

katare spg. mills limited

24th ANNUAL REPORT

2003-2004

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



W.T.G. Project

KATARE SPINNING MILLS LIMITED

24th ANNUAL REPORT AND ACCOUNTS 2003 - 2004

BOARD OF DIRECTORS

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

REGISTRAR & TRANSFER AGENT :

Intime Spectrum Registry Ltd.
102, Shree Vidyanand, Dr. Ketkar Path, Erandwane,
Near Old Karnataka High School, Pune - 411 004.
Tel. : (020) 25458397 / 98
E-mail : pune@intimespectrum.com



KATARE SPINNING MILLS LIMITED

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

N O T I C E

Notice is hereby given that 24th Annual General Meeting of the Shareholders of Katare Spinning Mills Limited will be held on Thursday the 30th day of September 2004 at 11.00 a.m. (I.S.T.) at Hotel Tripursundari, Civil Lines, Solapur-413001, to transact the following :

ORDINARY BUSINESS :

1. To adopt the audited Profit & Loss Account of the Company for the year ended 31st March 2004 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. T. Katare 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.

Solapur,
June 23, 2004

By order of the Board of Directors,

 (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 of the company shall remain closed from Wednesday 22nd September 2004 to Thursday 30th September 2004. (Both days inclusive)
3. The Shareholders are requested to intimate change, if any, in their addresses registered with the Company.

KATARE SPINNING MILLS LIMITED

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

DIRECTOR'S REPORT**Dear Shareholders,**

The Directors hereby present the 24th Annual Report together with the audited statement of account of the Company for the year ended on 31st March 2004.

OPERATION

The company has made total turnover of Rs. 1909.68 Lakhs as against Rs. 1440.27 Lakhs relating to the previous year. The sale has increased by 33% during the year & now the company has turned into a profit making company & registered gross profit of Rs. 56.48 Lakhs. Considering the history of textile industry, we hope the wheels are turning again. The Indian Textile industry is now gearing itself to meet the challenges under WTO regime, it is also longing for revolution in Cotton Yarn, fabrics production & productivity. In recent budget 2004 the Government has withdrawal Central Excise duty of Cotton Yarn, so the textile market will boom after January 2005. Also all the state governments have agreed to accept the VAT system from 1 April 2005 which would boost favourably to textiles industry. Considering the future of textile industry the company has already under taken the updation of existing machinery and adding new facilities to improve quality and productivity. Since last 3 months of the current year the company is exporting its product and in view of value-addition product the company is gaining a sizable margin of profit.

DIVIDEND :

Your Directors are unable to recommend any dividend for the financial year ended 31 st March, 2004 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.

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. T. Katare, 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 2004.

- 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 dematerialisation of shares on NSDL has become effective in the current year.

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,
June 23, 2004

(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 slilage.
 - 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	53,17,290	44,83,050
	Total Amount Rs.	1,95,57,484	1,61,35,108
	Rate Unit Rs.	3.68	3.60
b)	Own Generation		
	Through Diesel Generator Unit	1,73,958	4,92,660
	Rate per unit Rs.	5.29	4.49
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

- | | |
|---|--|
| <p>1. Specific Areas in which R & D Carried out by the company</p> | <p>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.</p> <p>ii) Several steps have been taken to reduce and product faults and breakage and waste percentage.</p> |
| <p>2. Benefits derived as result R & D carried out by the company.</p> | <p>Reduction in cost output, improvement in quality introduction of new varieties of yarn better marketability.</p> |
| <p>3. Future plan of action</p> | <p>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.</p> |
| <p>4. Expenditure on R & D</p> <p>A) Capital Rs. 3,79,720.00</p> <p>B) Recurring Rs. 3,79,720.00</p> <p>C) Total Rs. 3,79,720.00</p> <p>D) Total R & D expenditure</p> <p>Technology absorption adaptation & innovation</p> | <p>The separate division has been established to act above activities and the expenditure is merged with the various expenses</p> |
| <p>1. Effort in brief towards technology absorption adaptation and innovation.</p> | <p>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.</p> |
| <p>2. Benefits derived as a results of above efforts e.g. output, improvement, cost reduction, production, development import substitution.</p> | <p>After adaption of Modern machines with latest technology the Company reduced considerable improvement in market demand of our products.</p> |
| <p>5. Details of Imported Techonology</p> | <p>No Technology has been imported during the last 5 years</p> |
| <p>C. Foreign Exchange Earning and outgo</p> | <p>NIL</p> |

On behalf of the Board of Directors

Solapur,
June 23, 2004

(T. T. KATARE)
Chairman & Managing Director

AUDITOR'S REPORT

To,

The Members,

KATARE SPINNING MILLS LIMITED

1. I have audited the attached Balance Sheet of "KATARE SPINNING MILLS LIMITED" as at 31st March, 2004 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.
2. 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.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 2003 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.
4. Further to my comments in the Annexure referred to in paragraph 3 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, 2004 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2004 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 to, in Note No. 6 in notes on Accounts, at the year end is subject to confirmation both in respect of dues and extension of time for repayment under one time settlement and therefore, the impact of reconciliation and adjustment in respect of the loan, the profit for the year and net assets position as at year end and also it's impact on concept of ongoing concern due to huge losses, is presently not ascertainable.*
 - b) *Receivables to the extent of Rs. 4234336/- is bad for which no provision was made in the Accounts in the previous year ended 31st, March, 2004 as referred to, in Note No. 8 in the Notes on Accounts and as such it has resulted in overstatement of year end net Current Assets and Reserve & Surplus by Rs. 4234336/- 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 profit of the year, the year end Net Current Assets and Reserve & Surplus cannot be ascertained at this stage.*