

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

#### AUDITORS

#### D. SAMPATHKUMAR & CO.

(Regn.No.003556S)  
3, 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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## SEVENTEENTH ANNUAL REPORT

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### STATEMENT OF ACCOUNTS FOR THE YEAR ENDED

31st March, 2011

**STERLING SPINNERS LTD.**



**SEVENTEENTH  
ANNUAL REPORT  
2010 - 2011**

**NOTICE TO THE SHARE HOLDERS**

**NOTICE** is hereby given that the **Seventeenth 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 **22<sup>nd</sup> SEPTEMBER 2011** 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 31.03.2011 and Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2011 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. R.Vijaykumar, 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.D. SAMPATHKUMAR & CO., Chartered Accountants, Chennai (Regn.No.003556S) 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 Eighteenth Annual General Meeting of the Company on a remuneration of Rs.25,000/- (Rupees Twenty five thousand only)".

"BY ORDER OF THE BOARD"

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

Place : Chennai  
Date : 22.08.2011

**NOTES:**

- A.1. **A MEMBER WHO 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 Meeting.
3. The Register of Members and Share Transfer Books will remain closed from **Thursday the 15<sup>th</sup> September, 2011 to Thursday the 22<sup>nd</sup> September, 2011.** (both days inclusive).
4. Nomination facility is available to every shareholder Under Section 109 A 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.

**DIRECTORS REPORT**

Your Directors have pleasure in presenting the **Seventeenth Annual Report** together with the Audited Accounts of the Company for the year ended **31<sup>st</sup> March, 2011**.

**1. OPERATING RESULTS:**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>(Rs. in lakhs)</b>	
Other Income	99.54	84.96
	<u>99.54</u>	<u>84.96</u>
Total Expenditure	8.43	6.97
Interest	514.62	471.75
Gross Profit/(Loss) after Interest but Before Depreciation and Taxation	(423.51)	(393.76)
Depreciation	75.66	75.66
Income Tax for Earlier year written off	-	-
Net Profit / (Loss)	(499.17)	(469.42)

Your Directors report that the Net Loss of the company for the year under report is Rs.499.17 lakhs as against Net Loss of Rs.469.42 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. R.Vijaykumar, 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's 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. However the proceedings before BIFR were abated as per the order of BIFR on 22.4.2010 and the company has filed on appeal against the above said order of BIFR on 15.09.2010 with AAIFR which is pending.
- (ii) In respect of qualification made by the Auditors under Clause 4 (a) (ii) the company will take steps to obtain remaning confirmation letters for balances of Loans and Advances, Sundry Debtors and Sundry Creditors.

**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 18<sup>th</sup> July, 2010 and 20<sup>th</sup> January, 2011 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 2010-2011.

<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 loss of the Company for that period;

## ***Sterling Spinners Ltd.,***

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- 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. D. Sampathkumar & 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.60,00,000/- per annum during the year ended 31<sup>st</sup> March, 2011.

### **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 : 22.08.2011

**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 with 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 have been made on a prudent and reasonable basis, in order that 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 12 meetings of the Board of Directors were held.

<b>2010</b>	<b>2011</b>
06.04.2010	10.01.2011
31.05.2010	31.01.2011
14.06.2010	17.02.2011
23.06.2010	
29.07.2010	
23.08.2010	
01.09.2010	
27.09.2010	
29.10.2010	

The details of attendance of Directors at Board Meetings and details of other directorship/ committee chairmanship/membership held by the Directors during the period from April 2010 to March 31, 2011 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 16th Annual General Meeting held on 23.09.2010
			Chairman	Member	
Sri K.S. Venugopala	12	1	-	1	Yes
Sri. K.Alagiriswami	12	-	-	-	Yes
Sri. R.Vijaykumar	12	-	-	-	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 internal and external auditors and follow up with the management.

During the year the committee met 4 times on 16<sup>th</sup> May, 2010, 22<sup>nd</sup> August, 2010, 26<sup>th</sup> December, 2010 and 28<sup>th</sup> January in 2011. 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:**

Sri. K.S. Venugopala has been re-appointed as chairman cum-Managing Director of the Company for the further period of five years with effect from 01.09.2010 and he has agreed to Serve the Company as chairman cum-managing director without any remuneration in view of the financial in position of the company untill further notice.

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 2010 – 2011 the committee met one time on 28<sup>th</sup> March, 2011. All the members attended. The above said committee meeting.

**VIII. GENERAL BODY MEETINGS:**

Time and location of Last three Annual General Meetings

<b>Year</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
2010	23.09.2010	11.00 A.M.	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai - 600 081.
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.

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.

## ***Sterling Spinners Ltd.,***

### **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 congenial 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.

### **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:**

<b>Date</b>	<b>Time</b>	<b>Location</b>
22.09.2011	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:** 2011-2012

#### **Financial Reporting:**

For the quarter ending June 30, 2011	: July, 2011
For the quarter ending September 30, 2011	: October, 2011
For the quarter ending December 31, 2011	: January, 2012
For the quarter ending March 31, 2012	: May / June 2012
Annual General Meeting for 2011-2012	: September, 2012

- ✦ The Company's shares are listed on the Bombay Stock Exchange and Madras Stock Exchange Limited.
- ✦ Bombay Stock Exchange Regn. code STR SPN 31628
- ✦ Madras Stock Exchange Regn. code SSPS / RSE – MADRAS.
- ✦ The Company as paid listing fees for the financial year 2010-2011 to the above said Stock Exchange.

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**D. SAMPATHKUMAR & 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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Madras Stock Exchange Limited, Chennai and Bombay Stock Exchange Limited, 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: 25.04.2011**

**For D. SAMPATHKUMAR & CO.,**  
**CHARTERED ACCOUNTANTS**  
FRN No.003556S

**M.K. RAVINDRAN**  
(Partner)  
**CHARTERED ACCOUNTANTS**  
M. No. 20887

**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, 2011, 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. The Company has been declared as Sick Industrial Company by the BIFR on 06.05.2003. The Company has completed One Time Settlement (OTS) Scheme with M/s.Tamilnadu Industrial Investment Corporation Limited and settled the dues to them. The Company has paid Rupees Twenty seven lacs as upfront payment and pursuing with M/s. State Industries Promotion Corporation of Tamilnadu Limited for OTS. Pending settlement of OTS, the principal and interest outstanding to M/s. State Industries Promotion Corporation of Tamilnadu Limited is Rs.2879 Lakhs including Interest of Rs.485.49 lakhs charged during the year. The Company has repaid overdue Interest Free Sales Tax Loan(IFST) availed, under Samathan Scheme upto 31.03.2004. For the purpose of the above payments, a total sum of Rs.593.46 lakhs was borrowed by the Company from the promoters.**

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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. **Some of the balances of Loans and Advances, Sundry Debtors and Sundry Creditors are subject to confirmation.**
- b) 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;
- c) 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;
- d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- e) 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;
- f) On the basis of written representation received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011. from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- g) 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, 2011;
- 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: 25.04.2011**

**For D. SAMPATHKUMAR & CO.,**  
**CHARTERED ACCOUNTANTS**  
FRN No.003556S

**M.K. RAVINDRAN**  
(Partner)  
**CHARTERED ACCOUNTANTS**  
M. No. 20887

**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) i) 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.628.96 lakhs. The year end balance of loan was Rs.593.46 Lakhs.
  - ii) In our opinion, the rate of Interest and other terms and conditions on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.
  - iii) The company is regular in repaying the Principal Amount as stipulated and no interest has been paid as it is waived by the Party.
  - iv) 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.

- 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 thereunder 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, 2011 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, 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.
- 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.,*

Name of the Financial Institution	Principial	Funded interest and interest accrued	Total Rs. in Lakhs
<b>A. TERM LOAN:</b>			
M/s. SIPCOT	300.00	2,578.99	2,878.99
<b>Total</b>	<b>300.00</b>	<b>2,578.99</b>	<b>2,878.99</b>

- 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: 25.04.2011**

**For D. SAMPATHKUMAR & CO.,**  
*CHARTERED ACCOUNTANTS*  
FRN No.003556S

**M.K. RAVINDRAN**  
(Partner)  
*CHARTERED ACCOUNTANTS*  
M. No. 20887



# 17th Annual Report 2010 - 2011

## BALANCE SHEET AS AT 31ST MARCH, 2011.

	Sch.No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	70000000	70000000
Reserves & Surplus	2	315000	315000
<b>LOAN FUNDS</b>			
Secured Loans	3	287899433	269015933
Unsecured Loans	4	68198977	48175850
<b>TOTAL</b>		<b><u>426413410</u></b>	<b><u>387506783</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross block	5	159703180	159703180
Less: Depreciation		106293022	98726580
Net Block	<b>A</b>	<b><u>53410158</u></b>	<b><u>60976600</u></b>
<b>INVESTMENTS</b>	<b>B</b>	-	-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	6	501112	501112
Sundry debtors	7	-	-
Cash & bank balances	8	57709	1066771
Loans & Advances	9	<u>4591018</u>	<u>342985</u>
		5149839	1910868
Less: Current liabilities & provisions	10	<u>14533886</u>	<u>7851141</u>
<b>NET CURRENT ASSETS</b>	<b>C</b>	<b><u>(9384047)</u></b>	<b><u>(5940273)</u></b>
Miscellaneous Expenditures to the extent not written off or adjusted		-	-
<b>PROFIT &amp; LOSS ACCOUNT</b>	11	382387299	332470456
	<b>D</b>	<b><u>382387299</u></b>	<b><u>332470456</u></b>
<b>TOTAL</b>	<b>A+B+C+D</b>	<b><u>426413410</u></b>	<b><u>387506783</u></b>

**Notes on Accounts:**

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

Place: Chennai  
Date: 25.04.2011

**K.S. VENUGOPALA**  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

**R. VIJAYKUMAR**  
DIRECTOR

As per our report attached  
For **D. SAMPATHKUMAR & CO.,**  
CHARTERED ACCOUNTANTS  
FRN No.003556S

**M.K. RAVINDRAN**  
PARTNER  
CHARTERED ACCOUNTANT  
M.No.20887

# *Sterling Spinners Ltd.,*

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011.

	Sch.No.	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
<b>INCOME</b>			
Other Income	12	9954157	8496253
	<b>TOTAL</b>	<b>9954157</b>	<b>8496253</b>
<b>EXPENDITURE</b>			
Manufacturing expenses	13	40086	18169
Payment & benefits to Employees	14	167629	264704
Administrative expenses	15	634496	414298
Financial charges	16	51462347	47174793
Depreciation	5	7566442	7566442
	<b>TOTAL</b>	<b>59871000</b>	<b>55438406</b>
<b>Profit/(Loss) Before Taxation</b>		(49916843)	(46942153)
<b>Profit/(Loss) after appropriation</b>		(49916843)	(46942153)
Add: Balance Brought forward		(332470456)	(285528303)
<b>Balance Carried to Balance sheet</b>		<b>(382387299)</b>	<b>(332470456)</b>
<b>Earning per Share in Rs.(Annualised)</b>			
<b>Basic/diluted earning per share (in Rs.)</b>		<b>(7.13)</b>	<b>(6.70)</b>
<b>Nominal Value of Equity Share (in Rs.)</b>		<b>10.00</b>	<b>10.00</b>

Notes on Accounts:

17

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

Place: Chennai

Date: 25.04.2011

**K.S. VENUGOPALA**  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

**R. VIJAYKUMAR**  
DIRECTOR

As per our report attached  
For **D. SAMPATHKUMAR & CO.,**  
CHARTERED ACCOUNTANTS  
FRN No.003556S

**M.K. RAVINDRAN**  
PARTNER  
CHARTERED ACCOUNTANT  
M.No.20887

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 1	As at 31.03.2011	As at 31.03.2010
SHARE CAPITAL	Rs.	Rs.
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
<b>TOTAL</b>	<u>70000000</u>	<u>70000000</u>
 <b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Employment of women workers subsidy from SIPCOT	315000	315000
<b>TOTAL</b>	<u>315000</u>	<u>315000</u>
 <b>SCHEDULE - 3</b>		
<b>SECURED LOANS :</b>		
<b>A: TERM LOANS :</b>		
<b>i) SIPCOT</b>		
Principal	29536000	29536000
Interest accrued and due funded interest	238935912 19727521	190436840 19727521
	<u>288199433</u>	<u>239700361</u>
Less : Payments	300000	300000
	287899433	239400361
<b>ii) TIIC OTS</b>		
OTS Amount	-	29615572
<b>TOTAL</b>	<u>287899433</u>	<u>269015933</u>
 <b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS :</b>		
Sales Tax Deferment Loan from Govt.of Tamilnadu	8853232	19305155
Advance from promoters	59345745	28870695
<b>TOTAL</b>	<u>68198977</u>	<u>48175850</u>

## SCHEDULES FORMING PART OF ACCOUNTS

## SCHEDULE-5

## FIXED ASSETS :

Description of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 01.04.2010	Additions	Deductions	As on 31.03.2011	Upto 31.03.2010	For the year	Adjusted on sales	Total	As on 31.03.2011	As on 31.03.2010
Land	1247689	-	-	1247689	-	-	-	-	1247689	1247689
Land development	705200	-	-	705200	-	-	-	-	705200	705200
Buildings	39109413	-	-	39109413	17544221	1306255	-	18850476	20258937	21565192
Plant & machinery	117088585	-	-	117088585	80104410	6182277	-	86286687	30801898	36984175
Furniture & Fixtures	225926	-	-	225926	176948	14075	-	191023	34903	48978
Office Equipment	1308824	-	-	1308824	889858	62169	-	952027	356797	418966
Vehicles	17543	-	-	17543	11143	1666	-	12809	4734	6400
<b>TOTAL Rs.</b>	<b>159703180</b>	<b>-</b>	<b>-</b>	<b>159703180</b>	<b>98726580</b>	<b>7566442</b>	<b>-</b>	<b>106293023</b>	<b>53410158</b>	<b>60976600</b>
PREVIOUS YEAR	159703180	-	-	159703180	91160139	7566442	-	98726581	60976600	68543040

## 17th Annual Report 2010 - 2011

### SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE-6</b>		
<b>INVENTORIES</b>		
(As per inventories taken, valued and certified by the management)		
Stores and spares	501112	501112
<b>TOTAL</b>	<u><b>501112</b></u>	<u><b>501112</b></u>
<b>SCHEDULE-7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Due over six months	-	-
others	-	-
<b>TOTAL</b>	<u><b>0</b></u>	<u><b>0</b></u>
<b>SCHEDULE-8</b>		
<b>CASH AND BANK BALANCE</b>		
Cash on Hand	11340	24345
<b>With scheduled banks:</b>		
In current accounts	46369	42426
in PNB 'No Lien' Account	-	1000000
<b>TOTAL</b>	<u><b>57709</b></u>	<u><b>1066771</b></u>
<b>SCHEDULE-9</b>		
<b>LOANS AND ADVANCES :</b>		
(Unsecured and considered good)		
(Advances recoverable in cash or in kind or for value to be received)		
<b>ADVANCES :</b>		
For Prepaid expenses	8623	-
For others (Upfront payment to SIPCOT)	2700000	31703
Interest accrued on deposit	-	33835
Income tax & TDS	269195	269195
Deposit with govt. departments	1613200	8252
<b>TOTAL</b>	<u><b>4591018</b></u>	<u><b>342985</b></u>
<b>SCHEDULE-10</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Sundry creditors	6654287	2554337
Advances received from customers	7737677	4807677
Other Liabilities	141922	489127
<b>TOTAL</b>	<u><b>14533886</b></u>	<u><b>7851141</b></u>
<b>SCHEDULE-11</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
as per last balance sheet	332470456	285528303
Add: Loss for the year	49916843	46942153
<b>TOTAL</b>	<u><b>382387299</b></u>	<u><b>332470456</b></u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SCHEDULE-12</b>		
<b>OTHER INCOME</b>		
Write Back	9910493	5424799
Rental Income	-	117918
Misc. Income	-	9218
Interest Income	43664	2944318
<b>TOTAL</b>	<b><u>9954157</u></b>	<b><u>8496253</u></b>
<b>SCHEDULE-13</b>		
<b>MANUFACTURING EXPENSES</b>		
Repairs & Maintenance	40086	11290
Power & Fuel	-	6879
<b>TOTAL</b>	<b><u>40086</u></b>	<b><u>18169</u></b>
<b>SCHEDULE-14</b>		
<b>PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries & Wages	167629	264704
<b>TOTAL</b>	<b><u>167629</u></b>	<b><u>264704</u></b>
<b>SCHEDULE - 15</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Security service	147622	123136
Conveyance	2042	15842
Licence & taxes	312863	47700
Maintenance of Building	-	5766
Insurance	-	52795
Legal Expenses	61151	50750
Communication	10265	19493
Professional Charges	24550	3500
Pooja Expenses	-	24038
Printing & Stationery	8416	8980
Directors' Sitting Fees	6000	2500
Auditor's Remuneration	40000	35000
Advertisement	21587	24798
<b>TOTAL</b>	<b><u>634496</u></b>	<b><u>414298</u></b>
<b>SCHEDULE-16</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Term loan & others	51432970	47173127
Bank charges	29377	1666
<b>TOTAL</b>	<b><u>51462347</u></b>	<b><u>47174793</u></b>

Schedule - 17

Notes forming part of the Balance Sheet as at 31st March, 2011 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.

Use of Estimates

- ii) 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:

Revenue from sale of goods is recognised upon passing of title to the consumer, and delivery as per terms of sale. Other income and expenses 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 are only Two employees. Hence not considered.

b) POST EMPLOYMENT BENEFITS:

i) Defined Contribution Plans:

There are only Two employees. Hence not considered.

ii) Defined Benefit Plans:

There are only Two employees. 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

2010-11	2009-10
Nil	Nil

## *Sterling Spinners Ltd.,*

### 3. Secured Loans:

Term loan from M/s.SIPCOT is 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.

The Status of Loan is as follows:

#### a) Term Loan with M/s.TIIC:

The Company has entered into One time Settlement (OTS) Scheme with M/s. The Tamilnadu Industrial Investment Corporation Limited and loan has been fully settled and a sum of Rs.96.16 lakhs being amount waived has been taken to Profit and Loss account.

#### b) Term Loan with M/s.SIPCOT:

The Company has paid Rupees Twenty Seven lacs as upfront payment and pursuing with M/s. State Industries Promotion Corporation of Tamilnadu Limited for OTS.

4. 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.

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

### 6. Director's Remuneration:

	2010 - 11	2009 - 10
Remuneration	Nil	Nil

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

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

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

### 10. Additional Information:

	2010 - 11		2009 - 10	
	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	-	-	-	-
11. Raw Material Consumed				
Cotton	-	-	-	-
12. Percentage of Raw Material Consumed Indigenous	-		-	
13. Percentage of Spares parts & Components consumed (including machinery maintenance)	-		-	



14. Auditor's Remuneration	2010 - 11	2009 - 10
Audit Fee	0.25	0.20
Tax Audit Fee	0.15	0.15
Other Matters	-	-
<b>Total</b>	<b>0.40</b>	<b>0.35</b>
15. Value of Imports (CIF Value)		
a) Raw Materials	-	-
b) Capital Goods	-	-
16. Expenditure in Foreign Currency		
	-	-
17. Previous Year's Figures have been regrouped where ever necessary.		

**18(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-

**18(B) RELATED PARTY DISCLOSURES**

Rs. in Lakhs

S.No.	Name of the related party	Description of the relationship	Nature of the transactions	Opening balance 2009 - 10	Volume of the Transaction 2010 - 11	Any other elements of the related party transactions	Amount Written off in respect of debts due to related parties	Balance as on 31.03.11
1.	K.S. Venugopala	Chairman - Cum- Managing Director	unsecured loan received	288.71	304.75 (Net)	NIL	NIL	593.46
2.	Savorit Limited	United India Roller Flour Mill (A Divn. of Savorit Limited)	Trade Advance	NIL	29.30	NIL	NIL	29.30

**19. The Basic and diluted Earnings per share (EPS)**

26

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Profit / (loss) After tax	(49916843)	(46942153)
Number of Equity shares	7000000	7000000
nominal value of ordinary shares	Rs. 10/-	Rs. 10/-
Basic/diluted earning per share	(7.13)	(6.70)

- 20 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: 25.04.2011

**K.S. VENUGOPALA**  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

**R. VIJAYKUMAR**  
DIRECTOR

As per our report attached  
For **D. SAMPATHKUMAR & CO.**,  
CHARTERED ACCOUNTANTS  
FRN No.003556S

**M.K. RAVINDRAN**  
PARTNER  
CHARTERED ACCOUNTANT  
M.No.20887

**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**

**+ - PROFIT/LOSS**

**BEFORE TAX**       **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

**K.S. VENUGOPALA**  
**CHAIRMAN-CUM-**  
**MANAGING DIRECTOR**  
 Place: Chennai  
 Date: 25.04.2011

**R. VIJAYKUMAR**  
**DIRECTOR**

As per our report attached  
 For **D. SAMPATHKUMAR & CO.,**  
 CHARTERED ACCOUNTANTS  
 FRN No.003556S

**M.K. RAVINDRAN**  
 PARTNER  
 CHARTERED ACCOUNTANT  
 M.No.20887

**CASH FLOW STATEMENT FOR THE YEAR 2010 - 2011**

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	31.03.2011	31.03.2010
	Rs. ('000)	Rs. ('000)
<b>Net Loss before Tax and Extra Ordinary Items</b>	(49917)	(46942)
<b>Adjustment for:</b>		
Depreciation	7566	7566
Other non-cash charges - Preliminary Expenses written off	-	-
Interest	51433	47173
<b>Operating profit before working capital changes</b>	<b>9082</b>	<b>7797</b>
<b>Adjustment for;</b>		
Increase/(decrease) in Sundry Debtors	-	56
Increase/(decrease) in Inventories	-	-
Increase/(decrease) in Loans & Advances	(1487)	-
Increase/(decrease) in Current Liabilities	(6685)	1153
<b>Cash generated from operations(A)</b>	<b>910</b>	<b>19406</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Additions to Fixed Assets including CWIP and advances on capital account	-	-
<b>Net Cash used in Investing Activities (B)</b>	<b>-</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
Repayment of Borrowings	29609	(23660)
Loans from Promoters	(30475)	4311
<b>Net Cash used in Financing Activities (C)</b>	<b>(866)</b>	<b>(19349)</b>
<b>Net (Increase)/Decrease in Cash and Cash Equivalents(A+B+C)</b>	<b>49</b>	<b>57</b>
Opening Balance of Cash and Cash Equivalents	107	50
Closing Balance of Cash and Cash Equivalents	58	107

As per our report attached  
For **D. SAMPATHKUMAR & CO.,**  
CHARTERED ACCOUNTANTS  
FRN No.003556S

**K.S. VENUGOPALA**  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

**R. VIJAYKUMAR**  
DIRECTOR

**M.K. RAVINDRAN**  
PARTNER  
CHARTERED ACCOUNTANT  
M.No.20887

Place: Chennai  
Date: 25.04.2011

**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 Seventeenth Annual General Meeting of the Company to be held on Thursday the 22nd September  
2011 at 11.00 a.m. and at any adjournment thereof.  
As Witness my hand/our hands this.....day of .....2011 .

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 17th Annual General Meeting of the Company held at 11.00 a.m. on  
Thursday the 22nd September 2011, 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.