

katara spg. mills limited

23rd ANNUAL REPORT

2002-2003



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

KATARE SPINNING MILLS LIMITED

23rd ANNUAL REPORT AND ACCOUNTS 2002 - 2003

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.

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

I C I C I Bank Ltd.



KATARE SPINNING MILLS LIMITED

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

NOTICE

Notice is hereby given that 23rd Annual General Meeting of the Shareholders of Katare Spinning Mills Limited will be held on Tuesday the 30th day of September 2003 at 11.00 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 2003 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.

By order of the Board of Directors,

Solapur,
August 20, 2003

(T. T. KATARE)

Chairman & Managing Director

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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 of the company shall remain closed from Monday 22nd September 2003 to Tuesday 30th September 2003. (Both days inclusive)
3. The Shareholders are requested to intimate change, if any, in their addresses registered with the Company.
4. The Unclaimed Dividend for the year 1994-95 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.

KATARE SPINNING MILLS LIMITED

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

DIRECTOR'S REPORT

Dear Shareholders,

The Directors hereby present the 23rd Annual Report together with the audited statement of account of the Company for the year ended on 31st March 2003.

OPERATION

SPINNING DIVISION

During the year under review the Company achieved turnover of Rs. 1236.29 lacs as against Rs. 1318.92 relating to the previous year. The reasons of loss for the year under review of Rs. 73.30 lacs (before depreciation) against Rs. 76.40 lacs for the previous year were almost same as in the preceding year, viz. general deficiency in demand, high cost of power and raw material, higher incidence of taxes and duties, expectation of high credit from the market resulting into higher interest burden and continued depression in Cotton textile market. Considering the history of textile industry, we hope, the wheels are turning again. Information technology, media, telecom sector, which symbolizes new economy are on down swing and old economy which was totally neglected in last few years, is back in prominence. The textile industry is one of the major constituent of the old economy which literally faced death-knell, has started reviewing. With rising fortunes of the Industry, even textile scrips that were written off, have started attracting inventions attention. Now, the fortunes are started smiling again on the Rs. 1500 billion Indian textile industry. The spinning, weaving and processing sector which were down in the dumps for the last several year have started reviewing up. Now, the Company has taken decisive steps like development of new product and also new market from which we are achieving good results of the same. Also considering the coming year will be a very favorable for the new cotton crop and Company will encash this opportunity of the new crop and will achieve more sales with handsome profit for the year 2003-04.

HOTEL DIVISION :

The Hotel Division of the Company has performed well by achieving higher turnover of Rs. 203.99 lacs from 194.47 lacs, turned into a profit of Rs. 79.67 lacs (before depreciation) during the year under review from a profit of Rs. 62.06 lacs in the preceding year. The performance of the Hotel Division for the current is indicative of further improving results.

DIVIDEND :

Your Directors are unable to recommend any dividend for the financial year ended 31 st March, 2003 in view of carry forward 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.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

- 1) That in the preparation of Annual accounts the applicable accounting standard had been followed. There are no material departure from the standards and the remarks stated by Auditors in his report under point No. 5 read with related notes to accounts are self explanatory.
- 2) The Directors 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 this financial year and Loss of the Company the financial year ended 31st March 2003.
- 3) The Directors 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 any fraud and other irregularities.
- 4) The annual accounts have been prepared on the going concern basis.

CORPORATE GOVERNANCE :

The guidelines prescribed by SEBI are not applicable to the Company because of the paid up capital is less than Rs. 3 crores.

DEMATERIALISATION OF SHARES :

The company is taking steps for dematerialisation of shares, which is likely to be effective by the current year end.

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.

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, 2003

(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 :
- i) Switching off unwanted lights.
 - ii) Use of natural lights as far as possible.
 - iii) Humidification plants not operated during favourable climatic conditions.
 - iv) Control over slippage.
 - 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	44,83,050	42,17,880
Total Amount Rs.	1,61,35,108	1,66,42,255
Rate Unit Rs.	3.60	3.95
b) Own Generation		
Through Diesel Generator Unit	4,92,660	5,77,631
Rate per unit Rs.	4.49	3.78
2) Coal Quantity	NIL	NIL
a) 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.		

FORM " B "

RESEARCH & DEVELOPMENT

- | | | | |
|----|--|-----|---|
| 1. | Specific Areas in which R & D Carried out by the company | i) | 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. |
| | | ii) | Several steps have been taken to reduce and product faults and breakage and waste percentage. |
| 2. | Benefits derived as result R & D carried out by the company. | | Reduction in cost output, improvement in quality introduction of new varieties of yarn better marketability. |
| 3. | Future plan of action | | The above activities shall continue and more effects in this direction will be made. Appropriate testing machines and other suitable equipment are going to be added. |
| 4. | Expenditure on R & D
A) Capital Rs. 3,07,451.00
B) Recurring Rs. 3,07,451.00
C) Total Rs. 3,07,451.00
D) Total R & D expenditure | | The separate division has been established to act above activities and the expenditure is merged with the various expenses |
| | Technology absorption adaptation & innovation | | |
| 1. | Effort in brief towards technology absorption adaptation and innovation. | | The plants are based on indigenous technology. Every effort is made to know the latest development in technology in India as well as abroad. Latest machines like Rotors are installed in place of Ring Frames as far as possible within permissible financial resources. |
| 2. | Benefits derived as a results of above efforts e.g. output, improvement, cost reduction, production, development import substitution. | | After adaption of Modern machines with latest technology the Company reduced considerable improvement in market demand of our products. |
| 5. | Details of Imported Techonology | | No Technology has been imported during the last 5 years |
| C. | Foreign Exchange Earning and outgo | | NIL |

On behalf of the Board of Directors

(T. T. KATARE)

Chairman & Managing Director

Solapur,
August 20, 2003

AUDITOR'S REPORT

To,
The Members,
KATARE SPINNING MILLS LIMITED

I have audited the attached Balance Sheet of "KATARE SPINNING MILLS LIMITED" as at 31st March, 2003 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section(4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to my comments in the Annexure referred to above, I report that :
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books
 - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account
 - iv) On the basis of written representations received from the directors, as on 31st March, 2003 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - v) In my opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable, subject to :
 - a) *The balance of loan from ICICI Bank, as referred in Note No. 7 in Notes on Accounts, at the year end is subject to confirmation and the impact of reconciliation and adjustment in respect of the loan, the loss for the year and net assets position as at year end is presently not ascertainable.*
 - b) *Receivables of Rs. 2973934/- is bad for which no provision was made in the Accounts in the previous year ended 31st, March, 2002 as is referred in Note No. 9 and as such it has resulted in overstatement of yearend net Current Assets and Reserve & Surplus by Rs. 2973934/- each.*

- c) All the balances of Receivables and Payables are subject to confirmation and reconciliation and adjustments, if any, required on reconciliation. The consequential effect of such possible adjustments and the extent thereof on the loss of the year, the yearend Net Current Assets and Reserve & Surplus cannot be ascertained at this stage.*
- d) No provision for gratuity payment on actuarial basis is made hence it's effect on profit and loss could not be ascertained as referred in note no. 1 (f) in the notes on account.*

Subject to my comments under paras (v) (a) to (d) above in my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956 in the manner so required & give a true & fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of Balance Sheet of the state of affairs of the company as at 31st March, 2002 and
- b) in case of the Profit & Loss Account of the Loss for the year ended on that date.

Solapur,
August 20, 2003

(S. M. HIREMATH)
CHARTERED ACCOUNTANT

