's business and future growth, or could

otherwise decrease the revenue generated from some or all of the Company's residential, commercial, and contractual businesses.

Customer Relation Risk

A substantial portion of revenues from contractual projects is generated from one major client operating in the information Technology sector. If the said client either reduces or stops providing the Company with contractual projects or if there is a slowdown in the IT sector, it could have a material adverse effect on the Company's business and its results of operations.

Competition Risk

The company may face significant competition from other Real Estate developers which undertake similar projects within the same regional markets as the Company. Due to the fragmented nature of the Real Estate business, adequate information about the competitors' projects may not be available and accordingly the Company runs the risk of underestimating the supply in the market.

The strategic risks described above are inherent to the sector in which the Company operates. The demand for housing in India is huge and the potential for growth in cities due to migration will definitely present more opportunities to the sector in the years to come. The Company believes that quality is the key differentiator wherein the customers get complete value for the investments made. As per the internal estimates of the Company, majority of the homebuyers are less dependent on debt finance. The Company has also been adding new customers in the area of contractual projects, so that the dependency on one major client is reduced.

Operational Risks

Project Implementation Risk

One of the primary inputs for a construction company is the availability of land. The uncertainty of underlying title of the land in India is a major factor and involves the risk of legal disputes and related costs. The other inherent risks in the project implementation phase include delays in implementation, supply chain issues, migratory labour, accidents, cost and quality control.

Availability and Volatility of Input Costs Risk

Fluctuating input costs is a risk inherent to the Real Estate business. The Company's operations are subject to increase in expenses due to a number of factors such as increase in construction, repair and maintenance costs, sub-contracted service costs and labour costs

Financial Performance

	Year ended 31/03/2012 in Lacs ₹	Year ended 31/03/2011 in Lacs ₹
Income for the year was	761.49	1003.03
The year's working shows a Gross Profit of	113.87	150.82
Out of which, Provisions have been made for :-		
Depreciation	39.10	38.68
Provision for Taxation :		
(i) Current Income Tax	17.78	32.89
(ii) Deferred Tax		
Provision for doubtful debts		
Previous year expenses		
Profit after Income Tax	56.99	79.25

Internal Control System

The company has adequate internal control systems and procedure with regard to purchase, stores and raw materials including components, plant and machinery, other assets and for sale of goods.

The company has an adequate internal audit system commensurate with size and nature of its business. The company has engaged a firm of Chartered Accountants for its internal audit function. Reports of Internal Auditors are reviewed in the meetings of the Audit Committee of the Board.

Industrial Relations & Human Resource Development

Industrial relations continued to be harmonious and cordial through out the year. The Company has always valued its human resources and believes in unlimited potential of the each employee. The company employed 42 number of employees as on 31.03.2012.

Cautionary Statement

Statement in this report on Management's Discussion and Analysis describing the company's objectives, projections, estimates, exceptions or predictions may be forward looking statements and are based on certain assumptions and exception of future events. Actual result could however differ materially from those expressed or implied. Important factors that could make a difference to the company's operations including global and domestic demand-supply conditions, finished goods prices, raw material cost and availability, Changes in government regulations and tax structure, economic developments within India and the countries with which the company has business contracts and other factors such as litigation and industries relations.

The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information and events.