

**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 send 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](http://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](http://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](mailto: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](mailto: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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 KATARA 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;

2. 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.

3. 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.

4. 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  
August 31, 2014

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.
  - 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	Spinning Division		Hotel Division	
		Current Year	Previous Year	Current Year	Previous Year
a)	Electricity				
	Purchased Units from MSEDCL	2398980	2513896	578647	659094
	Total Amount Rs.	16882092	17153505	7011212	8022675
	Rate Unit Rs.	7.04	6.82	12.12	12.17
b)	Own Generation				
i)	Diesel Generator				
	Unit	6460	8800	-	-
	Rate per unit Rs.	16.48	12.10	-	-
ii)	Solar Plant				
	Unit			60374	18544
	Rate per unit Rs.			0	0

FORM "B"  
RESEARCH & DEVELOPMENT

- |   |  |           |           |              |     |      |          |     |           |  |
|---|--|-----------|-----------|--------------|-----|------|----------|-----|-----------|--|
| <p>1. Specific Areas in which R &amp; D Carried out by the Company.</p>   | <p>i) R &amp; 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 &amp; 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 &amp; more effects in this direction will be made, appropriate testing machines &amp; other suitable equipment are going to be added.</p>   |           |           |              |     |      |          |     |           |  |
| <p>4. Expenditure on R &amp; D</p> <table border="0" style="margin-left: 20px;"> <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> </table> | A) Capital   | Rs.       | 380878.00 | B) Recurring | Rs. | 0.00 | C) Total | Rs. | 380878.00 | <p>The separate division has been established to act above activities and the expenditure is merged with the various expenses.</p> |
| A) Capital  | Rs.  | 380878.00 |           |              |     |      |          |     |           |  |
| B) Recurring  | Rs.  | 0.00      |           |              |     |      |          |     |           |  |
| C) Total  | Rs.  | 380878.00 |           |              |     |      |          |     |           |  |

**Absorption Adaptation & innovation**

- |  |  |
|--|--|
| <p>a. 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 Rctors are installed in place of Ring Frames as far as possible within permissible financial resources.</p> |
| <p>b. Benefits derived as a results of Above efforts e.g. cutput, improvement cost reduction, production, development import substitution.</p> | <p>After adaptation of Modern machines with latest technology the Company reduced considerable improvement in market demand of our products.</p>   |
| <p>5. Details of imported Technology.</p>  | <p>No Technology has been imported during the last 5 years.</p>  |
| <p>6. Foreign Exchange Earning and outgo.</p>  | <p>Nil</p>   |

By order of the Board of Directors

Sclapur  
August 31, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Current Scenario

In spite of the adverse market conditions prevailing in various businesses in which the Company operates, the overall performance of the Company during the year has marginally improved compared to that of the previous year.

During much of 2013-14, there was no turnaround in the domestic economy in either consumption or investment as was reflected by the downward trend in both the capital and consumer goods segments. The high borrowing cost to combat inflation, coupled with lower consumption, low investment in infrastructure and other sectors of the economy were responsible for this, although agriculture and allied businesses had shown some improvement.

Raw material costs have been increasing globally, coupled with a shortage of skilled workers. While a shift is taking place of textiles industries from China and Bangladesh to India, the industrial climate in India has also become adverse due to regular increases in input costs. Any further appreciation of the Rupee will adversely affect exports from India. Though the spinning industry has fared somewhat better those with presence in weaving, processing or even composite business are facing the heat due to increases in input cost without being able to pass on such higher costs to customers as the market is simply unable to absorb the same.

### 2. Business Segment :

A) Textiles : The company achieved a turnover of Rs. 3770.13 lacs as against Rs. 4145.06 lacs relating to the previous year. The gross profit of the Company recorded at Rs.324.41 lacs before interest and depreciation and net loss for the year is at Rs. 17.47 lacs as against profit of Rs.44.77 lacs for the previous year. The turnover of the company is lower as compared to the previous year due to strike was there for 43 days.

B) Hotel : Because of development in tourism and hotels in Solapur as well as new industrial development, the hotel occupancy has increased throughout the year, and the company has got good occupancy after expansion and refurbishing work of hotel and as a result, the hotel division has prospered.

### 3. Outlook :

Industrial scenario in the Textile Sector remained unchanged during the year under review with stagnant domestic market and fierce competition in the international market. The company is, however, confident of sustained growth through a series of initiatives in the areas of product development, technological upgradation and strengthening of distribution network.

### 4. Internal Control Systems and their Adequacy :

The company has management, which is much concerned about the adequacy of Internal Control System. It is aware that for a multi-faceted growth of any organization, only the strict overall control and efficient supervision can check all the operations, whether minor or major, and such control are backbone of any commercial establishment or manufacturing units.

The management of your company has taken appropriate steps by constituting Internal Audit team with well-experienced and hard working personnel under the supervision of Audit Committee of the Board; which frequently checks and reviews functions of various departments and effectiveness of Audit checks and revision of systems and procedures periodically.

In the year under review, the Company initiated a focused policy to evaluate the design effectiveness of existing management controls across all its locations. Under this initiative, the

company also undertook steps to implement new control measures in line with global best-in-class practices.

#### **5. The Financial and Operational Performance :**

The financial statement given in the Report of the Directors for the financial year 2013-14 is quite satisfactory. It reflects the genuine steps taken by the management for transparency and best judgment for the estimate made to correctly reflect the true and fair affairs of the Company.

#### **6. Human Resource Development :**

The people of any industry serve as propeller for upliftment of the industry and thus indirectly contribute the National Product and through this to the exchequer of India. The management has always remained conscious of these inter-related factors and maintained a favorable climate during the year to suit the growth and excellence in the Company. The management has always strived to maintain cordial relationship between the staff, workers and management. This attitude created an atmosphere and every staff and worker started feeling a sense of 'ONENESS'.

#### **7. Cautionary Statement :**

The Statements in Management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the company's operations such as Government policies, political and economic development etc.

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE**

The Company is fully compliant with the mandatory requirement of clause 49 of the Listing Agreement formulated by securities and Exchange Board of India and Stock Exchanges. The Company presents its report on compliance of governance conditions specified in Clause 49 of the Listing Agreement.

#### **1. Company's Philosophy on Code of Governance :**

Your Company believes that corporate governance is powerful medium to sub serve the long-term interest of all the shareholders, creditors, customers, employees and other stakeholders. Corporate Governance strengthens investors and creditors trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits. Your Company is committed to benchmarking itself with good governance and operates with transparency, professionalism, good conduct and value based systems.

#### **2. Board of Directors :**

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The present strength of Board of Directors is 6(six), whose composition and category is given below:

- Two - Chairman, Managing Director
- Four - Independent Directors

A) THE CONSTITUTION OF THE BOARD AS ON MARCH 31, 2014

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/chairman are given below :

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Shri. V. T. Katare	Promoter Chairman	1	---	---	---
Shri. K. T. Katare	Promoter M.D.	1	1	---	---
Shri. S. T. Katare	Promoter Director	1	---	---	---
Shri. S. B. Inamdar	Independent	1	---	1	---
Shri. Y. N. Konda	Independent	1	---	1	---
Shri. U. M. Mahindrakar	Independent	1	---	---	---

None of the Directors is a member in more than ten committees and acts as chairman in more than 5 committees across all the companies in which he is a Director.

B) BOARD PROCEDURE

Agenda is sent to each Director in advance of Board and Committee meetings to enable the Board discharge to its responsibilities effectively; the Managing Director briefs the Board at every meeting on the overall performance of the Company, followed by discussion by the Directors. The Board also reviews:

Strategy and business plans, Operations and capital expenditures, Finance and Banking operations, Adoption of quarterly/half yearly/ annual results, Compliance with statutory/regulatory requirements and review of major legal issues, Significant labour issues.

C) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the year ended March 31, 2014, 5 (five) Board Meetings were held on 30th April 2013, 31st May 2013, 31st July 2013, 30th October 2013, 31st January 2014. Annual General Meeting during the year was held on 31st August, 2013.

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 31.08.2013
Shri. V. T. Katare	Chairman	5	Present
Shri. K. T. Katare	Managing Director	5	Present
Shri. S. T. Katare	Director	5	Present
Shri. S. B. Inamdar	Director	5	Present
Shri. Y. N. Konda	Director	5	Present
Shri. U. M. Mahindrakar	Director	5	Present

3. COMMITTEE OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The Board of Directors and the Committees also take decision by the circular resolutions which are noted at the next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.



The Board of Directors has constituted three committees of the Board – ( ) The Audit Committee (ii) Remuneration Committee and ( ii) Shareholders/Investors Grievance Committee.

i) Audit Committee:

The Audit committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with the Companies Act, 1956 and listing requirements and is reviewed from time to time.

**BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

The committee's powers, role and functions are as stipulated in Clause 49 of the Listing Agreement and under Section 292A of the companies Act, 1956.

**COMPOSITION**

During the year ended 31st March, 2014, four Meetings were held.

The composition of the Audit Committee is as follows :

Member of Audit Committee	Posit on	Committee Membersh p
Shri. S.B. Inamdar	Member	4
Shri. Y.N. Konda	Member	4

ii) Remuneration Committee :

The Remuneration Committee of the Company is empowered to review the remuneration of the chairman Managing Director and retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board, on the amount and to the non-executive directors based on criteria fixed by the Board and to deal with matters pertaining to Employee's Stock Option Scheme, if any.

**BRIEF DESCRIPTION OF TERMS OF REFERENCE :**

Fixation of salary, perquisites etc. of all executive directors of the Company, as and when any new executive director is appointed/ existing executive director is re-appointed; and Deciding commission payable to executive directors based on performance of the concerned executive director and for this purpose fixes targets for achievements.

**COMPOSITION :**

The constitution of the Remuneration Committee is as follows :

- i) Shri. S. B. Inamdar
- ii) Shri. Y. N. Konda

The detail of remuneration for the year ended 31st March, 2014 paid to the Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	Total
Shri. V. T. Katare	3,30,000/-	----	30,000/-	3,60,000/-
Shri. K. T. Katare	6,00,000/-	----	72,000/-	6,72,000/-

**iii) SHARE-HOLDERS/INVESTORS GRIEVANCE COMMITTEE :**

**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The "Investors Grievance Committee" of the Board, looks into various issues relating to investor grievances and to deal with matters relating to transfers/transmission of shares, and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance-sheet, non-receipt of dividends declared, issue of duplicate share certificates, etc.

**COMPOSITION :**

The constitution of the committee is as follows :

The company's shares are compulsory traded in the dematerialized form at Bombay Stock Exchange Limited where Company's shares are listed. Mr. D B Galkwad appointed as a Compliance Officer as required by the Listing Agreement.

There were no valid share transfer requests pending as on March 31, 2014.

**4. GENERAL BODY MEETINGS:**

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Time	Location of the Meeting
2012-13	31-8-13	11.00 am	C-2, MIDC, Akkalkot Road, Solapur.
2011-12	28-9-12	11.00 am	C-2, MIDC, Akkalkot Road, Solapur.
2010-11	29-9-11	10.30 am	224, Civil Lines, Solapur.

**5. DISCLOSURES**

The Company had not entered into any transactions of a material nature, which will have a conflict with its interest during the year.

The disclosure of related party transactions as required by the Accounting Standard (AS)18 on 'Related Party Disclosures issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No.28 of Notes on the Annual Accounts. All the transactions covered under related party transaction were fair, transparent and at arms length.

The company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act, 1956 while preparing its financial statements.

**6. MEANS OF COMMUNICATIONS**

The quarterly, half yearly and annual results are communicated to all the Stock Exchanges where the Company's shares are listed as soon as the same are approved and taken on record by the Board of Directors of the Company. Further the results are published in widely circulating national and local dailies The results are not sent individually to the shareholders.

7. CODE OF CONDUCT

The Board of Director has adopted the Code of Business Conduct and Ethics for Director and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management.

8. GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting  
 i) Date & Time 30st Sept. 2014 at 11 am  
 ii) Venue. Upasana Hall, Hotel Tripursundari, Civil Lines, Solapur.
- b) Financial Calendar (tentative)  
 Results for the 1st Quarter Ending 30th June, 2014 Last Week July 2014  
 Result for the 2nd Quarter/Half Year Ending 30th Sep., 2014 Last Week October 2014  
 Result for the 3rd Quarter Encing 31st December, 2014 Last Week January 2015  
 Results for the Quarter/Year Ending 31st March, 2015 Last Week May 2015
- c) Book Closure Date (Both days inclusive) Tuesday, 23rd Sept., 2014  
 Tuesday, 30th Sept., 2014
- d) Listing on Stock Exchanges The Bombay stock Exchange Ltd., Mumbai
- e) Stock Code Physical segment – BSE- 502933  
 NSDL / CSDL - ISIN :  
 INE -498G01015
- f) Stock Market Data  
 The monthly high and low Prices during the year at BSE are as follows :

Month	Mumbai Stock Exchange	
	High ₹	Low ₹
April 2013	14-75	14-14
May 2013	17-40	14-59
June 2013	19-70	16-10
July 2013	18-20	17-92
August 2013	18-10	14-85
September 2013	18-25	16-50
October 2013	24-97	18-50
November 2013	21-95	17-55
December 2013	25-50	19-30
January 2014	24-25	22-90
February 2014	22-90	19-50
March 2014	19-50	19-50

g) Share holding pattern as on 31.03.2014

S.No.	Category	No. of Shares	% (Percentage)
1	Promoters ( Including Promoters Body Corporate)	1757248	51.65
2	Body Corporate	106602	03.74
3	Resident Individuals	983167	34.49
4	Non Resident Indian	536	00.02
5	Clearing Member	2447	00.09
	<b>TOTAL</b>	<b>28,50,000</b>	<b>100.00</b>

h) Distribution of Share holding as on 31.03.2014

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 5000	1591	87.85	239378	08.40
5001 to 10000	95	05.24	30932	02.84
10001 to 20000	46	02.55	71390	02.51
20001 to 30000	19	01.05	49672	01.74
30001 to 40000	11	00.61	39197	01.38
40001 to 50000	12	00.66	53906	01.89
50001 to 100000	16	00.88	117766	04.13
100001 to onwards	21	01.16	2197759	77.11

i) Registrar and Share Transfer Agent : Link Intime India Pvt. Ltd.,  
Akshay Complex, Block No. 202, 2nd Floor,  
Off. : Dhole Patil Road, Pune - 411 001.  
E-mail : pune@intimespectrum.com

j) Share Transfer System :

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI), Link Intime India Pvt. Ltd. Pune handles both Demat and Physical Shares Transfers.

The Share Transfers which are received in physical form are processed and the share certificates are returned within 21 days from the date of receipt, subject to Documents being valid and complete in all respects.

The Shareholders/Investors Grievance Committee meets periodically to consider the transfer and other proposals and attend to shareholders grievances.

k) DEMATERIALISATION OF SHARES

As on 31st March, Equity shares were in dematerialized form representing 33.04% of the total share capital.

- l) PLANT LOCATION : **SPINNING MILLS**  
Kamala Nagar, Tamalwadi,  
Tal. Tuljapur, Dist. Osmanabad.  
**HOTEL**  
224, Civil Lines, Solapur.  
**SOLAR PLANT**  
Kamala Nagar, Tamalwadi,  
Tal. Tuljapur, Dist. Osmanabad.
- m) ADDRESS FOR CORRESPONDENCE : Link Intime India Pvt. Ltd.,  
Akshay Complex, Block No. 202, 2nd Floor,  
Opp. Dhole Patil Road, Pune - 411 001.
- 

## DECLARATION

As provide under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and senior management perosnnel have affirmed compliance with Katare Spinning Mills Ltd. Code of Business Conduct and Ethics for the year ended March 31, 2014.

By order of the Board of Directors

Solapur  
31st, August 2014

**V.T.KATARE**  
Chairman & Executive Director

## INDEPENDENT AUDITOR'S REPORT

To the Members of

KATARE SPINNING MILLS LIMITED

### 1. Report on the Financial Statements

I have audited the accompanying financial statements of Katare Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 2. Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 4. Opinion

Attention is drawn to the following:

- a. The company had a transferred balance in Capital Reserve of Rs. 150 lacs when the loan was settled with ICICI Bank Ltd. The said balance is now reversed from Capital Reserve

and balance Rs. 600 lacs represent the amount of interest from the year 2002 to the date of settlement. The company has deferred this interest amount of Rs. 600 lacs to be written off over a period of 7 years and have accordingly charged Rs. 86 lacs to the statement of profit and loss for the year under audit and balance Rs. 428.00 lacs is carried as deferred revenue expenditure.

- b. Had the items reported in para 4 (b) and (c) above been charged to the statement of profit and loss, the loss for the year of Rs. 17.47 lacs would have been resulted into loss of Rs. 538.58 lacs. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs.538.58 lacs.
- c. No provision is made for payment for gratuity on actuarial basis as on 31<sup>st</sup> March 2014 hence its impact on the net profit could not be ascertained as referred to Note. No. 27(b) in the notes on accounts.

In my opinion and to the best of my information and according to the explanations given to me, except as reported in para 4(a) to (c) above, the financial statements give the information required by the Act in the manner so required and except as reported in para 4(a) to (c) above, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (1A) of section 227 of the Act, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, I report that:
  - a) I have obtained all the information and explanations which to the best of my knowledge and belief are necessary for the purpose of my audit;
  - b) 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.
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In my opinion, except as reported in para 4(a) to (c) above the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place : Solapur  
Date : 31st August 2014

**G.M.PAWALE**  
Chartered Accountant  
Membership No. : 032561



The Annexure referred to in paragraph 1 of the My Report of even date to the members of KATARE SPINNING MILLS LIMITED on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as I considered appropriate and according to the information and explanation given to me during the course of my audit, I report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to me, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies are noticed on such verification.  
(c) In my opinion and on the basis of my examination of the records, the Company has been disposed off Plant and Machinery of Rs. 448.69 lacs during the year.
2. (a) As explained to me, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In my opinion and on the basis of my examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to me and on the basis of my examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.  
(e) According to the information and explanations given to me and on the basis of my examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In my opinion and according to the information and explanations given to me, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of my audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by me and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be

maintained under that section.

b) As per information & explanations given to me and in my opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (c) of sub-section (1) of section 209 of the Act and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to me there are no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to me, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. During the financial year covered by my audit the company has incurred cash loss but has not incurred cash loss in the immediately preceding financial year.
11. Based on my audit procedures and on the information and explanations given by the management, I am of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In my opinion, the Company is not dealing or trading in shares, securities debentures or other investment and, hence the requirements of para 4 (xiv) are not applicable to the company.
15. According to the information and explanations given to me, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

16. Based on my audit procedures and on the information given by the management, I report that the company has raised term loans of Rs. 900.00 lacs during the year from Bank of India for establishment of Solar power plant.
17. Based on the information and explanations given to me and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, I have to report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to me by the management, I have to report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.  
Based on the audit procedures performed and the information and explanations given to me, no fraud on or by the Company has been noticed or reported during the year, nor have I been informed of such case by the management.

Place : Solapur  
Date : 31st August 2014

**G.M.PAWALE**  
Chartered Accountant  
Membership No. : 032561

**BALANCE SHEET AS AT 31st MARCH 2014**

Sr. No.	Particulars	Note No.	As At 31st March 2014 Rs.	As at 31st March 2013 Rs.
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' funds			
	(a) Share Capital	3	28500000	28500000
	(b) Reserves and surplus	4	96806095	100591206
2	Non-current liabilities			
	(a) Long-term borrowings	5	113440481	23307617
	(b) Deferred tax liabilities (net)	6	12253000	10752000
	(c) Other long-term liabilities	7	380857	766253
	(d) Long-term provisions		0	0
3	Current liabilities			
	(a) Short-term borrowings	8	99578305	126280713
	(b) Trade payables	9	26775323	15925899
	(c) Other current liabilities	10	4468257	10728920
	(d) Short-term provisions	11	1964908	4294985
	<b>TOTAL</b>		<b>384177236</b>	<b>321147594</b>
<b>B</b>	<b>ASSETS</b>			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12.A	140431023	145866452
	(ii) Intangible assets	12.B	60829	74142
	(iii) Capital work-in-progress including Advances	12.C	73840553	664840
	(b) Non-current investments	13	11100	11100
	(c) Long-term loans and advances	14	0	40716
	(d) Other non-current assets	15	88482150	95756014
2	Current assets			
	(a) Current investments		0	0
	(b) Inventories	16	26271974	23879296
	(c) Trade receivables	17	9800349	15176732
	(d) Cash and cash equivalents	18	22640454	25030943
	(e) Short-term loans and advances	19	8059985	2072203
	(f) Other current assets	20	14578799	12575156
	<b>TOTAL</b>		<b>384177236</b>	<b>321147594</b>

Notes forming part of the financial statements  
In terms of my report attached.

1-33

For and on behalf of the Board of Directors

Place : Solapur  
Date : 31st August 2014

**G.M.PAWALE**  
Chartered Accountant

V. T. KATARE (Chairman & Executive Director)  
K. T. KATARE (Managing Director)  
S. T. KATARE (Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Sr. No.	Particulars	Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
1	Revenue from operations	21	363931296	409544925
2	Other income	22	13081437	4961241
3	Total revenue (1+2)		377012733	414506165
4	Expenses			
	(a) Cost of materials consumed	23.a	126865710	116392965
	(b) Purchases of stock-in-trade	23.b	157714000	197864000
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.c	-5634571	-1154658
	(d) Employee benefits expense	24	27835233	25503019
	(e) Finance costs	25	24716409	21416016
	(f) Depreciation and amortisation expense			
	Depreciation for the year	12	7987961	13984824
	Transfer from revaluation reserve		2070890	8491696
	(g) Other expenses	26	37790824	46824232
	Total expenses		375204676	412338703
5	Profit before exceptional and extraordinary items and tax (3 - 4)		1808057	2167462
6	Exceptional items		0	0
7	Profit before extraordinary items and tax (5+6)		1808057	2167462
8	Extraordinary items		0	0
9	Profit before tax (7 + 8)		1808057	2167462
10	Tax expense :			
	Less : Current tax expense for current year (Dividend Distribution Tax & MAT)		0	632342
	Less : Tax expense relating to previous year (including MAT)		2104842	0
	Add : Excess bonus provision reversed		38653	452943
	Add : Excess provision of Dividend distribution Tax		22017	0
	Add / Less : Deferred tax		-1511000	2489000
11	Profit / (Loss) from continuing operations (9 ± 10)		-1747105	4477063
12	Profit / (Loss) from discontinuing operations		0	0
13	Profit / (Loss) for the year (11 ± 12)		-1747105	4477063
14	Earnings per share (of 10/- each):			
	(a) Basic		-0.51	1.57
	(b) Diluted		0	0

Notes forming part of the financial statements  
In terms of my report attached.

1-33

For and on behalf of the Board of Directors  
V. T. KATARE (Chairman & Executive Director)  
K. T. KATARE (Managing Director)  
S. T. KATARE (Director)

Place : Solapur

G.M.PAWALE

Date : 31st August 2014

Chartered Accountant

## Notes forming part of the financial statements

Note	Particulars
1.0	<b>Corporate information</b> The company is engaged in the business of manufacturing of cotton yarn and is also engaged in hospitality business. The cotton yarn manufacturing unit is situated at Tamalwadi, Taluka - Tuljapur, District - Osmanabad and its hotel viz. Hotel Tripursundari is situated at Solapur.
2.0	<b>Significant accounting policies</b>
2.1	<b>Basis of accounting and preparation of financial statements</b> The company maintains its accounts on accrual basis following historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles. Management makes estimates and technical and other assumptions regarding the amounts of incomes and expenses, assets and liabilities and disclosure of contingencies, in accordance with Generally Accepted Accounting Principles in India in the preparation of the financial statements. Difference between the actual results and estimates are recognized in the period in which they are determined.
2.2	<b>Fixed Assets</b> Land and Leasehold Land, Factory Building, Hotel Building and Plant & Machinery have been shown as revalued by the approved Valuer on 31/03/2002 thereby increase in such assets in Gross Block by Rs. 19,56,71,129. Other fixed assets are recorded at cost of acquisition, net of input VAT and VAT credit or cost of construction including directly attributable costs reduced by accumulated depreciation. Land on leasehold basis is included in the schedule of fixed assets.
2.3	<b>Depreciation</b> i. Depreciation has been charged on the Straight Line Method in accordance with the rates specified under Schedule XIV to the Companies Act, 1956. ii. Depreciation on assets added during the year has been provided on pro-rata basis. iii. Depreciation on revaluation amount of fixed assets is adjusted by transferring the equivalent amount from Revaluation Reserve Account.
2.4	<b>Inventories</b> Raw Material, Work in Process, stores and spares, food and beverages are valued at cost on FIFO method. Finished Goods and Goods on Consignment are valued at cost or reliable value whichever is lower. Wastage and scrap are valued at Realizable Market Value.
2.5	<b>Revenue recognition</b> <b>Sale of goods</b> Sales are accounted net of returns and discounts and is accounted at the point of despatch of material to the customers. In the Hotel Division receipts from room rent are net of discount but inclusive of luxury tax and service charge. In case of food and beverage sales are accounted net of complimentary and discount but inclusive of service

charge and vat.

2.6 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.7 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.8 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.9 Foreign currency transactions and translations

There were no foreign currency transactions.

2.10 Investments

Investments are stated at cost.

2.11 Employee/Retirement benefits

Defined contribution plans

The Company's contribution to provident fund and pension fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

Gratuity is accounted for on actual payment basis. No provision for gratuity on actuarial basis is made and hence its effect on profit or loss cannot be ascertained.

2.12 Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets.

2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks

and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities."

### 2.14 Taxes on Income

#### Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

#### Deferred Tax

Deferred tax is calculated at the rates and laws that have been enacted or substantially enacted as of the balance sheet date and is recognized on timing differences that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets, subject to consideration of prudence are recognized and carried forward only to the extent that they can be realized.

#### Minimum Alternate Tax (MAT)

Minimum alternate Tax paid in accordance with the tax laws, which give rise to the future economic benefits in the form of adjustment to future income tax liability, is considered as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the company and the asset can be measured reliably.

### 2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the delusive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all delusive potential equity shares.

### 2.16 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such



expenditure is capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

**2.17 Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**2.18 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**2.19 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

**Notes forming part of the financial statements**
**Note 3: Share Capital**

Sr. No.	Particulars	As at 31st March 2014		As at 31st March 2013	
		Number of shares	Value in Rs.	Number of shares	Value in Rs.
(a)	Authorised Capital Equity shares of 10/- each with voting rights	60,00,000	60000000	50,00,000	50000000
(b)	Issued Capital Equity shares of 10/- each with voting rights	28,50,000	28500000	28,50,000	28500000
(c)	Subscribed and fully paid up Capital Equity shares of 10/- each with voting rights	28,50,000	28500000	28,50,000	28500000
(d)	Subscribed but not fully paid up		0		0
	<b>TOTAL</b>	<b>28,50,000</b>	<b>28500000</b>	<b>28,50,000</b>	<b>28500000</b>

**a. Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

Equity shares	No. of shares	Value in Rs.
No. of shares outstanding at the beginning of the year	2850000	28500000
Add : further issue during the period	0	0
No. of shares outstanding at the end of the period	2850000	28500000

**b. Terms/rights attached to shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

**c. Shareholding of more than 5%.**

Sr. No.	Name of the Shareholder	As at 31st March 2014		As at 31st March 2013	
		% held	No. of shares%	% held	No. of shares%
1	Vijay Tippanna Katara	10.30	293489	10.30	293489
2	Subhash Tippanna Katara	11.79	336005	11.79	336005
3	Kishore Tippanna Katara	12.29	350134	12.29	350134
4	Tippanna Tulsiram Katara (deceased)	10.04	286236	10.04	286236
5	Tulsidas Tippanna Katara (deceased)	11.55	329204	11.55	329204

d. Shares reserved for issue under options Nil

e. Employees Stock Option Scheme Nil

f. Bonus shares/Buy Back/Shares for consideration other than cash issued during past five years Nil

Note 4: Reserves and Surplus

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
i	Share Premium	49068	49068
ii	Capital Reserve	58423	58423
iii	General Reserve	6032884	5000000
iv	Revaluation Reserve	62305593	70797289
	Less : utilised for set off against depreciation transfer to statement of profit and loss	2070890	3491696
	Closing Balance of revaluation reserve	60234703	62305593
v	Surplus as per statement of profit and loss		
	Balance brought forward	32178122	30551059
	Less: Provision for dividend	0	2850000
	Add : Profit/loss for the period	-1747105	4477063
	Closing balance of surplus	30431017	32178122
	<b>TOTAL</b>	<b>96806095</b>	<b>100591206</b>

Note 5 : Long-term borrowings

Sr. No.	Particulars	Non Current Portion		Current Maturities	
		As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
(a)	Term Loans				
	From banks - secured				
	Bank of India Term loan - Solar Division	88038065	0	0	0
	<b>SUB TOTAL</b>	<b>88038065</b>	<b>0</b>	<b>0</b>	<b>0</b>
(b)	From other parties - secured				
	Loan from LIC on Keyman Insurance Policy	18396000	18396000	0	0
	Int on LIC Loan Payable	7006416	4911617	0	0
	<b>SUB TOTAL</b>	<b>25402416</b>	<b>23307617</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL</b>	<b>113440481</b>	<b>23307617</b>	<b>0</b>	<b>0</b>

5.1 Additional information to Secured / Unsecured Borrowing

The long term portion of term loans are shown under long term borrowing & current maturities of long term borrowing are shown under the current liability, as per the disclosure requirements of the revised schedule VI.

5.2 Details of Securities & Terms of Repayment

- Loan from Life Insurance Corporation of India is secured by an assignment of Director's Key-man Life insurance policies in their favor.
- The cash credit loan from Bank of India is secured by hypothecation of all stock of raw material, stores, work in process, finished goods, book debts.

Note 6 : Deferred Tax Liabilities (Net)

Deferred tax liability for the period ended March 31, 2014 has been provided on the estimated tax computation for the year. Major components of deferred tax assets & liabilities arising on account of timing differences are :

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
A	Deferred Tax Liabilities :		
	On account of timing difference in depreciation	17977000	18275000
	Others	9271000	10139000
	Subtotal A :	27248000	28414000
B	Deferred Tax Asset :		
	Unabsorbed depreciation & losses	10837000	9115000
	Disallowance	1271000	1794000
	Provision for bad & doubtful debts	2877000	6753000
	Subtotal B :	14985000	17662000
C	Deferred Tax Asset / Liability ( A-B)	12263000	10752000

Note 7: Other long-term liabilities

i	Others :		
	Interest accrued but not due on borrowings		
	Interest on LIC loan.	380857	359790
ii	Others	0	406463
	TOTAL	380857	766253

Note 8 : Short-term borrowings

	<b>Loans repayable on demand</b>		
	<b>From banks - secured</b>		
i	Cash Credit	62095341	55806412
ii	FD-OD	37482964	27974302
iii	Term Loan from ICICI Bank	0	42500000
	TOTAL	99578305	126280713

Details of Securities & Terms of Repayment

a. The cash credit loan from Bank of India is secured by hypothication of all stock of raw material, stores, work in process, finished goods, book debts, equitable mortgage of Hotel property & second charge on the immovable properties of the company situated at Village - Tamalwadi, District - Osmanabad together with all buildings and structures thereon & all Plant & Machinery and joint and several guarantee of the Directors Shri. V.T. Katare, Shri. K. T. katare and Shri. S. T. Katare.

b. Overdraft from Kamala Co-op Bank is secured against Fixed Deposit with the said Bank.

Note 9 : Trade payables

	Trade payables :		
	Other than Acceptances	26775323	15925899
	TOTAL	26775323	15925899

Note 10 : Other current liabilities

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
a.	Int. accrued but not due on borrowings (Bank)	190000	89087
b.	Other payables		
	i) Statutory remittances	437128	1251232
	ii) Advances from customers	488499	4780758
	iii) Outstanding expenses	3352640	4607843
	TOTAL	4468267	10728920

Note 11 : Short-term provisions

a.	Provision for employee benefits		
	i) Provision for bonus	1522152	1409652
	ii) Provision for other employee benefits	407423	0
	Subtotal (a)	1929575	1409652
b.	Provision - Others :		
	i) Provision for tax	35333	35333
	ii) Provision for dividend	0	2850000
	Subtotal (b)	35333	2885333
	Grand Total (a+b)	1964908	4294985

**Note 12 : Fixed assets**

Sr.	Particulars	GROSS BLOCK						Accumulated depreciation and impairment				NET BLOCK		
		Balance as at 1 April 2013	Additions	Disposals	Other adjustments	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation/ amortisation expense for the year	depreciation written back	Balance as at 31 March, 2014	Balance as at 31 March, 2015			
<b>A.</b>	<b>Tangible assets.</b>													
	<b>(a) Land</b>													
	Freshhold	19144835	0	0	0	19144835	0	0	0	0	0	0	19144835	19144835
	<b>(b) Buildings</b>													
	Own use													
	Factory Building	87396109	0	0	0	87396109	3866757C	2264086	0	40931656	46464453	48726539	46464453	48726539
	Hotel Building	48561538	0	0	0	48561538	1092134C	790135	0	11711475	36850062	3764C197	36850062	3764C197
	<b>(c) Plant and Equipment</b>													
	Owned	266815373	4222617	44432030	436910	226169050	233444433	3277561	42941030	19,780964	32388086	33370940	32388086	33370940
	<b>(d) Furniture and Fixtures</b>													
	Owned													
	Spinning Division	2774419	0	0	0	2774419	2336141	86421	0	2422562	351857	436278	351857	436278
	Hotel Division	16627805	126464	0	0	16754269	12826551	1151268	0	1,977759	2776510	3801254	2776510	3801254
	<b>(e) Vehicles</b>													
	Owned	2664085	0	0	0	2664085	130816C	175231	0	1483391	1180694	1355925	1180694	1355925
	<b>(f) Office equipment</b>													
	Owned	335036	9040	0	0	344076	289222	7429	0	296651	47425	45814	47425	45814
	<b>(g) Others</b>													
	Owned													
	Computer Hardware	2156102	1,500	0	0	2167602	2004521	45441	0	2049962	1,7640	151581	1,7640	151581
	Books	9671	0	0	0	9671	841E	1E5	0	8601	1070	1255	1070	1255
	Research & Devp. Equipments	380878	0	0	0	380878	334085	5954	0	340079	40799	46793	40799	46793
	Other Assets	3869303	97508	0	0	3966811	2728263	170957	0	2899220	1067591	1143040	1067591	1143040
	<b>Total Tangible Assets</b>	450735153	4467129	0	436910	410333342	304868702	7974648	42941030	265902330	140431022	145866451	140431022	145866451
<b>B.</b>	<b>Intangible assets</b>													
	(g) Computer software	109436	0	0	0	109436	34313	1,5313	0	45626	60829	74142	60829	74142
	<b>Total Intangible assets</b>	109436	0	0	0	109436	34313	1,5313	0	45626	60829	74142	60829	74142
	<b>Total Fixed Assets</b>	45084609	4467129	44432030	436910	410439798	304901015	7987961	42941030	265947946	140491852	14594C594	140491852	14594C594
	<b>Total Previous year</b>	439870793	10979016	0	0	450841609	290916191	13094024	0	305901015	145940593	149954602	145940593	149954602

Note : Land & leasehold land, Factory Building, Hotel Building & Plant & Machinery were revalued as on 31st March 2002 resulting in increase in value of these assets by Rs. 1,53,81,222/-, Rs. 5,09,59,442/- and Rs. 12,48,85,771/- respectively.

Note 13 : Non-current investments

Sr. No.	Particulars	As at 31st March 2014			As at 31st March 2013		
		Quoted	Un quoted	TOTAL	Quoted	Un quoted	TOTAL
	Other Investments Investment in equity instruments (i) of other entities						
a)	Bank of India 200 equity shares of Rs. 10 each fully paid	9000	0	9000	9000	0	9000
b)	Laxmi Co op. Bank 1 equity share of Rs. 100 fully paid	0	100	100	0	100	100
c)	Kamala Co-op. Bank Ltd. 2 equity shares of Rs. 1000 each fully paid	0	2000	2000	0	2000	2000
	TOTAL	9000	2100	11100	9000	2100	11100

Note 14 : Long-term loans and advances

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
	Capital advances	0	40716
	TOTAL	0	40716

Note 15 : Other Non-current Assets

a.	Security deposits	2789087	2262287
b.	MAT credit entitlement - Unsecured, considered good	7161882	8570714
c.	Balances with government authorities	5731191	5023013
d.	Other	72800000	79900000
	TOTAL	88482160	95756014

In the past, company had availed a term loan for its hotel project at solapur from ICICI Bank Ltd. Which said bank had assigned to Kotak Mahindra Bank Ltd. Consequent upon settlement in the year 2012-13 with Kotak Mahindra Bank Ltd. the company has fully paid the loan plus interest of Rs. 600.00 lacs and there is no outstanding loan. However the interest paid of Rs. 600.00 Lacs for the year 2002 to 2013 was decided to be written off in 7 years. Accordingly company has written off Rs. 86 Lacs for the year under review and balance of Rs. 428.00 Lacs is included in Note No. 15(d) above & same will be written off in next 5 years.

Note 16 : Inventories

(At lower of cost and net realisable value)

(As taken valued & certified by the Managing Director)

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
a.	Raw materials	1853657	5328798
b.	Work-in-progress	1991493	224123
c.	Finished goods (other than those acquired for trading)	17368959	13541285
d.	Stock-in-trade (acquired for trading)	2091200	2091200
e.	Stores and spares	2550154	2304708
f.	Others		
	Food & Beverages	223512	240178
	Wastage & Scrap	183056	143529
	diesel (fuel)	9943	5475
	<b>TOTAL</b>	<b>26271974</b>	<b>23879296</b>

Note 17 : Trade receivables

(Unsecured, considered good)

	Trade receivables outstanding for a period exceeding six months	2507848	2475615
	Other Trade receivables outstanding for a period less than six months	7292501	12701117
	<b>TOTAL</b>	<b>9800349</b>	<b>15176732</b>

a. Trade receivable to the extent of Rs. 598499/- are bad for which no provision is made.

Note 18 : Cash and cash equivalents

a.	Cash on hand	675120	104529
b.	Balances with banks		
	i) In current accounts	33851	3213561
	ii) In deposit accounts	21931483	21712853
	<b>TOTAL</b>	<b>22640454</b>	<b>25030943</b>

Note 19 : Short-term loans and advances

(Unsecured, considered good)

a.	Loans and advances to related parties	125400	114320
b.	Prepaid expenses	213156	247411
c.	Balances with government authorities		
	a. Income tax / TDS	128576	129151
	b. Advance income tax	382614	300563
	c. TCS Income tax- Hotel	3866	1764
d.	Others	7206373	1278994
	<b>TOTAL</b>	<b>8059985</b>	<b>2072203</b>



Short-term loans and advances include amounts due from:

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
	Directors	Nil	Nil
	Other officers of the Company	Nil	Nil
	S S Katare	102937	109220
	Firms in which any director is a partner	Nil	Nil
	Pvt. companies in which any director is a director/member		
	Kamala Sakhar Udyog Ltd.	5100	5100
	Kamal Marketing Pvt. Ltd.	17363	Nil
	TOTAL	125400	125400

Note 20 : Other current assets

a.	Accruals		
	Interest accrued on deposits	5063802	2968603
b.	Others	9514997	9606553
	TOTAL	14578799	12575156

a. Other current assets includes Rs. 87,12,217/- which are considered bad for which no provision is made. This amount of Rs. 87,12,217 is recoverable from Maharashtra State Cotton Growers Marketing Federation and in the opinion of the company same is fully recoverable.

Note 21 : Revenue from operations

Sr. No.	Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
a.	Sale of products	336570927	380020476
b.	Sale of services	25696035	27642803
c.	Other operating revenues	1664334	1881646
	<b>Total Revenue from operations</b>	<b>363931296</b>	<b>409544925</b>

Note:

(i)	Sale of products comprises :		
	Manufactured goods		
	Cotton Yarn	157381849	161631875
	Sale of foods and beverages	21159078	22646601
	Total - Sale of manufactured goods	178540927	184278476
(i)	Traded goods		
	Cotton Yarn	158030000	195742000
	Total - Sale of products	336570927	380020476
(ii)	Sale of services comprises		
	Room Rent - Hotel	24554627	25823657
	Service charges (Management share - Hotel)	0	326711
	Cotton processing Charges	549400	522315
	Hank yarn receipt	592008	970120
	Total - Sale of services	25696035	27642803
(iii)	Other operating revenues comprise:		
	Sale of scrap	1664334	1881646

Note 22 : Other income

Sr. No.	Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
a.	Interest income (Refer Note (i) below)	2509741	2546550
b.	Dividend Income		
	from other long term investments	3100	1700
c.	Insurance claim received		
	Spinning Division	0	63499
	Hotel Division	0	79306
d.	Rent received		
	Spinning Division	25000	25000
	Hotel Division - Room rent	0	165000
e.	Other non-operating income (Refer Note (ii) below)	10543596	2080186
	<b>TOTAL</b>	<b>13081437</b>	<b>4961241</b>

Note :

(i)	Interest income comprises :		
	Interest from banks on deposits:		
	Spinning Division	26980	26980
	Hotel Division	2259555	2326690
	Other interest		
	Interest on MSEB deposit		
	Spinning Division	170784	171965
	Hotel Division	52422	20915
	<b>Total - Interest income</b>	<b>2509741</b>	<b>2546550</b>
(ii)	Other non-operating income comprises :		
	Accrued Bonus on key Man Policies	1500000	1500000
	Food deduction from employees - Hotel	356690	381945
	Miscellaneous receipts - Hotel	48795	125011
	P/A system - Hotel	11125	13345
	Venue charges - Hotel	13795	59885
	Profit on sale of assets	8553280	0
	Cash Discount Received	49911	0
	<b>Total - Other non-operating income</b>	<b>10543596</b>	<b>2080186</b>

Note 23. a Cost of materials consumed

Sr. No.	Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
	Spinning Division		
	Opening stock	5328798	8775728
	Add: Purchases of raw cotton	114284321	103456815
	Subtotal	119613119	112232543
	Less: Closing stock	1853657	5328798
	Raw material (cotton) consumed	117759462	106903745
	Hotel Division		
	Opening stock	240178	146500
	Add: Purchases food & beverages	9089582	9582898
	Subtotal	9329760	9729398
	Less: Closing stock	223512	240178
	Food & beverages consumed	9106248	9489220
	Total cost of material consumed	126865710	116392965

Note 23. b Purchase of traded goods

	Cotton Yarn	157714000	197864000
	TOTAL	157714000	197864000

Note 23.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

(i)	Inventories at the end of the year:		
	Finished goods	19460159	15632485
	Work-in-progress	1991493	224123
	Wastage & scrap	183056	143529
	Total (A)	21634708	16000137
	Inventories at the beginning of the year:		
	Finished goods	15632485	13847864
	Work-in-progress	224123	781456
	Wastage & scrap	143529	216159
(ii)	Total (B)	16000137	14845479
	Net (increase) / decrease (A-B)	5634571	1154658

Note 24 : Employee benefits expense

	Salaries and wages	25305926	23175708
	Contributions to provident and other funds	2354965	2073096
	Staff welfare expenses	174342	253215
	TOTAL	27835233	25503019

Note 25 : Finance costs

Sr. No.	Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
	Interest expense on:		
	Borrowings:		
	On term loan	0	394379
	Bank interest	13839196	10062595
	Other interest (LIC loan)	2119060	1979971
	Deferred Interest	8600000	8600000
	Other borrowing costs		
	Loan processing & other	158153	378571
	TOTAL	24716409	21416016

Note 26 : Other expenses

	Consumption of stores and spare parts	5359632	5863818
	Consumption of packing materials	1364276	1152025
	Power and fuel	18225930	26210444
	Rent	12000	12000
	Repairs and maintenance - Buildings	288036	802481
	Repairs and maintenance - Machinery	835617	1079075
	Repairs and maintenance - Others	304348	393981
	Insurance	1103833	1095934
	Rates and taxes	1071573	960294
	Communication	332396	303679
	Travelling and conveyance	995183	1132813
	Printing and stationery	337956	277146
	Freight and forwarding	1405842	1750485
	Sales commission	223170	223722
	Legal and professional	908808	814600
	Payments to auditors		
	- As auditors - statutory audit	67716	60974
	Bank charges	282324	284942
	Directors sitting fees	24000	24000
	Advertisement	38740	5574
	M VAT	1329746	1370580
	Laundry expenses	472284	347954
	News papers & periodicals	65237	64942
	Miscellaneous expenses	684153	531480
	Local Body tax	2055778	2061290
	Fire Fighting Expenses	2246	0
	TOTAL	37790824	46824232

Note 27: Contingent Liabilities :

- a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for amount worth of Rs. NIL (Previous Year Rs. NIL)
- b) Provision for gratuity is not made on actuarial basis hence its liability till the end of the year under audit could not be ascertained.

Note 28: Disclosure of transactions with related parties :

The names of related parties are,

- A. Key Management Personnel  
Mr. Vijay T. Katare – Chairman & Executive Director  
Mr. Kishor T. Katare – Managing Director  
Mr. Subhash T. Katare – Director
- B. Relatives of Key Management Personnel:  
Mr. Sachin S. Katare  
Mr. Rakesh V. Katare
- C. Associate Enterprises:  
Kamal Marketing Private Limited  
M/s Katare Cotton Waste Spinning Mills
- D. Transactions with related parties

(Amount in Rs.)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Associate Enterprises
i Rent of Office Premises Paid	12,000	---	---
i Rent for Leasehold Land	10,000	---	---
iii Directors Remuneration	9,60,000	---	---
iv Remuneration to relatives	---	3,58,006	---
v Purchase of goods	---	---	15,77,14,000
vi Sale of Goods	---	---	15,90,30,000
vii Rent Received	---	---	25,000
viii Sale of Services	---	---	5,49,400

Note 29: Segment Reporting

(Amount Rs. In Lacs)

SEGMENT REVENUE	Spinning Division		Hotel Division		TOTAL	
	2014	2013	2014	2013	2014	2013
Sales Revenue	3182	3607	457	484	3639	4091
Segment Result	93	104	105	123	198	227
Unallocated Corporate Expenses	(10)	(9)	0	0	(10)	(9)
Unallocated Corporate Income	15	15	0	0	15	15
Operating Profit	98	110	105	123	203	233
Interest Expenses	(223)	(194)	(22)	(19)	(245)	(213)
Interest Income	2	2	23	23	25	25
Profit/loss from ordinary activities	(123)	(82)	106	127	-17	45
Extra-Ordinary items	0	0	0	0	0	0
Net Profit/loss	(123)	(82)	106	127	-17	45
<b>OTHER INFORMATION:</b>						
Segment Assets	2861	2228	1263	1155	4124	3383
Segment Liabilities	2861	2228	1263	1155	4124	3383
Depreciation (net)	37	100	43	40	80	140

Note 30: Earnings Per Share (EPS) :

Particulars	31.03.2014	31.03.2013
a. Net Profit/(Loss) as per profit and loss a/c available for equity share holders	(17,47,105)	44,77,063
b. Weighted average no. of equity shares	2850000	2850000
c. Earning/(Loss) per share	(0.51)	1.57

Note: There are no diluted equity shares, therefore, no working is given for diluted earnings per share.

Note 31: Deferred Taxation :

(Rs. In Lacs)

Particulars	Balance as on 31.03.2013	Arising during the year	Balance as on 31.03.2014
<b>A. Deferred Tax Liabilities:</b>			
-on account of timing difference in depreciation	152.02	27.75	179.77
- Others	88.07	4.64	92.71
Sub Total A:	240.09	32.39	272.48
<b>B. Deferred Tax Assets</b>			
-Unabsorbed depreciation and losses	88.79	19.58	108.37
- Disallowances	10.30	2.41	12.71
- Provision for Bad & Doubtful Debts	32.95	-4.18	28.77
Sub Total B:	132.04	17.61	149.85
<b>C. Deferred Tax Assets/Liab (B-A)</b>	<b>108.05</b>	<b>14.58</b>	<b>122.63</b>

Company has made provision for deferred tax liability as above

Note 32: Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Note 33: Balances of Trade payables, Loans & advances & trade receivables have been taken as per books awaiting respective confirmation & reconciliation.

As per my report of even date

For and on behalf of the Board of Directors

Place : Solapur

Date : 31st August 2014

**G.M.PAWALE**  
Chartered Accountant

V. T. KATARE (Chairman & Executive Director)

K. T. KATARE (Managing Director)

S. T. KATARE (Director)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

Sr. No.	Particulars	Current Year	Previous Year
<b>A</b>	<b>Cash flow from operating activities</b>		
	<b>Profit before tax</b>	1808057	2167462
	<b>Adjustment For</b>		
	Depreciation & Amortisation	7987961	13984824
	Depreciation written back	-42941030	0
	Revaluation Reserve	-2070890	-8491696
	Provision for Dividend	0	-2850000
	Last year Bonus excess provision reversed	38663	452943
	Excess provision of Dividend Distribution Tax	22017	0
	Finance Cost	-24716409	-21416016
	Tax expenses relating to previous year	-1945282	0
	<b>Other non operating income - (Interest/Rent/divid)</b>		
	Interest income	-2509741	-2546550
	Insurance Claim received	0	-142805
	Dividend income	-3100	-1700
	Rent: Received	-25000	-190000
	Other Non operating income	-10543596	-2080186
	<b>Operating Profit before working capital changes</b>	<b>-74898350</b>	<b>-21113724</b>
	<b>Changes in Working Capital</b>		
	Adjustments for (increase)/decrease in operating assets :		
	Inventories	-2392678	2154550
	Trade receivables	5376383	3405078
	Short-term loans and advances	-5987782	27174843
	Other current assets	-2003643	-2494422
	Loans and advances - (Assets)	40716	22510
	Other non-current operating assets	7273854	-54570865
	Adjustments for increase/(decrease) in operating liabilities:		
	Short-term Borrowings	-26702409	28626640
	Trade Payables	10882308	-1516748
	Other Current Liabilities	-6260652	-3636021
	Short-term Provisions	-2330077	3701949
	<b>Cash generated from operations</b>	<b>-22103980</b>	<b>2867515</b>
	Finance Cost	24716409	21416016
	Taxes Paid	-159560	-632342
	<b>Net Cash flow from Operating activities (A)</b>	<b>-72445481</b>	<b>2537465</b>



Sr. No.	Particulars	Current Year	Previous Year
<b>B</b>	<b><u>Cash flow from investing Activities</u></b>		
	Purchase of fixed assets	-77642842	-10970816
	Sales of fixed assets	44868940	0
	Purchase of Investments	0	0
	Investment in bank deposits	-218630	4618240
	<b>Other non operating income - (Interest/Rent/divid)</b>		
	Interest income	2509741	2546550
	Insurance claim received	0	142805
	Dividend Income	3100	1700
	Rent Received	25000	190000
	Other non operating income	10543596	2080186
	<b>Net Cash flow from Investing Activities (B)</b>	<b>-19911095</b>	<b>-1391335</b>
<b>C</b>	<b><u>Cash flow from Financing Activities</u></b>		
	Net Increase in Bank / Fin. Inst. - Borrowings	90132864	1945791
	Other long-term liabilities	-385396	26057
	<b>Net Cash Flow from financing Activities (C)</b>	<b>89747468</b>	<b>1971848</b>
	<b>Increase in Cash and Cash equivalents (A+B+C)</b>	<b>-2609109</b>	<b>3117978</b>
	<b>Cash and Cash Equivalents as on 01-04-2013</b>	3318090	200112
	<b>Cash and Cash Equivalents as on 31-03-2014</b>	708981	3318090
		<b>0</b>	<b>0</b>
	<b>Components of Cash and Cash Equivalents</b>		
	Bank balance with Bank's	33861	3213561
	Cash in hand	675120	104529
	Cheques / Drafts on hand	0	0
	<b>Total Cash and Cash equivalents</b>	<b>708981</b>	<b>3318090</b>

I have audited the above cash flow statement of Katare Spinning Mills Limited from the audited financial statements for the year ended March 31, 2013 and March 31, 2014 and found the same to be drawn in accordance therewith and also with requirements of clause 32 of the listing arrangements with the stock exchange.

For and on behalf of the Board of Directors

**G. M. PAWALE**  
Chartered Accountant  
M. No. : 32561

**V. T. KATARE** (Chairman & Executive Director)  
**K. T. KATARE** (Managing Director)  
**S. T. KATARE** (Director)



**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U17119PN1980PLC022962

Name of the Company KATARE SPINNING MILLS LTD

Registered Office : "KAMALA" 259, Sakhar Peth, Solapur - 413 005

Name of the members (s) : _____
Registered address : _____
E-mail ID: _____
Folio No./ Client ID: _____
DP ID : _____

I/We, being the member(s) of .....shares of the above named company, hereby appoint

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

and whose signatures are appended below as my/our proxy to attend and vote (on a poll) for me/us and or my/our behalf at the Thirty Fourth Annual General Meeting of the Company, to be held on the Tuesday, the 30<sup>th</sup> day of September, 2014 at 11.00 am at Upasana Hall, Hotel Tripursundari, Solapur - 413 005 and at any adjournment thereof in respect of such resolution as are indicated below:

Description	For*	Against*
1. Receive, consider and adopt The audited Financial Statements of the Company together with the reports of Board of Directors and the Auditors thereon.		
2. Re-appointment of Mr. U M Mahindrakar as Director		
3. Re-appointment of Mr. S B Inamdar as Director		
4. Appointment of Statutory Auditors and authorizing Board to fix their remuneration.		

----- ✂ ----- C - U - T - H - E - R - E ----- ✂ -----



Signature of shareholder  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature of first Proxy holder      Signature of second Proxy holder

Notes:

\*1. Please put 'x' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

----- ✂ ----- C - U - T - H - E - R - E ----- ✂ -----

**KATARA SPINNING MILLS LTD**

Registered Office: "KAMALA" 259, Sakhar Peth, Solapur - 413 005  
THIRTY FOURTH ANNUAL GENERAL MEETING - TUESDAY, 30TH SEPTEMBER, 2014

**ADMISSION SLIP**

(To be handed over at the entrance of the Meeting Hall)

DP ID & Client ID / Folio No.	
No. of Shares	

I certify that I am a Member/Proxy for the Member of the Company and hereby record my presence at the Thirty Fourth Annual General Meeting being held at Upasana Hall, Hozel Tripursundari, Solapur - 413 005 on Tuesday, 30<sup>th</sup> September, 2014 at 11.00 am.

\_\_\_\_\_  
**Name of Member/Proxy (in block letters)**      \_\_\_\_\_  
**Member's/Proxy's Signature**

Note: A Member/Proxy holder attending the Meeting must complete this Attendance Slip and hand it over at the entrance.