

**34th ANNUAL REPORT AND ACCOUNTS
2013 - 2014**

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
Ganesh Complex, Ground Floor, 276
Sakhar Peth, Solapur - 413005.

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,
Opp. Dhule Patil Road, Pune - 411 001.
E-mail : pune@intimespectrum.com

NOTICE

Notice is hereby given that 34th Annual General Meeting of the Shareholders of the Company will be held on Tuesday, the 30th September, 2014 at 11.00 a.m. (I.S.T.) at Upasana Hall, Hotel Tripursundari Solapur - 413005 to transact with or without modification as may be permissible, the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors of the Company
2. To appoint a Director in place of Shri. U M Mahindrakar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. S B Inamdar 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 authorizing to Board to fix their remuneration.

Solapur
August 31, 2014

By order of the Board of Directors

V.T.KATARE
Chairman & Executive Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The proxy as per the format given in Annual Report should be duly filed, stamped, signed and received by the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. Member/proxies should bring duly-filed 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 Tuesday, 23rd September 2014 to 30th September 2014 (both days are inclusive)
6. As per the provision 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 Agent.
7. Members are requested to intimate their email ids to the Company and also to the Company's Registrar and Transfer Agents, Link Intime India Pvt. Limited., Akshay Complex, Block No.202, 2nd Floor opp: Dhole Patil Road, Pune - 400 001. email : pune@intimespectrum.com. This is now mandatory.
8. Members may please note the contact details of the Company's Registrar and Transfer Agents, Link Intime India Pvt. Limited., Akshay Complex, Block No.202, 2nd Floor opp: Dhole Patil Road, Pune - 400 001. email : pune@intimespectrum.com.
9. Members are requested to notify the change in their Address, Bank Details, E-mail etc. if any, to the Companies 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.
10. 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 share holder 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 Companies Registrars and Transfer Agents.
11. The company has de materialized its equity shares to CDSL and NSDL and Company's ISIN Number is INE498G01015. Members who have shares in physical form, are requested to de materialize their shares.

12. Ministry of Company Affairs by vide circular number 17/95/2011 CL-V, has taken a green initiative in the Corporate Governance and clarified that service of document (Notice, 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 addresses, through written application, with Company's Registrar and Transfer Agents to enable the Company to send notice, annual reports and other communication via email.
13. The notice of 34th Annual General Meeting and instructions for e-voting, along with the attendance slip and Proxy Form, is being sent by electronic mode to all members whose e-mail addresses are registered with the Company/depository participant (s) unless a member has requested for a hard copy of same. For members who have not registered their e-mail addresses physical copies of the aforesaid documents are being sent by the permitted mode.

Instructions and other information relating to e-voting are as under:

- i. Pursuant to provision of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice conveying the 34TH Annual General Meeting to be held on Tuesday, the 30th September, 2014, at 11.00 a.m. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility.
- ii. These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on 30th September, 2014.
- iii. The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
24.09.2014, 9.00 A.M.(IST)	25.09.2014, 6.00 P.M.(IST)

During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (05th September 2014), may cast their vote electronically. The e-voting module shall be disabled by CDSL after voting period ends

- iv. The e-voting facility can be availed by typing the link www.evotingindia.com in the internet browser.
- v. Click on the "shareholders" tab.
- vi. Now select the Company name from the drop down menu and click on "SUBMIT"
- vii. Now Enter User ID

- a) for CDSL: 16 digits beneficiary ID
- b) for NSDL : 8 Character DP ID followed by 8 Digits Client ID.
- c) Members holding shares in Physical Form should enter Folio No. registered with the Company.
- viii. Next enter the Image Verification as displayed and Click on Login.
- ix. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- x. if you are a first time user follow the steps given below:

	For Members holding Shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Shareholder as well as physical shareholder). *Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. * In case the folio numbers less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100then enter RA00000100 in the "PAN" field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio respectively in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio respectively. Please enter the DCB or Dividend Bank Details in order to login. If the details are not recorded with depository or company please enter the member id/folio number in the Dividend Bank details field.

- xi. After entering these details appropriately, click on " SUBMIT" tab
- xii. Members holding shares in physical form will then reach directly the company section screen, However, members holding shares in demat form will now reach ' Password Creation ' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly

recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xiii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xiv. On the voting page, you will see " RESOLUTION DESCRIPTION" and against the same the option " YES/NO" for voting. Select the option Yes or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xv. Click on the " RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xvi. After selection the resolution you have decided to vote on, click on "SUBMIT", A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on " CANCEL" and accordingly modify your vote.
- xvii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xviii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xix. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xx. Institutional share holders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - a) They should submit a scanned copy of the Registration Form bearing the Stamp and sign of the entity to helpdesk.evoting@cdslindia.com
 - b) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - c) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer to Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form

or in dematerialized form, as on the cut-off date of 04th September 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

Mr. G N Pawar Practicing Chartered Accountant (Membership No. 46912) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.

The voting rights of shareholders shall be in proportion to their shares of the paid equity capital of the Company as on 04th September, 2014.

The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the website of CDSL within two days of the passing of the resolutions at the 34TH Annual General Meeting of the Company on September 30, 2014 and communicated to the BSE Ltd. and National Stock Exchange of India Ltd. within the prescribed period.

14. The Company has paid the Annual Listing Fees for the financial year 2014-15

Solapur
August 31, 2014

By order of the Board of Directors

V.T.KATARE
Chairman & Executive Director

DIRECTOR'S REPORT

TO THE MEMBERS OF KATARE SPINNING MILLS LTD.

The Directors are pleased to present their THIRTY FOURTH Annual Report on the Business and Operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2014.

Financial Results :

(₹ in Lacs)

Particulars	2013-2014	2012-2013
Turnover	3770.13	4145.05
Profit Before Interest & Depreciation	324.41	290.75
less : Interest	247.16	214.15
Profit Before Depreciation	77.25	76.59
Less : Depreciation	79.88	139.84
Add : Transfer from Revaluation Reserve	20.71	84.92
Profit After Depreciation & Before Taxation	18.08	21.67
Add : Excess provision in the last year	0.39	4.53
Less : Provision for Income Tax (MAT)	0.00	1.70
Less : Tax Expenses relating to previous year	20.83	4.62
Add / Less : Deferred Tax Liability	-15.11	24.89
Profit / Loss for the period	-17.47	44.77
Add : Balance brought forward	321.78	305.51
Less : Provision for dividend	0.00	28.50
Profit Carried to Balance Sheet	304.31	321.78

SOLAR POWER PROJECT

The Company has already started Rooftop Solar Power Project at hotel. The Company has getting good benefit by way of reduction in monthly electricity bills.

Also the company has decided to setup a Solar Power Project of 1 MW at mill site for captive consumption and already the Installation of the project has been completed and expected to be commissioned by September 2014. The reason to set behind setting up this project is to save in the cost of production and improve the financial strength of the company as well as production of spinning division on commissioning of this project of the company.

DIVIDEND

Your Directors do not recommend any dividend for the year under report.

DIRECTORS

Mr. U.M. Mahindrakar & Mr S B Inamdar, both Directors of the company retire by rotation and being eligible offers them self for reappointment.

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.

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, stock, 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 throughout the year.

PARTICULARS REGARDING CONSERVATION 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 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

1. In the preparation of the annual accounts, the applicable accounting standard have been followed along with proper explanation relating to material departures;