

# **STERLING SPINNERS LTD.**



## **SIXTH ANNUAL REPORT 1999-2000**



## BOARD OF DIRECTORS

1. MR. K.S. VENUGOPAAL
2. MR. K. ALAGIRISWAMI
3. MR. P.S. RAMAMURTHY

CHAIRMAN-CUM-MANAGING DIRECTOR

### AUDITORS

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

### BANKERS

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

### COMPANY SECRETARY

Mr. K.V.S.RAGHAVAN

### REGISTERED OFFICE

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

### SPINNING MILL

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

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Contents	Page No.
Notice to Share holders	3
Directors' Report	4
Auditor's Report	6
Balance Sheet	8
Profit and Loss Account	9
Schedules to Accounts	10
Cash Flow Statement	21

## SIXTH ANNUAL REPORT & Statement of Accounts for the Year ended 31st March, 2000

## *6th Annual Report 1999 - 2000*

### NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Sixth Annual General Meeting of Members of **M/s. STERLING SPINNERS LTD. CHENNAI** will be held at the Registered Office of the Company at **New NO.4 (Old No.377/2), Suryanarayana Street, Chennai 600 081** on **THURSDAY the 28th September, 2000** 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 31.03.2000 and Profit and Loss Account of the Company for the year ended 31st March, 2000 and the Report of the Auditor and Director's thereon.
2. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution  
**"RESOLVED that M/s. S. Dhanyakumar & Co. Chartered Accountants Chennai retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this meeting to the conclusion of the Seventh Annual General Meeting of the Company on a remuneration of Rs.20,000/- (Rupees Twenty Thousand only)."**

#### SPECIAL BUSINESS :

3. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution.  
**"RESOLVED to appoint Shri P.S. RAMAMURTHY, as a Director of the Company who shall be liable to retire by rotation".**

Place : Chennai

Date : 28.7.2000

"By order of the Board"  
 For **STERLING SPINNERS LTD.**  
**K.V.S.RAGHAVAN**  
**COMPANY SECRETARY.**

#### 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 Monday, the 18th September, 2000 to Thursday the 28th September, 2000 (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., 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.

#### EXPLANATORY STATEMENT :

##### (PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

1. For the proposed Ordinary Resolution No. 3 :

The Board of Directors in their meeting dated 27.09.1999 have appointed Shri.P.S.Ramamurthy as Director of the Company. Since Shri P.S. Ramamurthy, being appointed as Additional Director, he can hold the Office of the Directorship up to the Conclusion of the Sixth Annual General Meeting. Hence, the above resolution has been proposed as Ordinary Resolution for the appointment of Shri P.S. Ramamurthy as a Director of the Company, who shall be liable to retire by rotation.

None of the Directors of the Company is interested in the above said resolution, except Shri.P.S. Ramamurthy, Director.



## DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2000.

### 1. OPERATING RESULTS :

	Current year	Previous year
	(Rs.in lakhs)	
Net Sales/Income from Operations	1246.39	1116.57
Other Income	5.05	4.56
	<u>1251.44</u>	<u>1121.13</u>
Total Expenditure	1146.97	1208.37
Interest	174.70	208.94
Gross Profit/(Loss) after Interest but before Depreciation and Taxation	(70.23)	(296.18)
Depreciation	75.43	75.57
Net Profit / (Loss)	(145.66)	(371.75)

Your Directors wish to inform that the Company has achieved a Turnover of Rs.1246.39 lakhs in the Current Year as against Rs.1116.57 lakhs turnover of previous year. Your Directors report that the Net Loss of the Company for the year under review is reduced to Rs.145.66 lakhs from Rs.371.75 lakhs of previous year on account of remedial measures taken. Despite the fact that still there is a general recession in the Textile Industry and still the Company has to overcome the low productivity on account of labour turnover, high financial charges and on account of mismatch between the cost of the raw material and selling price.

### 2. DIVIDEND :

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

### 3. DIRECTORS :

Sri R.K. JHAVER, resigned as Director of the Company with effect from 27.09.1999. Your Directors placed on record the valuable services rendered by Sri R.K. Jhaver during his tenure as Director of the Company and conveyed their appreciation to him.

Sri P.S. RAMAMURTHY, has been appointed as Additional Director of the Company with effect from 27.09.1999. Being appointed as Additional Director of the Company, he can hold the Office of Directorship up to the conclusion of the Sixth Annual General Meeting of the Company. Hence, necessary resolution has been moved for the appointment of Sri.P.S.Ramamurthy, as Director of the Company, who is liable to retire by rotation.

### 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.

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.	30 years	24.03.1995	51	Rendering services as Chairman-cum- Managing Director of Savorit Limited and continuing the same without any remuneration.

## *6th Annual Report 1999 - 2000*

### 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	1999-2000	1998-99
<b>1. ELECTRICITY :</b>		
<b>a) PURCHASED :</b>		
Units	33.66 Lakhs	29.57 Lakhs
Total Amount	Rs. 97.50 Lakhs	Rs. 75.54 Lakhs
Rate/Unit	Rs. 2.99	Rs. 2.55
<b>b) OWN GENERATION</b>		
Units	15.48 Lakhs	18.60 Lakhs
Total Amount	Rs. 53.75 Lakhs	Rs. 63.10 Lakhs
Rate/Unit	Rs. 3.47	Rs. 3.39
<b>c) THROUGH STEAM TURBINE / GENERATOR</b>	-	-
2. a) Consumption per Unit of Production	3.79 Units	4.55 Units
b) Cost of Consumption per Unit of Production	Rs.11.88	Rs.13.10

#### B. TECHNOLOGY ABSORPTION :

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

- a) Grading of Cotton for specific count and quality of yarn.
- b) Evaluation and maintenance of quality of Yarn at various stages of processing and optimising the process parameters to achieve the best quality of 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. POTENTIALLY SICK INDUSTRIAL COMPANIES PROCEEDINGS :

Your Board of Directors have to recall that the Company has eroded 50% (fifty percent) or, more of its peak network as on 31st March, 1999. Accordingly, the Company has initiated proceedings as contemplated under Section 23 of the Sick Industrial Companies (Special Provision) Act, 1985 and the members of the company considered the position of the same in the Extra-Ordinary General Meeting of the Company held on 15.11.1999. Your Director have further informed that the Company has reported the above said Erosion of Loss of 50% of Network to the BIFR on 22nd November, 1999. The Company has taken remedial measures and still the company is suffering with low productivity on account of labour turnover and high financial charges and on account of mismatch between the cost of the raw material and selling price.

#### E. ACKNOWLEDGEMENTS :

Your Directors wish to place on record their gratitude to the Central and State Governments, M/s. State Industries Promotion Corporation of Tamilnadu Limited, M/s. Tamilnadu Industrial Investment Corporation Limited, M/s. Punjab National Bank, M/s. Textool Company Limited, Suppliers, Dealers and the Share holders for their continued Co-operation and support.

Place : Chennai

Dated : 28.07.2000

On behalf of the Board of Directors

of **STERLING SPINNERS LTD.**

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

**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, 2000 and the Profit & Loss Account for the year 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 enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, 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 it appears from our examination of such books.
  - c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit and Loss Account complies with the requirements of the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations furnished to us, the said Balance Sheet and Profit and Loss Account read together with the schedules annexed therewith give the informations as required by the Companies Act, 1956 in the manner so required and give a true and fair view,
    - i. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2000 and
    - ii. In so far as it relates to the Profit and Loss Account of the Loss of the Company for the year ended on that date.

For **S.DHANYAKUMAR & CO.,**  
Chartered Accountants

Place : Chennai  
Dated : 28.07.2000

**D.SAMPATH KUMAR**  
Proprietor.