

# katara spg. mills limited

29<sup>th</sup> *Annual Report*  
2008-2009

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# Katare Spinning Mills Limited

## 29<sup>th</sup> ANNUAL REPORT AND ACCOUNTS 2008 - 2009

### BOARD OF DIRECTORS

Shri. V. T. Katare	Chairman & Executive Director
Shri. K. T. Katare	Managing Director
Shri. S. T. Katare	Director
Shri. S. B. Inamdar	Director
Shri. Y. N. Konda	Director
Shri. U. M. Mahindrakar	Director

### REGISTERED OFFICE

"KAMALA"

259, Sakhar Peth,  
Solapur - 413 005

### SPINNING MILL

Kamalanagar, Tamalwadi - 413 601  
Tal : Tuljapur, Dist.Osmanabad.

### HOTEL TRIPURSUNDARI

Civil Lines, Solapur - 413 001

### AUDITOR

G. M. PAWLE  
Chartered Accountant  
327, Sakhar Peth,  
Solapur - 413 005

### BANKERS

Bank of India,  
Main Branch, Solapur - 413 002

### REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.,  
Akshay Complex, Block No. 202, 2<sup>nd</sup> Floor,  
off Dhole Patil Road, Pune - 411 001  
E-mail : [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

# Katare Spinning Mills Limited

2010-2011

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# Katare Spinning Mills Limited

3

## NOTICE

Notice is hereby given that 29<sup>th</sup> Annual General Meeting of the Shareholders of Katare Spinning Mills Ltd. will be held on Wednesday, the 30th day of September 2009, at 11.00 a.m. (I.S.T.) at Hotel Tripursundari, Civil Lines, Solapur - 413 001, to transact the following :

### ORDINARY BUSINESS:

1. To adopt the audited Profit & Loss Account of the Company for the year ended on 31st March 2009 and the Balance Sheet as on that date and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri S. B. Inamdar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. Y. N. Konda who retires by rotation and being eligible offers himself for re-appointment.
4. 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 31, 2009

( V. T. KATARE )

Chairman & Executive 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 Tuesday 22nd September 2009 to Wednesday 30th September 2009 (Both days inclusive)
3. Company's shares are in compulsory dematerialised trading. To ensure better investors' service and minimize risk, the member may avail of the facility of dematerialisation of their physical shares certificates by opening D-mat account with any depository participant of National depository limited or Central depository services (India) Limited.
4. The shareholders are requested to intimate change, if any, in their addresses registered with the Company.

Solapur  
August 31, 2009

# Katare Spinning Mills Limited

4

## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty Ninth Annual Report of the Company together with Audited Statement of accounts for the year ended 31<sup>st</sup> March, 2009

### Summarised Financial Results :

( Rs. in lacs )

	2008-09 (Rs.)	2007-08 (Rs.)
Turnover	3058.13	2316.72
Profit Before Interest & Depreciation	191.84	247.64
Less : Interest	82.84	89.59
Profit Before Depreciation	109.00	158.05
Less : Depreciation	165.05	169.93
Add : Transfer from Revaluation Reserve	124.87	124.87
Profit After Depreciation	68.82	113.00
Less : Bad debts written off	1.05	0.00
Profit Before Taxation	67.77	113.00
Less : Fringe Benefit Tax	0.45	0.75
Less : Income Tax of earlier year	4.38	0.0
Deferred Tax Liability : Debit / (Credit)	20.65	(-)41.29
Net Profit	83.59	70.95
Add balance brought forward	35.94	(-)35.01
Profit Carried to Balance Sheet	119.54	35.94

### Opertation :

The Company achieved satisfactory performance during the year under review. It's turnover increased from Rs. 2316.72 lacs to Rs. 3058.13 lacs. The Gross Profit before Depreciation is Rs.109.00 lacs from Rs. 158.05 lacs due to increase in the raw material prices, Electric Cost and Labour Cost. Both the divisions of the Company, i.e. Textile and Hotel Division, contributed to the overall performance of the company.

### Expansion & Modernisation :

#### a) Textile Division :

In order to improve the yarn production, reduce costs/wastages the company has already commenced technological upgradation programme of the plant at Unit No. 1. to maintain competitiveness and achieve better quality. Stringent cost control measures continue to be implemented in all possible areas.



# Katare Spinning Mills Limited

5

## b) Hotel Division :

Because of developments in tourism in & around Solapur as well as the industrial development the hotel occupancy is increased through out the year and recently the expansion & refurbishing work of hotel project is completed during the year.

## Dividend :

Your Directors are unable to recommend any dividend at this stage.

## Dis-investment from The Rayalseema Mills Ltd. :

As per the decision taken earlier the phase wise disinvestment is still under negotiations.

## 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) and (2A) of the Companies Act, 1956, read with Rule 2 of the Companies ( Disclosure of Particular in the Report of Board of Directors ) Rules, 1988 is annexed and forms parts of the Report.

## Auditor's Report :

The Auditors report to the shareholders does not contain any reservation, qualification or adverse remark.

## Auditors :

The retiring auditors, Mr. G. M. Pawle, Chartered Accountants, are eligible for reappointment and have indicated their willingness to accept re-appointment. In terms of section 224A of the companies act 1956, their re-appointment needs to be approved by the members and their remuneration has to be fixed.

## Cost Auditors :

Pursuant to the directives of the central Government under the provisions of section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to products manufactured by the company.

## Directors :

Under Article 160 of the Articles of Association of the Company Shri. S. B. Inamdar & Shri. Y. N. Konda, directors are retiring by rotation and being eligible offer themselves for re-appointment.

## Directors Responsibility Statement :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of Annual accounts the applicable accounting standard had been followed.
- There is no material departure from the standards and the remarks stated by Auditors in his report under point No. 4 read with related notes to accounts are self explanatory to the extent of deviations from standards.

# Katare Spinning Mills Limited

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 profit /Loss of the Company for that period ;
3. The Directors have taken proper and sufficient care to ensure the maintenance of adequate accounting records in accordance with the provision of the company Act for safeguarding the assets of the company and for preventing and detecting any fraud and other irregularities; if any;
4. The Directors have prepared the annual accounts on a going concern basis.

## Corporate Governance :

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

## 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.

## Cash Flow Statement :

In conformity with the provisions of clause 32 of the Listing Agreement, the cash flow statement for the year ended on 31st March, 2009 is annexed hereto.

## Appreciation :

The company places on record its deep appreciation of the devoted services of the loyal workers, executive's and other staff of the Company who have contributed in no small measures to the performance and the companies inherent strength. Grateful thanks are also due to State Governments, the investors, the Banking circles, and district level authorities for their continued support extended to the Company from time to time. Shareholders appreciation of the managements efforts expressed at the General Meeting of the Company and otherwise, is a great fillip to strive for better performance year after year.

For and on Behalf of the Board of Directors

Solapur  
August 31, 2009

( V. T. KATARE )  
Chairman & Executive Director

# Katare Spinning Mills Limited

7

## 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 favorable climatic conditions.
  - Control over slippage.
  - The Company has replaced HDP Ring Tubes and introduced light weight ABS Tubes for Ring Frame. Because of this the Company is getting more Yarncontents 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 appropriated 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

Sr.No.	Particulars	Current Year	Previous Year
01	Electricity		
a)	Purchased Units	3986580	4020535
	Total Amount Rs.	15909114	16773670
	Rate Unit Rs.	3.99	4.17
b)	Own Generation		
	Through Diesel Generator Unit	15720	27710
	Rate per unit Rs.	9.33	8.31
02	Coal Quantity	Nil	Nil
a)	Consumption of Unit of Production	Nil	Nil
	Production of Yarn M.T.	Nil	Nil
	Electricity Units per M.T.	Nil	Nil
	Coal per M.T.of Production : Kgs		



# Katare Spinning Mills Limited

8

## 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.

2. Benefits derived as result R & D  
Carried out by the company.

ii) Several Steps have been taken to reduce and product faults and breakage and waste percentage.

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 & more effects in this direction will be made appropriate testing machines & other suitable equipment are going to be added.

4. Expenditure on R & D

- A) Capital Rs. 380878.00
- B) Recurring Rs. 0.00
- C) Total Rs. 380878.00
- 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 adaptation of Modern machines with latest technology the Company reduced considerable improvement in market demand of our products.

5. Details of imported Technology.

No Technology has been imported during the last 5 years.

6. Foreign Exchange Earning and outgo.

Nil

On behalf of the Board of Directors.

Solapur  
August 31, 2009

( V. T. KATARE )  
Chairman & Executive Director

# Katare Spinning Mills Limited

9

## AUDITOR'S REPORT

To,  
The Members,  
Katare Spinning Mills Limited,  
Solapur.

1. I have audited the attached Balance Sheet of Katare Spinning Mills Limited, Solapur as at 31st March 2009, the Profit and Loss Account and Cash Flow statement of the Company 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 the 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 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 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 accounts as required by law have been kept by the company so far as appears from my examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;
  - (iv) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 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 and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in