

STERLING SPINNERS LTD.



**TWENTIETH
ANNUAL REPORT
2013 - 2014**

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.
Phone : 044 - 25912675
CIN No. : L17111TN194PLC028672
e-mail : sterling spinersltd@gmail.com
website : sterlingspinners.in

FACTORY

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

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TWENTIETH ANNUAL REPORT

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STATEMENT OF ACCOUNTS FOR THE YEAR ENDED

31st March, 2014.

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **Twentieth 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 29th SEPTEMBER, 2014** at **10.15 A.M.** to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statement of the Company for the year ended on 31st March, 2014 consisting of Audited Balance Sheet as at 31.03.2014 and the statement of Profit and Loss of the Company for the year ended on that day together with the reports of the Board of Director's and Auditor's thereon.
2. To appoint M/s. D.Sampathkumar & Co. Chartered Accountants (Registration No.003556S) as statutory auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

Item No.3

REAPPOINTMENT OF SRI R.VIJAYKUMAR AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri R.Vijaykumar (Holding DIN 02532145), be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for second consecutive term of five years until the conclusion of 25th AGM or upto 28th September, 2019 whichever is earlier."

Item No. 4

REAPPOINTMENT OF SRI K.ALAGIRISWAMY AS AN INDEPENDENT DIRECTOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri K.Alagiriswamy (Holding DIN 02524423), who retires by rotation at the ensuing Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for second consecutive term of five years until the conclusion of 25th AGM or upto 28th September, 2019 whichever is earlier".

"BY ORDER OF THE BOARD"

Place: Chennai
Date: 27.08.2014

For STERLING SPINNERS LTD.,
K.S.VENUGOPALA
CHAIRMAN-CUM MANAGING DIRECTOR

Sterling Spinners Ltd.,

NOTE :

- **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
- The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
- Pursuant to Clause 49 of the Listing Agreement additional information on Directors seeking appointment / re-appointment at the Annual General Meeting is provided in the Annual report.
- The Register of Members at the Share Transfer Books of the Company will remain closed from 22.09.2014 to 29.09.2014 (both days inclusive).
- Members holding shares in physical form are requested to notify change of address and change in bank mandate if any, to M/s.Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai 600 002, the Registrar and Share Transfer Agents and those who hold share in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.
- Members who are holding shares more than one folio under physical form may approach the Company's Share Transfer Agent for consolidation with respective details.
- The Security and Exchange of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Member holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Member holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
- Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
- Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- Electronic copy of the Annual Report for the financial period ended 31.03.2014 is being sent to all the members whose email ID's are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.
- Electronic copy of the Notice of the 20th Annual General meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email ID's are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 20th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- Members may also note that the Notice of the 20th Annual General Meeting and the Annual Report for the financial period ended on 31.03.2014 will also be available on the Company's website www.sterlingspinners.in for their download. The physical copies of the aforesaid documents will also be available at the company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. The investors may contact the Compliance Officer for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or e-mail their grievances/queries to the Compliance Officer at the following email address: sterlingspinnersltd@gmail.com

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- Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- Members seeking any information or clarifications on the Annual Report are requested to send the written queries to the Company at least Two weeks before the meeting to enable the Company to compile the information and provide replies at the meeting.
- All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days, upto and including the date of the annual General Meeting of the Company.

E-VOTING

- In compliance with provisions of Sec 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
- The Company has appointed Mr.G.Sreenivasa Rao (Membership No. 5691), Practicing Company Secretary, representing M/s.G.S.R. & Co., to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner. The procedure and instructions for the voting through electronic means is, as follows:
- The voting period begins on 22nd September, 2014 (10.00 am) and ends on 23rd September, 2014 (6.00 pm). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e 27.08.2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- Click on "Shareholders" tab.
- Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID
- For CDSL: 16 digits beneficiary ID
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number, registered with the Company.
- Next enter the Image Verification as displayed and Click on Login
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat form and in Physical form

PAN

Enter your 10 digit alpha-numeric "PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digit of the sequence number in the PAN field.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
- Sequence number has been provided as Sl.No. in the address label.

DOB

Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details

Enter the dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

Sterling Spinners Ltd.,

- Please enter the DOB or Dividend Bank Details in order to log in. If the details are not recorded with the depository or Company please enter the member id/ Folio Number in the Dividend Bank details field.
- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option No implies that you dissent to the Resolution.
- Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the same password then Enter the User ID and the Image verification code and click on Forgot Password & enter the details as prompted by the system.
- Note for Institutional Shareholders
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to.
- After receiving the login details they have to create a compliance user should be created who would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manuals available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him on 29th September, 2014. The result declared along with the Scrutinizer's report, will be posted on the Company's website and on NSDL's website on 29th September, 2014.

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EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013.

Item No. 3

Sri. R.Vijaykumar is an Independent Director of the Company. He joined the Board of Directors of the Company on 23.11.2000. Sri. R.Vijaykumar is the Chairman of the Audit Committee and member of the Share Holders/Investors Grievance Committee and Remuneration Committee of the Company.

Sri. R.Vijaykumar holds Master Degree in English and Hindi and has more than 42 years experience in Marketing.

In terms of section 149 and any other applicable provisions of the Companies Act, 2013, Sri.R.Vijaykumar being eligible and offering himself for re-appointment, is proposed to be appointed as an Independent Director for five consecutive years until the conclusion of 25th AGM or up to 28th September, 2019 whichever is earlier. In the opinion of the Board, Sri.R.Vijaykumar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as an Independent Director of the Company and is Independent of the Management. Copy of the draft letter for appointment of Sri.R.Vijaykumar as an Independent Director would be available for inspection without any fees by the members at the Registered Office of the company during normal Business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. R.Vijaykumar as an Independent Director. Accordingly, the Board recommends the resolution in relation to re-appointment of Sri.R.Vijaykumar as an Independent Director, not liable to retire by rotation, for the approval by the Shareholders of the Company.

Except Sri.R.Vijaykumar, being an appointee, none of the other Directors and Key Management Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out as Item No.3. This explanatory statement may also be regarded as a disclosure Under Clause 49 of the Listing Agreement with Stock Exchanges.

Item No. 4

Sri. K.Alagirisamy is an Independent Director of the Company. He joined the Board of Directors of the Company on 26.09.1994. Sri. K.Alagirisamy is the Chairman of the Remuneration Committee, Share Holders/Investors Grievance Committee and a member of the Audit Committee of the Company.

Sri. K.Alagirisamy holds bachelor's Degree in Law and has more than 40 years experience in Practising as an Advocate and he is also former Advocate General of Govt. of Tamil Nadu.

In terms of section 149 and any other applicable provisions of the Companies Act, 2013, Sri.K.Alagirisamy being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for five consecutive years until the conclusion of 25th AGM or up to 28th September, 2019 whichever is earlier. In the opinion of the Board, Sri.K.Alagirisamy fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his re-appointment as an Independent Director of the Company and is Independent of the Management. Copy of the draft letter for appointment of Sri.K.Alagirisamy as an Independent Director would be available for inspection without any fees by the members at the Registered Office of the company during normal Business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. K.Alagirisamy as an Independent Director. Accordingly, the Board recommends the resolution in relation to re-appointment of Sri. K.Alagirisamy as an Independent Director, not liable to retire by rotation, for the approval by the Shareholders of the Company.

Except Sri. K.Alagirisamy, being an appointee, none of the other Directors and Key Management Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out as Item No 4. This explanatory statement may also be regarded as a disclosure Under Clause 49 of the Listing Agreement with Stock Exchanges.

Sterling Spinners Ltd.,

Details of Director seeking re-appointment at the 20th Annual General Meeting :

1	Name of Director	Sri.R.Vijaykumar	Sri.K.Alagirisamy
2	Date of Birth	14.08.1949	15.09.1945
3	Date of re-appointment	30.09.2013	27.09.2012
4	Qualification	M.A	B.L
5	Expertise in Specific area	42 years in Marketing	Legal Former Advocate Gen. for Govt. of T.N
6	Directorship held in other Public Companies	Nil	Nil
7	Membership / Chairmanship of the Public Companies (includes only Audit and Shareholders / Investors Grievance Committee)	3	3
8	Number of Shares held in the Company	10	10

(By orders of the Board)
For **STERLING SPINNERS LTD.**

Place : Chennai.
Date : 27.08.2014

(K.S.VENUGOPALA)
CHAIRMAN CUM MANAGING DIRECTOR

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2014.

1. OPERATING RESULTS:

	(Rs. In lakhs)	
	Current Year 31.03.2014	Previous Year 31.03.2013
Other Income	1.11	2190.00
	1.11	2190.00
Total Expenditure	13.86	35.51
Interest	241.04	178.32
Gross Profit/(Loss) after Interest but Before Depreciation and Taxation	(253.79)	1976.17
Depreciation	13.24	54.78
Net Profit / (Loss)	(267.03)	1921.39

Your Directors report that the Net Loss of the Company for the year under report is Rs.267.03 lakhs as against Net Profit of Rs.1921.39 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:

The Board of Directors consists of both Executive and Non-executive/Independent Directors who have wide and varied experience in different disciplines of Corporate functioning.

Pursuant to the provisions Section 149 and 152 of Companies Act, 2013 Mr.R.Vijaykumar and Mr.K.Alagirisamy proposed to be re-appointed as Independent Directors of the Company at the ensuing Annual General Meeting.

A brief resume, expertise, shareholding in the Company and details of other Directorship of these Directors as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of the Notice of ensuing Annual General Meeting.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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;
- 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
- that they have prepared the annual accounts on a 'going concern' basis.

5. INDEPENDENT AUDITOR'S OBSERVATION ON ACCOUNTS:

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.

6. PUBLIC DEPOSITS:

The Company does not have any Public deposit as at 31st March, 2014.

Sterling Spinners Ltd.,

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 came 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 employee.

9. **AUDITORS:**

The Company's Auditors M/s. D. Sampathkumar & Co., Chartered Accountants, Chennai, are retiring at the conclusion of 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, there are no employee who are drawing a remuneration of Rs.60,00,000/- or more per annum or Rs.5,00,000/- or more per month during the year ended 31st March, 2014.

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, and the Share holders for their continued co-operation

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

Place : Chennai.
Date : 27.08.2014

(K.S.VENUGOPALA)
CHAIRMAN CUM MANAGING DIRECTOR

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D. SAMPATHKUMAR & CO.
CHARTERED ACCOUNTANTS

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

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/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.

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 10 meetings of the Board of Directors were held.

2013	2014
10.04.2013	23.01.2014
31.05.2013	31.01.2014
12.06.2013	
27.06.2013	
31.07.2013	
23.08.2013	
30.09.2013	
31.10.2013	

Sterling Spinners Ltd.,

**D. SAMPATHKUMAR & CO.
CHARTERED ACCOUNTANTS**

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

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 2013 to March 31, 2014 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 19th AGM held on 30.09.2013
			Chairman	Member	
Sri. K.S. Venugopala	10	1	-	1	Yes
Sri. K. Alagiriswami	10	-	-	-	Yes
Sri. R. Vijaykumar	10	-	-	-	Yes

III. 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, Independent Director, Sri.K.Alagiriswami, Independent 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.

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 19th May, 2013, 28th July, 2013, 31st October, 2013 and 30th January, 2014. 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 three Non-executive Directors out of which Two are Independent Directors.

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

As required U/s 178 of the Companies Act, 2013, the Remuneration Committee has been re-christened as "Nomination and Remuneration Committee" with effect from 01.04.2014.

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. SHARE TRANSFER COMMITTEE:

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.

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

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D. SAMPATHKUMAR & CO.
CHARTERED ACCOUNTANTS

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

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 regulatory requirements.

During 2013 - 2014 the committee met one time on 28th March, 2014. All the members attended the above said Committee meeting.

VII 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 17th July, 2013 and 21st January, 2014 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 2013-2014.

<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.

As required U/s 178 of the Companies Act, 2013, the Remuneration Committee has been re-christened as "Shareholders Relationship Committee" with effect from 01.04.2014.

VIII. GENERAL BODY MEETINGS :

Time and location of Last three Annual General Meetings

Year	Date	Time	Location
2013	30.9.2013	10.15 A.M.	New No.4 (Old No.377/2) Suryanarayana Street, Tollgate Chennai 600 081
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

No Special Resolutions was put through postal ballot last year.

Sterling Spinners Ltd.,

**D. SAMPATHKUMAR & CO.
CHARTERED ACCOUNTANTS**

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

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.

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 ANNUAL GENERAL MEETING:

Date	Time	Location
29.09.2014	10.15 A.M.	New No.4, S.N. Street Tollgate, Chennai - 600 081.

XIII. UNIT LOCATION

Pa Pudukatti (P.O.)
Vedasandur Taluk
Dindigul 624 005.

XIV. Address for Investor Correspondence :

New No.4, (Old No.377/2)
S.N. Street, Tollgate,
Chennai 600081.

Financial Calendars :

Financial Reporting:

For the quarter ending June 30, 2014	: July, 2014
For the quarter ending September 30, 2014	: October, 2014
For the quarter ending December 31, 2014	: January, 2015
For the quarter ending March 31, 2015	: May / June 2015
Annual General Meeting for 2014-2015	: September, 2015

- The Company's shares are listed on the Bombay Stock Exchange 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 2014-15 to the above said Stock Exchanges.
- Connectivity with NSDL: ISIN. No. INE 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 (CEO) of Sterling Spinners Ltd., certify that:

- a) I have reviewed the Financial Statements and the Cash Flow Statements for the year ended 31.03.2014 and that to the best of my knowledge and belief.
 - i) These statements do not contain any materially untrue statements or omit any material fact 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 of 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, if any, of which we are aware and the steps have been taken or proposed to 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 involvement thereon, of the Management or an employee, having the significant role in the companies internal control system over financial reporting.

Place: Chennai
Date: 27.08.2014

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

DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBRS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct to be followed by all the members of the Board and Senior Management Personal of the Company respectively in compliance with the revised Clause 49 of the Listing Agreement with Stock Exchanges where the shares of the Company are listed

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 31st March, 2014

Place: Chennai
Date: 27.08.2014

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

Sterling Spinners Ltd.,

**D. SAMPATHKUMAR & CO.
CHARTERED ACCOUNTANTS**

**Phone : 2434 1189
New No. 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, 2014 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 : 30.05.2014

FOR D.SAMPATHKUMAR & CO.,
CHARTERED ACCOUNTANTS

(FRN. 003556S)
M.K.RAVINDRAN
PARTNER
Membership No.20887

20th Annual Report 2013 - 2014

D. SAMPATHKUMAR & CO.
CHARTERED ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To The Members of Sterling Spinners Ltd.

We have audited the accompanying financial statements of **M/s Sterling Spinners Ltd., Chennai** ("the Company") which comprise the Balance Sheet as at March 31, 2014, 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

Subject to the following comments:

BIFR SCHEDULE:

The Company has been declared sick by BIFR on 6.5.2003. Pending Proceedings before BIFR action has been initiated under SARFAESI Act, 2002 by TIIC. BIFR has abated the proceedings, since SARFAESI action has been taken. Appeal against the Abatement Order also been dismissed by AAIFR. SARFAESI action has been challenged and when it is pending, settlement has been made to TIIC. There is no liability either with Secured or Unsecured Creditors.

Sterling Spinners Ltd.,

GOING CONCERN BASIS:

The Company has stopped its operations since October, 2007 and whole of the Plant and Machineries has been disposed off leaving only Land and Building. In spite of all the above, accounts has been prepared on a going concern basis.

UN-SECURED LOANS FROM RELATED PARTIES:

In order to settle the dues to Banks and other Creditors, the Company has taken Unsecured Loans from its Managing Director and one of its related Company. The Company has paid an amount of Rs.241.02 lakhs towards interest on the above loans.

SUBJECT TO 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, 2014;
- (b) In the case of the Statement of Profit and Loss of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
 - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 : 30.05.2014

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 to the Members of M/s Sterling Spinners Ltd., (The Company) on the Financial Statement for the Year ended March 31, 2014.

(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 Fixed Assets were 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 size of the Company and the nature of its assets. No material discrepancies were noticed during verification.
- (c) During the year the Company has not disposed off any 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 Un-Secured 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.1760.94 lakhs. The year end balance of those loans was Rs.1760.94 Lakhs.
2. The rate of Interest and all other Terms and Conditions for the loans taken are not prima facie, prejudicial to the interest of the Company, they are regular in payment of interest, wherever applicable.
3. The terms of arrangement do not stipulate any principal 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.,

- (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, 2014 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 incurred cash losses in this financial year, but incurred cash Profit in the immediate preceding financial year.
- (xi) According to the information and explanations given to us, the Company has no loans due to bank and Financial Institutions.
- (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 (Auditors 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 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 prejudicial to the interest of the Company.
- (xvi) The Term Loans raised by the Company, was applied for the purpose of loans were obtained.

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- (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 : 30.05.2014

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

M.K.RAVINDRAN
(PARTNER)
Membership No: 20887

Sterling Spinners Ltd.,

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, 2014 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 : 30.05.2014

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

M.K.RAVINDRAN
(PARTNER)
Membership No: 20887

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BALANCE SHEET AS AT 31ST MARCH, 2014.

Particulars	Note No.	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
I. EQUITY AND LIABILITIES :			
(1) Shareholders' Funds			
(a) Share Capital	2	70000000	70000000
(b) Reserves and Surplus	3	<u>(227932720)</u>	<u>(201229584)</u>
	(A)	<u>(157932720)</u>	<u>(131229584)</u>
(2) Non - Current Liabilities			
(a) Long-Term Borrowings	4	176093796	152130779
(b) Other Long Term Liabilities		-	-
	(B)	<u>176093796</u>	<u>152130779</u>
(3) Current Liabilities			
(a) Trade Payables		-	-
(b) Other Current Liabilities	5	1096714	236701
(c) Short-Term Provisions	6	<u>2945</u>	<u>2728</u>
	(C)	<u>1099659</u>	<u>239429</u>
TOTAL	(A+B+C)	<u><u>19260735</u></u>	<u><u>21140624</u></u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	7	18316903	19640502
(ii) Intangible Assets		-	-
(b) Long term loans and advances		-	-
(c) Other Non-Current Assets		-	-
	(A)	<u>18316903</u>	<u>19640502</u>
(2) Current Assets			
(a) Inventories		-	-
(b) Cash and Cash equivalents	8	52798	50047
(c) Short-term loans and advances	9	<u>891034</u>	<u>1450075</u>
	(B)	<u>943832</u>	<u>1500122</u>
TOTAL	(A+B)	<u><u>19260735</u></u>	<u><u>21140624</u></u>

Significant Accounting Policies

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: 30.05.2014

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.,

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014.

Particulars	Note No.	Year Ended 31st March 2014 Rupees	Year Ended 31st March 2013 Rupees
INCOME			
I Revenue from Operations		-	-
II Other Income	10	111000	218999899
III	Total Revenue (I + II)	111000	218999899
IV EXPENDITURE			
Employee Benefits Expense	11	139662	129863
Finance Cost	12	24104449	17832164
Depreciation and Amortisation	7	1323599	5477894
Other Expenses	13	1246426	3420776
	Total Expenses (IV)	26814136	26860697
V Profit/Loss before Tax (III-IV)		<u>(26703136)</u>	<u>192139202</u>
VI Less: Tax Expense:			
1) Current Tax		-	-
2) Deferred Tax		-	-
VII Profit /Loss After Tax	(V-VI)	<u>(26703136)</u>	<u>192139202</u>
VIII Earning per Share (of Rs.10/- of each)			
(1) Basic / Diluted earning per share		(3.81)	27.45
(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: 30.05.2014

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

K.S. VENUGOPALA
 CHAIRMAN-CUM-
 MANAGING DIRECTOR

R. VIJAYKUMAR
 DIRECTOR

20th Annual Report 2013 - 2014

Notes on Financial Statements for the year ended 31st March, 2014.

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:

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. During the year the mill did not run and no conversion charges received. However, there will be usual wear and tear. Hence 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 operations during the year.

Sterling Spinners Ltd.,

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

Particulars	As at		As at	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Rupees		Rupees	
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		
Total	<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		
Total	<u>7,00,00,000</u>	<u>7,00,00,000</u>		
	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Rs.	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 aprpval 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 2014		As at 31st March 2013	
Names of the Shareholder	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Sri. K.S. Venugopala	1432090	20.46%	1421050	20.30%
Savorit Limited	600000	8.57%	600000	8.57%

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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

Particulars	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
NOTE - 3		
<u>RESERVES AND SURPLUS:</u>		
1. Other Reserve (Employment of Women Workers subsidy from SIPCOT)		
Opening Balance	315000	315000
2. <u>Surplus in Statement of Profit and Loss</u>		
Opening Balance	(201544584)	(393683786)
Less: 1. Profit/Loss for the year	(26703136)	192139202
2. Appropriations		
	<u>(228247720)</u>	<u>(201544584)</u>
Total	(227932720)	(201229584)
NOTE - 4		
<u>LONG TERM BORROWINGS:</u>		
i) Loan from related party		
from Chairman cum Managing Director (Unsecured)	71337659	62380745
ii) Others		
a) From related Parties (Savorit Limited) (Unsecured)	104756137	89750034
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 inturn given to the Company.		
Total	<u>176093796</u>	<u>152130779</u>
NOTE - 5		
<u>OTHER OTHER CURRENT LIABILITIES:</u>		
1) Audit Fees Payable	112899	195498
2) Director Sitting Fees Payable	46380	40880
3) TDS Payable	937435	323
Total	<u>1096714</u>	<u>236701</u>
NOTE - 6		
<u>SHORT TERM PROVISIONS:</u>		
Provisions for Employees Benefit	2945	2728
Total	<u>2945</u>	<u>2728</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

NOTE - 7 FIXED ASSETS

S.No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 01.04.2013	Addition during the year	Deduction during the year	As at 31.03.2014	As at 01.04.2013	For the year	Deduction during the year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
1	<u>Tangible Assets</u>											
	<u>Own</u>											
1	Land: Industrial Plot	1247689	-	-	1247689	-	-	-	1247689	1247689	1247689	1247689
2	Building	39814613	-	-	39814613	21462985	1306255	-	17045373	18351628	18351628	18351628
3	Plant and Equipment	1052940	-	-	1052940	1011755	17344	-	23841	41185	41185	41185
	Total Rs.	42115242	0	0	42115242	22474740	1323599	-	18316903	19640502	19640502	19640502
	Previous Year Rs.	159703180	125000	117712938	42115242	113859465	5477894	96862622	22474739	19640502	45843715	45843715

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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

Particulars		As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
NOTE - 8			
<u>CASH & CASH EQUIVALENTS :</u>			
1. <u>Cash-in-Hand</u>			
Cash Balance		1101	2040
	Total (A)	1101	2040
2. <u>Balance with Bank</u>			
Current Account		51697	48007
	Total (B)	51697	48007
	Total (A+B)	52798	50047
NOTE - 9			
<u>SHORT TERM LOANS AND ADVANCE (UNSECURED, CONSIDERED GOOD)</u>			
<u>A) Others:</u>			
1. Advance Income Tax and Refund Due		297627	297627
2. Balance with Revenue Authorities & Others		589407	1126798
3. Others (Related Party)		-	25650
4. Staff Advance		4000	-
	Total	891034	1450075

Sterling Spinners Ltd.,

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014.

Particulars	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
NOTE 10		
<u>OTHER INCOME</u>		
1. <u>Other receipts</u>		
a) Rental Income	111000	315090
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
Total	<u>111000</u>	<u>218999899</u>
NOTE 11		
<u>EMPLOYEE BENEFITS EXPENSE</u>		
1. Salaries, Bonus, PF	139662	129863
Total	<u>139662</u>	<u>129863</u>
NOTE 12		
<u>FINANCE COST</u>		
1. Interest on Loans	24102417	17820994
2. Bank Charges	2032	11170
Total	<u>24104449</u>	<u>17832164</u>
NOTE 13		
<u>OTHER EXPENSES</u>		
1. Rates & Taxes	152130	1560197
2. Power and Fuel	537391	624984
3. General Expenses	5500	4000
4. Legal Expenses	4000	32500
5. Professional Charges	99070	91133
6. Security Expenses	317335	318140
7. Printing & Stationery Expenses	5500	6700
8. As Auditors		
a) Audit Fees	25000	25000
b) Tax Audit Fees	15000	15000
9. Advertisement & Publicity	85500	81101
10. Loss on Sales of Assets	-	662021
Total	<u>1246426</u>	<u>3420776</u>

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014.

Note No. 14

Foreign Exchange Transactions:

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

Note No. 15

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

	2013-14	2012-13
	Nil	Nil

Note No. 16

As the networth of the company has been eroded. 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 & 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. 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, SIPCOT, IFST and all remaining creditors. For this purpose, the Company has borrowed from its Associate Company M/s. Savorit Limited and its Managing Director. The Company has paid Rs.241.02 Lakhs towards interest on the above loans.

GUARANTEE IN FAVOUR OF ASSOCIATE COMPANY:

M/s Savorit Limited has borrowed from M/s Indian Bank, MGT Branch, Chennai and in turn advanced the amount (balance as on 31.03.2014 Rs.1047.56 lakhs) to our Company. For this purpose our Company has given its Land and Building as Security and further extended Corporate Guarantee.

Note No. 17

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

Note No. 18

	2013-2014	2012-2013
Value of Import (CIF value)		
a) Raw Materials	-	-
b) Capital Goods	-	-

Note No. 19

Expenditure in Foreign Currency

	-	-
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Note No. 20

A) Related Parties:

	<u>S.No.</u>	<u>PARTY</u>	<u>Relationship</u>
(i)	1.	Savorit Limited	Associate Enterprises
	2.	Savorit Food Industries Ltd.	-do-
	3.	Savorit Unavugal Limited (Formerly known as Savorit Oils Limited)	-do-
(ii)		Sri K.S.Venugopala, Chairman-cum-Managing Director	Key Managerial Personnel

Sterling Spinners Ltd.,

B) Transactions with Related Parties

Particulars	Rs.in lakhs	
	Associate Enterprises	Key Managerial Personnel
Rental Income	1.11	-
Interest on Loans	(3.15)	-
Long Term Borrowings	147.28	93.74
Short Term Loans and Advances	(17.82)	(-)
	1047.56	713.38
	(897.50)	(623.81)
	(0.26)	-

Note No. 21

THE BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Particulars	Year ended 2013-2014 Rs.	Year ended. 2012-2013 Rs.
Profit / Loss after Tax	(26703136)	192139202
Number of Equity Shares	7000000	7000000
Nominal Value of Ordinary Shares	Rs.10/-	Rs.10/-
Basic / Diluted Earning per Share	(3.81)	27.45

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. 22

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: 30.05.2014

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

K.S. VENUGOPALA
 CHAIRMAN-CUM-
 MANAGING DIRECTOR

R. VIJAYKUMAR
 DIRECTOR

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014.

Particulars	31.03.2014 Rs.	31.03.2013 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/Loss Before Taxes	(26703136)	192139202
Depreciation and Amortisation	1323599	5477894
Interest Paid	24102417	17820994
Operating Loss / Profit before Working Capital Charges	(1277120)	215438090
B. MOVEMENTS IN WORKING CAPITAL:		
Increase/(decrease) in Trade Payables	-	(2554337)
Increase/(decrease) in Long Term Borrowings	(23963017)	(294108433)
Increase/(decrease) in Other Liabilities	860013	57406429
Increase/(decrease) in Short Term Provisions	217	100
Increase / decrease in Long Term Loans and Advances	-	(20400000)
Increase / decrease in Short Term Loans and Advances	559041	17871
	B	(215388043)
	A-B	50047
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	C	Nil
Net Increase / Decrease in Cash and Cash Equivalents	A+B+C	(113676)
Cash and Cash Equivalents at the beginning of the year	50047	63626
Cash and Cash Equivalents at the End of the year	52798	50047
CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS		
(i) Cash in Hand	1101	2040
(ii) Balances with Scheduled Bank in Current Accounts	51697	48007
Total Cash and Cash Equivalents (Note No. 8)	52798	50047

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

M.K. RAVINDRAN
PARTNER
Membership No. 20887

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

K.S. VENUGOPALA
CHAIRMAN-CUM-
MANAGING DIRECTOR

R. VIJAYKUMAR
DIRECTOR

Place: Chennai
Date: 30.05.2014

Sterling Spinners Ltd.,

STERLING SPINNERS LTD.,

Regd. Office New No. 4, S.N. Street, Tollgate, Chennai-600 081.
CIN : 617111TN1994PLC028672

ATTENDANCE SLIP

DP ID Number		Name and Address of the registered Shareholders
Client ID/Regd. Folio No.		
No. of Shares held		

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence of the Twentieth Annual General Meeting held on Monday the 29th September, 2014 at 10.15 a.m. to New No. 4, S.N. Street, Tollgate, Chennai - 600 081.

.....
(Member's / Proxy's Signature)

Note : Please complete this and hand it over at the entrance of the hall.

Form No. MGT 11

PROXF FORM

<Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014.>

CIN	L17111TN1994PLC028672
Name of the Company	STERLING SPINEERS LTD
Registered Office	New No. 4, S.N. Street, Tollgate, Chennai - 600 081.
Name of the Shareholder	
Registered Address	
E-mail ID	
Folio No. / Client ID	
DP ID	

I/We, being the Share holders(S) ofShares of the above named Company, hereby appoint

1	Name		Signature
	Address		
	E-mail ID		
	or failing him		

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2	Name		Signature		
	Address				
	E-mail ID				
	or failing him				

3	Name		Signature		
	Address				
	E-mail ID				
	or failing him				

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf as the 20th Annual General Meeting of the Company, to be held on Monday the 29th September, 2014 at 10.15 A.M. at New No.4, S.N. Street, Tollgate, Chennai - 600 081 and at any adjournment of such resolutions as are indicated below.

Resolution No.

1	2	3	4
---	---	---	---

Signed this.....day of2014.

Signature of Shareholder(s)

Signature of Proxy holder(s)

Note : This form of proxy in order to be effective should be completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.

Book - Post

To

If undelivered please return to :
STERLING SPINNERS LTD.,

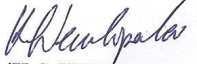

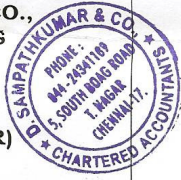

Registered Office :
New No. 4, (Old No. 377/2) S.N. Street,
Tollgate, Chennai-600 081.

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	31.03.2014
3.	Type of Audit observation	<p>“The observation are Clarificatory in nature”</p> <p><u>GOING CONCERN BASIS</u></p> <p>The Company has stopped its operation since October, 2007 and whole of the Plant and Machineries has been disposed off leaving Land and Building. In spite of all the above, accounts has been prepared on a going concern basis.</p> <p><u>UN-SECURED LOANS FROM RELATED PARTIES</u></p> <p>In order to settle the dues to Banks and other Creditors, the Company has taken Un-secured Loans from its Managing Director and one of its related Company. The Company has paid an amount of Rs.241.02 lakhs towards interest on the above loans.</p>



4.	Frequency of observation	"The observation are clarificatory in nature" The first observation is being mentioned, since 2009. The second is made only this year.
5.	To be Signed by a) CEO/Managing Director b) CFO c) Auditor of the Company d) Audit Committee Chairman	For STERLING SPINNERS LTD.  (K.S.VENUGOPALA) CHAIRMAN CUM MANAGING DIRECTOR NOT APPOINTED For D. SAMPATHKUMAR & CO., Firm Regn. No.003556 S  M.K. RAVINDRAN (PARTNER) M.No.20887  For STERLING SPINNERS LTD  (R.VIJAYKUMAR) DIRECTOR (CHAIRMAN AUDIT COMMITTEE)