

STERLING SPINNERS LTD.



**SIXTEENTH
ANNUAL REPORT
2009 - 2010**

Sterling Spinners Ltd.,

BOARD OF DIRECTORS

1. **Mr. K.S. VENUGOPALA** Chairman-Cum-Managing Director
2. **Mr. K. ALAGIRISWAMI** Director
2. **Mr. R. VIJAYKUMAR** Director

AUDITORS

S. DHANYAKUMAR & CO.,
(Regn. No.000748S)
5, South Boag Road, Thyagaraya Nagar,
Chennai - 600 017.

REGISTERED OFFICE

New No. 4, (Old No. 377/2), S.N. Street,
Tollgate,
Chennai - 600 081.

SPINNING MILL

Pa Pudupatti (P.O.),
Vedasandur Taluk,
Dindigul - 624 005.

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SIXTEENTH ANNUAL REPORT

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STATEMENT OF ACCOUNTS FOR THE YEAR ENDED

31st March, 2010

16th Annual Report 2009 - 2010

NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the **Sixteenth Annual General Meeting** of Members of **M/s. STERLING SPINNERS LTD., CHENNAI** will be held at the Registered Office of the Company at New No. 4 (Old No. 377/2) Suryanarayana Street, Chennai-600 081 on **THURSDAY** the **23rd SEPTEMBER 2010** at **11.00 A.M.** to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2010 and Profit and Loss Account of the Company for the year ended 31st March, 2010 and the Report of the Auditor's and Director's thereon.

To consider and if thought fit to pass with or without modification the following resolutions as Ordinary Resolutions.

2. "RESOLVED that Sri. K. Alagiriswami, Director who retires by rotation and who being eligible offers himself for re-appointment, be and is hereby appointed as Director of the Company who shall be liable to retire by way of rotation".
3. "RESOLVED that M/s.S.Dhanyakumar & Co., Chartered Accountants, Chennai (Regn. No. 000748S) retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the Seventeenth Annual General Meeting of the Company on a remuneration of Rs.20,000/- (Rupees Twenty thousand only)".

"BY ORDER OF THE BOARD"

For **STERLING SPINNERS LTD**
(K.S.VENUGOPALA)
CHAIRMAN-CUM-
MANAGING DIRECTOR

Place : Chennai
Date : 23.08.2010

NOTES:

- A.1. **A MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The proxy form must be lodged at the Registered Office of the Company at least 48 hours before the time of the Meeting.
3. The Register of Members and Share Transfer Books will remain closed from **Thursday the 16th September, 2010 to Thursday the 23rd September, 2010.** (both days inclusive).
4. Nomination facility is available to every shareholder under Section 109A of the Companies Act, 1956.
- B.1. **Members are requested to notify immediately any change in their address, to our Registered Office of the Company New No. 4, (Old No.377/2) Suryanarayana Street, Tollgate, Chennai-600 081.**
2. Shareholders seeking any information with regard to accounts are requested to write to the Registered Office of the Company at an early date so as to enable the Management to keep the information ready.
3. Members/Proxies should bring the attendance slip for attending the meeting.
4. Shareholders are requested to bring the copy of the Annual Report for the meeting.

Sterling Spinners Ltd.,

DIRECTORS REPORT

Your Directors have pleasure in presenting the **Sixteenth Annual Report** together with the Audited Accounts of the Company for the year ended **31st March, 2010**.

1. OPERATING RESULTS:

	Current Year	Previous Year
	(Rs. in lakhs)	
Other Income	84.96	53.16
	<u>84.96</u>	<u>53.16</u>
Total Expenditure	6.97	17.00
Interest	471.75	359.03
Gross Profit/(Loss) after Interest but before Depreciation and Taxation	(393.76)	(322.87)
Depreciation	75.66	75.66
Income Tax for Earlier year written off	-	0.15
Net Profit/(Loss)	(469.42)	(398.68)

Your Directors report that the Net Loss of the Company for the year under report is Rs.469.42 lakhs as against Net Loss of Rs. 398.68 Lakhs of previous year. Your Directors report that the Mill is not functioning with effect from 03.11.2007 due to disconnection of power supply by TNEB.

2. DIVIDEND:

The Directors do not recommend any dividend for the year under review.

3. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri. K.Alagiriswami, Director will retire by rotation and being eligible offers himself for re-appointment.

4. AUDITORS' OBSERVATION ON ACCOUNTS:

- a) In respect of qualification made by Auditors under Clause 4 (a) (i) of Auditor's Report, the Company has made a reference before BIFR on 28.05.2001 and the Company has been declared as Sick Industrial Company by the BIFR on 6.5.2003. However, the proceedings before BIFR were abated as per the order of BIFR on 22.04.2010 and the Company has filed an appeal against the above said order of BIFR with AAIFR which is pending.
- b) In respect of qualification made by Auditors under Clause 4 (a) (ii) of Auditor's Report, the comments are self-explanatory. Further the Company has settled OTS dues with M/s. TIIC on 21.07.2010 and the Company is taking steps to reach One Time Settlement with M/s.SIPCOT.
- c) In respect of qualification made by the Auditors under Clause 4 (a) (iii), the Company will take steps to obtain remaining confirmation letters for balances of Loans and Advances, Sundry Debtors and Sundry Creditors.
- d) In respect of comments made by the Auditors under clause ix (c) we have to report that Hon'ble Madras High Court has set aside the order of the Regional Provident Fund Commissioner, Madurai. Hence, there are no Provident Fund payable by the company. Further, under clause (x) and (xi) of the Annexure to the Auditor's Report, no explanation has been offered since the same are self explanatory.

5. AUDIT COMMITTEE:

An Audit Committee of the Board of Directors has been constituted as per Section 292A of the Companies Act, 1956. The Committee comprises of Sri.R.Vijaykumar, Director, Sri.K.Alagiriswami, Director and Sri.K.S.Venugopala, Chairman-cum-Managing Director with Sri.R.Vijaykumar as its Chairman.

The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 1956.

6. SHAREHOLDERS / INVESTORS' GRIEVANCES COMMITTEE:

The Shareholders / Investors' Grievances Committee was constituted with Mr.K.Alagiriswami as Chairman, Mr.R.Vijaykumar as Member and Mr.K.S.Venugopala as Member and Compliance Officer.

The scope of the Committee is to look into the Shareholders/Investors' Complaints / Grievances relating to transfer of shares, non-receipt of Balance Sheet and issue of Duplicate Share Certificates. In addition, the Board shall also from time to time to provide requisite guidelines / scope of work for the Grievance Committee and the Committee will discharge such other functions as are required under the provisions of the Listing Agreement and Companies Act, 1956.

The Committee met twice during the year under review – on 20th July, 2009 and 22nd January 2010 to review the status of complaints from the Shareholders / Investors and the redressal measures taken by the Company.

The following table shows the nature of complaints received from the Shareholders during the year 2009-2010.

<u>Nature of Complaints</u>	<u>No. of Complaints</u>
Non-receipt of shares sent for transfer/transmission	-
Non-receipt of Balance Sheet	-
Others	-
Total	Nil

The above shows that complaints received were 'Nil' and Pending Complaints were 'Nil'. Both the above meetings were attended by all the members of the Grievance Committee.

7. MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE:

A report on Management Discussion and Analysis and a Status report on the compliance of Corporate Governance are annexed and form part of the Annual Report.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors declare:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that they 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 profit or loss of the Company for that period;

Sterling Spinners Ltd.,

- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that they have prepared the annual accounts on a 'going concern' basis.

9. AUDITORS:

M/s. S. Dhanyakumar & Co., Chartered Accountants will retire as Auditors at the ensuing Annual General Meeting and are eligible for re-appointment.

10. PARTICULARS OF EMPLOYEES:

In terms of the requirement of Section, 217 (2A) of the Companies Act, 1956 No employee was in receipt of remuneration of Rs.24,00,000/- per annum during the year ended 31st March, 2010.

11. INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956:

Particulars required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:

A. CONSERVATION OF ENERGY: Not applicable

B. TECHNOLOGY ABSORPTION: Not Applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, there is neither Foreign Exchange Earnings nor outgo.

12. ACKNOWLEDGEMENT:

Your Directors wish to place on record their gratitude to the Central and State Governments, M/s. State Industries Promotion Corporation of Tamilnadu Limited, Suppliers, Dealers and the Share holders for their continued co-operation and support.

On behalf of the Board of Directors
For STERLING SPINNERS LTD.,

Place : Chennai

Date : 01.09.2010

K.S. VENUGOPALA
Chairman-cum-Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Company has become a Sick Industrial Company within the meaning of (Clause 'O') of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The company has made a reference before BIFR on 28.05.2001 and the company has been declared as Sick Industrial Company by the BIFR on 6.5.2003. However, proceedings before BIFR were abated as per the order of BIFR on 22.04.2010 and the company has filed an appeal against the above said order of BIFR with AAIFR which is pending.

OUTLOOK:

The Company has settled OTS dues with M/s. TIIC on 21.07.2010. Further, the Management is trying for a viable OTS scheme from M/s. SIPCOT in order to revive the Company.

Risk and Concerns:

Fluctuations in the raw material prices will directly affect the cost of production.

Internal Control Systems:

The Company has constituted an Audit Committee, which looks into the aspects of internal control systems and ensures that all is well with the systems in vogue.

Financial and Operational Performance:

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and applicable Accounting standards issued by the Institute of Chartered Accountants of India. The Management accepts the integrity and objectivity of these financial statements as well as various estimates and judgments as used therein. The estimates and judgments relating to the financial statements reflect in a true and fair manner, the form of transactions reasonably present the Company's state of affairs and loss for the year. There was no operational performance, since the mill is not functioning.

Human Resources and Industrial Relations:

The employee relations, were cordial.

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on code of Governance:

Company firmly believes in and it has consistently practiced good corporate governance for conduct of its business and permitting its obligations towards all its share holders.

I. BOARD OF DIRECTORS:

The Company has a Chairman-cum-Managing Director with two other independent Directors. The number of independent Directors is more than fifty percent of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors.

None of the Directors on the board is a member on more than Ten Companies and Chairman of more than 5 committees, across all the companies in which he is a Director. The necessary disclosures regarding committee position have been made by the Directors.

Sterling Spinners Ltd.,

II. BOARD MEETING:

The Board of Directors formulates the business and operational policies and decides on strategic issues concerning the company. The Board of Directors generally meets as and when situation so demand to review the business performance.

During the year under review 5 meetings of the Board of Directors were held.

2009
22.06.2009
30.06.2009
05.10.2009
30.10.2009

2010
30.01.2010

The details of attendance at Board Meetings and details of other directorship committee chairmanship/membership held by the Directors during the period from April 2009 to March 31, 2010 are as follows :

Name of the Director	Board Meetings	Directorships (other than M/s. Sterling Spinners Ltd.)	Committees in which / Chairman / member Attended (other than M/s. Sterling Spinners Ltd.)		Attendance in the 15th Annual General Meeting held on 26.9.09
			Chairman	Member	
Sri K.S. Venugopala	5	1	-	1	Yes
Sri. K. Alagiriswami	5	-	-	-	Yes
Sri. R. Vijaykumar	5	-	-	-	Yes

III. AUDIT COMMITTEE:

Composition of the Audit Committee is as follows:

Name of the Directors:

Sri. R. Vijaykumar : Chairman
Sri. K.S. Venugopala : Director
Sri. K. Alagiriswami : Director

The Audit Committee reviews the financial accounts / Policies, adequacy of Internal Control Systems and interacts with the Statutory Auditor and Internal Auditors. The Directors and other functional heads are invited to all the committee meetings. Besides, the committee reviews the audit plans, audited and un-audited financial results, observation of the external auditors and follow up with the management.

During the year the committee met 4 times on 15th May 09, 25th August, 09, 26th December, 09 and 28th January in 2010. All the members attended all the committee meetings.

IV. REMUNERATION COMMITTEE:

Since the Board of Director of the Company consist of Three Directors, the remuneration committee of the Company comprise of Two Independent Directors.

- 1) Sri. K. Alagiriswami – Chairman
- 2) Sri. R. Vijaykumar – Director

V. REMUNERATION OF DIRECTORS:

The Company has applied for Central Government for its approval for payment of remuneration to Chairman-cum-Managing Director w.e.f. 1.9.2005 and awaits for its approval. Hence remuneration was not paid during the year under report.

VI. The Company has a Share Transfer Committee in place which comprises Sri. R.Vijaykumar, Chairman and Sri.K.S.Venugopala, Sri.K.Alagiriswami as members.

VII. COMMITTEE OF BOARD OF DIRECTORS:

Composition of the share transfer committee for approval of share transfers are as follows:

Name of the Directors:

Sri.R.Vijaykumar : Chairman
Sri.K.S. Venugopala : Director
Sri.K. Alagiriswami : Director

The share transfer committee formed under Clause 49 of the Listing Agreement approves and monitors transfers and transmission of shares of the Company. The committee also reviews the compliance with various statutory and regularity requirements.

During 2009 – 2010 the committee met one time on 29th March, 2010. All the members attended the committee meetings.

VIII. GENERAL BODY MEETINGS:

Time and location of Last three Annual General Meetings

Year	Date	Time	Location
2009	26.09.2009	11.00 A.M.	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai - 600 081.
2008	29.09.2008	10.15 A.M.	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai - 600 081.
2007	27.09.2007	10.00 A.M.	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai - 600 081.

No Special Resolutions was put through postal ballot last year.

IX. DISCLOSURES:

There are no materially significant transactions with related parties i.e., Promoters, Directors or the management and companies under the same management conflicting with the Company's interest.

X. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGERIAL PERSONNEL:

Board has adopted the code of conduct for operation of Directors and Senior Management personnel to ensure conditional conduct for performance of their duties. The code has been activated to all the Directors and senior management personnel and they have affirmed the compliance of the same.

Sterling Spinners Ltd.,

XI. MEANS OF COMMUNICATION:

Quarterly un-audited results of the Company were sent to Madras and Bombay Stock Exchanges. The annual audited results of the Company were published in "Trinity Mirror"(English) and "Makkal Kural"(Tamil).

XII. GENERAL SHAREHOLDER'S INFORMATION WITH REGARD TO NEXT ANNUAL GENERAL MEETING:

Date	Time	Location
28.09.2010	11.00 A.M.	New No.4, S.N. Street, Tollgate, Chennai - 600 081.

XIII. UNIT LOCATION:

- a) Pa Pudupatti (P.O.)
Vedasandur Taluk
Dindigul - 624 005.

XIV. Address for Investor Correspondence : New No.4, (Old No.377/2) S.N. Street,
Tollgate, Chennai - 600 081.

Financial Calenders: 2010-2011

Financial Reporting:

For the quarter ending June 30, 2010	: July, 2010
For the quarter ending September 30, 2010	: October, 2010
For the quarter ending December 31, 2010	: January, 2011
For the quarter ending March 31, 2011	: May / June 2011
Annual General Meeting for 2010-2011	: September, 2011

- ✦ The Company's shares are listed on the Bombay Stock Exchange and Madras Stock Exchange Limited.
- ✦ The Company has not paid the listing fees of Rs.42,000/- for the financial year 2008-2009 and 2009-2010 to the Madras Stock Exchange Limited.
- ✦ The Company has not paid Listing Fees and interest amounting to Rs.1,54,970/- for the financial year 2002-2003 to 2009-2010 to the Bombay Stock Exchange.
- ✦ Bombay Stock Exchange Regn. code STR SPN 31628
- ✦ Madras Stock Exchange Regn. code SSPS / RSE – MADRAS

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S. DHANYAKUMAR & Co.,
CHARTERED ACCOUNTANTS

Phone No : 24341189
5, SOUTH BOAG ROAD,
T. NAGAR,
CHENNAI - 600 017.

Auditor's Certificate regarding compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange.

To the Members of Sterling Spinners Ltd.

We have reviewed the compliance of conditions of Corporate Governance by M/s. Sterling Spinners Ltd., for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with Madras Stock Exchange Limited and Bombay Stock Exchange, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the company for ensuing compliance with the conditions of the compliance of Corporate Governance as stipulated in the said clause. It is neither an audit nor expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place: Chennai
Date: 23.04.2010

For S. DHANYAKUMAR & CO.,
Chartered Accountants
(Regn. No.000748S)

D. SAMPATH KUMAR
Proprietor
M. No. 3483

Sterling Spinners Ltd.,

**S. DHANYAKUMAR & Co.,
CHARTERED ACCOUNTANTS**

**Phone No : 24341189
2, SOUTH BOAG ROAD,
T. NAGAR,
CHENNAI - 600 017.**

AUDITOR'S REPORT

To

**The Shareholders of
M/s. STERLING SPINNERS LTD.**

1. We have audited the attached Balance Sheet of M/s Sterling Spinners Ltd, Chennai as at 31st March, 2010, the Profit and Loss Account on that date and also 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 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 Section 227(4A) 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:
 - a) i. **The Company's net worth has eroded due to losses and the Company has become a Sick Industrial Company within the meaning of (Clause 'O') of Sub Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act 1985. The Company has made a reference before BIFR on 28.05.2001 and the Company has been declared as Sick Industrial Company by the BIFR on 06.05.2003. The rehabilitation package is still not formulated. Since Oct. 2007 the Company has stopped operations in its Plant. Despite erosion of net worth the accounts have been prepared on a going concern basis.**
 - ii. **The Company has defaulted in payment to M/s. SIPCOT and M/s. TIIC.**
 - a) **M/s. SIPCOT : Principal and interest outstanding Rs. 2394 lac. This includes interest of Rs. 417.69 charged during the year. The company is yet to enter into OTS Scheme (one time settlement) M/s. SIPCOT.**

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b) M/s. TIIC : The company has entered into one time settlement (OTS) on 23.03.2007 for payment of Rs. 270 lakhs, but did not comply with time schedule. M/s. TIIC has taken possession of mill on 10.02.2010 under SARFAESI Act. The company is renegotiating OTS Scheme. Total dues as per earlier OTS Rs. 296.16 lakhs, including interest of Rs.25.02 lacs charged during the year.

- iii. Some of the balances of Loans, and Advances, Sundry Debtors and Sundry Creditors are subject to confirmation.**
- a) Subject to our comments above, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representation received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) 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 accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
 - ii. In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

Place: Chennai
Date: 23.04.2010

For S. DHANYAKUMAR & CO.,
Chartered Accountants
(Regn. No.000748S)

D. SAMPATH KUMAR
Proprietor
M. No. 3483

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our Report of even date

i. In respect of Fixed Assets :

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the assets have been physically verified by the Management during the year and there is a regular programme 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 any fixed assets.

ii. In respect of Inventory :

The company has stopped production at the mill. Except old stores and spares, there is no inventory. Therefore the provisions of Clause 4 (ii) of the order are not applicable to the company.

- iii. a) As informed the company has not granted any loans, Secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has taken loan from one party covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.331.82 lakhs. The year end balance of loan was Rs.288.71 Lakhs.
- c) In our opinion, the rate of Interest and other terms and conditions on which loan has been taken from the party covered in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- d) The company is regular in repaying the Principal Amount as stipulated and no interest has been paid as it is waived by him.
- e) There is no overdue amount of Loan taken from the party covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 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 purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

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- 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, have been made at prices that are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the Public and consequently the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. Since the Company has stopped operations in the plant, reporting under Clause 4 (viii) of the Companies' (Auditor;s Report) Order, 2003 does not arise.
- ix. a) According to the information and explanations given to us, 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, Customs 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, Sales Tax, Wealth Tax, Service Tax, Excise Duty and Cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, except the following there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.

Name of the State Act	Nature of Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
P.F. ACT	P. F. Dues	Rs. 2.95 lakhs	22.09.97 to 05.07.99	Madras High Court

- x. In our opinion, the accumulated losses of the Company are more than fifty percent of its networth and the Company has incurred cash losses during the financial year, covered by our audit and also in the immediately preceding financial year. The company has been declared as Sick Industrial Company by the BIFR on 06.05.03.
- xi. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Financial Institutions as detailed below.

Sterling Spinners Ltd.,

			Rs. in Lakhs
Name of the Financial Institution	Principal	Funded interest and interest accrued	Total
A. TERM LOAN:			
M/s. SIPCOT	300.00	2094.00	2394.00
M/s. TIIC (Under OTS)	244.32	51.84	296.16
Total	544.32	2145.84	2690.16

- xii. In our opinion and according to information and explanations given to us, no loans and advances have been granted by the company 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. In our opinion, the Company is not dealing in or trading in shares, Securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not raised any fresh Term Loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to 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.

Place: Chennai

Date: 23.04.2010

For **S. DHANYAKUMAR & CO.,**
Chartered Accountants
(Regn. No.000748S)

D. SAMPATH KUMAR
Proprietor
M. No. 3483

16th Annual Report 2009 - 2010

BALANCE SHEET AS AT 31ST MARCH, 2010.

	Sch.No.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	70000000	70000000
Reserves & Surplus	2	315000	315000
LOAN FUNDS			
Secured Loans	3	269015933	224655424
Unsecured Loans	4	48175850	52487139
TOTAL		<u><u>387506783</u></u>	<u><u>347457563</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	5	159703180	159703180
Less: Depreciation		98726581	91160140
Net Block	A	<u>60976599</u>	<u>68543040</u>
INVESTMENTS			
	B	-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	501112	501112
Sundry debtors	7	0	55550
Cash & bank balances	8	1066771	50278
Loans & Advances	9	<u>342986</u>	<u>12183555</u>
		1910869	12790495
Less: Current liabilities & provisions	10	<u>7851141</u>	<u>19404275</u>
NET CURRENT ASSETS	C	<u>(5940272)</u>	<u>(6613780)</u>
Miscellaneous Expenditures to the extent not written off or adjusted		-	-
PROFIT & LOSS ACCOUNT	11	<u>332470456</u>	<u>285528303</u>
	D	<u>332470456</u>	<u>285528303</u>
TOTAL	A+B+C+D	<u><u>387506783</u></u>	<u><u>347457563</u></u>
Notes on Accounts:	17		

The Schedules referred to above form an integral part of the Balance Sheet.

Place: Chennai
Date: 23.04.2010

K.S. VENUGOPALA
CHAIRMAN-CUM-
MANAGING DIRECTOR

R. VIJAYKUMAR
DIRECTOR

As per our report attached
For **S. DHANYAKUMAR & CO.,**
CHARTERED ACCOUNTANTS
(Regn. No.000748S)

D. SAMPATHKUMAR
PROPRIETOR
M. No. 3483

Sterling Spinners Ltd.,

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2010.

	Sch.No.	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
INCOME			
Other Income	12	8496253	5315616
TOTAL		8496253	5315616
EXPENDITURE			
Manufacturing expenses	13	18169	722971
Payment & benefits to Employees	14	264704	358367
Administrative expenses	15	414298	618387
Financial charges	16	47174793	35902391
Depreciation	5	7566442	7566442
TOTAL		55438406	45168558
Profit/(Loss) Before Taxation		(46942153)	(39852942)
Less: Provision for Fringe Benefit Tax		-	11130
Less: Earlier Year provision for Fringe Benefit Tax		-	3968
Profit/(Loss) after appropriation		(46942153)	(39868040)
Add: Balance Brought forward		(285528303)	(24660263)
Balance Carried to Balance sheet		(332470456)	(285528303)
Earning per Share in Rs.(Annualised)			
Basic/diluted earning per share (in Rs.)		(6.70)	(5.69)
Nominal Value of Equity Share (in Rs.)		10.00	10.00

Notes on Accounts: 17

The Schedules referred to above form an integral part of the Profit and Loss Account.

Place: Chennai

Date: 23.04.2010

K.S. VENUGOPALA
CHAIRMAN-CUM-
MANAGING DIRECTOR

R. VIJAYKUMAR
DIRECTOR

As per our report attached
For **S. DHANYAKUMAR & CO.,**
CHARTERED ACCOUNTANTS
(Regn. No.000748S)

D. SAMPATHKUMAR
PROPRIETOR
M. No. 3483

16th Annual Report 2009 - 2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised 100,00,000 Equity shares of Rs.10/-each	100000000	100000000
1,50,000 Preference shares of Rs.100/- each	15000000	15000000
	<u>115000000</u>	<u>115000000</u>
Issued, Subscribed & paid up 70,00,000 Equity shares of Rs.10/- each	70000000	70000000
TOTAL	<u>70000000</u>	<u>70000000</u>
SCHEDULE - 2		
RESERVES AND SURPLUS		
Employment of women workers subsidy from SIPCOT	315000	315000
TOTAL	<u>315000</u>	<u>315000</u>
SCHEDULE - 3		
SECURED LOANS :		
A: TERM LOANS :		
i) SIPCOT		
Principal	30000000	30000000
Interest accrued due and funded interest	<u>209400361</u>	<u>167631852</u>
ii) TIIC OTS		
OTS Amount	<u>29615572</u>	<u>27023572</u>
TOTAL	<u>269015933</u>	<u>224655424</u>
SCHEDULE - 4		
UNSECURED LOANS :		
Sales Tax Deferment Loan from Govt. of Tamilnadu	19305155	19305155
Advance from promoters	<u>28870695</u>	<u>33181984</u>
TOTAL	<u>48175850</u>	<u>52487139</u>

**SCHEDULES FORMING PART OF ACCOUNTS
SCHEDULE-5
FIXED ASSETS :**

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.09	Additions	Deductions	As on 31.03.2010	Upto 31.03.09	For the year	Adjusted on sales	Total	As on 31.03.2010	As on 31.03.09
Land	1247689	-	-	1247689	-	-	-	-	1247689	1247689
Land development	705200	-	-	705200	-	-	-	-	705200	705200
Buildings	39109413	-	-	39109413	16237967	1306254	-	17544221	21565191	22871443
Plant & machinery	117088585	-	-	117088585	73922133	6182278	-	80104411	36984175	43166455
Furniture & Fixtures	225926	-	-	225926	162873	14075	-	176948	48978	63053
Office Equipment	1308824	-	-	1308824	827689	62169	-	889858	418966	481135
Vehicles	17543	-	-	17543	9477	1666	-	11143	6400	8065
Total Rs.	159703180	-	-	159703180	91160139	7566442	-	98726581	60976599	68543040

Previous Year 159703180 - - 159703180 83599697 7566442 - 91160139 68543040 76109784

16th Annual Report 2009 - 2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE-6		
INVENTORIES		
(As per inventories taken, valued and certified by the management)		
Stores and spares	501112	501112
TOTAL	<u>501112</u>	<u>501112</u>
SCHEDULE-7		
SUNDRY DEBTORS		
(Unsecured and considered good)		
Due over six months	-	-
others	-	55550
TOTAL	<u>0</u>	<u>55550</u>
SCHEDULE-8		
CASH AND BANK BALANCE		
Cash on Hand	24345	17003
With scheduled banks:		
In current accounts	42426	33275
in PNB 'No Lien' Account	1000000	-
TOTAL	<u>1066771</u>	<u>50278</u>
SCHEDULE-9		
LOANS AND ADVANCES :		
(Unsecured and considered good)		
(Advances recoverable in cash or in kind or for value to be received)		
ADVANCES :		
For others	31703	46022
Pre-paid expenses	-	52795
Interest accrued on deposit	33836	697069
Income tax & TDS	269195	569216
Deposit with govt. departments	8252	10818453
TOTAL	<u>342986</u>	<u>12183555</u>
SCHEDULE-10		
CURRENT LIABILITIES AND PROVISIONS		
Sundry creditors	2554337	6238055
Advances received from customers	4807677	7002677
Other liabilities	489127	6163543
TOTAL	<u>7851141</u>	<u>19404275</u>
SCHEDULE-11		
PROFIT & LOSS ACCOUNT		
as per last balance sheet	285528303	245660263
Add: Loss for the year	46942153	39868040
TOTAL	<u>332470456</u>	<u>285528303</u>
	<u>332470456</u>	<u>285528303</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE-12		
OTHER INCOME		
Write Back	5424799	4735379
Rental Income	117918	580237
Misc. Income	9218	-
Interest Income	2944318	-
TOTAL	<u>8496253</u>	<u>5315616</u>
SCHEDULE-13		
MANUFACTURING EXPENSES		
Repairs & Maintenance	11290	672000
Wages & Salary - Factory	-	50971
Power & Fuel	6879	-
TOTAL	<u>18169</u>	<u>722971</u>
SCHEDULE-14		
PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries & Wages	264704	358367
TOTAL	<u>264704</u>	<u>358367</u>
SCHEDULE-15		
ADMINISTRATIVE EXPENSES		
Security service	123136	115057
Conveyance	15842	11861
Licence & taxes	47700	55925
Maintenance of Building	5766	8431
Insurance	52795	91152
Legal Expenses	50750	15250
Membership Fee	-	5000
Communication	19493	10940
Professional Charges	3500	15950
PNB OA Fees	-	168540
Rent	-	12000
Pooja Expenses	24038	31755
Printing & Stationery	8980	4640
General Expenses	-	626
Directors' Sitting Fees	2500	2000
Auditor's Remuneration	35000	35000
Advertisement	24798	34260
TOTAL	<u>414298</u>	<u>618387</u>
SCHEDULE-16		
INTEREST & FINANCIAL CHARGES		
Term loan & others	47173127	35899318
Bank charges	1666	3073
TOTAL	<u>47174793</u>	<u>35902391</u>

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Schedule - 17

Notes forming part of the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date.

1. SIGNIFICANT ACCOUNTING POLICES:

A. Accounting Convention:

i) The Financial Statements are prepared in accordance with the requirements of the Companies Act, 1956 under the historical cost convention on the accrual basis.

ii) Use of Estimates

Estimates and assumptions used in the preparation of the financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the Financial Statement.

B. Revenue Recognition:

Mill did not run and no sale or conversion charges received during the year. Other income and Expenditure are accounted for on mercantile basis.

C. Fixed Assets:

Fixed Assets are stated at historical cost of acquisition (less CENVAT Credits) including installation and commissioning charges less accumulated depreciation.

D. Depreciation:

None of the Fixed Assets have been revalued during the year. Depreciation is provided on Straight Line Method at the rates prescribed under the Schedule- XIV of the Companies Act, 1956 and while doing so the Plant and Machinery has been considered as continuous process plant by the Company.

During the year the mill did not run and no conversion charges received. However, there will be usual wear and tear. Hence the depreciation has been claimed.

E. Inventories:

Stores and Spares: Valued at cost.

F. Investments: NIL

G. EMPLOYEE BENEFITS:

a) SHORT-TERM EMPLOYEE BENEFITS:

There is only one employee. Hence not considered.

b) POST EMPLOYMENT BENEFITS:

i) Defined Contribution Plans:

There is only one employee. Hence not considered.

ii) Defined Benefit Plans:

There is only one employee. Hence not considered.

H. Sales: NIL No Income from operation during the year.

I. Foreign Exchange Transactions:

During the year the Company has not dealt with foreign exchange transactions.

2. Estimated amount of contracts remaining to be executed on Capital Accounts not provided for

2009-10	2008-09
Nil	Nil

3. Secured Loans:

Term loans from (a) M/s. TIIC & (b) M/s. SIPCOT- They are secured by mortgage of fixed assets present and future of the Company on paripassu basis and floating charge on current assets. They are also guaranteed by the Chairman-Cum-Managing Director.

Sterling Spinners Ltd.,

The Status of Loans are as follows:

a) Term Loan with M/s. TIIC:

The Company has entered into OTS on 23.03.2007 for payment of Rs.270 lacs. The company paid Rs.54 lacs and could not pay the balance OTS amount. During the year, interest of Rs.25.92 lacs has been provided on OTS amount. Meanwhile M/s. TIIC has taken possession of mill on 10.02.2010 under SARFAESI Act. The Company is renegotiating for revival of OTS Scheme and to take back possession of the mill.

b) Term Loan with M/s. SIPCOT:

The Company is yet to arrive at OTS with M/s. SIPCOT. Amount of interest has been provided on accumulated Principal of Rs.300 lacs and funded interest.

4. Contingent Liabilities not provided for

P.F. Due: The Provident Fund Authorities vide their letter dt. 12.02.98 have intimated that the provisions of the Provident fund Act are applicable to the Company with effect from 22.09.97. But the Company has disputed the same in Madras High Court. As a matter of caution the Company has made a provision of Rs 2.95 Lakhs towards P.F. Payable, in earlier years. However, with effect from 5th July 1999, the Company has complied with the provisions of the said Act.

5. The company has won the case with TNEB and got refund of deposit made by the company against Tariff Concession and also interest on the same. An amount of Rs. 29.08 lakhs of interest received is included in other income.

6. As the net worth of the Company has been eroded, a reference as per provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) was made to the Hon'ble BIFR on 28.05.2001 and the Company was declared as Sick Industrial Company by the Hon'ble BIFR on 06.05.03. Consequent on the Power Supply disconnection by TNEB on 03.11.2007 the mill is not functioning.

7. In the absence of taxable income, no provision for income tax has been made.

8. Director's Remuneration:

Remuneration	2009 - 10	2008 - 09
	Nil	Nil

9. Some of the balances of Sundry Creditors and Other Advances are subject to confirmation.

10. In the opinion of the Board the Current Assets, such as Stock-in-Trade, Sundry Debtors & Loans and advances are shown at realisable value.

11. As information relating to small scale units having business relationship with the Company is not readily available, such information is not furnished.

12. Additional Information:

	2009 - 10		2008 - 09	
	Mts	Rs. in Lakhs	Mts	Rs. in Lakhs
a. Licensed Capacity (No. of Spindles)	Delicensed		Delicensed	
b. Installed Capacity (No. of Spindles)	16128		16128	
c. Production & Sales				
i. Production	-	-	-	-
ii. Sales				
Yarn	-	-	-	-
Cotton	-	-	-	-
Waste	-	-	-	-
Job work receipts	-	-	-	-
13. Raw Material Consumed				
Cotton	-	-	-	-

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	2009 - 10		2008 - 09	
	Mts	Rs. in Lakhs	Mts	Rs. in Lakhs
14. Percentage of Raw Material Consumed Indigenous	-	-	-	-
15. Percentage of Spares parts & Components consumed (including machinery maintenance)	-	-	-	-
	2009 - 10		2008 - 09	
16. Auditor's Remuneration				
Audit Fee		0.20		0.20
Tax Audit Fee		0.15		0.15
Other Matters		-		-
Total		0.35		0.35
17. Value of Imports (CIF Value)				
a) Raw Materials		-		-
b) Capital Goods		-		-
18. Expenditure in Foreign Currency		-		-
19. Previous Year's Figures have been regrouped where ever necessary.				

20(A) Related Parties:

Sl.No	Party	Relationship
I. 1)	Savorit Limited	Associate Enterprise
2)	Savorit Food Industries Limited	-do-
3)	Savorit Oils Limited	-do-
II. a)	Sri K.S. Venugopala, Chairman cum Managing Director	Key managerial personal
b)	Sri R. Vijaykumar, Director	-do-
c)	Sri K. Alagiriswami, Director	-do-

20(B) RELATED PARTY DISCLOSURES

S.No	Name of the related party	Description of the relationship	Nature of the transactions	Opening balance 2008 - 09	Volume of the Transaction 2009- 10	Any other elements of the related party transactions	Amount Written off in respect of debts due to related parties	Balance as on 31.03.10
1.	K.S. Venugopala	Chairman - Cum- Managing Director	unsecured loan received	331.82	43.11 (Net)	NIL	NIL	288.71
2.	Savorit Limited	United India Rentals (A Divn. of Savorit Limited)	Rental Payable	0.45	0.45	NIL	NIL	NIL

21. The Basic and diluted Earnings per share (EPS)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Profit / (loss) After tax	(46886153)	14688053
Number of Equity shares	7000000	7000000
Nominal value of ordinary shares	Rs. 10/-	Rs. 10/-
Basic/diluted earning per share	(6.70)	(5.69)

22. The company has unabsorbed Depreciation and carry forward Losses under Income Tax Act, 1961 available to setoff against future taxable income. In the absence of virtual certainty of sufficient future taxable income to avail the said credit, deferred tax Assets are not recognised during the year.

Place: Chennai
Date: 23.04.2010

K.S. VENUGOPALA
CHAIRMAN-CUM-
MANAGING DIRECTOR

R. VIJAYKUMAR
DIRECTOR

As per our report attached
For **S. DHANYAKUMAR & CO.,**
CHARTERED ACCOUNTANTS
(Regn. No.000748S)

D. SAMPATHKUMAR
PROPRIETOR
M. No. 3483

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet
 Date Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue Right Issue
 Bonus Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up capital Reserves & Surplus

Secured Loans Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses Deferred Tax Asset

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover Total Expenditure

+ - PROFIT/LOSS BEFORE TAX + - PROFIT/LOSS AFTER TAX

(Please tick Appropriate box + for profit - for loss)

Earning per share in Rs.(Annualised) Dividend Rate (%)

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

(Item Code No. (ITC Code) Product Description

As per our report attached
 For S. DHANYAKUMAR & CO.,
 CHARTERED ACCOUNTANTS
 (Regn. No.000748S)

K.S. VENUGOPALA
 CHAIRMAN-CUM-
 MANAGING DIRECTOR

R. VJAYKUMAR
 DIRECTOR

D. SAMPATHKUMAR
 PROPRIETOR
 M.No. 3483

Place: Chennai
 Date: 23.04.2010

CASH FLOW STATEMENT FOR THE YEAR 2009 - 2010

A. CASH FLOW FROM OPERATING ACTIVITIES	31.03.2010 Rs. ('000)	31.03.2009 Rs. ('000)
Net Loss before Tax and Extra Ordinary Items	(46942)	(39868)
Adjustment for:		
Depreciation	7566	7566
Other non-cash charges - Preliminary Expenses written off	-	-
Interest	47173	35902
Operating profit before working capital changes	7797	3600
Adjustment for:		
Increase/(decrease) in Sundry Debtors	56	6
Increase/(decrease) in Inventories	-	-
Increase/(decrease) in Loans & Advances	-	51
Increase/(decrease) in Current Liabilities	11553	4524
Cash generated from operations(A)	19406	8181
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to Fixed Assets including CWIP and advances on capital account	-	-
Net Cash used in Investing Activities (B)	-	-
C. CASH FLOW FROM FINANCIAL ACTIVITIES:		
Repayment of Borrowings	(23660)	(13429)
Loans from Promotors	4311	5249
Net Cash used in Financing Activities (C)	(19349)	(8180)
Net Increase/(Decrease) in Cash and Cash Equivalents(A+B+C)	57	1
Opening Balance of Cash and Cash Equivalents	50	49
Closing Balance of Cash and Cash Equivalents	107	50

As per our report attached
For S. DHANYAKUMAR & CO.,
 CHARTERED ACCOUNTANTS
 (Regn. No.000748S)

K.S. VENUGOPALA
 CHAIRMAN-CUM-
 MANAGING DIRECTOR

R. VIJAYKUMAR
 DIRECTOR

D. SAMPATHKUMAR
 PROPRIETOR
 M.No. 3483

Place: Chennai
 Date: 23.04.2010

STERLING SPINNERS LTD.,

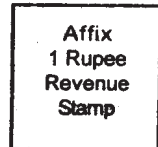
New No. 4, (Old No. 377/2) S.N. Street, Tollgate, Chennai-600 081.

PROXY FORM

Regd. Folio No..... No. of Shares held.....
I/We..... of.....
in the district being a member/members of Sterling Spinners Ltd. hereby appoint.....
..... in the district of..... of failing him/
her..... of..... in
the district of..... as my/our Proxy to attend and vote
for me/us behalf at the Sixteenth Annual General Meeting of the Company to be held on Thursday the 23rd September 2010
at 11.00 a.m. and at any adjournment thereof.
As Witness my hand/our hands this..... day of2010.

Signed by said.....

Notes : a) The form should be signed across the stamp as per specimen signatures
Registered with the Company.



b) The Proxy form duly completed must be deposited at the Registered Office of the Company not less
than 48 hours before the time fixed for holding the aforesaid meeting.

----- (Tare Here) -----

STERLING SPINNERS LTD.,

New No. 4, (Old No. 377/2) S.N. Street, Tollgate, Chennai-600 081.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

I/We hereby record my/our presence at the 16th Annual General Meeting of the Company held at 11.00 a.m. on
Thursday the 23rd September 2010, at New No. 4, (Old No. 377/2), S.N. Street, Tollgate, Chennai-600 081.

Full Name of Member (in Block Letter).....

Regd. Folio No..... No. of Shares held.....

Full Name of the Proxy (in Block Letter).....

Signature of the Member (s) or Proxy/Proxies Present.....

Please complete and sign this attendance slip and handover at the entrance of the meeting hall. Only Member(s)
or their proxies with this attendance slip will be allowed entry to the Meeting.

If undelivered please return to :
STERLING SPINNERS LTD.,
Registered Office :
New No. 4, (Old No. 377/2) S.N. Street,
Tolligate, Chennai-600 081.

To

Book - Post