

# **STERLING SPINNERS LTD.**



## **SEVENTH ANNUAL REPORT 2000-2001**


**Sterling Spinners Ltd.**
**BOARD OF DIRECTORS**

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

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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**SEVENTH ANNUAL REPORT**  
&  
Statement of Accounts  
for the Year ended  
31st March, 2001

## *7th Annual Report 2000 - 2001*

### NOTICE TO THE SHARE HOLDERS

**NOTICE** is hereby given that the **Seventh 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 **11th JUNE, 2001 at 10.15 A.M.** to transact the following business.

### AGENDA

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2001 and Profit and Loss Account of the Company for the year ended 31st March, 2001 and the Report of the Auditors and Directors' 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 Eighth Annual General Meeting of the Company on a remuneration of Rs.20,000/- (Rupees Twenty thousand only)".

#### SPECIAL BUSINESS :

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

3. "RESOLVED to appoint Sri R. Vijaykumar, as a Director of the Company who shall be liable to retire by rotation."
4. "RESOLVED that the Company has become a Sick Industrial Company as at the end of Financial Year ended 31st March, 2001 and further resolved to ratify the action of the Board of Directors of the Company for making a reference to the Board for Industrial and Financial Reconstruction (BIFR) for determination of the measures which shall be adopted with reference to the Company in accordance with the provision of Section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 in all respects"

"BY ORDER OF THE BOARD"

Place : Chennai  
Date : 11.05.2001

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 Thursday, the 7th June, 2001 to Monday the 11th June, 2001 (both days inclusive).
4. Nomination facility is available to every Share holder Under Section 109 A of the Companies Act, 1956.
- B. 1. Members are requested to notify immediately any change in their address, to our Registered Office of the Company New No.4 (Old No.377/2) Suryanarayana Street, Tollgate, Chennai 600 081.
2. 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. Share holders are requested to bring the copy of the Annual Report for the meeting.
- C. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed and forms part of the Notice.



## *Sterling Spinners Ltd.*

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### **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 23.11.2000 have appointed Sri.R.Vijaykumar as Director of the Company.

Since Sri.R. Vijaykumar, being appointed as Additional Director, he can hold the office of the Directorship up to the conclusion of the Seventh Annual General Meeting. Hence, the above resolution has been proposed as Ordinary Resolution for the appointment of Sri.R.Vijaykumar 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 Sri.R.Vijaykumar, Director.

**2. For the proposed Ordinary Resolution No.4**

The Board of Directors in their meeting dated 19.04.2001 have decided to make a reference to the Board for Industrial and Financial Reconstruction (BIFR), since they have formed an opinion that the Company has become Sick Industrial Company as on 31.03.2001 within the meaning of Clause ( o )of Sub section ( 1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The above resolution has been proposed by way of Ordinary Resolution to have the sanction of the members of the Company and have ratification by the members of the Company as proposed in the above said resolution.

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## 7th Annual Report 2000 - 2001

### DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001.

#### 1. OPERATING RESULTS :

	Current year	Previous year
	(Rs.in lakhs)	
Net Sales / Income from Operations	1217.10	1246.39
Other Income	5.95	5.05
	<u>1223.05</u>	<u>1251.44</u>
Total Expenditure	1178.40	1146.97
Interest	208.50	174.70
Gross Profit / (Loss) after Interest but before		
Depreciation and Taxation	(163.85)	(70.23)
Depreciation	75.01	75.43
Net Profit / (Loss)	(238.86)	(145.66)

Your Directors wish to inform that the Company has achieved a Turnover of Rs.1217.10 lacs in the current year as against Rs.1246.39 lacs turnover of previous year. Your Directors report that the Net Loss of the Company for the year under review is increased to Rs.238.86 lacs from Rs.145.66 lacs of previous year due to Production and Technical problems on account of Labour Turnover, high financial charges and marketing problems due to recessionary tendency in the Textile Industry.

#### 2. REFERENCE TO BIFR :

The Company has become a Sick Industrial Company as on 31.03.2001 within the meaning of Clause ( o) of Sub-Section ( 1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The Board of Directors have decided to make a reference under Section 15 of the said Act to BIFR for the determination of the measures which shall be adopted with respect to the Company.

#### 3. DIVIDEND :

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

#### 4. DIRECTORS :

Sri R.Vijaykumar, has been appointed as Additional Director of the Company with effect from 23.11.2000. Being appointed as Additional Director of the Company, he can hold the office of Directorship upto the conclusion of the Seventh Annual General Meeting of the Company. Hence, necessary resolution has been moved for the appointment of Sri. R. Vijaykumar, as Director of the Company, who is liable to retire by rotation.

Sri P.S. Ramamurthy, resigned as Director of the Company with effect from 19.01.2001. Your Directors place on record the valuable services rendered by Sri.P.S.Ramamurthy, during his tenure as Director of the Company and convey their appreciation to him.

Sri P. Balakrishnan, has been appointed as Additional Director of the Company with effect from 29.01.2001 and vacated the said Directorship with effect from 29.03.2001. Your Directors place on record the services rendered by Sri.P.Balakrishnan during his tenure as Director of the Company.

#### 5. AUDITORS :

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

#### 6. 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.

#### 7. 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 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975**



## Sterling Spinners Ltd.

Name	Designation	Remuneration	Qualification	Experience	Date of Commencement of Employment	Age	Employment before joining the Company
Sri K.S. Venugopal	Chairman-cum-Managing Director	Rs.11,90,000/- per Annum	M.Com.	31 Years	24.03.1995	51	Rendering services as Chairman-cum Managing Director of Savorit Limited and continuing the same without any remuneration.

### 8. 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 2000-2001 1999-2000

##### POWER AND FUEL CONSUMPTION :

##### 1. ELECTRICITY :

##### a) PURCHASED :

Units	38.05 Lacs	33.66 Lacs
Total Amount	Rs.154.82 Lacs	Rs.97.50 Lacs
Rate / Unit	Rs.4.07	Rs. 2.99

##### b) OWN GENERATION :

Units	8.87 Lacs	15.48 Lacs
Total Amount	Rs.41.64 Lacs	Rs.53.75 Lacs
Rate / Unit	Rs 4.69	Rs. 3.47

##### c) THROUGH STEAM TURBINE/GENERATOR:

2. a) Consumption per Unit of Production	6.76	3.79
b) Cost of consumption per unit of production	Rs. 28.28/Unit	Rs.11.88/Unit

#### 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 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. The Board of Directors have to state Under section 217 (2AA) that Applicable Accounting Standards had been followed, adopted accounting principles and applied and prepared the Annual Accounts as a going concern basis and applied them consistently so as to give a true and fair view of the state of affairs of the Company as on 31.03.2001 and losses of the Company for the year ended 31st March, 2001. The Board has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Company's Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.

#### 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 : 11.05.2001

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

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

## 7th Annual Report 2000 - 2001

### 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, 2001 and the Profit and 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) i. *The Company's Net Worth has eroded due to losses and the Company has become a Sick Industrial Company within the meaning of (Clause 'o') of Sub Section (1) of Section 3 of The Sick Industrial Companies, (Special Provisions) Act 1985 and the accounts have been prepared on a going concern basis as the business is being continued.*
  - ii. *The balances of loans & advances, sundry debtors and sundry creditors are subject to confirmation.*
  - b) Subject to our comments in paragraph (a) above, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - c) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
  - d) On the basis of the written representation received from the Directors as on 31st March, 2001 as taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2001 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
  - e) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
  - f) 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. Subject to non disclosure of the details due to Small Scale Undertakings, 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 information 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, 2001.
    - 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

**D.SAMPATH KUMAR**  
Proprietor.

Place : Chennai  
Dated : 11.05.2001