

katara spg. mills limited

20 th ANNUAL REPORT
1999-2000

CERTIFIED TRUE COPY

For Katara Spg. Mills Ltd,

Executive Director.

Report  junction.com

ॐ नमो देव्यै महादेव्यै शिवायै सततं नमः ॥
नमः प्रकृत्यै भद्रायै नियताः प्रणताः स्म ताम् ॥

KATARE SPINNING MILLS LIMITED

20th ANNUAL REPORT AND ACCOUNTS 1999 - 2000

BOARD OF DIRECTORS

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

AUDITOR

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

COMPANY SECRETARIES

M. J. Risbud & Co., Pune.

MILL

Kamalanagar, Tamalwadi.
Tal. Tuljapur Dist. Osmanabad

HOTEL TRIPURSUNDARI

Civil Lines, Solapur

REGISTERED OFFICE

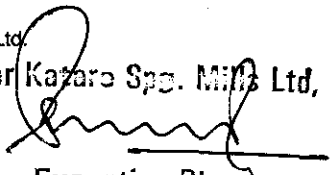
"KAMALA"
259, Sakhar Peth,
Solapur - 413 005.

BANKERS

Bank of India,
Main Branch, Solapur.

FINANCIAL INSTITUTIONS

Industrial Credit & Investment Corporation of India Ltd.

For Katara Spg. Mills Ltd,

Executive Director.

KATARE SPINNING MILLS LIMITED**Reg. Office : "Kamala", 259 Sakhar Peth, Solapur****N O T I C E**

Notice is hereby given that 20th Annual General Meeting of the Shareholders of Katare Spinning Mills Limited will be held on Saturday the 30th day of September 2000 at 10.30 a.m. (I.S.T.) at C-2, M.I.D.C., Akkalkot Road, Solapur-413006, to transact the following :

ORDINARY BUSINESS :

1. To adopt the audited Profit & Loss Account of the Company for the year ended 31st March 2000 and the Balance Sheet of that date and to consider the report of the Auditors and Directors thereon.
2. To appoint Director 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.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modifications the following as an Ordinary resolution.
 "RESOLVED THAT pursuant to the provisions of Sections 269 and 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act 1956 and subject to the consent from Financial institutions, from whom the companies the company has borrowed funds the consent of the members of the Company has hereby accorded to the appointment of Mr. T. T. Katare as Managing Director of the Company for a period of 5 (five) years w.e.f. 16-8-2000 on the following terms and conditions. :

A) Subject to the provisions of section 198 and 309 of the Act in the year of adequate profits the appointee shall be paid remuneration by way of salary, allowances, perquisites, Commission as follows not exceeding 5% (five percent) and together with other appointees, if any, not exceeding 10% (ten percent) of the net profits of the Company, as calculated under the provisions of section 349 and 350 of the Act.

Remuneration :

- a) Salary Rs. 15000/- per month.
- b) Commission 1% of net profit of the Company subject to a ceiling of 50% of the salary or Rs. 90000/- per annum whichever is less.

Perquisites : Restricted to an amount equal to the Annual Salary of Rs. 115000/- per annum which-ever is less. The said perquisites are Classified in to following three Categories A. B & C.

CATEGORY A :

- 1) **HOUSING :** i) The Expenditure by the company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceiling 50% of the Salary over and above ten percent (10%) payable by Managing Director. The Expenditure incurred by the Company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rule, 1962 Subject to ceiling of ten percent of the Salary of the Managing Director.
- (ii) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House

For Katare Spinning Mills Ltd,

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Executive Director.

Rent Allowance Subject to ceiling mentioned in (i) above.

- 2) MEDICAL REIMBURSEMENT : Expenses incurred for the Managing Director and his family Subject to ceiling of three month salary over a period of the three years.
- 3) LEAVE TRAVEL CONCESSIONS : For the Managing Director and his family once in year incurred in accordance with the Rules specified by the Company.
- 4) CLUB FEES : Fees for club subject to a maximum of two clubs. This will not include admission and life membership fees.
- 5) PERSONAL ACCIDENT INSURANCE :

Of an amount of the premium of which shall not exceed Rs. 1000/- per annum.

CATAGORY B :

- 1) The Company's contribution to provident fund, superannuation fund or annuity fund in respect of salary paid to the Managing Director shall be in accordance with the rules and regulations of the Company. Such contribution shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- 2) Gratuity at the rate not exceeding half a month's salary for such completed year of service, subject to a ceiling of Rs. 1,00,000/-

CATAGORY C :

A) Car for use on the Company's business and telephone at residence provided that personal long distance calls on the telephone and use of car private purpose shall be billed by the Company to the Managing Director. The provision for a car and telephone will not be considered as perquisites.

B) In the year which the company has no profits or its net profit as calculated under section 349 and 350 of the Act are inadequate then subject to the provisions of schedule XIII the appointee may be paid the above remuneration by way of salary, allowances, perquisite as minimum remuneration not exceeding in total the amount of minimum remuneration as mentioned in section II (1) of part II of schedule XIII as per the effective capital of the company with the following perquisite which shall not be included in the remuneration specified above :

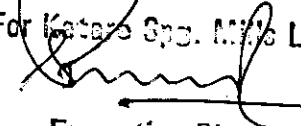
- 1) Contribution to provident fund, super annuation fund or annuity fund to the extent these either singly or put together are taxable under the Income Tax Act 1961.
- 2) Gratuity payable at the rate of not exceeding half a months salary for each completed year of service and
- 3) Encashment of leave at the end of the tenure.

"FURTHER RESOLVED THAT the Board of Directors is hereby authorised to execute necessary agreement if required with the appointee and above particular shall be treated as extract of the said agreement when executed."

"FURTHER RESOLVED THAT so long as Mr. T. T. Katare is holding the post of Managing Director he shall not be liable to retire by rotation.

- 5) To consider and if thought fit to pass with or without modifications the following as an Ordinary resolution :

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For Katara Sp. Mfg. Ltd.

 Executive Director.

"RESOLVED THAT pursuant to the provisions of Sections 269 and 309 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act 1956 and subject to the consent from Financial Institutions, from whom the companies the company has borrowed funds the consent of the members of the Company be and is hereby accorded to the appointment of Mr. K. T. Katare as Executive Director of the Company for a period of 5 (five) years w.e.f. 01-07-2000 on the following terms and conditions :

A) Subject to the provisions of section 198 and 309 of the Act in the year of adequate profits the appointee shall be paid remuneration by way of salary, allowances, perquisites, Commission as follows not exceeding 5% (five percent) and together with other appointee, if any, not exceeding 10% (ten percent) of the net profits of the Company, as calculated under the provisions of section 349 and 350 of the Act.

Remuneration :

a) Salary Rs. 14000/- per month

b) Commission 1% of net profit of the Company subject to a ceiling of 50% of the salary or Rs. 90,000/- per annum whichever is less.

Perquisites : Restricted to an amount equal to the Annual Salary of Rs. 115000/- per annum which-ever is less.

The said perquisites are Classified in to following three Categories A. B & C.

CATEGORY A :

- 1) **HOUSING :** (i) The Expenditure by the Company on hiring unfurnished accomodation for the Executive Director will be subject to the following ceiling 50% of the Salary over and above ten percent (10%) payable by Executive Director. The Expenditure incurred by the Company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rule, 1962 Subject to ceiling of ten percent of the Salary of the Executive Director.
(ii) In case no accomodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance Subject to ceiling mentioned in (i) above.
- 2) **MEDICAL REIMBURSEMENT :** Expenses incurred for the Executive Director and his family Subject to ceiling of three month salary over a period of the three years.
- 3) **LEAVE TRAVEL CONCESSIONS :** For the Executive Director and his family once in year incurred in accordance with the Rules specified by the Company.
- 4) **CLUB FEES :** Fees for club subject to a maximum of two clubs. This will not include admission and life membership fees.
- 5) **PERSONAL ACCIDENT INSURANCE :**

Of an amount of the premium of which shall not exceed Rs. 1000/- per annum.

CATAGORY B:

- 1) The Company's contribution to provident fund, supperannuation fund or annuity fund in respect of salary paid to the Executive Director shall be in accordance with the rules and regulations of the Company. Such contribution shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- 2) Gratuity at the rate not exceeding half a month's salary for such completed year of service, subject to a ceiling of Rs. 1,00,000/-

For (Signature) _____
Executive Director.

CATEGORY C :

A) Car for use on the Company's business and telephone at residence provided that personal long distance calls on the telephone and use of car private purpose shall be billed by the Company to the Executive Director. The provision for a car and telephone will not be considered as perquisites.

B) In the year which the company has no profits or its net profit as calculated under section 349 and 350 of the Act are inadequate then subject to the provisions of schedule XIII the appointee may be paid the above remuneration by way of salary, allowances, perquisite as minimum remuneration not exceeding in total the amount of minimum remuneration as mentioned in section II (1) of part II of schedule XIII as per the effective capital of the company with the following perquisite which shall not be included in the remuneration specified above :

- 1) Contribution to provident fund, super annuation fund or annuity fund to the extent these either singly or put together are taxable under the Income Tax Act 1961.
- 2) Gratuity payable at the rate of not exceeding half a months salary for each completed year of service and
- 3) Encashment of leave at the end of the tenure.

"FURTHER RESOLVED THAT the Board of Directors is hereby authorised to execute necessary agreement if required with the appointee and above particular shall be treated as extract of the said agreement when executed."

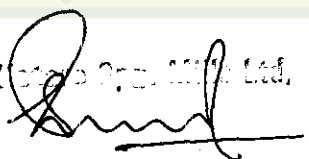
"FURTHER RESOLVED THAT so long as Mr. K. T. Katare is holding the post of Executive Director he shall not be liable to retire by rotation.

By order of the Board of Directors,

Solapur,
August 20, 2000

(T. T. KATARE)

Chairman & Managing Director

For Sansco Services Ltd.

Executive Director.

NOTES :

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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is enclosed herewith and forms part of this Notice.
3. The Register of Members and Transfers of the company shall remain closed from Saturday 23rd September 2000 to Saturday 30th September 2000. (Both days inclusive)
4. The Shareholders are requested to intimate change, if any, in their addresses registered with the Company.
5. The Company has transferred unclaimed dividends up 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 was given to the concerned Shareholders every year. The Shareholders who wish to claim the dividend may directly approach Registrar of Companies PMT Building, 3rd Floor, Deccan Gymkhana, PUNE - 411 004. (The registration number of the Company is 22962)

The Unclaimed Dividend for the year 1995 has been transferred to a separate account. Those shareholders who have not yet claimed the same, are requested to approach the Company for the same. As per the amended provisions of the Companies Act, 1956, henceforth the unclaimed dividend shall be transferred to 'Investors' Education and Protection Fund after a period of seven years.

EXPLANATORY STATEMENT PURSUANT TO SEC. 173 (2) FOR SPECIAL BUSINESS :

For item 4 & 5 of the Notice

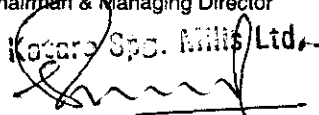
The term of earlier appointments of Mr. T. T. Katare, Managing Director and Mr. K. T. Katare, Executive Director were expiring on 15-8-2000 and 30-6-2000 respectively. The Company has been immensely benefited by the services rendered by aforesaid two Directors since incorporation. The services of both the directors are required to be continued, in order to sustain and over come the present situation.

Both the aforesaid directors have shown their willingness to render services on the same earlier terms and conditions in the interest of the company.

By order of the Board of Directors,

Solapur,
August 20, 2000

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(T. T. KATARE)
Chairman & Managing Director
For Katara Sp. Mills Ltd.

Executive Director.

KATARE SPINNING MILLS LIMITED

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

DIRECTOR'S REPORT

To,
The Shareholders,

The Directors hereby present the 20th Annual Report together with the Audited Statement of Account of the Company for the year ended on 31st March 2000.

FINANCIAL RESULTS :

	Rs. in lacs 1999-00	Rs. in lacs 1998-99
Turnover	<u>2327.35</u>	<u>1,922.95</u>
Profit before Interest and Depreciation and Taxes	51.80	70.00
Less : Interest	214.13	190.01
Less : Depreciation	81.11	82.20
	<u>(-) 243.44</u>	<u>(-) 202.21</u>
Less : Provision for Taxes	---	---
Profit (Loss) after Taxes	<u>(-) 243.44</u>	<u>(-) 202.21</u>
less : Adjustment of previous year	0.50	---
Add : Balance brought forward from previous year	140.87	61.34
Balance of the loss (-) / Profit carried over	<u>(-) 383.81</u>	<u>(-) 140.87</u>

THE DIVISION WISE PERFORMANCE IS PRESENTED BELOW :

		Figures in lacs	
		Spinning	Hotel
Production	Kgs.	20.73	--
Annual Income	Rs.	2164.01	163.34
Profit before interest & Depreciation	Rs.	11.97	39.83
Interest	Rs.	<u>94.02</u>	<u>120.11</u>
Profit after Interest	Rs.	<u>(-) 82.05</u>	<u>(-) 88.28</u>
Depreciation	Rs.	<u>57.02</u>	<u>24.09</u>
Balance of profit of the year	Rs.	<u>(-) 139.07</u>	<u>(-) 104.37</u>

OPERATION :

During the year under review the Company produced 20.73 lacs Kgs. of yarn as against the production of 22.30 lacs kgs made during the previous but achieved higher turnover of Rs. 1879.06 lacs as against Rs. 1683.65 lacs in the yarn spinning division. The decline in production was due to manufacturing of higher count of yarn. The increase in loss for the year under review to Rs. 139.06 lacs from Rs. 79.87 lacs for the previous year was due to continued recessionary conditions in the Cotton Textiles Industry. The ever increasing cost of inputs especially

For Katara Spinning Mills Ltd.

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Executive Director.

power coupled with increase in excise duty contributed to the set back to the operations of yarn spinning division. During the current year the position is likely to continue to remain the same as reflected by the market conditions and industrial climate of the first quarter.

The Hotel Division of the Company has performed well by achieving higher turnover of Rs. 163.32 lacs from 127.57 lacs, thereby reducing the loss to Rs. 104.37 lacs during the year under review from Rs. 122.34 lacs as compared to the preceding year, despite the higher burden of interest. The performance of the hotel division for the current is indicative of encouraging results.

DIVIDEND :

Your Directors are unable to recommend any dividend for the financial year ended 31 st March, 2000 in view of losses.

DISINVESTMENT IN THE RAYALASEEMA MILLS LTD. :

As per the decision taken earlier the phase wise disinvestment is still 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. Mr. V. T. Katore is looking after Hotel division and his appointment as wholetime Director. The terms of existing appointment of Managing Director and Executive Director expired during the current year and resolution for their reappointment on existing terms is included in the notice.

PARTICULARS OF EMPLOYEES :

There is no employee drawing such remuneration requiring disclosure u/s 217 (2A) of the companies Act 1956 and rules made there under as amended upto date.

Y2K COMPLIANCE

The Company has smoothly switched on its systems into new year without any problem.

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,
August 20, 2000

(T. T. KATARE)

Chairman & Managing Director

For Katore Spg. Mills Ltd.,

Executive 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 :
- i) Switching off unwanted lights.
 - ii) Use of natural lights as far as possible.
 - iii) Humidification plants not operated during favourable climatic conditions.
 - iv) The Company has installed latest developer 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.
 - v) 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.
- a) Solar Power Panel.
 - b) Change in Humidification Plant (Cell Type Air Washer) with the help of ATIRA where power can be saved and
 - c) Installation of appropriate energy saving devices.
 - d) 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	40,53,608	60,39,669
Total Amount Rs.	1,67,65,236	2,30,17,801
Rate Unit Rs.	4.14	3.81
b) Own Generation		
Through Diesel Generator Unit	22,30,223	44,912
Per litre of diesel Oil	3.88	3.65
2) Coal Quantity	NIL	NIL
B) Consumption of Unit of Production		
Production of Yarn M. T.	NIL	NIL
Electricity Units per M. T.	NIL	NIL
Coal per M. T. of Production : Kgs.		

For Kataria Spg. Mills Ltd.

Executive Director.