



**STERLING**  
**GUARANTY & FINANCE LIMITED**

**ANNUAL REPORT AND ACCOUNTS 2008-2009**



**STERLING**  
**GUARANTY & FINANCE LIMITED**

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**REGISTERED OFFICE**

91-A, Mittal Court,  
Nariman Point  
Mumbai 400 021.



**NOTICE**

**NOTICE** is hereby given that the **25<sup>th</sup> ANNUAL GENERAL MEETING** of the members of **STERLING GUARANTY & FINANCE LIMITED** will be held at Ashok Birla Board Room, 3<sup>rd</sup> Floor, Indian Merchants Chamber, IMC Marg, Churchgate, Mumbai-400 020 on **Tuesday, 22<sup>nd</sup> September, 2009** at 11.00 a.m. to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended 31st March, 2009 and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Sanjay R. Keswani**, Director who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of **Ms. Geeta V. Ashar**, Director who retires by rotation and being eligible offers herself for reappointment
4. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

**NOTES :**

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- b) The Instruments of proxy for use of meeting must be lodged at the Registered Office of the Company, not less than forty eight hours before the commencement of meeting.
- c) **Register of Members and Share Transfer Book of the Company will remain closed from the Tuesday, 15<sup>th</sup> September 2009 to Tuesday, 22<sup>nd</sup> September 2009 (both days inclusive) for the purpose of Annual General Meeting.**
- d) Members are requested to immediately notify the company in case of any change in address and should specify their full address in capital letters clearly indicating the pin code of the post office.
- e) Members are requested to bring their copy of Annual Report as extra copies will not be supplied at the Annual General Meeting.
- f) In case members desire to raise any queries they are requested to send them at least 10 days in advance so that related information may be kept available at the meeting.



- g) In accordance with provisions of Section 205A of the Companies Act, 1956 the company has transferred unclaimed dividend up to the financial year 1992-93 to the General Revenue Account of the Central Government. Members who have valid claims to the unclaimed dividends referred to above may claim the same from the Registrar of Companies, Maharashtra at Mumbai in the prescribed manner.

Further in accordance with the provisions of Section 205 ( c ) of the Companies Act 1956, the company has transferred the unclaimed dividend for the year 1994-95 to the "Investor Education and Protection Fund" of the Central Government. The company has not declared dividend subsequent to the year 1994-95.

- h) At the ensuing Annual General Meeting Mr. Sanjay R. Keswani and Ms. Geeta V. Ashar Directors of the Company retire by rotation and being eligible offer them selves for reappointment. The information and details pertaining to this directors to be provided in terms of Clause 49 of the Listing Agreements are furnished in the Statement on Corporate Governance published elsewhere in this Annual Report.

Place : Mumbai  
Dated: 30<sup>th</sup> June, 2009

**By order of the Board of Directors**

**Registered Office:**  
91-A, Mittal Court,  
Nariman Point,  
Mumbai - 400 021.

**D. D. MEHTA**  
**CHAIRMAN**

**DIRECTORS' REPORT**

The directors have pleasure in presenting before the Shareholders, Directors' Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

**FINANCIAL RESULTS**

	<b>Year ended 31<sup>st</sup> March 2009 (Rs. in Lacs)</b>	<b>Year ended 31<sup>st</sup> March 2008 (Rs. in Lacs)</b>
PROFIT (LOSS) BEFORE NON-CASH CHARGES	(3.26)	(3.79)
PROFIT (LOSS) BEFORE TAX	(3.26)	(3.79)
Provision for Taxation	0.01	0.01
<b>NET PROFIT (LOSS) AFTER TAX</b>	<b>(3.27)</b>	<b>(3.80)</b>
Balance brought forward	(803.85)	(800.05)
<b>PROFIT (LOSS) CARRIED FORWARD</b>	<b>(807.12)</b>	<b>(803.85)</b>

**DIVIDEND**

In view of loss incurred and carry forward losses, no dividend is proposed.

**GENERAL:**

During the year under report, the Company has suffered Net Loss of Rs.3.26 lacs compared to previous year of Rs.3.79 lacs because of nil operating income. The Company has become debt free Company and continued to hold interest-free funds advanced by Sterling Investments (India) Ltd. for clearing the liabilities. Adequate provisions have been made as per prudential norms of Reserve Bank of India. The Company is registered NBFC with Reserve Bank of India.

**OPERATIONS:**

During the year NBF Business was not carried out since Net Owned Funds (NOF) of the Company has fallen below the minimum prescribed limit. The effective steps are being taken to revive the fortunes of the Company.

**FUTURE PLAN**

Board of Directors are exploring steps to be taken to revive the Company. This will be implemented subject to Necessary approvals, sanctions from statutory authorities. Board of Director of the Company have subject to necessary approvals, sanctions, consents in principle agreed to merge and amalgamate with Sterling Investments (India) Ltd, a duly registered NBFC having positive net worth. This merger and



amalgamation will augment NOF of the company exceeding minimum requirement of Rs. 25 lacs. The company will become debt free and loss free with capacity to raise resources. The company has applied for delisting the company from Ahmedabad Stock exchange as per SEBI guidelines. It is decided to demote the shares of the Company post amalgamation.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii. Your Directors have 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 Loss of the Company for that period.
- iii. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. Your Directors have prepared the attached Statement of Accounts for the year ended 31<sup>st</sup> March 2009 on a going concern basis.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company has no activities relating to conservation of energy of technology absorption. The Company has not earned or spent any foreign exchange during the year.

### **DIRECTORS**

The Board recommends reappointment of Mr. Sanjay R. Keswani and Ms. Geeta V. Ashar as Directors who retires by rotation and being eligible offers them selves for reappointment. The detailed information and particulars of director seeking reappointment is incorporated in Corporate Governance Report.

### **DEPOSITS**

The Company has not accepted any deposits from the Public and does not hold any public deposit.

### **PARTICULARS OF EMPLOYEES**

There were no employees during the year within the meaning of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975 as amended.



### **CORPORATE GOVERNANCE**

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

### **AUDITORS AND AUDITORS' REPORT**

The remark in auditors' report are self explanatory. The Auditor, M/s. Rashmikant & Co. Chartered Accountant, retires at the conclusion of the meeting and is eligible for re-appointment.

For and on behalf of the Board

Place: Mumbai  
Dated: 30<sup>th</sup> June, 2009.

**D. D. MEHTA**  
Chairman



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## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review :

Sterling Guaranty & Finance Ltd.'s (SGFL) has suffered before Tax loss of Rs. 3.27 lacs for the financial year ended March 31, 2009 compared to loss of Rs. 3.79 lacs in the previous year. The accumulated loss is Rs. 807.12 lacs compared to share holders funds of Rs.771.30 lacs. The Company has negative Net worth as on March 31, 2009 of Rs.35.82 lacs against Rs. 32.55 lacs of last year.

### Resources and Liquidity :

The Company has not accepted any fixed deposits from the public during the year 2008-2009 and there is no outstanding Liabilities. The company continue to hold interest free Inter Corporate Deposit of Rs. 30.25 lacs from Sterling Investments (India ) Ltd.

### Industry Structure and Developments :

The NBFC sector in India is represented by a mix of a few large companies with nationwide presence and a large number of small and medium sized companies with regional focus. The Reserve Bank of India regulates the operations of NBFCs. In last year, revival appears to be on the agenda of regulators. With proposed merger and amalgamation with Sterling Investments (India) Ltd. the Company will regain financial strength.

### Opportunities:

The Company sees opportunity in reviving NBFI business after proposed merger and amalgamation with Sterling Investments (India) Ltd, a registered NBFC having positive net worth and resources.

### Challenges:

The NBFC sector continues to face competitive pressures from the banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to make it unviable.

### Outlook:

In view of proposed future plan the Company is confident of revival.

### Risks and Concerns:

The company is exposed to specific risks of interest rate fluctuations, credit risk, lack of resources which are peculiar to its businesses and the environment within which it operates.

### Adequacy of Internal Control:

There internal controls in the company and control policies and procedures are adequate commensurate to the nature and scale of business activities. The Audit Committee of Directors reviews the adequacy of internal control periodically.





**Report on Corporate Governance**  
(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

### Company Philosophy

The Company has only two employees and have complied in all material respects with the requirements of Corporate Governance in terms of clause 49 of the Listing Agreements to the best of its capacity.

### 1. BOARD OF DIRECTORS

#### a) Composition of the Board of Directors.

The Company is fully compliant with the Corporate Governance Norms in terms of constitution of the Board with a good combination of Executive and Non- Executive Directors. Your Company's Board comprises of 4 Directors, of which 3 Non Executive Directors as on date. Out of 3 Non Executive Director, 2 are Independent Directors. The Chairman of the Board is Non Executive Director. The Board represents an optimum mix of professionalism, knowledge and experience in business and industry, finance, management, legal and taxation.

The composition of the Board of Directors and related information as on 31<sup>st</sup> March 2009 is as follows:

Name of the Director & Designation	Executive/ Non-executive/Independent	No. of Board Meetings attended	Attendance at the last AGM on 12 <sup>th</sup> September 2008	Directorships in other Companies incorporated in India	No. of other Board Committees of which Member/Chairman
Mr. Dhiren D. Mehta (Chairman)	Promoter Non-Executive	5	Yes	1) Indistock Securities Ltd. 2) Sterling Investments (India) Ltd. 3) Computron Systems (Pvt) Ltd.	None
Mr. Mahendra K. Gandhi	Manager (Executive)	5	Yes	Sterling Investments (India) Ltd.	1) Audit Committee 2) Share Transfer & Investor Relations Committee
Mrs. Geeta V. Ashar	Non-Executive Independent Director	5	Yes	Sterling Investments (India) Ltd.	1) Audit Committee 2) Share Transfer & Investor Relations Committee
Mr. Sanjay Keswani	Non-Executive Independent Director	5	Yes	None	1) Audit Committee



None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all Companies.

**b) Board Meetings :**

Five Board Meetings were held during the year ended 31<sup>st</sup> March 2009, and the gap between two meeting did not exceed four months. The Board is apprised and informed of all the important information relating to the business of the Company including those listed in the Annexure 1 A of the revised clause 49 of the Listing Agreement. The Agenda is sent in advance to the Directors along with the draft of the relevant documents and explanatory notes wherever required. The dates on which Board Meetings were held were 30/06/2008, 31/07/2008, 31/10/2008, 30/01/2009 and 27/03/2009.

**c) Details of Directors being appointed / re-appointed.**

Mr. Sanjay Keswani, Independent Non Executive Director who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Mr. Sanjay Keswani is of 45 years old having vast experience in the field of Finance, Taxation and Accounts for over 18 years. He is member of The Institute of Chartered Accountants of India. Mr. Sanjay Keswani is the member of Audit Committee of the Company. He is not holding directorship of any other company and does not hold any shares of the Company.

Ms. Geeta V. Ashar, Independent Non Executive Director who retires by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. Ms. Geeta V. Ashar is of 52 years old having vast experience in the field of taxation and accounts for over 27 years. She is director of Sterling Investments (India) Limited. Ms. Geeta V. Ashar is member of Audit Committee and Share Transfer & Investor Relation Committee of the Company. She holds 500 no. of Equity shares of the Company.

**d) Code of Conduct**

The Board of Directors play an important role in ensuring good governance and have laid down the Code of Conduct applicable to all Board Members and Senior Management of the Company.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March 2009

For Sterling Guaranty & Finance Limited  
Mr. Mahendra K. Gandhi  
Director & Manager



## 2. COMMITTEES OF BOARD

### A. Audit Committee:

The Audit Committee of the Board comprises of three members, all of whom are Directors of whom Mrs. Geeta Ashar and Mr. Sanjay Keswani are Independent. The Chairman of the Committee is Geeta Ashar, Sanjay Keswani is a Secretary to the meeting of the Committee.

The terms of reference of the Audit Committee include the matters specified in clause 49 (II) of the Listing Agreement with the Stock Exchanges and also as required under Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory and the Board of Directors of the Company. They are doing their best to comply in view of lack of Secretary as it is not affordable.

The Committee met 4 times during the year on before the Board Meeting. The record of attendance of each member of the Committee as on 31-03-2009 is given below:

Name of Director	No. of meetings attended
Geeta Ashar	4
Sanjay Keswani	4
M. K. Gandhi	4

### B. Remuneration Committee:

The terms of appointment and remuneration paid to Mr. M. K. Gandhi, Director and Manager of the Company as approved by the shareholders of the Company at the General Body Meeting as per statutory requirements. The non-executive director do not draw any remuneration from the Company. Therefore the Board did not feel the need to constitute a Remuneration Committee of Directors.

### C. Share Transfer & Investor Relations Committee:

It is proposed to demote the shares of the Company for convenience of the shareholders. The Company's shares continue to be listed in the "Z" Group on the Stock Exchange, Mumbai. To expedite the transfer of shares held in physical form, authority has been delegated to the Share Transfer & Investor Relations Committee which now comprises of:

1. Mahendra K. Gandhi - Manager & Director
2. Geeta V. Ashar - Independent Director

The Board has delegated the powers to approve transfers of shares held in physical form to any one of the members of the Committee. Share transfers / transmissions approved by the Committee are tabled at the Board Meeting from time to time. The Company has paid the listing fees to the Stock Exchanges, Mumbai.

Manager has redressed all the complaints received during the year ended 31<sup>st</sup> March, 2009. The Company confirms that as on 31<sup>st</sup> March, 2009, there were no share transfers pending for more than thirty days from the date of lodgment thereof.



All investor complaints not settled by the Compliance Officer are forwarded to this Committee for final settlement. However, this Committee has so far received no complaint.

### 3. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary company.

### 4. DISCLOSURES:

There were no transactions of a materially significant nature with the Promoters, the Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large. The Register of Contracts detailing the transactions in which the Directors are interested is placed before the Board at every meeting pursuant to Section 301 of the Companies Act, 1956 and is signed by all the Directors present.

Transactions with related parties during the year are disclosed in Note No.10 of Schedule G to the Accounts in the Annual Report.

The Audit Committee has reviewed the related party transactions as mandatory required under clause 49 of the Listing Agreement and found them to be not materially significant.

There have been no instances of non-compliance, penalties or strictures on any matter relating to the capital market and listing.

The Board is doing its best to do compliance with the provisions of all applicable laws in absence of Company Secretary.

#### **Details of remuneration paid / payable to the Directors for the year ended 31<sup>st</sup> March, 2009.**

(i) Mahendra K. Gandhi, Director & Manager.

The Agreement with the Manager & Director is for a period of 3 years, w.e.f. April 1, 2007, which can be terminated by 3 months notice in writing on either side.

Name	Salary (Rs.)	Incentives	Perquisites (Rs.)	Retirement Benefits (Rs.)
Mahendra K. Gandhi	48000	-	-	-



The share holders at their Annual General Meeting of the Company held on 21<sup>st</sup> August 2007 has consented for reappointment and remuneration payable to Mr. Mahendra K. Gandhi as Manager of the Company w.e.f. April 1, 2007 for a period of 3 years.

(ii) Non-executive Directors

The non-executive Directors do not receive any remuneration by way of commission. During the year sitting fees for attending meetings of the Board or Committees thereof has not been paid considering the financial position of the company.

**5. CEO/ CFO Certification:**

The Company does not have any designated CFO / CEO. However Mr. Mahendra K. Gandhi, Director and Manger and Mr. Dhiren D. Mehta, Chairman of the Company has certified to the Board that :

( a ) They have reviewed financial statements and cash flow statements for the year and that to the best of their knowledge and belief:

( i ) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

( ii ) these statements together presents a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

( b ) There are, to the best of their knowledge and belief, no transactions entered in to by the company during the period which are fraudulent, illegal or violative of the company's code of conduct.

( c ) They have accept responsibility for establishing and maintaining internal controls and they have evaluated the effective ness of the internal control systems of the company and they have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

( d ) They have indicated to the auditors and the Audit committee.

( i ) significant changes in internal control during the year;

( ii ) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

( iii ) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Mr. Dhiren D. Mehta  
Chairman

Mr. Mahendra K. Gandhi  
Director & Manager

Place : Mumbai  
Date : 30- 06-2009



## 6. REPORT ON CORPORATE GOVERNANCE:

The Corporate Governance Report forms part of the Annual Report. Certificate from the statutory auditor confirming compliance with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement of the Stock Exchange forms part of this report.

## 7. GENERAL BODY MEETINGS

The 24<sup>th</sup> Annual General Meeting for the year ended 31<sup>st</sup> March 2008 was held at Ashok Birla Board Room, 3<sup>rd</sup> Floor, IMC, Churchgate, Mumbai –4000020 on Friday, 12<sup>th</sup> September 2008 at 11.30 a.m.

The 23<sup>rd</sup> Annual General Meeting for the year ended 31<sup>st</sup> March 2007 was held at R. D. Birla Board Room, 3<sup>rd</sup> Floor, IMC, Churchgate, Mumbai –4000020 on Tuesday, 21<sup>st</sup> August 2007 at 11.00 a.m.

The 22<sup>nd</sup> Annual General Meeting for the year ended 31<sup>st</sup> March 2006 was held at R. D. Birla Board Room, 3<sup>rd</sup> Floor, IMC, Churchgate, Mumbai –4000020 on Tuesday, 23<sup>rd</sup> May 2006 at 11.00 a.m.

All the resolutions, including special resolution(s) set out in the respective notices were passed by the Shareholders.

None of the items transacted at the said meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there is no items on the agenda requiring postal ballot.

## 8. MEANS OF COMMUNICATION

### Financial Results

The Quarterly, Half Yearly and Annual Financial Results are submitted to the Stock Exchanges at Bombay Stock Exchange in the prescribed format on the conclusion of the Board Meeting at which the results are taken on record. As the Company publishes the audited annual results within the stipulated period from the close of the financial year, the un audited results for the last quarter ended 31<sup>st</sup> March, 2009 are not published.

The Company does not have a website. There were no presentations made to institutional investors or analysts.

### Other information

The Company has a dedicated email: [sterling.guaranty@gmail.com](mailto:sterling.guaranty@gmail.com) in the Secretarial Department to enable investors to communicate with the Company.



The Management's Discussion & Analysis Report for the year ended 31<sup>st</sup> March, 2009 forms part of this Annual Report which is posted to the shareholder of the Company. The members are cautioned that it contains forward looking statement of future plan.

## 1. Shareholder Information

- Annual General Meeting
    - Date & Time : Tuesday, 22<sup>nd</sup> September, 2009 at 11.00 a.m.
    - Venue : Ashok Birla Board Room, 3<sup>rd</sup> Floor,  
Indian Merchant Chamber,  
IMC Marg, Churchgate,  
Mumbai-400 020.
  - Financial Calendar (tentative)  
(Period April 2009 to March 2010)
    - First Quarter Results : To be published by end July 09
    - Second Quarter & Half Year Results : To be published by end of October 09
    - Third Quarter Results : To be published by end of January 10
    - Results for the year ending 31-03-2009 : To be published by end of June 10
    - Annual General Meeting : August 2010
    - Dates of book closure notified : Tuesday 15<sup>th</sup> September 2009 to  
Tuesday 22<sup>nd</sup> September, 2009  
(both inclusive) for AGM
    - Dividend Payment Date : No Dividend recommended
  - Stock Exchanges where Company's Shares are listed : The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400023.
- Scrip Code : 508963 – BSE

## 2. Registrars and Transfer Agents :

The work of Register and Transfer Agents is handled in house by the Company at the following address:

91-A, Mittal Court,  
Nariman Point  
Mumbai-400 021.



### 3. Share Transfer System

All physical share transfers are effected within 30 days of lodgment, subject to the documents being in order. The Share Transfer Committee meets as and when required. It is proposed to demate the shares of the Company.

### 4. Distribution of Shareholding as at 31<sup>st</sup> March, 2009

No. of Shares held		Shareholders		Share Amount	
No.	No.	Number	% of total	(in Rs.)	% to Total
Upto	5000	15,091	99.72	2,74,04,240	41.92
5001	10000	13	0.09	8,78,730	1.34
10001	20000	14	0.09	19,06,000	2.92
20001	30000	2	0.01	4,68,500	0.72
30001	40000	1	0.01	3,06,500	0.47
40001	50000	0	0.00	0	0.00
50001	100000	4	0.03	26,76,000	4.09
100001	and above	8	0.05	3,17,36,030	48.54
<b>Total</b>		<b>15,133</b>	<b>100.00</b>	<b>6,53,76,000</b>	<b>100.00</b>

### 5. Distribution of shareholding according to categories of shareholders as at 31<sup>st</sup> March, 2009

Category	No. of shares	Amount in Rs.	% to total
Promoters Holding	31,17,906	3,11,79,060	47.69
Financial Institutions / Banks	62,800	6,28,000	0.96
Mutual Funds / UTI	700	7,000	0.01
Foreign Institutional Investors	0	0	0
NRIs / OCBs	0	0	0
Other Bodies Corporate	4,33,271	43,32,710	6.63
Public	29,22,923	2,92,29,230	44.71
<b>Total</b>	<b>65,37,600</b>	<b>6,53,76,000</b>	<b>100.00</b>

6. Stock Market price data at BSE : High / Low during each month for the period 2008-2009 is not given as no transaction has taken place at BSE as per information available on BSE Website.

### 7. Investor Correspondence :

Sterling Guaranty & Finance Ltd.  
Mr. M.K.Gandhi  
91-A, Mittal Court,  
Nariman Point,  
Mumbai-400 021.

On behalf of the Board of Directors

Place: Mumbai  
Date: 30-06-2009

Dhiren D. Mehta  
Chairman





**Auditor's Certificate**

To  
**The Members of Sterling Guaranty & Finance Limited**

We have examined the compliance of conditions of corporate governance by **Sterling Guaranty & Finance Ltd.** for the year ended on 31<sup>st</sup> March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to the non-publication of the financial results in the newspaper, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Rashmikant & Co.  
Chartered Accountants**

Place: Mumbai  
Date:30-06-2009

**Rashmikant S. Shah  
Proprietor  
Membership No. 34953**



**AUDITORS' REPORT**

The Members of **STERLING GUARANTY & FINANCE LIMITED**

1. We have audited the attached Balance Sheet of **STERLING GUARANTY & FINANCE LIMITED** as at **31<sup>st</sup> March 2009** the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - (i) 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;
  - (ii) 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;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account ;
  - (iv) In our opinion, the balance sheet, profit and 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;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31<sup>st</sup> March 2009;
    - (b) in the case of the profit and loss account, of the Loss for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For Rashmikant & Co.  
Chartered Accountant**

**Rashmikant S. Shah  
Proprietor  
Membership No: 34953**

Place : Mumbai  
Date : 30-06-2009



**ANNEXURE TO AUDITORS' REPORT**

**Re : STERLING GUARANTY & FINANCE LIMITED**

**Year Ended 31<sup>st</sup> March 2009**

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed Assets are written off / fully provided for and hence eliminated from the Books of Accounts.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of the plant and machinery.
- (ii) (a) The company does not have any inventory at the year end. However, inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)(a) The Company has neither granted or taken any loans to & from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- Therefore the provisions of clause 4 (iii) (b) to (g) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses 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 into 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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 during the year have been made at prices which are reasonable having regard to prevailing market prices, wherever possible and made available for verification, at the relevant time.



- (vi) The Company has not accepted any deposits from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company has no formal Internal Audit System.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute except the following disputed amounts in respect of income tax.

**Statement of Disputed Dues**

Name of the Statute	Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2781	A.Y. 2000-01	Rectification pending with Assessing Officer

- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, during the year under report the Company has not defaulted in repayment of dues to bank as per settlement arrived with the banks. The Company does not have borrowings by way of Debentures.
- (xii) According to the informations and explanations given to us and records produced before 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 or a nidhi / 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) The Company has maintained proper records of transactions & contracts in respect of trading in Shares, Securities, Debentures & other Investments and timely entries have been made. All the shares, securities, debentures & other investments have been held by the Company in its own name except to the extent of the exemptions granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanation given to us & records produced before us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) During the year under review, the Company has not taken any term loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company and after placing reliance on the assumptions made by the company, we are of the opinion that, prima facie, the funds raised on short-term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, during the year under report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures and hence the question of creating securities or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by way of public issue during the year under review.
- (xxi) Based on the audit procedures performed and on the basis of the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Rashmikant & Co.  
Chartered Accountant**

**Rashmikant S. Shah  
Proprietor  
Membership No: 34953**

Place :Mumbai  
Date : 30 - 06 - 2009

**BALANCE SHEET AS AT 31ST MARCH 2009**

	<b>SCHEDULES</b>	<b>As at 31 - 3 - 2009 RUPEES</b>	<b>As at 31 - 3 - 2008 RUPEES</b>
<b>I. SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	<b>A</b>	65,376,000	65,376,000
Reserves and Surplus	<b>B</b>	<u>11,753,542</u>	<u>11,753,542</u>
		<u>77,129,542</u>	<u>77,129,542</u>
	<b>TOTAL</b>	<u>77,129,542</u>	<u>77,129,542</u>
<b>II. APPLIATION OF FUNDS :</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	<b>C</b>		
Cash and Bank Balances		23,064	66,498
FBT paid in advance		5,450	4,450
		<u>28,514</u>	<u>70,948</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>D</b>		
Current Liabilities		3,606,394	3,323,016
Provisions		4,110	3,460
		<u>3,610,504</u>	<u>3,326,476</u>
<b>NET CURRENT ASSETS</b>		(3,581,990)	(3,255,528)
<b>PROFIT AND LOSS ACCOUNT</b>		80,711,532	80,385,070
	<b>TOTAL</b>	<u>77,129,542</u>	<u>77,129,542</u>
Notes to the Accounts	<b>G</b>		
Balance Sheet Abstract and Company's General Business Profile	<b>H</b>		

In terms of my attached Report of even date.

For **RASHMIKANT & CO.**  
Chartered Accountants

**RASHMIKANT S. SHAH**  
Proprietor  
( Membership No 34953 )

Place : Mumbai  
Dated : 30-06-2009

For and on behalf of Board

**D. D. MEHTA**  
Chairman

**M. K. GANDHI**  
Director & Manager

**SANJAY KESWANI**  
Director

Place : Mumbai  
Dated : 30-06-2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

<b>PARTICULARS</b>	<b>SCHEDULES</b>	<b>Year Ended 31 - 3 - 2009 RUPEES</b>	<b>Year Ended 31 - 3 - 2008 RUPEES</b>
<b>INCOME:</b>			
Other Income	E	1,300	1,287
	<b>TOTAL</b>	<u>1,300</u>	<u>1,287</u>
<b>EXPENDITURE:</b>			
Personnel		48,000	121,125
Administrative & General Expenses	F	279,112	259,818
	<b>TOTAL</b>	<u>327,112</u>	<u>380,943</u>
<b>PROFIT / (LOSS) BEFORE DEPRECIATION &amp; PROVISIONS</b>		<b>(325,812)</b>	<b>(379,656)</b>
Depreciation		-	-
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(325,812)</b>	<b>(379,656)</b>
Provision For Taxation - Current		-	-
Provision For Taxation - F.B.T.		650	825
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(326,462)</b>	<b>(380,481)</b>
Profit and Loss Balance brought forward		<u>(80,385,070)</u>	<u>(80,004,589)</u>
<b>PROFIT AND LOSS ACCOUNT CARRIED FORWARD</b>		<u><b>(80,711,532)</b></u>	<u><b>(80,385,070)</b></u>
Basic & Diluted Earning Per Share (EPS)	Rs.	(0.05)	(0.06)

In terms of my attached Report of even date.

For RASHMIKANT & CO.  
Chartered Accountants

RASHMIKANT S. SHAH  
Proprietor  
( Membership No 34953 )

Place : Mumbai  
Dated : 30-06-2009

For and on behalf of Board

D. D. MEHTA  
Chairman

M. K. GANDHI  
Director & Manager

SANJAY KESWANI  
Director

Place : Mumbai  
Dated : 30-06-2009

**SCHEDULE 'A'**

	As at 31 - 3 - 2009 RUPEES	As at 31 - 3 - 2008 RUPEES
<b>SHARE CAPITAL :</b>		
<u>Authorised :</u>		
67,50,000 (Previous Year 67,50,000)		
Equity Shares of Rs. 10/- each	67,500,000	67,500,000
2,50,000 (Previous Year 2,50,000)	2,500,000	2,500,000
Preference Shares of Rs. 10/- each		
<b>TOTAL</b>	<b><u>70,000,000</u></b>	<b><u>70,000,000</u></b>
<u>Issued, Subscribed and Paid up :</u>		
65,37,600 (Previous Year 65,37,600)		
Equity Shares of Rs. 10/- each fully paid up	65,376,000	65,376,000
<b>TOTAL</b>	<b><u>65,376,000</u></b>	<b><u>65,376,000</u></b>

**SCHEDULE 'B'**

	As at 31 - 3 - 2009 RUPEES	As at 31 - 3 - 2008 RUPEES
<b>RESERVES AND SURPLUS :</b>		
Share Premium Account :		
As per last Balance Sheet	10,488,542	10,488,542
	<u>10,488,542</u>	<u>10,488,542</u>
Statutory Reserve U/s 45 IC Of RBI Act :		
As per last Balance Sheet	1,265,000	1,265,000
	<u>1,265,000</u>	<u>1,265,000</u>
<b>TOTAL</b>	<b><u>11,753,542</u></b>	<b><u>11,753,542</u></b>

**SCHEDULE 'C'**

	As at 31 - 3 - 2009 RUPEES	As at 31 - 3 - 2008 RUPEES
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>		
<b>CURRENT ASSETS :</b>		
Cash on hand	1,952	804
Balance with scheduled Banks:		
H D F C Bank - Current Account	9,641	54,157
Bank of India (Ahmedabad) - Current Account	<u>11,471</u>	<u>11,536</u>
	<u>23,064</u>	<u>66,498</u>
FBT paid in advance ( Ass. Year 2006-07)	1,500	1,500
FBT paid in advance ( Ass. Year 2007-08)	1,450	1,450
FBT paid in advance ( Ass. Year 2008-09)	1,500	1,500
FBT paid in advance ( Ass. Year 2009-10)	<u>1,000</u>	-
	<u>5,450</u>	<u>4,450</u>
<b>TOTAL</b>	<b><u>28,514</u></b>	<b><u>70,948</u></b>



**SCHEDULE 'D'**

	As at 31 - 3 - 2009	As at 31 - 3 - 2008
	RUPEES	RUPEES
<b>CURRENT LIABILITIES AND PROVISIONS :</b>		
<b>Current Liabilities :</b>		
Sterling Investments (India) Ltd. ( Interest free ICD )	3,025,000	2,900,000
Indistock Securities Ltd. ( Interest free ICD )	568,618	410,000
Other Liabilities	<u>12,776</u>	<u>13,016</u>
	<b>3,606,394</b>	<b>3,323,016</b>
<b>Provisions :</b>		
Provisions for F.B.T. ( A.Y.2006-2007 )	1,200	1,200
Provisions for F.B.T. ( A.Y.2007-2008 )	1,435	1,435
Provisions for F.B.T. ( A.Y.2008-2009 )	825	825
Provisions for F.B.T. ( A.Y.2009-2010 )	<u>650</u>	<u>-</u>
	<b>4,110</b>	<b>3,460</b>
<b>TOTAL</b>	<b><u>3,610,504</u></b>	<b><u>3,326,476</u></b>

**SCHEDULE 'E'**

	Year Ended 31 - 3 - 2009	Year Ended 31 - 3 - 2008
<b>OTHER INCOME :</b>		
Other Income	<u>1,300</u>	<u>1,287</u>
<b>TOTAL</b>	<b><u>1,300</u></b>	<b><u>1,287</u></b>

**SCHEDULE 'F'**

	Year Ended 31 - 3 - 2009	Year Ended 31 - 3 - 2008
	RUPEES	RUPEES
<b>ADMINISTRATIVE AND GENERAL EXPENSES :</b>		
Conveyance Expenses	-	725
Printing and Stationery Expenses	105,272	87,734
Postage and Telephone	119,296	119,278
Auditors' Remuneration	12,500	12,500
Annual Listing & Registration Fees	19,225	18,700
Miscellaneous Expenses	<u>22,819</u>	<u>20,881</u>
<b>TOTAL</b>	<b><u>279,112</u></b>	<b><u>259,818</u></b>



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**SCHEDULE "G"**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009**

**1. STATEMENT OF ACCOUNTING POLICIES**

a) The Company follows the accrual system of accounting unless stated otherwise.

b) Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles and provisions of the Companies Act 1956, as adopted consistently by the Company.

c) Use of Estimates:

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialised.

d) Income Recognition:

The Company's income from operations is accounted for on accrual basis.

e) Expenses

All crystallised claimed expenses are provided for on accrual basis.

f) Valuation:

(i) Stock of Trading Securities are classified into current and long term Investments. Current Investments are valued scripwise under each category at cost or market value whichever is lower. Long term Investments are valued at cost. The provision for diminution in value of long term investments has been made if in the opinion of Board of Directors of the Company there is a permanent decline in value of investments.

(ii) Market value of Trading Securities (Current investments) is determined as under:

- Quoted securities are taken at highest year end closing market rates prevailing at the principal exchanges where they are traded
- The Rights entitlements for shares/debentures are taken at the year end closing market rates applicable for relevant shares/ debentures less uncalled liability, if any.
- Unquoted Securities are taken at cost or break up value whichever is lower.



- Traded Government Securities are taken on the basis of NSE quotations and non-traded Government securities are taken on the basis of prevailing YTM.

(iii) Stock of Derivatives are valued at MTM taken by the exchange at year end.

They are treated as Trading Securities in the books. Profit or loss of the same are accounted as and when they are settled or squared up.

g) Depreciation:

- i The Company has been providing depreciation for own assets on Straight line-Pro-rata basis at the rate specified in Schedule XIV of the Companies Act, 1956.
- ii In terms of Guidance Note on Accounting for lease issued by Institute of Chartered Accountants of India, depreciation on assets given on lease is provided in manner such that the cost of such asset is written off over the primary lease period in proportion to lease rentals accrued during the Year.

h) Borrowing Costs:

Borrowing costs, which are directly attributable to the acquisition/ construction of fixed assets, till the time such assets are ready for intended use, are capitalized as part of the cost of the assets. Other borrowing costs are recognized as an expenses in the year in which they are incurred.

- i) Provision for Bad & doubtful Debts is made based on the RBI guidelines to Non-Banking Financial Companies Prudential Norms.
- j) The payment of gratuity to employee is accounted on cash basis.
- k) Taxation :

Income tax expenses comprises current tax, fringe benefit tax (FBT) and deferred tax charge or credit. Provision for income tax is made on the basis of estimated taxable income for the year. Provision for FBT is made on the basis of the fringe benefits provided / deemed to have been provided during the year at the rates and values applicable to the relevant assessment year.

Deferred Tax resulting from the timing difference between book and tax profit is accounted for under the liability method at the current rate of tax to the extent that the timing difference are expected to crystallise.

2. Contingent Liability not provided for Rs. Nil (Previous year Rs. Nil)

3. Provisions for Current Income Tax for the year 01.04.2008 to 31.03.2009 has not been made as there is no taxable income during the year in view of loss incurred during the year.



4. The Accounting standard AS-22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India has become applicable to the company. The cumulative Net Deferred Tax Assets as at 01.04.2008 and Deferred Tax Assets for the current year has not been recognised by the company as there is no certainty that sufficient future taxable income will be available against which such deferred tax can be realised.

5. Managerial Remuneration included in the Profit & Loss Account under the head personnel expenses.

Paid to Manager - Director

	Current Year	Previous Year
	Rs.	Rs.
Salary	48,000	48,000
Perks	Nil	Nil
Total	48,000	48,000

No commission is paid to the Manager - Director during the current year & previous year.

6. The Income Tax assessments have been completed up to assessment year 2006 - 2007. Demands for A.Y. 2000-01 of Rs.2,781 (previous year Rs.2,781) have been raised which the company has contested for rectification/preferred appeals which are pending.

7. The auditors' remuneration includes followings :

	<u>2008-09</u>	<u>2007-08</u>
Audit Fees	5,000	5,000
Taxation, Certification & Other Matters	7,500	7,500
	<u>12,500</u>	<u>12,500</u>

8. The Company has followed the Guidelines issued by the Reserve Bank of India to all Non Banking Financial Companies regarding Asset Classification, Provisioning for and income recognition on non-performing assets as applicable to it. However the Net Owned Funds of the company has fallen below the minimum prescribed limit of Rs. 25 lacs. In terms of paragraph 13 of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007, as amended, the particulars as applicable to the company are appended to the Balance Sheet.



9. Sundry debit / credit balances of parties are subject to confirmation and reconciliation if any.

10. AS-18 Related party Transactions.

As per accounting standard AS 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the company's related parties in terms of AS 18 are disclosed below:

Key Management Personnel:

Mr. Mahendra K. Gandhi - Manager & Director

Others

None

The company's related party transactions is as follows:

1) Mr. Mahendra K. Gandhi – Manager & Director - Remuneration including salary was paid during the year Rs. 48,000/-

11. The Segment Reporting under accounting standard AS-17 Segment Reporting issued by The Institute of Chartered Accountants of India is not applicable to the company, as company has operated only in one segment i.e. finance and its related activities during the year under report.

12. As per AS-20 on "Earning Per Share (EPS)" issued by The Institute of Chartered Accountants' of India, the particulars of EPS for Equity shareholders are as follows :

	<u>Current Year</u>	<u>Previous Year</u>
1. Net Profit / ( Loss )as per Profit & Loss Account available for Equity Share Holder	(Rs.) (3,26,462)	(Rs.) (3,80,481)
2. Weighted Average No. of Equity Shares outstanding.	(Nos) 65,37,600	(Nos) 65,37,600
3. Basic & Diluted Earning per Share (EPS)	(Rs.) (0.05)	(Rs.) (0.06)
4. Face Value per share	(Rs.) 10	(Rs.) 10

13. ( a ) Based on the information available with the company regarding the status of creditors under the "Industries (Development and Regulation) Act , 1951, there are no amount due to Small scale Industrial undertaking exceeding Rs.1 lacs which is outstanding for more than 30 days.

( b ) In the absence of necessary information with the Company, relating to the registration status of creditor under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be complied and disclosed.

14. The Previous years' figures have been re-grouped/re-arranged/ reclassified wherever necessary.



**Schedule to the  
Balance Sheet of a non-deposit taking non-Banking Financial Company**  
[as required in terms of Paragraph 13 of Non-Banking Financial (Non- Deposit  
Accepting or Holding) Companies Prudential Norms( Reserve Bank) Directions, 2007]

Particulars	Amount Outstanding	Amount Overdue	(Rs. In Lakhs)	(Rs. In Lakhs)	Amount Outstanding	
<b>LIABILITIES SIDE :</b>						
(1) <b>Loans and advances availed by the non banking financial Company inclusive of interest accrued thereon but not paid :</b>						
(a) Debentures : Secured	NIL	NIL				
: Unsecured	NIL	NIL				
(other than falling within the meaning of public deposits)						
(b) Deferred Credits	NIL	NIL				
(c) Term Loans	NIL	NIL				
(d) Inter-corporate loans and borrowing	35.94	NIL				
(d) Commercial Paper	NIL	NIL				
(f) Other Loans (specify nature)	NIL	NIL				
		Amount Outstanding				
<b>ASSETS SIDE :</b>						
(2) <b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>						
(b) Secured		NIL				
(b) Unsecured		NIL				
(3) <b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>						
(i) Lease assets including lease rentals under sundry debtors :						
(a) Financial lease		NIL				
(b) Operating lease		NIL				
(ii) Stock on hire including hire charges under sundry debtors:						
(a) Assets on hire		NIL				
(b) Repossessed Assets		NIL				
(iii) Other loans counting Towards AFC activities						
(a) Loans where assets have been repossessed		NIL				
(b) Loans other than (a) above.		NIL				
(4) <b>Break-up of Investments :</b>						
<b>Current Investments :</b>						
1. <b>Quoted :</b>						
(i) Shares : (a) Equity		NIL				
(b) Preference		NIL				
(ii) Debentures and Bonds		NIL				
(iii) Units of Mutual Funds		NIL				
(iv) Government Securities		NIL				
(v) Others (please specify)		NIL				
2. <b>Unquoted :</b>						
(i) Shares : (a) Equity		NIL				
(b) Preference		NIL				
(ii) Debentures and Bonds		NIL				
(iii) Units of Mutual Funds		NIL				
(iv) Government Securities		NIL				
(v) Others (please specify)		NIL				
<b>ASSETS SIDE : (Contd.)</b>						
<b>Long Term Investments</b>						
<b>Quoted :</b>						
1. (i) Shares : (a) Equity					NIL	
(b) Preference					NIL	
(ii) Debentures and Bonds					NIL	
(iii) Units of Mutual Funds					NIL	
(iv) Government Securities					NIL	
(v) Others (please specify)					NIL	
2. <b>Unquoted :</b>						
(i) Shares : (a) Equity					NIL	
(b) Preference					NIL	
(ii) Debentures and Bonds					NIL	
(iii) Units of Mutual Funds					NIL	
(iv) Government Securities					NIL	
(v) Others (please specify)					NIL	
(5) <b>Borrower group-wise classification of assets financed as in (2) and (3) above :</b>						
			Category			
				Amount net of provisions Secured      Unsecured      Total		
			1. Related Parties	NIL	NIL	NIL
			(a) Subsidiaries	NIL	NIL	NIL
			(c) Companies in the same Group	NIL	NIL	NIL
			(d) Other related Parties	NIL	NIL	NIL
			2. Other than related parties	NIL	NIL	NIL
			<b>Total</b>	NIL	NIL	NIL
(6) <b>Investor group-wise classification of all investments (current and Long term) in shares and securities (both quoted and unquoted) :</b>						
			Category			
				Market value/ Break up or fair value or NAV	(Net Book Value of Provisions)	
			1. Related Parties			
			(a) Subsidiaries	NIL	NIL	
			(b) Companies in the same group	NIL	NIL	
			(c) Other related parties	NIL	NIL	
			2. Other than related parties	NIL	NIL	
			<b>Total</b>	NIL	NIL	
(7) <b>Other information</b>					Amount	
			Particulars			
			(i) Gross Non-Performing assets			
			(a) Related parties		NIL	
			(b) Other than related Parties		NIL	
			(ii) Net Non-Performing Assets			
			(a) Related parties		NIL	
			(b) Other than related parties		NIL	
			(iii) Assets acquired in satisfaction of debt		NIL	



**STERLING GUARANTY & FINANCE LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	<b>For the Year ended 31.03.2009</b>	<b>For the Year ended 31.03.2008</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/( Loss ) before Provision, Tax and Extraordinary items	(325,812)	(379,656)
Adjustments for :		
Depreciation/ Lease Adjustment	-	-
Profit/Loss on sale of Fixed Assets (Net)	-	-
Loss on Investments (Net)	-	-
<b>Operating Profit / ( Loss ) before Working Capital Charges</b>	<b>(325,812)</b>	<b>(379,656)</b>
Adjustments for :		
Trade and other receivables	-	-
Inventories	-	-
Trade payables	283,378	410,016
<b>Cash Generated from Operations</b>	<b>42,434</b>	<b>(30,360)</b>
Direct taxes paid	(1,000)	(1,950)
Prior Year refund/ payment of Tax (Net)	-	(1,950)
<b>Net cash from operating Activities</b>	<b>(A) 43,434</b>	<b>(28,410)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale/W/off of Investments	-	-
<b>Net cash used in investing Activities</b>	<b>(B) -</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	-	-
Proceed from long term borrowings	-	-
Sale of Fixed Assets	-	-
Bank Cash Credit/term Loan	-	-
Misc. Expenses	-	-
Dividends Paid	-	-
Share Application Refunds	-	-
<b>Net cash used in Financing Activities</b>	<b>(C) -</b>	<b>-</b>
<b>Net increase in cash and Cash Equivalents</b>	<b>(A+B+C) 43,434</b>	<b>(28,410)</b>
Cash & Cash Equivalents as at the Beginning of the year (Opening Balance)	66,498	38,088
Cash & Cash Equivalents as at the Close of the year (Closing Balance)	23,129	66,498

## Note :

1. All figures in brackets are outflows.
2. Previous years' figures have been regrouped/ reclassified wherever necessary.
3. Cash & Cash equivalents is cash & Bank Balances as per Balance Sheet.

In terms of my attached Report of even date.

For RASHMIKANT & CO.  
Chartered AccountantsRASHMIKANT S. SHAH  
Proprietor  
(Membership No 34953)Place : Mumbai  
Dated : 30<sup>th</sup> June 2009

For and on behalf of Board

D. D. MEHTA  
ChairmanM. K. GANDHI  
Director & ManagerSANJAY KESHWANI  
Director  
Place : Mumbai  
Dated : 30<sup>th</sup> June 2009



BOOK-POST

*IF UNDELIVERED, PLEASE RETURN TO :*

**STERLING GUARANTY & FINANCE LIMITED,**  
91-A, Mittal Court, Nariman Point, Mumbai 400 021.