

**STERLING SPINNERS LTD.**



**NINENTEENTH  
ANNUAL REPORT  
2012 - 2013**

## *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

#### **D. SAMPATHKUMAR & CO.**

(Regn.No.003556S)

3, South Boag Road, Thyagaraya Nagar  
Chennai 600 017.

### REGISTERED OFFICE

New No. 4, S.N. Street,  
Tollgate,  
Chennai - 600 081.  
website : [sterlingspinners.in](http://sterlingspinners.in)

### SPINNING MILL

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

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## NINTEENTH ANNUAL REPORT

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### STATEMENT OF ACCOUNTS FOR THE YEAR ENDED

31st March, 2013

## *19th Annual Report 2012 - 2013*

### NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the **Nineteenth 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 **MONDAY** the **30<sup>th</sup> SEPTEMBER, 2013** at **10.15 A.M.** to transact the following business:

### AGENDA

#### ORDINARY BUSINESS :

1. Adoption of Annual Accounts :

To receive, consider and adopt the Audited Balance Sheet as at 31.03.2013 and Statement of Profit and Loss of the Company for the year ended 31<sup>st</sup> March, 2013 and the Report of the Auditor's and Director's thereon.

2. Re Appointments of Directors :

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

"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. Re Appointments of Statutory Auditors :

To Consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution.

"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 Twentieth 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**

Place : Chennai  
Date : 23.08.2013

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

#### 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 **Monday the 23rd September, 2013 to Monday the 30th September, 2013.** (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 **Nineteenth Annual Report** together with the Audited Accounts of the Company for the year ended **31<sup>st</sup> March, 2013**.

#### **1. OPERATING RESULTS :**

	(Rs. in lakhs)	
	Current Year	Previous Year
	31.03.2013	31.03.2012
Other Income	2190.00	2.12
Total Expenditure	2190.00	2.12
Interest	35.51	31.61
Gross Profit/(Loss) after Interest but	178.32	7.81
Before Depreciation and Taxation		
Depreciation	1976.17	37.30
Net Profit / (Loss)	54.78	75.66
	1921.39	(112.96)

Your Directors report that the Net Profit of the Company for the year under report is Rs.1921.39 lakhs after taking into account of interest waiver by M/s SIPCOT of Rs. 2152.50 Lakhs as against Net loss of Rs. 112.96 Lakhs of previous year. Your Directors report that the Mill is not functioning with effect from 23.10.2007

#### **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. INDEPENDENT AUDITOR'S OBSERVATION ON ACCOUNTS:**

- i) In respect of observation made by Auditors Under Opinion (i),(ii) & (iii) of Independent Auditors Report, which are self-explanatory and require no further explanation.

#### **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.



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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 17<sup>th</sup> July, 2012 and 21<sup>st</sup> January, 2013 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 2012-2013.

<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	<u>Nil</u>

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. REPORT ON SEXUAL HARASSMENT OF WOMEN AT WORK PLACE:

In terms of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 which come into force with effect from 23.04.2013, your Directors Report that forming an Internal Compliance Committee will not arise, since the company is not having any Women employees.

### 9. 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 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.

### **10. AUDITORS:**

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

### **11. 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, 2013.

### **12. 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.

### **13. ACKNOWLEDGEMENT:**

Your Directors wish to place on record their gratitude to the Central and State Governments, 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 : 23.08.2013

**K.S. VENUGOPALA**  
Chairman-cum-Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

**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 and the form of transactions reasonably present the Company's state of affairs and profit 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.

**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 9 meetings of the Board of Directors were held.

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

2012	2013
24.05.2012	15.03.2013
31.05.2012	
30.07.2012	
22.08.2012	
03.09.2012	
27.09.2012	
31.10.2012	
31.12.2012	

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 2012 to March 31, 2013 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 18th Annual General Meeting held on 27.09.12
			Chairman	Member	
Sri. K.S. Venugopala	9	1	-	1	Yes
Sri. K.Alagiriswami	9	-	-	-	Yes
Sri. R.Vijaykumar	9	-	-	-	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, 2012, 30<sup>th</sup> July, 2012, 31<sup>st</sup> October, 2012 and 31<sup>st</sup> January, 2013. 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



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### **V. REMUNERATION OF DIRECTORS:**

Sri. K.S. Venugopala has been re-appointed as Chairman-cum-Managing Director of the Company for a further period of Five Years w.e.f. 01.09.2010 and he has agreed to serve the Company as Chairman-cum-Managing Director without any remuneration in view of the financial position of the Company until 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. SHARE TRANSFER COMMITTEE :**

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 2012 - 2013 the committee met one time on 29th March, 2013. 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>
2012	27.09.2012	11.00 A.M.	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai 600 081.
2011	22.09.2011	11.00 A.M	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai 600 081
2010	23.09.2010	11.00 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 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.

## ***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
30.09.2013	10.15 A.M.	New No.4, S.N. Street Tollgate, Chennai – 600 081.

**XIII. UNIT LOCATION:** : 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 Calender:** 2013-2014

### **Financial Reporting:**

For the quarter ending June 30, 2013 : July, 2013  
For the quarter ending September 30, 2013 : October, 2013  
For the quarter ending December 31, 2013 : January, 2014  
For the quarter ending March 31, 2014 : May / June 2014  
Annual General Meeting for 2013-2014 : September, 2014

- + The Company's shares are listed on the Bombay Stock Exchange Limited and Madras Stock Exchange Limited.
- + Bombay Stock Exchange Regn. code STR SPN 531628
- + Madras Stock Exchange Regn. code SSPS / RSE - MADRAS
- + The Company has paid the Listing Fees for the Financial Year 2012-13 to the above said Stock Exchanges.
- + Connectivity with NSDL: ISIN.INE No.173E01019
- + Address of Registrar and Transfer Agent:

M/s CAMEO CORPORATE SERVICES LIMITED,  
SUBRAMANIAN BUILDING,  
1, CLUB HOUSE ROAD, CHENNAI 600 002

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CERTIFICATE BY C.E.O.

I, K.S.Venugopala, Chairman Cum Managing Director of Sterling Spinners Ltd., certify that:

- a) I have reviewed the Financial Statements and the Cash Flow Statements for the year ended 31.03.2013 and that to the best of my knowledge and belief.
  - i) These statements do not contain any materially untrue statements or any material act or contain statements that might be misleading.
  - ii) These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. These financial statements have been prepared in conformity, in all material aspects, with the existing generally accepting accounting principles including accounting standards, applicable laws and regulations.
- b) To the best of my knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company code of conduct.
- c) I accept responsibility for establishing and maintenance internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to Auditors and Audit Committee, deficiencies in the design, or operations of such internal controls, retaining, of which we are aware and the steps have been taken or proposed to take rectify these deficiencies.
- d) I have disclosed, based on my evaluation wherever applicable to the Auditors and Audit Committee that :
  - 1) There were no material deficiencies in internal control over financial reporting during the year.
  - 2) All the significant changes in Accounting Policies during the year, if any, have been disclosed to the notes to the Financial Statements; and
  - 3) There were no instances of significant fraud of which we have become aware and the investments thereon, of the Management or an employee, having the significant role in the companies internal control system over financial reporting.

As provided under Clause 49 of the Listing Agreement, all Board Members and Senior Management personnel have ensured the compliance with the code of conduct for the year ended 31<sup>st</sup> March, 2013.

Place: Chennai  
Date: 23.08.2013

K.S. VENUGOPALA  
C.E.O.(C.M.D.)

***Sterling Spinners Ltd.,***

**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, 2013 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 was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions 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: 31.05.2013**

For **D. SAMPATHKUMAR & CO.,**  
CHARTERED ACCOUNTANTS  
FRN.003556S

**M.K. RAVINDRAN**  
PARTNER  
Membership No. 20887



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D. SAMPATHKUMAR & CO.  
CHARTERED ACCOUNTANTS

Phone : 2434 1189  
New No. 5, South Boag Road,  
T. Nagar, Chennai-600 017.

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

#### **To The Members of Sterling Spinners Ltd.**

We have audited the accompanying financial statements of Sterling Spinners Ltd., Chennai ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

#### **BIFR STATUS AND SETTLEMENT OF SECURED CREDITORS:**

- i. The Company has been declared as Sick Industrial Company by BIFR on 06.05.2003 and a Rehabilitation Scheme was prepared by M/s Punjab National Bank, the operating Agency. Under One Time Settlement (OTS) the dues payable to M/s Punjab National Bank and M/s Tamilnadu Industrial Investment Corporation Ltd., were already settled. However, due to action under SARFRASI Act, 2002 by M/s TIIC and SIPCOT, the proceedings before BIFR were abated as per Order by BIFR on 22.04.2010. The Company's appeal against the Order of BIFR before AAIFR has been disallowed.

Meanwhile the Company has also settled M/s SIPCOT dues under OTS as well as most of its Creditors. In W.P., the High Court of Madras declined to quash the order of AAIFR and advised the Company to approach the AAIFR again stating subsequent developments.

During the year, the Settlement of dues with M/s SIPCOT under OTS has resulted in waiver of interest of Rs.21.52 Crores. This has been credit to "Other Income".

## *Sterling Spinners Ltd.,*

### ii) PROVISION FOR TAXATION:

The Company has not made provision for Taxation amount Rs.1.56 Crores under the provision of Section 115 JB of Income Tax Act, 1961 on Book Profit of Rs.19.21 Crores, after considering carry forward loss and depreciation.

### iii) GOING CONCERN BASIS:

Even after settlement of all Creditors and Waiver of Loan interest, the networth has been completely eroded. The Company has stopped its operations since Oct. 2007 and the whole Plant and Machinery has been dismantled and disposed off leaving only land and building as its major assets. In spite of all the above, the accounts have been prepared on a going concern basis.

#### **Subject to the above comments :**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227 (3) of the Act, we report that:
  - (a) 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place: CHENNAI  
Date: 31.05.2013

For **D. SAMPATHKUMAR & CO.,**  
CHARTERED ACCOUNTANTS  
FRN.003556S  
**M.K. RAVINDRAN**  
PARTNER  
Membership No. 20887

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D. SAMPATHKUMAR & Co.,  
CHARTERED ACCOUNTANTS

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

### **ANNEXURE TO THE AUDITORS' REPORT**

**Referred to in paragraph 1 of our Report of even date**

**Ref : Sterling Spinners Ltd ("The Company")**

**(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) During the year Plant and Machinery has been dismantled and disposed off. Land and Building are the only major Fixed Assets. No material discrepancies were noticed on periodical physical verification of Fixed Assets.

**(ii) In respect of its Inventory:**

The Company has stopped production at the mill. 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) 1. The Company has taken unsecured loans from two parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year for those loans was Rs.1613.60 lakhs. The year end balance of those loan was Rs.1521.31 Lakhs.
- 2. The rate of Interest and other terms and conditions for the loan given are not prima facie, prejudicial to the interest of the Company. They are regular in payment of interest.
- 3. The terms of arrangement do not stipulate any repayment schedule and is repayable on demand.
- 4. 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 is an adequate internal control and 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 the internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that Section.



*Sterling Spinners Ltd.,*

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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 the 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 the 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, 2013 for a period of more than six months from the date they became payable.  
(c) 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, accumulated losses have exceeded its networth at the end of financial year. The company has not incurred cash losses in this financial year, but incurred cash losses in the immediate preceding financial year.
- (xi) The Company has settled its dues to Bank and Financial Institutions. Based on our Audit Procedures and according to information and explanations given to us, we are of the opinion that the Company have not defaulted in repayment of dues to Financial Institutions and Banks.
- (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 / 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.



## *19th Annual Report 2012 - 2013*

- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by M/s Savorit Limited from banks. According to the information and explanations given to us, we are of the opinion that the Terms and Conditions thereof are not prima facie periodical to the interest of the Company.
- (xvi) The Term Loans raised by the Company, was applied for the purpose of loans obtained.
- (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: 31.05.2013

For D. SAMPATHKUMAR & CO.,  
CHARTERED ACCOUNTANTS  
FRNo.003556S

M.K. RAVINDRAN  
PARTNER  
Membership No. 20887

**Sterling Spinners Ltd.,**

**BALANCE SHEET AS AT 31ST MARCH, 2013.**

Particulars	Note No.	As at 31st March 2013 Rupees	As at 31st March 2012 Rupees
<b>I. EQUITY AND LIABILITIES :</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	70000000	70000000
(b) Reserves and Surplus	3	(201229584)	(393368786)
		(131229584)	(323368786)
<b>(2) Non - Current Liabilities</b>			
(a) Long-Term Borrowings	4	62380745	356489178
(b) Other Long Term Liabilities	5	89750034	32343605
		152130779	388832783
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	-	2554337
(b) Other Current Liabilities	7	236701	162855
(c) Short-Term Provisions	8	2728	2451
		239429	2719643
<b>TOTAL</b>		<b>21140624</b>	<b>68183640</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	19640502	45843715
(ii) Intangible Assets		-	-
(b) Long term loans and advances	10	-	20400000
(c) Other Non-Current Assets		-	-
		19640502	66243715
<b>(2) Current Assets</b>			
(a) Inventories	11	-	501112
(b) Cash and Cash equivalents	12	50047	63626
(c) Short-term loans and advances	13	1450075	1375187
		1500122	1939925
<b>TOTAL</b>		<b>21140624</b>	<b>68183640</b>

Significant Accounting Policies

1

See accompanying Notes forming Part of Financial Statements.

In terms of our Report attached  
For **D. SAMPATHKUMAR & CO.,**  
CHARTERED ACCOUNTANTS  
(FRNo.003556S)

For and on behalf of the Board of Directors of  
**STERLING SPINNERS LTD**

**M.K. RAVINDRAN**  
PARTNER  
Membership No. 20887  
Place: Chennai  
Date: 31.05.2013

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

**R. VIJAYKUMAR**  
DIRECTOR

# 19th Annual Report 2012 - 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013.

Particulars	Note No.	Year Ended 31st March 2013 Rupees	Year Ended 31st March 2012 Rupees
<b>INCOME</b>			
I Revenue from Operations		-	-
II Other Income	14	21899899	211470
III Total Revenue (I + II)		<u>21899899</u>	<u>211470</u>
<b>EXPENDITURE</b>			
IV Employee Benefits Expense	15	129863	112972
Finance Cost	16	17832164	780450
Depreciation and Amortisation	9	5477894	7566442
Other Expenses	17	3420776	3048093
Total Expenses (IV)		<u>26860697</u>	<u>11507957</u>
V Profit/Loss before Tax (III-IV)		<u>192139202</u>	<u>(11296487)</u>
VI Less: Tax Expense:			
1) Current Tax		-	-
2) Deferred Tax		-	-
VII Profit /Loss After Tax (V-VI)		<u>192139202</u>	<u>(11296487)</u>
VIII Earning per Share (of Rs.10/- of each)			
(1) Basic /Diluted earning per share		27.45	(1.61)
(2) Nominal value of Equity Share (Rupees)		10.00	10.00
Significant Accounting Policies	1		
See accompanying Notes forming Part of Financial Statements.			

In terms of our Report attached  
For D. SAMPATHKUMAR & CO.,  
CHARTERED ACCOUNTANTS  
(FRNo.003556S)

M.K. RAVINDRAN  
PARTNER  
Membership No. 20887

Place: Chennai  
Date: 31.05.2013

For and on behalf of the Board of Directors of  
STERLING SPINNERS LTD.

K.S. VENUGOPALA  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

R. VIJAYKUMAR  
DIRECTOR

## *Sterling Spinners Ltd.,*

### **Notes on Financial Statements for the year ended 31st March, 2013.**

#### **NOTE - 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. No business operations during the year.

**C. Fixed Assets:**

During the Year the Company has dismantled the whole of Plant and Machinery and disposed off the same. Land and building only is the assets of the company.

**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: NIL**

**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.**



## 19th Annual Report 2012 - 2013

### NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.

Particulars	As at 31st March 2013 Rupees	As at 31st March 2012 Rupees
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#### NOTE - 2

##### SHARE CAPITAL:

###### Authorised:

1,00,00,000 (P.Y.1,00,00,000)		
Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
1,50,000 (P.Y.1,50,000)		
Preferene shares of Rs.100/- each	1,50,00,000	1,50,00,000
<b>Total</b>	<u>11,50,00,000</u>	<u>11,50,00,000</u>

##### ISSUED, SUBSCRIBED AND FULLY PAID UP:

70,00,000 (P.Y. 70,00,000)		
Equity Shares of Rs.10/- each	7,00,00,000	7,00,00,000
<b>Total</b>	<u>7,00,00,000</u>	<u>7,00,00,000</u>

	As at 31st March 2013 No. of Shares	Rs.	As at 31st March 2012 No. of Shares	Rs.
a) Reconciliation of the equity shares outsatanding at the beginning and at end of reporting period				
Shares outstanding at the beginning of the year	70,00,000	7,00,00,000	70,00,000	7,00,00,000
Shares outstanding at th end of the Year	70,00,000	7,00,00,000	70,00,000	7,00,00,000
b) <u>Terms / Rights attached to Equity Shares:</u>				
The Company has only one class of Equity Shares having a par value of Rs.10 per share. Each holder of Equity Shares is entitled to one Vote per share. The Dividend is subject to the aproval of the share holdes in the ensuing Annual General Meeting.				
c) Details of Shareholders holding more than 5% Equity Shares in the Company.				

	As at 31st March 2013 No. of Shares	% holding in the class	As at 31st March 2012 No. of Shares	% holding in the class
Sri. K.S. Venugopala	1421050	20.30%	1421050	20.30%
Savorit Limited	600000	8.57%	600000	8.57%

# **Sterling Spinners Ltd.,**

## **NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.**

Particulars	As at 31st March 2013 Rupees	As at 31st March 2012 Rupees
<b>NOTE - 3</b>		
<b>RESERVES AND SURPLUS:</b>		
1. Other Reserve (Employment of Women Workers subsidy from SIPCOT) - Opening Balance a)	315000	315000
2. Surplus in Statement of Profit and Loss		
Opening Balance	(393683786)	(382387299)
Less: 1. Profit/Loss for the year	192139202	(11296487)
2. Appropriations	-	-
	(201544584)	(393683786)
<b>Total (a+b)</b>	<b>(201229584)</b>	<b>(393368786)</b>
<b>NOTE - 4</b>		
<b>LONG TERM BORROWINGS:</b>		
1. Term Loan		
a) From Banks	-	-
b) From Other Parties (Secured)		
M/s SIPCOT	-	288663433
2. Loan from related party from Managing Director (Unsecured)	62380745	67825745
<b>Total</b>	<b>62380745</b>	<b>356489178</b>
<b>NOTE - 5</b>		
<b>OTHER LONG TERM LIABILITIES:</b>		
1. IFST Loan from Govt. of Tamilnadu (Unsecured)	-	6343928
2. Others		
a) From related Parties (Savorit Limited) (Unsecured)	89750034	21192000
The Company have created charge by way of equitable mortgage in bank by depositing the title deeds of the Company for Loan taken by M/s Savorit Limited from Bank and in turn given to the Company.		
b) From others (Unsecured)	-	4807677
<b>Total</b>	<b>89750034</b>	<b>32343605</b>
<b>NOTE - 6</b>		
<b>TRADES PAYABLES:</b>		
Due for Materials/Supplies	-	2554337
<b>Total</b>	<b>-</b>	<b>2554337</b>
<b>NOTE - 7</b>		
<b>OTHER CURRENT LIABILITIES:</b>		
1) Audit Fees Payable	195498	121667
2) Director Sitting Fees Payable	40880	36880
3) TDS Payable	323	4308
<b>Total</b>	<b>236701</b>	<b>162855</b>
<b>NOTE - 8</b>		
<b>SHORT TERM PROVISIONS:</b>		
Provisions for Employees Benefit	2728	2451
<b>Total</b>	<b>2728</b>	<b>2451</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.  
NOTE - 9 FIXED ASSETS

S.No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.2012	Addition during the year	Deduction during the year	As at 31.03.2013	For the year	Deduction during the year	As at 31.03.2013	As at 31.03.2012
1	<u>Tangible Assets</u>								
	<u>Own</u>								
1	Land: Industrial Plot	1247689	-	-	1247689	-	-	1247689	1247689
2	Building	39814613	-	-	39814613	1306254	-	18351628	19557882
3	Plant and Equipment	117088585	125000	116160645	1052940	4126464	95533677	41186	24619620
4	Furnitures & Fittings	225926	-	225926	-	8267	213365	-	20828
5	Vehicle (Scooter)	17543	-	17543	-	970	15446	-	3067
6	Office Equipment	1308824	-	1308824	-	35939	1050134	-	294629
	<b>Total Rs.</b>	159703180	125000	117712838	42115242	5477894	98862622	19640503	45843715
	Previous Year Rs.	159703180	-	-	159703180	7566442	-	45843715	53410158

*Sterling Spinners Ltd.,*

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.**

Particulars	As at 31st March 2013 Rupees	As at 31st March 2012 Rupees
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**NOTE 10**

**LONG TERM LOANS AND ADVANCES:**

**1. Other Loans & Advances**

(Unsecured, considered good)

a) Deposit with M/s SIPCOT for OTS

Total

-	20400000
-	20400000

**NOTE 11**

**INVENTORIES (VALUED AT LOWER OF COST  
AND NET REALISABLE VALUE)**

1. Stores & Spares

Total

-	501112
-	501112

**NOTE 12**

**CASH & CASH EQUIVALENTS :**

**1. Cash-in-Hand**

Cash Balance

Total (A)

2040	1794
2040	1794

**2. Balance with Bank**

Current Account

Total (B)  
Total (A+B)

48007	61832
48007	61832
50047	63626

**NOTE 13**

**SHORT TERM LOANS AND ADVANCE  
(UNSECURED, CONSIDERED GOOD)**

**A) Others:**

1. Advance Income Tax and Refund Due
2. Balance With Revenue Authorities & Others
3. Prepaid Expenses
4. Others (Related Party)

Total

297627	290342
1126798	1075360
-	9485
25650	-
1450075	1375187



# *19th Annual Report 2012 - 2013*

## **NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.**

Particulars	As at 31st March 2013 Rupees	As at 31st March 2012 Rupees
<b>NOTE 14</b>		
<b><u>OTHER INCOME</u></b>		
1. Other receipts		
a) Rental Income	315090	211470
b) Write Back off Sundry Creditors, etc.	2650746	-
c) Profit on Sale of Machinery	728277	-
d) Interest Income	55353	-
e) Interest Waiver from M/s SIPCOT	215250433	-
<b>Total</b>	<b>218999899</b>	<b>211470</b>
<b>NOTE 15</b>		
<b><u>EMPLOYEE BENEFITS EXPENSE</u></b>		
1. Salaries, Bonus, PF & ESIC	112972	129863
<b>Total</b>	<b>112972</b>	<b>129863</b>
<b>NOTE 16</b>		
<b><u>FINANCE COST</u></b>		
1. Interest Paid	17820994	777068
2. Bank Charges	11170	3382
<b>Total</b>	<b>17832164</b>	<b>780450</b>
<b>NOTE 17</b>		
<b><u>OTHER EXPENSES</u></b>		
1. Rates & Taxes	1560197	742622
2. Power and Fuel	624984	1839617
3. Repairs & Maintenance	-	-
a) Buildings	-	-
b) Others	-	20935
4. Travelling Expenses	-	4350
5. General Expenses	4000	6000
6. Legal Expenses	32500	10000
7. Postage & Telegram	-	8693
8. Professional Charges	91133	63216
9. Security Expenses	318140	249168
10. Printing & Stationery Expenses	6700	8592
11. As Auditors		
a) Audit Fees	25000	25000
b) Tax Audit Fees	15000	15000
12. Advertisement & Publicity	81101	54900
13. Loss on Sales of Assets	662021	-
<b>Total</b>	<b>3420776</b>	<b>3048093</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013.**

**Note No. 18**

**Foreign Exchange Transactions:**

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

**Note No. 19**

Estimated amount of contracts remaining to be executed on Capital Accounts not provided for	2012-13 Nil	2011-12 Nil
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**Note No. 20**

As the networth 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 06.05.2003. The BIFR has appointed M/s Punjab National Bank as Operating Agency to prepare rehabilitation scheme. The dues payable to Punjab National Bank were settled during 2007 under OTS Scheme and that of TIIC in 2011.

While the Company is pursuing steps to settle all dues, due to action under SARFAESI Act by TIIC & SIPCOT, the BIFR by its order dated 22.04.2010 abated the proceedings of Sick Industrial Company. The appeal by the company against above order before AAIFR has been disallowed. The High Court has also declined to quash the order of BIFR but liberty is granted to approach the AAIFR by way of appropriate application stating subsequent developments. The company has also settled dues of SIPCOT, IFST and all other creditors.

**SETTLEMENT OF DUES:**

The Company has settled, under One Time Settlement (OTS), dues of Punjab National Bank & TIIC in earlier years and this year dues of SIPCOT, IFST and all remaining creditors have been settled. For this purpose, company has borrowed from its holding company M/s. SAVORIT LTD., and its Managing Director.

**WAIVER OF INTEREST AND OTHER INCOME:**

During the year, the company has settled SIPCOT dues and has received no dues certificate dated 22.5.2012. This settlement has resulted in waiver of interest to the extent of 21.52 Crores out of total interest of Rs.25.86 provided so far. This amount of Rs.21.52 Crores has been credited to Statement of Profit and Loss under other income.

**Note No. 21**

**PROVISION FOR TAXATION:**

Solely due to interest of Rs. 21.52 Crores on SIPCOT Loan settlement. In the opinion of Company, this is not a regular profit attracting provisions of Income Tax as well as Section 115 J B. Moreover interest charged in earlier has been continuously disallowed under 43B of I.T. Act, as it is mere provision and not actually paid. Also the Company is declared as Sick Industrial Company by BIFR on 6.5.2003, which though abated subsequently, the Company is hopeful of its restoration of BIFR status. Considering all the facts the Company is hopeful that the same is to be excluded U/S. 115 JB of I.T. Act, and there may not be any tax liability hence no provision has been made.

**Note No. 22**

**DISPOSAL OF PLANT AND MACHINERY**

The company has stopped all operation in the Plant since October 2007. The Company sees no viability in running Spinning Mill. Also the company incurring power and over heads. Hence, in order to save costs the company has dismantled the Plant and Machinery and sold the same and the Profit on sale of Rs.7.28 Lakhs included in other income.

**Note No. 23**

Some of the balances of Short Term Loans and Advances are subject to confirmation.

**Note No. 24**

In the opinion of the Board the Current Assets, Non-Current Assets, such as Long Term Loans and Advances, are shown at realisable value.

## 19th Annual Report 2012 - 2013

**Note No. 25**

Value of Import (CIF value)	2012-2013	2011-2012
a) Raw Materials	-	-
b) Capital Goods	-	-

**Note No. 26**

Expenditure in Foreign Currency	-	-
A) Related Parties:		

**Note No. 27**

(i)	S.No.	PARTY	Relationship
	1.	Savorit Limited	Associate Enterprises
	2.	Savorit Food Industries Limited	-do-
	3.	Savorit Oils Limited	-do-
(ii)	a)	Sri K.S.Venugopala, Chairman-cum-Managing Director	Key Managerial Personnel
	b)	Sri R.Vijaykumar, Director	-do-
	c)	Sri K.Alagiriswamy, Director	-do-

B) Transactions with Related Parties	Associate Enterprises	Rs.in lakhs Key Managerial Personnel
Rental Income	3.15	-
	(-)	-
Interest Paid	18.12	-
	(-)	-
Long Term Borrowings	-	623.81
	-	(678.26)
Other Long Term Liabilities	897.5	-
	(211.92)	-
Short Term Loans and Advances	0.26	-
	(-)	-

**Note No. 28**

**THE BASIC AND DILUTED EARNINGS PER SHARE (EPS)**

Particulars	Year ended 2012-2013 Rs.	Year ended 2011-2012 Rs.
Profit / Loss after Tax	192139202	(11296487)
Number of Equity Shares	7000000	7000000
Nominal Value of Ordinary Shares	Rs.10/-	Rs.10/-
Basic / Diluted Earning per Share	27.45	(1.61)

The Company has unabsorbed depreciation and carry forward losses under Income Tax Act, 1961 available to be 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.

**Note No. 29**

Previous Year's Figure have been regrouped / reclassified wherever necessary to correspond with the current year's figure.

In terms of our Report attached  
For D. SAMPATHKUMAR & CO.,  
CHARTERED ACCOUNTANTS  
(FRNo.003556S)

M.K. RAVINDRAN  
PARTNER  
Membership No. 20887

Place: Chennai  
Date: 31.05.2013

For and on behalf of the Board of Directors of  
**STERLING SPINNERS LTD.**

K.S. VENUGOPALA  
CHAIRMAN-CUM-  
MANAGING DIRECTOR

R. VIJAYKUMAR  
DIRECTOR

**Sterling Spinners Ltd.,**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013.**

Particulars	31.03.2013 Rs.	31.03.2012 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/Loss Before Taxes	192139202	(11296487)
Depreciation and Amortisation	5477894	7566442
Interest Paid	17820994	777068
Operating Loss / Profit before Working Capital Charges	<u>215438090</u>	<u>(2952977)</u>
<b>B. MOVEMENTS IN WORKING CAPITAL:</b>		
Increase /(decrease) in Trade Payables	(2554337)	(4099950)
Increase /(decrease) in Long Term Borrowings	(294108433)	(9244000)
Increase /(decrease) in Other Liabilities	57406429	22088
Increase /(decrease) in Short Term Provisions	100	1296
Increase / decrease in Long Term Loans and Advances	(20400000)	147700000
Increase / decrease in Short Term Loans and Advances	17871	(515831)
	<u>(215388043)</u>	<u>3016603</u>
<b>A-B</b>	<u>50047</u>	<u>63626</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Cash from Financing Activities	Nil	Nil
Net Increase / Decrease in Cash and Cash Equivalents	(113676)	5917
Cash and Cash Equivalents at the beginning of the year	63626	57709
Cash and Cash Equivalents at the End of the year	<u>50047</u>	<u>63626</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS</b>		
i) Cash in Hand	2040	1794
ii) Balances with Scheduled Banks in Current Accounts	<u>48007</u>	<u>61832</u>
Total Cash and Cash Equivalents (Note No. 12)	<u>50047</u>	<u>63626</u>

In terms of our Report attached  
For **D. SAMPATHKUMAR & CO.,**  
(FRN.003556S)  
CHARTERED ACCOUNTANTS

**M.K. RAVINDRAN**  
PARTNER  
Membership No. 20887

Place: Chennai  
Date: 31.05.2013

For and on behalf of the Board of Directors of  
**STERLING SPINNERS LTD.**

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

**R. VIJAYKUMAR**  
DIRECTOR



## 19th Annual Report 2012 - 2013

**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 Nineteenth Annual General Meeting of the Company to be held on Monday the 30th September  
2013 at 10.15 a.m. and at any adjournment thereof.  
As Witness my hand/our hands this.....day of.....2013  
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.

Affix  
1 Rupee  
Revenue  
Stamp

----- (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 19th Annual General Meeting of the Company held at 10.15 a.m. on  
Monday the 30th September 2013, 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.

# FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the company	Sterling Spinners Ltd.
2	Annual financial statements for the year ended	31st March 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable
5	To be signed by- <input checked="" type="checkbox"/> CEO/Managing Director <input type="checkbox"/> CFO <input type="checkbox"/> Auditor of the company <input type="checkbox"/> Audit Committee Chairman	FOR STERLING SPINNERS LTD.  Chairman cum Managing Director.