

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.

| Contents | Page No. |
|--|-----------|
| Notice to the Shareholders | 3 |
| Director's Report | 9 |
| Annexure to the Director's Report | 11 |
| Auditor's Report | 17 |
| Balance Sheet | 23 |
| Statement of Profit and Loss | 24 |
| Notes | 25 |
| Cash Flow Statement | 33 |

TWENTIETH ANNUAL REPORT

&

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED

31st March, 2014.

20th Annual Report 2013 - 2014

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

20th Annual Report 2013 - 2014

- 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 SI.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.

20th Annual Report 2013 - 2014

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 | LegalFormer 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

20th Annual Report 2013 - 2014

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