

**33rd ANNUAL REPORT AND ACCOUNTS
2012 - 2013**

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

AUDITOR

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

SPINNING MILL

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

HOTEL TRIPURSUNDARI

Civil Lines, Solapur - 413 001

REGISTERED OFFICE

"KAMALA"
259, 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, 2nd Floor,
Off. : Dhole Patil Road, Pune - 411 001.
E-mail : pune@intimespectrum.com

N O T I C E

Notice is hereby given that 33rd Annual General Meeting of the Shareholders of Katare Spinning Mills Limited will be held on Saturday, the 31st day of August, 2013, at 11.00 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 on 31st March, 2013 and the Balance Sheet as on that date and the reports of the Auditors and Directors thereon.
2. To declare dividend on equity shares.
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.

SPECIAL BUSINESS :

5. To consider and pass with or without modification the following resolution as a special Resolution :

RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 approval be and is hereby given to alter the Memorandum of Association of the Company by insertion of new object at serial no. 3 in the main objects of the Company of the existing Memorandum of Association and consequently change the serial numbers of existing object clauses as 4 and onwards.

Serial No. 3 to set-up Solar Power generation plant for captive consumption or power for sale to third party.

By order of the Board of Directors

Solapur
May 31, 2013

V.T.KATARE
Chairman & Executive Director

NOTES :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APOINT A PROXY TO ATTEND AND VOTE IN STEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- 2 The Proxy as per the format given in the Annual Report should be duly filled, stamped, signed and received by the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
- 3 Members / proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
- 4 In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 5 The Register of Members and the Transfer Books of the Company will be closed from Friday, 23rd August, 2013 to 31 August, 2013 (both days inclusive).
- 6 The Dividend will be paid through NECS in respect of shareholders having demat accounts, to the credit of related bank accounts as furnished by the depositories. Members who desire the warrants and would like to have their bank accounts details incorporated in their dividend warrants may furnish the following details :
 - i) Folio No. / DPID/ Client ID
 - ii) Name and Address of sole/ first shareholder
 - iii) Bank Accounts No. (With prefix SB / CA etc.)
 - iv) Name of the bank and branch
 - v) Full address of the bank with Pin Code
- 7 As per the provisions of the Companies Act, 1956, facility for making nominations is available for Members in respect of shares held by them. Nomination Forms can be obtained from the Company's Registrar and Transfer Agents.
- 8 The dividend on Equity Shares as recommended by the Directors for the year ended March, 31, 2013 will be payable on or after August 31, 2013 in accordance with the Resolution to be passed by the Members of the Company.
- 9 Members may please note the contact details of the Company's Registrar and Transfer Agents, Link Intime India Pvt. Ltd., Akshay Complex, Block No. 202, 2nd Floor, Off. : Dhole Patil Road, Pune - 411 001. email : pune@intimespectrum.com
- 10 Members are requested to notify the change in their Address, Bank Details, Email etc. if any, to the Company's Registrar and Transfer Agents. Shareholders should quote their folio numbers/DP ID in all their correspondence with the Company and the Registrar and Transfer Agents.
- 11 As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission / transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.

- 12 The Company has dematerialized its Equity Shares to CDSL & NSDL and Company's ISIN number is INE498G01015 Members, who had shares in physical form, are requested to dematerialize their shares.
- 13 Ministry of Corporation Affairs by vide Circular no.17/95/2011 CL-V, has taken a green initiative in the Corporate Governance and clarified that service of document (Notices, Annual Reports etc.) to member through electronic mode is in compliance with the relevant provision of Companies Act, 1956. The Company is concerned about the environment and utilizes natural resources in a sustainable way. Members are requested to register their email address, through written application, with Company's Registrar and Transfer Agents to enable the Company to send notice, annual reports and other communication via email.
- 14 The Company has paid the Annual Listing Fees for the financial year 2013-2014.
- 15 The Explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special business under item No. 5 to be transacted at the meeting is annexed to this notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The company proposes to diversify into the power generation activity as the generation of solar power is on the top priority sector of the Government Agenda and is eligible for preferential treatment under Government policies. Your company visualize a very good potential in this line and hence this activity is proposed to be started by the Company.

None of the directors is interested in this resolution.

By order of the Board of Directors

Solapur
May 31, 2013

V.T.KATARE
Chairman & Executive Director

DIRECTORS' REPORT

TO THE MEMBERS OF KATARE SPINNING MILLS LTD.

The Directors are pleased to present their Thirty Third Annual Report on the Business and Operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	2012-2013	2011-2012
Turnover	4145.06	4257.66
Profit Before Interest & Depreciation	290.75	103.79
less : Interest	214.16	136.76
Profit / Loss Before Depreciation	76.59	-32.97
Less : Depreciation	139.84	178.41
Add : Transfer from Revaluation Reserve	84.92	124.87
Profit / Loss After Depreciation & Before Taxation	21.67	-86.51
Less : Excess provision in last year	4.53	0.00
Less : Provision for Income Tax (MAT)	1.70	0.00
Less : dividend Distribution Tax	4.62	0.00
Less : Deferred Tax Liability	24.89	2.41
Profit / Loss for the period	44.77	-84.10
Add : Balance brought forward	305.51	389.61
Less : Provision for dividend	28.50	0.00
Profit Carried to Balance Sheet	321.78	305.51

DIVIDEND

For the year under review, the Directors recommend a dividend of ₹ 1/- per share on the 28,50,000 Equity shares amounting to ₹ 28,50,000/-

DIRECTORS

Mr. Y.N. Konda, Director of the company is liable to retire by rotation and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis, the Corporate Governance Report, together with the Auditor's Certificate on compliance with the conditions of Corporate Governance as laid down, forms part of the Annual Report.

AUDITORS

G.M. Pawale, Chartered Accountants, Solapur hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members are requested to re-appoint them as Auditors of the Company till the conclusion of the next Annual General Meeting.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of section 233B of the Companies Act, 1956, qualified Cost Auditor Shrinivas Diddi & Co., Cost Accountants has been appointed to conduct cost audits relation to products manufactured by the company.

FIXED DEPOSITS

The Company has not accepted or renewed any deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

PARTICULARS OF EMPLOYEES

There are no employee drawing remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended) and hence no details are required to be annexed to this report.

SAFETY MEASURES

i) INSURANCE

Your Company continued to cover all assets mainly; plant & machinery, building, materials, stocks, furniture & fixtures against possible risks like fire, flood, terrorism and earthquake.

ii) INDUSTRIAL RELATIONS

The industrial relations at the plants of the Company during the year under review continued to be cordial through out the year.

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 regarding conservation of energy technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto forming part of the Report.

LISTING OF SHARES & SECURITIES

The Company's Shares are listed on the BOMBAY STOCK EXCHANGE LIMITED,

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors state that

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgment 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 the financial year covered under this report and of the profit of the Company for the year.
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The directors have prepared the annual accounts on a going concern basis.

APPRECIATION :

Your Directors would like to place on record their appreciation for the co-operation and assistance received from the banks, for the utmost confidence reposed in the management by the shareholders and customers during the year under review. Your Directors wish to thank for the services of the executive, staff and workers of the Company at all levels for their dedication, devotion, determination and discipline. The Directors express their profound thanks to the shareholders for their continued support and goodwill and they look forward to the future with confidence.

Solapur
May 31, 2013

By order of the Board of Directors

V.T.KATARE
Chairman & Executive Director

ANNEXURE TO DIRECTORS REPORT

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) Energy Conservation taken :
- i) Switching off unwanted lights.
 - ii) Use of natural lights as far as possible.
 - iii) Humidification plants not operated during favorable 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 appropriated 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'

POWER & FUEL CONSUMPTION

Sr.No.	Particulars	Current Year	Previous Year
1.	Electricity		
a)	Purchased Units	2513896	2641800
	Total Amount Rs.	17153505	15317182
	Rate Unit Rs.	6.82	5.80
b)	Own Generation		
	Through Diesel Generator Unit	8800	18170
	Rate per unit Rs.	12.10	11.88
2.	Coal Quantity	Nil	Nil
	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		

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 & more effects in this direction will be . made appropriate testing machines & other suitable equipment are going to be added. | | | | | | | | | | | | |
| 4. Expenditure on R & D | The separate division has been established to act above activities and the expenditure is merged with the various expenses. | | | | | | | | | | | | |
| <table border="0"> <tr> <td>A) Capital</td> <td>Rs.</td> <td>380878.00</td> </tr> <tr> <td>B) Recurring</td> <td>Rs.</td> <td>0.00</td> </tr> <tr> <td>C) Total</td> <td>Rs.</td> <td>380878.00</td> </tr> <tr> <td colspan="3">D) Total R & D. Expenditure</td> </tr> </table> | A) Capital | Rs. | 380878.00 | B) Recurring | Rs. | 0.00 | C) Total | Rs. | 380878.00 | D) Total R & D. Expenditure | | | |
| A) Capital | Rs. | 380878.00 | | | | | | | | | | | |
| B) Recurring | Rs. | 0.00 | | | | | | | | | | | |
| C) Total | Rs. | 380878.00 | | | | | | | | | | | |
| D) Total R & D. Expenditure | | | | | | | | | | | | | |
| 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. | | | | | | | | | | | | |
| C. Foreign Exchange Earning and outgo. | Nil | | | | | | | | | | | | |

By order of the Board of Directors

Solapur
May 31, 2013

V.T.KATARE
Chairman & Executive Director