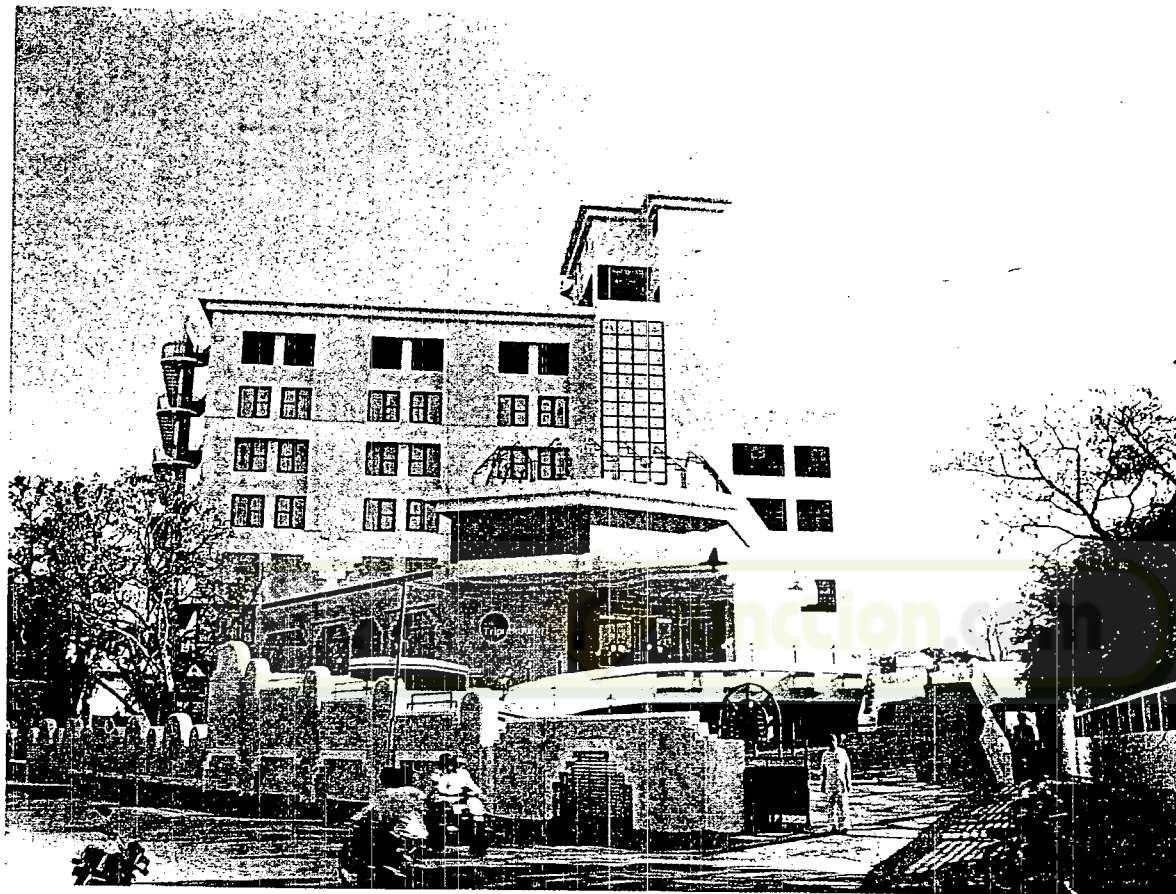


katore spg mills limited

17th ANNUAL REPORT
1996-97

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Hotel Tripursundari



Located on main Civil Lines

*From the railway station located on
Main Civil Line Road.*

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*Experience the luxury of an ...
hotel in the world of Hospitality at Solapur.*

KATARE SPINNING MILLS LIMITED

17th ANNUAL REPORT AND ACCOUNTS

1996 - 97

BOARD OF DIRECTORS

Shri. T. T. Katare	Chairman & Managing Director
Shri. K. T. Katare	Executive Director
Shri. V. T. Katare	
Shri. S. T. Katare	
Shri. V. V. Mahindrakar	

COMPANY SECRETARIES

M. J. Risbud & Co., Pune.

MILL

Kamalanagar, Tamalwadi.
Tal. Tuljapur Dist. Osmanabad

REGISTERED OFFICE

"KAMALA"
259, Sakhar Peth,
Solapur - 413 005.

BANKERS

Bank of India,
Main Branch,
Solapur.

AUDITORS

S. M. HIREMATH,
Chartered Accountant,
257-A, Sakhar Peth,
Solapur - 413 005.



KATARE SPINNING MILLS LIMITED

Reg. Office : "Kamala", 259 Sakhar Peth, Solapur

N O T I C E

Notice is hereby given that 17th Annual General Meeting of the Shareholders of Katare Spinning Mills Limited will be held on Tuesday the 30th day of December 1997 at 10.00 a.m. (I.S.T.) at C-2, MIDC, Akkalkot Road, Solapur - 413 006, to transact the following :

ORDINARY BUSINESS :

1. To adopt the audited Profit & Loss Account of the Company for the year ended 30th June 1997 and the Balance Sheet of that date and to consider the report of the Auditors and Directors thereon.
2. To appoint Directors in place of Shri. V.V. Mahindrakar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.



By order of the Board of Directors,

Solapur,
November 20, 1997

T. T. KATARE
Chairman & Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Transfers shall remain closed from Monday 15th December 1997 to Tuesday 30th December 1997. (Both days inclusive)
3. The Shareholders are requested to intimate change, if any, in their addresses registered with the Company.
4. ~~The Dividend when declared will be paid to those Shareholders whose name stand on the Register of Members on 30th December 1997.~~
5. The Company is transferring unclaimed dividends pertaining to the financial year 93-94 to the General Revenue Account of the Central Government pursuant to section 205 (a) (5) of the Companies Act, 1956. Necessary intimation under Rule 4 A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978 regarding above transfer is given herewith to the concerned Shareholders. The Shareholders who wish to claim the dividend may directly approach Registrar of Companies C/o. Fancy Corporation Ltd. Hakoba Compound, 2nd floor Dattaram Lad Marg. Kala Chowky, Mumbai - 400 033. (The registration number of the Company is 22962)

The logo for Report Junction.com is centered on the page. It features the word "Report" in a grey sans-serif font, followed by a yellow diamond icon containing a black curved arrow pointing upwards and to the right. To the right of the icon is the word "junction.com" in a green sans-serif font. The entire logo is enclosed within a light green rounded rectangular border.

KATARE SPINNING MILLS LIMITED

Reg. Office : "Kamala" 259 Sakhar Peth, Solapur

DIRECTOR'S REPORT

To,
The Shareholders,

The Directors have the pleasure in presenting the 17th Annual Report with the Audited Accounts of the Company for the period ended on 30th June 1997 covering the year of 12 months.

	Rs. in lacs 1996-97	Rs. in lacs 1995-96
FINANCIAL RESULTS :		
Turnover	2,615.45	2,971.55
Profit before Interest and Depreciation and Taxes	168.75	214.52
Less : Interest	125.63	132.20
Less : Depreciation	72.14	67.96
	— 29.02	14.36
Less : Provision for Taxes	---	8.70
Profit (Loss) after Taxes	— 29.02	5.66
Add : Adjustment of previous year	5.41	1.99
Add : Balance brought forward from previous year	121.10	166.20
BALANCE	97.49	173.85
Which the Directors have appropriated as under to :		
General Reserve	---	10.00
Proposed Dividend	---	42.75
	---	52.75
Leaving a Balance of Profit to be carried forward	97.49	121.10

OPERATIONS :

The current year was a difficult year for your Company. There was a further drop in Profit before interest and depreciation during the year under report. The drop in turnover was because of change in product mix. The benefit of slight improvement in yarn realisation and lower mixing cost as compared to the previous year could not be availed due to hike in power tariff and increase in wage rate. Further the slow down in the domestic economy and general demand recession had it's adverse impact on the Company's performance.

During the year under report the operations of the Hotel Commenced from 20-3-1997. Being the first year of working of Hotel covering the period of 102 days, the occupancy rate was not at the desired level. The operations from Hotel had also contributed to the total loss for the year under report.

DIVIDEND :

Being a loss and in order to conserve resources and to improve long term resources, the Directors thought it prudent not to recommend any dividend (Previous year Rs. 1.50 per Share). The same will improve the financial strength of the Company.

HOTEL INDUSTRY :

The Directors are pleased to report that the Hotel Tripursundari commenced its commercial operations on 22nd March 1997. The Lodging & Restaurant has received encouraging response from the public at present, though the occupancy rate till 30th June 1997 was not satisfactory. In due course it would be Prime Hotel in Solapur area.

KNITTING INDUSTRY :

The Knitting facilities established by the Company could not be still exploited because of market conditions.

DISINVESTMENT IN THE RAYALASEEMA MILLS LTD :

As per the decision taken in the previous year the phase wise disinvestment is in progress.

INSURANCE :

All the properties of the Company have been adequately insured against fire and all other risks.

CONSERVATION OF ENERGY ETC. :

Information pursuant to Section 217 (1) (e) & (2A) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms parts of this Report.

AUDITOR'S OBSERVATION :

With reference to the observation made by the Auditors in their report, the Directors wish to state that these are self explanatory and hence do not require any further comments. Regarding balance confirmation, steps are taken to collect it.

AUDITOR :

Shri S.M. Hiremath Chartered Accountant, Solapur existing Auditor of the Company retires at the ensuing Annual General Meeting and is eligible for reappointment.

DIRECTORS :

Shri V.V. Mahindrakar, Director retires by rotation and being eligible offer himself for reappointment.

PARTICULARS OF EMPLOYEES :

Statement required under Section 217 (2A) of the Companies Act 1956 is given hereunder :

Name & designation	Qualification	Gross Remuneration	Date of joining	Age	Experience years	Last Employment
Mr. T.T. Katare Managing Director	S.S.C.	279300	Since Incorporation	55	36	Self Employed
Mr. K.T. Katare Executive Director	B.A.	260680	- do -	41	21	- do -

Mr. T.T. Katare is brother of Mr. K.T. Katare, Mr. S.T. Katare and Mr. V.T. Katare Directors of the Company.

There are no employees drawing annual salary of Rs. 3 lacs or Rs. 25000/- per month.

CONCLUSION :

The Directors wish to thank Financial Institutions and the Company's Bankers for all the assistance and encouragement that they have extended to the Company. The Directors are sure that the Shareholders will wish to join them in extending their warm appreciation coupled with all Employees of the Company to the Management.

On behalf of the Board of Directors

Solapur,
November 20, 1997

T. T. KATARE
Chairman & Managing Director

ANNEXURE 1

Information pursuant to Section 217 (1) (e) of the Companies (Disclosure of particulars in the report of Board of Directors) Rule 1988 forming the part of Director's Report.

- A. a) Energy Conservation taken :
- Switching off unwanted lights.
 - Use of natural lights as far as possible.
 - Humidification plants not operated during favourable climatic conditions.
 - The Company has installed latest developper VPS Devices to Ring Frame Dept. Due to this installation the Company is getting about 7% Power saving in Ring Frame Dept. Also Company has introduced synthetic spindle tape in Ring Frame Dept. Because of this installation the slippages has come down and Company is getting about 5% Power Saving.
 - The Company has replaced HDP Ring Tubes and introduced light weight ABS Tubes for Ring Frame. Because of this the Company is getting more Yarn contents and about 1.5% power saving in the power consumption.
- b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy. The management is actively considering different areas viz.
- Solar Power Panel.
 - Change in Humidification Plant (Cell Type Air Washer) with the help of ATIRA where power can be saved and
 - Installation of appropriate energy saving devices.
 - Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.

The above measures will save energy and to that extent the cost of goods produced will be reduced.

e) FORM "A"

A) POWER & FUEL CONSUMPTION

	Current Year	Previous Year
1) Electricity		
a) Purchased Units	83,91,600	87,26,580
Total Amount Rs.	2,87,97,392	2,52,45,990
Rate Unit Rs.	3.43	2.88
b) Own Generation		
Through Diesel Generator Unit	NIL	NIL
Per litre of Diesel Oil		
2) Coal Quantity	NIL	NIL
B) Consumption of Unit of Production		
Production of Yarn M. T.	3,057	3,265
Electricity Units per M. T.	2,745	2,672
Coal per M. T. of Production : Kgs.	NIL	NIL

FORM " B "

RESEARCH & DEVELOPMENT

- Specific Areas in which R & D Carried out by the company
 - R & D carried out to increase the strength of the yarn for better weaving results and to supply fault - free and improved quality of yarn for Auto Looms.