

STERLING SPINNERS LTD.



FIFTH ANNUAL REPORT 1998-99



BOARD OF DIRECTORS

1. MR. K.S. VENUGOPAAL
2. MR. K. ALAGIRISWAMI
3. MR. R.K. JHAVER

CHAIRMAN-CUM-MANAGING DIRECTOR

AUDITORS

S. DHANYAKUMAR & CO.,
3, South Boag Road,
Thyagaraya Nagar,
Chennai 600 017.

BANKERS

PUNJAB NATIONAL BANK,
Sowcarpet Branch,
109, Nainippa Naicken St.,
Sowcarpet, Chennai 600 003.

COMPANY SECRETARY

Mr. K.V.S.RAGHAVAN

REGISTERED OFFICE

377/2, S.N. Street,
Tollgate,
Chennai 600 081.

SPINNING MILL

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

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FIFTH ANNUAL REPORT & Statement of Accounts for the Year ended 31st March, 1999

5th Annual Report 1998 - 99

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifth Annual General Meeting of Members of M/s. **STERLING SPINNERS LTD. CHENNAI** will be held at the Registered Office of the Company, at **No. 377/2, Suryanarayana Street, Chennai 600 081**, on **MONDAY the 27th September, 1999**, at **10.30 A.M.** to transact the following business:

AGENDA

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.1999 and the Profit and Loss Account of the Company for the year ended 31st March, 1999 and the Report of the Auditor and Director's thereon.

2. To elect a Director

To appoint a Director, in the place of Shri K. Alagiriswami, Director who retires by rotation and being eligible, offers himself for re-appointment.

3. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED that M/s. **Dhanyakumar & Co., Chartered Accountants, Chennai**, 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 Sixth Annual General Meeting of the Company on a remuneration of Rs.20,000/- (Rupees Twenty thousand only).

"By Order of the Board"

For **STERLING SPINNERS LTD.**

K.V.S. RAGHAVAN
COMPANY SECRETARY.

Place: Chennai

Date : 26.07.1999

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NOTES

- A. 1. A MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form must be lodged at the Registered Office of the company at least 48 hours before the time of the Meeting.
3. The Register of Members and Share Transfer Books will remain closed from Thursday, the 16th September, 1999 to Monday, the 27th September, 1999 (both days inclusive)
- B. 1. Members are requested to notify immediately any change in their address, to the Registrars and Share Transfer Agents M/s. MCS Software Solutions Ltd. (Formerly M/s. Mafatlal Consultancy Services (India) Ltd.), No.157, Habibullah Road, Thyagaraya Nagar, Chennai - 600 017.
2. Share holders 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 their copy of Annual Report for the meeting.



Sterling Spinners Ltd.

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

1. OPERATING RESULTS:

	Current year	Previous year
	(Rs.in lakhs)	
Net Sales/Income from Operations	1116.57	941.83
Other Income	4.56	2.17
	<u>1121.13</u>	<u>944.00</u>
Total Expenditure	1208.37	779.07
Interest	208.94	174.22
Gross Profit/(Loss) after Interest but before Depreciation and taxation	(296.18)	(9.29)
Depreciation	75.57	58.58
Net Profit (Loss)	(371.75)	(67.87)

Your Directors wish to inform that the Company has achieved a Turnover of Rs.1116.57 lakhs in the Current Year as against Rs.941.83 lakhs turnover of previous year. Your Directors have to report that the company's profitability is under strain due to recessionary trend and sluggish markets in general and due to low productivity on a account of labour turnover, heavy interest payments and unable to reap the benefits from the market either from purchase of cotton or from sale of yarn due to lack of adequate resources.

2. DIVIDEND:

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

3. DIRECTORS:

Sri.K.S.Kamalakkannan, and Sri.M.Paramasivam resigned as Directors of the company with effect from 28.06.1999. Your Directors place on record the valuable services rendered by Sri.K.S.Kamalakkannan and Sri.M.Paramasivam during their tenure as Directors of the company and convey their appreciation to them.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, your Directors have to inform that Sri.K.Alagiriswami, Director is to retire by rotation at the Fifth Annual General Meeting and being eligible, offers himself for re-appointment.

4. AUDITORS:

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

5. INDUSTRIAL RELATIONS:

Your Directors recognize the services rendered by the employees and wish to record Board's appreciation for the sincere work rendered by them.

6. PARTICULARS OF EMPLOYEES:

In terms of the requirement of Section, 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 as amended upto date is given below :

Statement showing the particulars of Employees pursuant to Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of Directors for the year ended 31st March, 1999.

Name	Designation	Remuneration	Qualification	Experience	Date of Commencement of Employment	Age	Employment before joining the Company
Sri K.S. Venugopaal	Chairman-cum- Managing Director	Rs 8,40,000 P.A.	M.Com.,	29 years	24.03.1995	50	Rendering services as Chairman-cum-Managing Director of Savorit Limited and continuing the same without any remuneration

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7. 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:

POWER AND FUEL CONSUMPTION

1998 - 99

1997 - 98

1. ELECTRICITY:

a) PURCHASED:

Units	29.57 lakhs	26.90 lakhs
Total Amount	Rs.75.54 lakhs	Rs.76.24 lakhs
Rate/Unit	Rs.2.55	Rs.2.83

b) OWN GENERATION:

Units	Rs.18.60 lakhs	10.28 lakhs
Total Amount	Rs.63.10 lakhs	Rs.35.77 lakhs
Rate/Unit	Rs.3.39	Rs.3.48

c) THROUGH STEAM TURBINE/GENERATOR:

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2. a) Consumption per Unit of production	4.55 Units	3.88 Unit
c) Cost of Consumption per Unit of Production	Rs.13.10	Rs.11.71

B. TECHNOLOGY ABSORPTION:

The Company has taken steps in carrying out Research & Development Activities in the areas of:

- Grading of Cotton for specific count and quality of yarn.
- Evaluation and maintenance of quality of Yarn at various stages of processing and optimising the process parameters to achieve the best quality yarn to cope with the International Standards.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

D. GENERAL:

You are well aware of the fact that the textile industries are passing through a very critical and unprecedented recessionary trend and that your company is also suffering due to the sluggish market condition, mismatching between the purchase and sale prices and low productivity. However with great difficulty the Board of Directors are keeping the wheels of company running without stoppages.

E. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude to the Central and State Governments, M/s.SIPCOT, M/s.TIIC, M/s.PNB, M/S.TEXTOOL LIMITED, Suppliers, Dealers and the Share holders for their continued Co-operation and support.

Place : Chennai
Dated : 26.07.99

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

K.S.VENUGOPAAL
CHAIRMAN-CUM-
MANAGING DIRECTOR.

For **STERLING SPINNERS LTD.**


Company Secretary.



Sterling Spinners Ltd.

AUDITOR'S REPORT

To

The Shareholders of

STERLING SPINNERS LTD

We have audited the attached Balance Sheet of Sterling Spinners Ltd, Chennai as at 31st March,1999 and the Profit & Loss Account for the period ended on that date annexed there to and report that

1. As required by the Manufacturing And Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section-227(4A) of the Companies Act, 1956, we state our comments on the matters specified in paragraphs 4 and 5 of the said order.
 - i. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
 - ii. None of the fixed assets have been revalued during the year.
 - iii. The Stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
 - iv. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - v. The discrepancies noticed on verification between the physical stocks and the book records were not material and those have been properly dealt within the books of accounts.
 - vi. On the basis of our examination of stock records we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles.
 - vii. The Company has taken loan by way of inter-corporate deposit from the company under same management. In our opinion the rate of interest and other terms and conditions or not prima-facie prejudicial to the interest of the company.
 - viii. The Company has not granted any loan secured or unsecured to the Company or Firm listed in the registers maintained under section 301 of the Companies Act, 1956 and to the companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956.
 - ix. The Company has not granted any Loans and Advances in the nature of Loan to the Company, Firm or other parties listed in the registers maintained as defined under section 301 of the Companies Act, 1956 and to the Company under same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956 (1 of 1956). Except interest free Advances to Employees in respect of the same, they are regular in repayment of Advance as stipulated.
 - x. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and the nature of its business with regard to purchases of the stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
 - xi. In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods, materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and aggregating to Rs.50000/= or more during the year in respect of each party.
 - xii. As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, raw-materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
 - xiii. The Company has not accepted any deposits from the public under section 58A of the Companies Act, 1956.
 - xiv. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap and the company has no by-products resulting from the manufacturing process of the Company.
 - xv. In our opinion and according to the information furnished to us, the company has internal audit system commensurate with its size and nature of its business.