



**KATARE SPINNING MILLS LIMITED**

REG. OFF. - "KAMALA" 1st FLOOR, 259 SAKHAR PETH,  
SOLAPUR - 413 005.

MILL - "KAMALA NAGAR", TAMALWADI. Tal. TULJAPUR.

DIAL - 2623981, 2628581,

MILL - 02471- 265027 - 28

FAX - 91-0217-2624981

MILL FAX - 02471-265028

Email : katarespinningmills@gmail.com

**CIN:L17119PN1980PLC022962**

Ref/KM/ 103 /2019-20

14<sup>th</sup> August, 2019

To,  
The Compliance Officers,  
Bombay Stock Exchange Limited  
Floor 25, P.J. Tower, Dalal Street,  
**Mumbai- 400 001**

**BSE Scrip Code- 502933**

**Sub:-Submission of Annual Report for the year ended 2018-19 under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Madam/Sir,

The 39<sup>th</sup> Annual General Meeting of the Company will be held on 09<sup>th</sup> September, 2019 and in respect to that we are enclosing herewith the following documents in respect to above mentioned subject;

Annual Report for the year ended 2018-19 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your Kind information and records.

Thanking You  
Yours faithfully,

**FOR KATARE SPINNING MILLS LIMITED**

  
**KISHORE KATARE**  
**MANAGING DIRECTOR**  
(DIN: 00645013)





# Katare Spinning Mills Limited

**39<sup>th</sup>**  
Annual Report  
2018-2019

**CIN- L17119PN1980PLC022962**

**39TH ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ON  
31ST MARCH, 2019**

**CORPORATE INFORMATION  
BOARD OF DIRECTORS**

<b>Name of Director</b>	<b>Designation</b>	<b>DIN</b>
Mr. Kishore T Katare	Managing Director	00645013
Mr. Subhash T Katare	Director	00685066
Mrs. Vidyavati K Katare	Director	01443784
Mr. Umakant Mahindrakar	Director	01233305
Mr. Prakash Venkappa Joti (11.04.2019)	Independent Director	00692775
Mr. Vilas Ramakant Shendge (11.04.2019)	Independent Director	00692800

**CHIEF FINANCIAL OFFICER**

Mr. Kamal Kishore Katare

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mrs. Arati Virendra Bandi

**REGISTERED OFFICE**

“KAMALA” 259, Sakhar Peth, Solapur – 413 005

**Divisions of the Company-SPINNING MILL**

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

**HOTEL TRIPURSUNDARI**

Civil Lines, Solapur- 413 001

**SOLAR POWER PROJECT**

Kamalanagar, Tamalwadi – 413 601

Tal: Tuljapur- Dist. Osmanabad

**STATUTORY AUDITORS**

M/s. N. R. Waghchaure & Associates

Chartered Accountants

16-22, Royal Plaza, Behind Bhagwat Petrol Pump, Murarji Peth, Solapur- 413 001.

**SECRETARIAL AUDITORS**

M/s. Nikhil Sawant & Co.

Company Secretaries

8/176, Health Camp, Pandavnagar, Pune – 411 016

**BANKERS**

Bank of India, Main Branch, Solapur – 413 002.

**REGISTRAR & SHARE TRANSFER AGENTS**

Link Intime India Pvt Ltd., Akshay Complex,

Block No. 202, 2<sup>nd</sup> Floor, Opp. Dhole Patil Road, Pune – 411 001

E-mail: [pune@intimespectrum.com](mailto:pune@intimespectrum.com)

**DATE, TIME AND VENUE OF AGM**

**39<sup>th</sup> Annual General Meeting**

Monday, 09<sup>th</sup> September, 2019

11.00 a.m. (I.S.T.)

At: 259, Sakhar Peth, Solapur 413005.

**Remote e-voting Period:**

From 9.00 a.m. on Friday, 06<sup>th</sup> September, 2019

Till 5.00 p.m. on Sunday, 08<sup>th</sup> September, 2019

## **NOTICE**

Notice is hereby given that 39<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Monday, the 09<sup>th</sup> September, 2019 at 11.00 a.m. (I.S.T.) at "Kamala", 259, Sakhar Peth Solapur MH-413005 to transact, the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2019 and Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and the Auditors of the Company.
2. To re-appoint Mr. Umakant Mahindrakar (DIN 01233305), who retires by rotation and being eligible, seeks re-appointment.

"RESOLVED THAT, pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Umakant Mahindrakar (DIN 01233305), who retires by rotation at this meeting and being eligible offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

### **SPECIAL BUSINESS:**

#### **3. TO CONFIRMATION OF MR. PRAKASH VENKAPPA JOTI (DIN 08419933) AS A DIRECTOR (NON-EXECUTIVE & INDEPENDENT):**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT, Declaration / intimation for disqualification in Form DIR-8 and a Consent letter in writing to act as a Director of the Company in Form DIR-2, both dated 11<sup>th</sup> April, 2019, in pursuant to the provisions of sub-section (4) and sub-section (5) of Section 152 of Companies Act, 2013 read with Rule 8 and Rule 14 of the Companies (Appointment and Qualification of Director) Rules, 2014 as amended, has been received from Mr. Prakash Venkappa Joti (DIN 08419933), be and is hereby tabled at the meeting is initialed by the Chairperson for the purpose of Identification and be and is hereby approved."

"RESOLVED FURTHER THAT, the position of Mr. Prakash Venkappa Joti (DIN 08419933) be and is hereby confirmed from additional director and pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Act, read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and SEBI (Listing Obligations and Disclosure requirements) regulations, 2015, Mr. Prakash Venkappa Joti (DIN 08419933) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 11<sup>th</sup> April, 2019 up to 10<sup>th</sup> April, 2024."

"RESOLVED FURTHER THAT, Mr. Kishore T. Katare, Director (DIN 00645013) or any of the Directors of the Company be and is hereby authorized to make applications, submit, re-submit, file return, e-forms DIR-12, DIR-2 and/or MGT-14, etc. or any other forms for the appointment of Mr. Prakash Venkappa Joti (DIN 08419933) with the Registrar of Companies in pursuant to the provisions of Section 152 read with Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended or with any other Government Authorities, semi-Government authorities are any other Authority as may be required and that the any of the Directors of the Company or any other person shall enter the details of Director in the Register of Director and such other Registers in pursuant to the provisions of Rule 17 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended as may be required and are hereby authorized to do all such acts, deeds, things and matters as may be necessary in their absolute discretion as may be deemed expedient to give effect to the resolution."

"RESOLVED FURTHER THAT, a certified true copy of the Resolution whenever required be given to any person concerned or interested in the aforesaid matters related to the Company and shall be filed or submitted with any authorities, as may be required."

#### **4. TO CONFIRMATION OF MR. VILAS RAMAKANT SHENDGE (DIN 08419934) AS A DIRECTOR (NON-EXECUTIVE & INDEPENDENT):**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT, Declaration / intimation for disqualification in Form DIR-8 and a Consent letter in writing to act as a Director of the Company in Form DIR-2, both dated 11<sup>th</sup> April, 2019, in pursuant to the provisions of sub-section (4) and sub-section (5) of Section 152 of Companies Act, 2013 read with Rule 8 and Rule 14 of the Companies (Appointment and Qualification of Director) Rules, 2014 as amended, has been received from Mr. Vilas Ramakant Shendge (DIN 08419934), be and is hereby tabled at the meeting is initialed by the Chairperson for the purpose of Identification and be and is hereby approved."

"RESOLVED FURTHER THAT, the position of Mr. Vilas Ramakant Shendge (DIN 08419934) be and is hereby confirmed from additional director and pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Act, read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and SEBI

(Listing Obligations and Disclosure requirements) regulations, 2015, Mr. Vilas Ramakant Shendge (DIN 08419934) who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 11<sup>th</sup> April, 2019 up to 10<sup>th</sup> April, 2024.”

“RESOLVED FURTHER THAT, Mr. Kishore T. Katare, Director (DIN 00645013) or any of the Directors of the Company be and is hereby authorized to make applications, submit, re-submit, file return, e-forms DIR-12, DIR-2 and/or MGT-14, etc. or any other forms for the appointment of Mr. Vilas Ramakant Shendge (DIN 08419934) with the Registrar of Companies in pursuant to the provisions of Section 152 read with Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended or with any other Government Authorities, semi-Government authorities are any other Authority as may be required and that the any of the Directors of the Company or any other person shall enter the details of Director in the Register of Director and such other Registers in pursuant to the provisions of Rule 17 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended as may be required and are hereby authorized to do all such acts, deeds, things and matters as may be necessary in their absolute discretion as may be deemed expedient to give effect to the resolution.”

“RESOLVED FURTHER THAT, a certified true copy of the Resolution whenever required be given to any person concerned or interested in the aforesaid matters related to the Company and shall be filed or submitted with any authorities, as may be required.”

**5. TO AMEND AND ADOPT THE NEW SET OF MEMORANDUM OF ASSOCIATION OF THE COMPANY AS PER COMPANIES ACT, 2013:**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provision of Section 13 of the Companies Act, 2013 the Memorandum of Association of the Company be altered as under:

i) *The old Clause “I” be substituted by new clause “1<sup>st</sup>” as “The name of the Company is Katare Spinning Mills Limited”.*

ii) *The old Clause “II” be numbered as “2<sup>nd</sup>”.*

iii) *The old Clause “III” objects of the Company be substituted by the new clause “3<sup>rd</sup>” keeping the same clauses under “(a)” of main objects and clauses 1 to 88 under “(b)”.*

iv) *The old Clause “IV” be numbered as “4<sup>th</sup>”; and*

v) *The old Clause “V” be numbered as “5<sup>th</sup>”.*

“RESOLVED FURTHER THAT, any one of the director of the Company be and is hereby severally authorized to do all such acts, deeds, matters and to execute all such documents, instruments and writings as may be required in this connection or incidental to give effect to this Resolution.”

**6. TO ADOPT NEW SET OF ARTICLES OF ASSOCIATION OF THE COMPANY AS PER COMPANIES ACT, 2013:**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014, the new set of Articles of Association pursuant to the Companies Act, 2013 primarily based on the Form of Table F under the Companies Act, 2013, be and is hereby approved and adopted as new set of Articles of Association as enclosed with the Notice of the meeting in the place of existing Articles of Association of the Company.”

“RESOLVED FURTHER THAT any one of the director of the Company be and is hereby severally authorized to do all such acts, deeds, matters and to execute all such documents, instruments and writings as may be required in this connection or incidental to give effect to this Resolution.”

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**

Place: Solapur  
Date: 01<sup>st</sup> August, 2019

SD/-  
KISHORE KATARE  
Managing Director  
(DIN No.-00645013)

**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 OF THE COMPANY.
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. Members / proxies are requested to bring their attendance slip duly filled in and also, bring their copy of the Annual report for the meeting. The proxy shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll.
5. An Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013, relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
6. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
7. The Register of Members and the Transfer Books of the Company will be closed from 01<sup>st</sup> September 2019 to 09<sup>th</sup> September 2019 (both days are inclusive).
8. Members are requested to notify the changes in their Address, Bank Details, e-mail etc. if any, to the Company, 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.
9. 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 their PAN details to the Depository Participant, Whereas Members holding shares in physical form are requested to submit their PAN details to the Company, Registrars and Transfer Agents and also requested to convert the same shares in Demat as the physical shares will not be transfer or sell after 31<sup>st</sup> March, 2019 as per SEBI's deadline.
10. 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.
11. 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.
12. Members who hold the shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.
13. Members may avail of the facility of dematerialization by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them in dematerialized.
14. Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy Identification.
15. The Notice of the AGM along with the Annual Report of FY 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Link Intime India Private Limited/Depositories.
16. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical

form, it is requested that the members holding shares in physical form to get their shares in dematerialization at the earliest.

17. In case members wish to ask any information about accounts or operations of the company, they are requested to send their queries in writing at least 10 days before the date of the meeting, so that the information can be made available at the time of the meeting.
18. Members having multiple folios are requested to intimate to the Company such folios to enable the company to consolidate all shareholdings into one folio.
19. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administrations) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Link In-time India Private Limited, on all the resolutions set forth in this Notice.
20. Members will not be distributed any kind of Gift, Complement or any kinds of such nature at the Annual General Meeting.
21. Route Map showing directions to reach to the venue of the 39<sup>th</sup> AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting."
22. The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 and 171 and Register of Contracts or arrangements maintained under Section 189 of the Companies Act, 2013 and all documents as mentioned in the resolutions and/or explanatory statements will be available for inspection by the members at the registered office of the Company.
23. Details of Unclaimed Dividend on Website: In order to help Members to ascertain the status of Unclaimed Dividends, the Company has uploaded the information in respect of Unclaimed Dividends for the financial year ended 31 March, 2013 on the Website of Investor Education and Protection Fund, [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Relations" Section on the website of the Company, [www.Katarespinningmillslimited.com](http://www.Katarespinningmillslimited.com).

**24. Green Initiative in the Corporate Governance– Registration of email address.**

The Members are requested to register email address with the Depository Participant / The Registrar and Share Transfer Agent of the Company, i.e. Link In-time Private Limited, as the case may be, for service of documents.

**Information and other instructions relating to e-voting are as under:-**

- a. The facility for voting through ballot paper shall be made available at the AGM to the members attending the meeting. The members, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the meeting through ballot paper.
- b. Members can also exercise their voting rights through ballot form annexed with the Notice and the duly filled and signed ballot form be sent to the scrutinizer, Mr. G. N. Pawar, Solapur at the registered office of the Company or to his Email Id [gnpawar@gmail.com](mailto:gnpawar@gmail.com), so as to reach by 5.00 P.M. on 08<sup>th</sup> September, 2019.
- c. The detailed instructions for voting through Ballot paper is annexed herewith separately.
- d. The Members, who have cast their vote by remote e-voting prior to the AGM, they can attend the AGM but shall not be entitled to cast their vote again.
- e. The remote e-voting period commences on 06<sup>th</sup> September, 2019 (9.00 am) and ends on 08<sup>th</sup> September, 2019 (5.00 pm). During this period the members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off (Record) date of 31<sup>st</sup> August, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after 5.00 pm on 08<sup>th</sup> September, 2019. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- f. The notice of 39<sup>th</sup> 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.

- g. 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, 2<sup>nd</sup> Floor Opp. Dhole Patil Road, Pune – 400 001. Email-id: [pune@linkintime.co.in](mailto:pune@linkintime.co.in).

**The instructions for shareholders voting electronically are as under:**

1. The voting period begins on 06<sup>th</sup> September, 2019 (9.00 am) and ends on 08<sup>th</sup> September, 2019 (5.00 pm) during this period the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off (Record) date of 31<sup>st</sup> August, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
3. Click on Shareholders.
4. Now Enter your 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 Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. 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.
7. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) · Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated 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 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. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

8. After entering these details appropriately, click on “SUBMIT” tab.
9. Members holding shares in physical form will then directly reach the Company selection 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.

10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the EVSN for the relevant KATARE SPINNING MILLS LTD. on which you choose to vote.
12. 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.
13. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
14. After selecting 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.
15. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
17. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
18. **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
19. Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - 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.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
20. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an Email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

Place: Solapur  
Date: 01<sup>st</sup> August, 2019

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**  
SD/-  
KISHORE KATARE  
Managing Director  
(DIN No.-00645013)

## Route Map of AGM



Route Map of 39th AGM of the Company to be held on  
Monday 09th September, 2019 at  
“Kamala”, 259, Sakhar Peth, Solapur -413005.

## **ANNEXURE TO THE NOTICE**

### **Explanatory Statement**

[Pursuant to Section 102(2) of the Companies Act, 2013]

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#### **ITEM 2:**

Mr. Umakant Mahindrakar (DIN 01233305) holds a qualification in Bachelor of Commerce. He is appointed as a Non-Executive Director in the Company and primarily responsible for the Management functions and other activities in the Company. He has been associated with the Company for over 13 years and he is the Non-Executive Director of the Company from the appointment in the Company and liable to retire by rotation.

#### **ITEM 3 AND ITEM 4:**

The Board of Directors appointed Mr. Prakash Venkappa Joti (DIN 08419933) and Mr. Vilas Ramakant Shendge (DIN 08419934) as a Non- Executive and an Independent Directors of the Company for a term of five consecutive years with effect from 11<sup>th</sup> April, 2019 subject to the approval of the Members in the ensuing AGM of the Company. In terms of Section 152 of the Act and the Articles of Association of the Company, they hold office as an Additional Directors of the Company, but are eligible for appointment as an Independent Directors.

Mr. Prakash Venkappa Joti (DIN 08419933) and Mr. Vilas Ramakant Shendge (DIN 08419934) are Non-Executive Directors and considered as Independent under the Act and SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Prakash Venkappa Joti (DIN 08419933) and Mr. Vilas Ramakant Shendge (DIN 08419934) had given declarations to the Board that they meet the criteria of independence as provided under Section 149 (6) of the Act.

In the opinion of the Board, they fulfil the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Directors and are independent on the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointments of Mr. Prakash Venkappa Joti (DIN 08419933) and Mr. Vilas Ramakant Shendge (DIN 08419934) are now being placed before the Members for their approval.

The terms and conditions of their appointment shall be open for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day of the Company upto the date of the AGM.

Mr. Prakash Venkappa Joti (DIN 08419933) and Mr. Vilas Ramakant Shendge (DIN 08419934) may be deemed to be concerned and interested in Item Nos. 3 and 4, respectively, as they relate to their respective appointments as Independent Directors of the Company. Other than the aforesaid Directors none of the other Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested in the Resolutions mentioned at Item Nos. 3 and 4 of the accompanying Notice.

The Board recommends the Resolutions at Item Nos. 3 and 4 of the accompanying Notice for acceptance by the Members.

#### **DETAILS OF CONFIRMATION OF APPOINTMENT OF DIRECTORS AT THE ANNUAL GENERAL MEETING:**

Profile of directors and additional information as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; Clause 1.2.5 of

Secretarial Standards-2 on General Meetings.

amount upto which monies may be borrowed by the Board of Directors of the Company.

Considering the business prospects the Board of Directors of the Company recommends to approve Rs. 100 Crores to provide their consent, approve and entitle the Board to borrow from Banks or Financial Institutions or by way of Unsecured Loans or any other financial instruments to fund the working needs, to meet capital expenditure and other business purposes.

Considering the above, the Directors recommend the above mentioned resolution in the Notice to be passed way of “*Special Resolution*”.

None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution except to the extent of their shareholding, if any, in the Company.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**

Profile of directors and additional information as required under Regulation 36 (3) of the SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015; Clause 1.2.5 of SecretarialStandards-2 on General Meetings.

Name of the Director	MR. UMAKANT MAHINDRAKAR	MR. PRAKASH VENKAPPA JOTI	MR. VILAS RAMAKANT SHENDGE
DIN	01233305	08419933	08419934
Date of birth and Age	27/07/1951/ 68 Years	01/12/1953 / 65 Years	15/05/1950 / 68 Years
Date of first Appointment on the Board	12 <sup>Th</sup> August, 2 006	11 <sup>th</sup> April, 2019	11 <sup>th</sup> April, 2019
Qualifications	Bachelor of Commerce	HSC in Commerce	HSC in Commerce
Experience	Having 20 years into the Textile Industry, Spinning Mill	Having 35 years of experience in electronics and Telecommunication Marketing.Director at Co-Operative Bank.	Having 40 years of experience in Graphic, Designing and Printing Industry
Expertise	Management functions and other activities in the Company	Marketing	Industrial and Technical Experience.
Shareholding in Company	7,478 (Shar es)	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NA	NA	NA
Terms and conditions of appointment along with details of remuneration sought to be paid/last drawn	Non-Executive Director	Non- Executive, Independent Director	Non- Executive, Independent Director

	List of Directorship/ Membership/ Chairmanship of Committees of other Board:		
Public/Listed Companies Directorship	NIL	NIL	NIL
Private Companies Directorship	NIL	NIL	NIL

**Item No.5:**

The Board of Directors of the Company said that, due to various changes amendments in the Companies Act, 2013, the Company needs to adopt new set of Memorandum of Association (MOA) as per Companies Act, 2013.

As per provision of Section 13 of the Companies Act, 2013 consent of the shareholders is required as a special resolution for amending and adopting new set of MOA as per Companies Act, 2013. Therefore, the Directors recommend the resolution for member's approval.

No Directors and relatives of the same are concerned or interested in the passing of this Resolution.

**Item No.6:**

The Board of Directors of the Company said that, due to various changes, amendments in the Companies Act, 2013, the Company also needs to adopt new set of Articles of Association as per Companies Act, 2013 for smooth functioning of the activity or business of the Company.

As per provision of Section 14 of the Companies Act, 2013 consent of the shareholders is required as a special resolution for amending and adopting new set of AOA as per Companies Act, 2013. Therefore, the Directors recommend the resolution for member's approval.

No Directors and relatives of the same are concerned or interested in the passing of this Resolution

## DIRECTOR'S REPORT

To the Members,  
KATARE SPINNING MILLS LIMITED

Your Directors have pleasure in presenting the **Thirty Ninth (39th)** Directors' Report of your Company along with the financial statements for the Financial Year ended 31st March, 2019.

### 1. Financial Highlights:

Certain key aspects of your Company's performance during the Financial Year ended 31st March, 2019 as compared to the previous Financial Year are summarized below:

(Rs. In lacs)

	2018-19	2017-18
Turnover	3653.94	3292.36
Profit Before Interest & Depreciation	424.03	48.31
Less : Interest	323.82	319.10
Loss before depreciation	100.21	-270.79
Less : Depreciation	86.59	108.10
Loss after depreciation & before taxation	13.62	-378.89
Add : Excess provision in the last year	0	0
Less: Tax expenses relating to previous year	3.77	0
Add/Less: Deferred Tax Liability/Assets	0	87.23
Profit / loss for the period		
Profit/ Loss for the period	9.85	-291.66
Add : Balance carried from previous year	-439.98	-148.32
Profit/Loss carried forward	-430.13	-439.98

### 1. OVERVIEW OF OPERATIONS

During the year under review, your Company recorded a total income of Rs. 3653.94 (in Lakhs) as compared to last year's income of Rs. 3292.36 (in Lakhs) and net profit of Rs. 9.86 (in Lakhs) as compared to last year's net loss of Rs. -291.66 (in Lakhs). For further information, kindly refer to Management Discussion and Analysis Report, forming a part of this Annual Report.

### 2. DIVIDEND AND RESERVE

Your Directors do not recommend any dividend for the year under review. The details of reserves and surplus are provided in Note No. 15 of the notes to the standalone financial statement.

### 3. STATE OF AFFAIRS OF THE COMPANY/BUSINESS OVERVIEW

#### SPINNING MILL INDUSTRY

In general, the performance of the cotton yarn industry depends upon the swings of demand by the market forces which closely track the economic trend. The exception to this rule is, the demand for specialty cotton yarn which is consistent and growing. On bouncing of economic conditions, the demand trend is expected to be more positive for the current year even for normal segment of cotton yarn and that would drive more demand for specialty cotton yarn. **SOLAR POWER PROJECT**

Considering the involvement of power part in the cost of finished goods, the Company has set up 1 MW power project for captive consumption and accordingly, pleased to

inform you that the Company has successfully commissioned 1 MW Solar Power plant for captive consumption in the month of April, 2015. This is the first net metering installation in the Maharashtra. During the financial year total 14,08,764 electricity units have been generated and it helps the Company to save in electricity bill substantially.

**4. ANNUAL RETURN**

Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Companies Act, 2013 (“the Act”) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2019, in prescribed Form No. MGT-9 is given to this Report.

**5. BOARD MEETINGS**

Four meetings of the Board of Directors were held during the financial year 2018-19 and the gap between two consecutive board meetings was within the statutory limit. The details of the number of meetings held and attended by each Director are provided in the Corporate Governance Report, which forms part of this Report.

**6. BOARD EFFECTIVENESS**

The Company has adopted the Governance guidelines which, inter alia, cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board. It also covers aspects relating to nomination, appointment, induction and development of Directors, Director's Remuneration, Code of Conduct, Board Effectiveness Review and mandates of Board Committees.

**A. BOARD EVALUATION**

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the corporate governance requirement as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR), 2015”].

The performance of the Board was evaluated by the Board after seeking inputs from the Directors on the basis of the criteria such as the Board Composition and structures, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (NRC) reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspect of his role.

**B. APPOINTMENT OF DIRECTORS AND CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR**

The NRC is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. The NRC reviews and meets potential candidates, prior to recommending their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and SEBI (LODR), 2015:

**Independence:** A Director will be considered as an 'Independent Director' if he/ she meets with the criteria for 'Independence' as laid down in the Act and SEBI (LODR), 2015.

**Competency:** A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is ensured that the Board has a mix of members with different educational qualifications, knowledge and with adequate experience in banking and finance, accounting and taxation, legal and regulatory matters, hospitality sector and other disciplines related to the Company's businesses.

**Additional Positive Attributes:**

- The Directors should not have any other pecuniary relationship with the Company and the Company's promoters, except as provided under law.
- The Directors should maintain an arm's length relationship between themselves and the employees of the Company, as also with the Directors and promoters, stakeholders for whom the relationship with these entities is material.
- The Directors should not be the subject of proved allegations of illegal or unethical behavior, in their private or professional lives.
- The Directors should have the ability to devote sufficient time to the affairs of the Company.

**C. REMUNERATION POLICY**

The Company had adopted a Remuneration Policy for the Directors, KMP and other employees, pursuant to the provisions of the Act and SEBI (LODR), 2015.

The key principles governing the Company's Remuneration Policy are as follows:

- Independent Directors (ID) may be paid sitting fees for attending the meetings of the Board and of Committees of which they may be members, and receive commission within regulatory limits, as recommended by the NRC and approved by the Board.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperatives.
- Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.

**Remuneration for Managing Director (MD)/ Executive Directors (ED)/ rest of the Employees**

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements. Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings.

In addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the NRC and approved by the Board.

It is affirmed that the remuneration paid to Directors and all other employees is as per the



Remuneration Policy of the Company.

**7. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

During the Financial year under review, no significant material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

**8. AUDIT COMMITTEE**

Details pertaining to the composition of Audit Committee are included in the Corporate Governance Report, which forms part of the Annual Report.

**9. DIRECTORS AND KMP**

As per the provisions of Section 152 of the Act, Mr. Umakant Mahindrakar (DIN [01233305](#)), who retires by rotation at this meeting and being eligible offered himself for re-appointment, the matter is placed before member of the Company for approval.

Also, the Board of Directors of the Company has appointed new Two Independent Directors in the Company on 11<sup>th</sup> April, 2019 i.e. Mr. Prakash Venkappa Joti (DIN 08419933) and Mr. Vilas Ramakant Shendge (DIN 08419934). The Board of directors had appointed them as an additional directors of the Company with the recommendation of nomination and Remuneration committee of the Company and now the resolutions for confirming them as directors (Non-Executive and independent Directors) are being placed before the Members for their approval.

Also, the Existing independent Directors of the Company i.e. Mr. Suresh Bapuji Inamdar and Mr. Yadgiri Narayan Konda have completed their tenure in the Company and resigned from the Company from 11<sup>th</sup> April, 2019.

The Company has also appointed Key managerial personnel i.e. Mr. Kamal K. Katare and Mrs. Arati Bandi as a Chief Financial officer and Company Secretary cum Compliance officer as respectively in the Company from 11<sup>th</sup> April, 2019.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed both under Section 149 (6) of the Act and SEBI (LODR), 2015.

**10. CORPORATE GOVERNANCE**

The members may please note that the provisions relating to Corporate Governance i.e. Regulation 27 of SEBI (LODR), 2015 are not applicable to the Company and accordingly, the Company is not required to submit the Corporate Governance Report with this Annual Report. However, keeping in view the objective of encouraging the use of better practices through voluntary adoption, the Company has decided to adopt and disseminate voluntary disclosure of Corporate Governance which not only serve as a benchmark for the corporate sector but also help the Company in achieving the highest standard of corporate governance. '

Accordingly, a voluntary disclosure i.e. the report on Corporate Governance as stipulated under regulation 34(3) read with Schedule V of the SEBI (LODR), 2015 is annexed herewith and forms a part of this report.

As such the Members may note that any omission of any corporate governance provisions shall not be construed as non-compliance of the above mentioned regulations.

**11. AUDITORS & THEIR REPORTS**

Pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Act, read with Rule 6 of Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of the Audit Committee, M/s N. R. Waghchaure & Associates, Chartered Accountants, (Firm Registration Number 114999W), was appointed as a Statutory Auditors of the Company and the appointment of the Statutory Auditors of the Company along with a confirmation that, their

appointment, made by the members, in the last year was within the limits prescribed under the Act.

The report of the Statutory Auditors along with the notes to Schedules is enclosed to this report and also the report contains qualification, reservation or adverse remark or disclaimer for the financial year under review.

**12. RESPONSE TO AUDITORS QUALIFICATION**

The Board of the Company has discussed the points as mentioned in the Auditors report for period under review, in respect to this management is taking the necessary steps towards it.

The Company has incurred losses in the past years and charging of deferred interest to profit & Loss account would further increase the loss. Therefore, the Company is trying for betterment of future of it and also anticipates good results in ensuring year in which situation the entire amount is proposed to be written off.

**13. SECRETARIAL AUDIT**

Pursuant to the provisions of the Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S. Nikhil Sawant & Co. Company Secretaries, Pune, as Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Report is Self-explanatory annexed herewith however; the Company has initiated necessary steps to comply with queries and/or non-compliances mentioned under the Secretarial Audit Report as per the provisions of the Act and the SEBI (LODR), 2015.

**14. INTERNAL FINANCIAL CONTROL**

The Company has in place internal financial control systems, commensurate with the size and complexity of its operations to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. The internal auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company. Based on the report of the internal auditor, respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions there on are presented to the Audit Committee of the Board.

**15. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Act read with Rule 8(3) of The Companies (Accounts) Rules, 2014, is annexed herewith separately.

**16. DEPOSITS**

The Company has not accepted or renewed any deposits from the public during the year under review in terms of the Companies (Acceptance of Deposits) Rule, 2014.

**17. RELATED PARTY TRANSACTIONS**

All Related Party Transactions (RPTs) that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. Accordingly, detailed information given in Form AOC-2 which is annexed herewith separately.

There were no materially significant RPTs entered into by the Company during the year.

**18. RISK MANAGEMENT**

The Company has adopted a Risk Management Policy, pursuant to the provisions of

Section 134 of the Act, which has a robust Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objectives and enhance the Company's competitive advantage.

The risk framework defines, the risk management approach across the enterprise at various levels including documentation and reporting.

The framework enables risks to be appropriately rated and graded in accordance with their potential impact and likelihood. The two key components of risks are the probability (likelihood) of occurrence and the impact (consequence) of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

**19. LOANS, GUARANTEES AND INVESTMENTS**

The Company has not made any investments or given any loans or guarantees or provided any security in connection with a loan to any person or body corporate, covered under Section 186 of the Act.

**20. CORPORATE SOCIAL RESPONSIBILITY INITIATIVE**

As the net worth of the Company is less than Rs. Five hundred crores, further the turnover of the Company is less than Rs. One thousand crores and net profit of the Company does not exceed Rs. Five crore or more at any point during the financial year, therefore the Company is not obliged to form Corporate Social Responsibility committee as per terms of section 135 (1) of the Act.

**21. PARTICULARS OF EMPLOYEES**

There are no employee drawing remuneration exceeding the limits prescribed under Section 134(3) (q) of the Act read with Rule 5 of Rules 2014 and hence no details are required to be annexed to this report.

**22. VIGIL MECHANISMS/WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism named as 'Whistle Blower Policy' within the Company in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the SEBI (LODR), 2015.

The policy of such mechanism has been circulated to all employees within the Company, which provides a framework to the employees for guided & proper utilization of the mechanism.

**23. DECLARATION BY AND SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Act, confirming that they meet the criteria of independence under Section 149(6) of the Act and Regulation 16 (1) (b) of the SEBI (LODR), 2015.

The Independent Directors were fully kept informed of the Company's activities in all its spheres. During the year under review, a separate meeting of Independent Directors was held on 16<sup>th</sup> August, 2018 and the Independent Directors reviewed the performance of (i) non-Independent directors and (ii) the board as whole.

They also assessed the quality, quantity and timelines of flow of information between the Company's Management and the Board that are necessary for the Board to effectively and reasonably perform their duties. All the Independent Directors were present at the meeting.

**24. 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.

**25. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V to the SEBI (LODR), 2015, is presented in a separate section forming part of the Annual Report.

**26. DISQUALIFICATION OF DIRECTORS**

All Directors on the Board of the Company have not incurred any disqualification on account of non-compliance with any of the provisions of the Act.

**27. DIRECTOR'S RESPONSIBILITY STATEMENT**

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act in the preparation of annual accounts for the year ended on 31<sup>st</sup> March, 2019 and state that:

1. In the preparation of the annual accounts for Financial Year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2019 and of the profit of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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 for Financial Year ended 31st March, 2019 on a 'going concern' basis.
5. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently, and
6. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

**28. DETAILS OF SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

The Company does not have any subsidiaries or joint ventures within the meaning of this clause and hence no details are required to be given.

**29. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at its workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

**30. 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.

Place: Solapur  
Date: 01st August, 2019

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**

SD/-  
Kishore Katare  
Managing Director  
(DIN No.-00645013)

### **ANNEXURE TO DIRECTOR'S REPORT**

Information as required under rule 8(3) of the Companies (Accounts) Rule, 2014

A) Energy Conservation taken:

- Switching off unwanted lights.
- Use of natural lights as far as possible.
- Humidification plants not operated during favorable climatic conditions.
- Control over slippage.
- The company has replaced HDP Ring Tubes and introduced light weight ABS Tubes for Ring frame. Because of this the Company is getting more 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.

- Solar power panel.
- Change in Humidification plant (Cell Type Air Washer) with the help of ATIRA, where power can be saved.
- Installation of appropriated energy saving devices.
- Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production.

The above measures will save energy and to that extent the cost of goods produced will be reduced.

#### **Form "A" POWER & FUEL CONSUMPTION**

Sr. No.	Particulars	Spinning Division		Hotel Division	
		Current year	Previous Year	Current year	Previous Year
1	<b>Electricity</b>				
	Purchased units from MSEDCL	131129	139190	Nil	350447
	Total amt. Rs.	3586727	2452675	Nil	5140417
	Rate Unit Rs.	27.35	17.62	Nil	14.67
2	<b>Own Generation</b>				
	Solar Plant				
	Unit	1408764	1597460	Nil	18753
	Rate per unit Rs.	7.80	8.80	Nil	-

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**

SD/-

Kishore Katare  
Managing Director  
(DIN No.-00645013)

Place: Solapur  
Date: 01<sup>st</sup> August, 2019

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis- Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis-

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts /arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
(a)	(b)	(c)	(d)	(e)	(f)
Kishore Katare- Managing Director	Sale and Purchase of Yarn	Ongoing Basis	Nil	30.05.18	NIL
Ganesh Textile (Common Partner)	Hank Yarn Sales Yarn Purchase	Ongoing Basis	1,18,94,400 1,18,94,400	30.05.18	NIL
Subhash Katare- Director	Land Rent Paid  Purchases Hank Yarn Sale	Ongoing Basis	10000  99,12,000 99,12,000	30.05.18	NIL
Kamal Marketing Private Limited- Common Directors	Purchase Sale Cotton Processing Charges Received Electricity Charges Received Building Rent received	Ongoing Basis	10,46,34,627 10,30,84,800  3,56,665  3,04,867  25,000	30.05.18	NIL
Katara Cotton Waste Spg. (Common partner)	Sale  Purchases of Yarn	Ongoing Basis	15,04,38,603  14,07,50,400	30.05.18	NIL
Vijay Textile- common Partner	Building Rent	Ongoing Basis	12,000	30.05.18	NIL

**Disclosure as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

Ratio of the remuneration of each Director and Key Managerial Personnel (KMP) to the median remuneration of the employees of the Company and percentage increase in remuneration of the Directors and KMPs in the financial year.

Sr. No.	Name of Director/ KMP	Designation	Remuneration Rs. In Lakhs		Change (%)	Ratio of Remuneration of each Director & KMP to Median Remuneration of Employees
			2019	2018		
1	KISHORE KATARE	Managing Director	6	6	0%	NA

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**

SD/- Kishore Katare  
Managing Director  
(DIN No.-00645013)

Place: Solapur  
Date: 01st August, 2019

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### 1. Current scenario

For the Textile industry, the Global focus is shifting from China to India due to cost and stability factors. The Government's positive steps are expected to help this shift and if foreign investment in textile retail materialises, the consumption of the textile product in the domestic market should increase in the year to come.

Equally, our Economy is also showing recovery with lower fiscal and current account deficit. The Indian Government in a pro - active manner has set in motion lots of economic initiatives. These initiatives in the long run would sustain positive economic growth which is fundamental for the overall growth and standard of living.

### 2. Business Segment

#### Textile Industry

The Company achieved a turnover of Rs. 3653.94 lakh against Rs. 3292.36 lakh relating to the previous year. The gross profit of the Company recorded at Rs. 424.03 Lakh before interest and depreciation and net profit for the year is at Rs. 9.85 Lakh as against loss of Rs. 291.66 Lakh for the previous year. The turnover of the Company is more as compared to the previous year and also due to key man insurance policies amount received during the year under review, the company is in profit at the year end.

#### Hotel

As we all are aware that, in the 2016-17 the Government of India has declared Smart City status to Solapur, so in view of this the prediction of hospitality industry was that the good investment will take place in the Solapur City to develop it and also it will impact on Hotel Industry in good scene. But, due to some policies of government in development of region area was not so good, that's why the results are not getting positive. The lenders, Bank of India, have taken possession of property of Hotel division of the Company on 25th October, 2017 under SARFESAI Act and from that date the Hotel business of the Company is not operating. The Company have referred the matter to debt Recovery Tribunal, Pune. In respect to this, the Board of the Company has given the power of attorney to Mr. K. T. Katare, Director of the Company to discuss and negotiate the matter with Bank of India, Solapur branch for amicable settlement. Due to this the Hotel unit of the Company was closed from that date, so no revenue received from the hotel unit.

#### Solar Power Project

The Company has already Commissioned Rooftop Solar Power Project at hotel and has getting good benefit by way of reduction in monthly electricity bills. But due to closure of hotel unit for some period of days the Rooftop Solar Power was also closed.

Considering the involvement of power part in the cost of finished goods, the Company has set up 1 MW power project for captive consumption and accordingly pleased to inform you that the Company has successfully commissioned 1 MW Solar Power plant for captive consumption in the Month of April, 2015. This is the first net metering installation in the Maharashtra. During the financial year total 14,08,764 electricity units have been generated and it helps the Company to save in electricity bill substantially.

### 3. Industry Outlook

In general, the performance of the Textile industry depends upon the swings of demand by the market forces which closely track the economic trend. The exception to this rule is the demand for specialty cotton yarn which is consistent and growing. On bouncing of economic conditions, the demand trend is expected to be more positive for the current year even for normal segment of cotton yarn and that would drive more demand for specialty cotton yarn.



4. Opportunities

Improving economic conditions would generate more demand, in general, for cotton yarn. The Company by concentrating and focusing on manufacture of specialty cotton yarn has created specific markets for its products, which is on the growth path and has continued good demand.

5. Risks and Concerns

The Government policies and volatile economic environment have a bearing on the overall performance of the company. Continuous Quality Improvement is the need of hour as there are different demand pattern all over the world. Striking a balance between the quality and price of products.

6. The Financial and Operational Performance

The Financial statement given in the report of the Directors for the financial year 2018-19 is good as compare to Market situation, as the Company is having profits in the year. It reflects the genuine steps taken by the management for transparency and best judgement for the estimates made to correctly reflect the true and fair affairs of the Company and the Company is also planning for future years to come a good condition for the Company.

7. Internal control, systems and adequacy

The Company is committed to maintaining adequate internal control systems as a part of efficient corporate governance. The system ensures that all transactions are authorized, recorded and reported correctly to safeguard assets and protect them from any loss due to unauthorized use or disposition. The operating managers make sure that all operations within their area are compliant and safeguarded against all risks whereas on the other, auditors carry out random audits to detect flaws in the system, which makes it effective and efficient. Internal audit reports are prepared to create awareness and to take corrective actions on the respective units or areas, which need rectification. These reports are then reviewed by the management team and the Audit Committee for follow-up action.

8. Human Resources Development

The Company places its utmost value on the human resource and contribution from the employees is always fine-tuned towards to achieve the overall organization performance by constant education, training and various incentive schemes, which are in vogue. A motivated and efficient workforce can help it attain its target in a realistic manner. Taking cognizance of that fact, the Company provides extensive training to its employees in order to develop their skill sets and keep them motivated. The Company appreciates the productive co-operation extended by its employees in the efforts of the management to carry the Company to greater heights.

9. Safety and Environment

The Company ensures high safety and environmental standards in all its operations at all the units. Safety needs are continuously monitored and preventive actions are initiated through departmental safety committees consisting of plant staff and workmen.

10. Cautionary Statement

Certain Statements in this report on Management Discussion may be forward looking statements and which have been issued as required by applicable Securities Laws and Regulations. There are several factors which would be beyond the control of Management and as such, may affect the actual results which could be different from that envisaged.

Comments of the Board of Directors on the observations pointed out in the  
Secretarial Audit Report:

Sr. No.	Observations by Secretarial Auditors	Comments by the Board
1	The Company has not complied with the provisions of Section 203 of the Companies Act, 2013 and Regulation 6(1) of SEBI (LODR) Regulations, 2015 in respect of the appointment of Company Secretary in the F.Y. 2018-19	We have finalized the right candidate for the Company and appointed in the BM held on 11th April, 2019.
2	The Company has not complied with the provisions of Section 203 of the Companies Act, 2013 in respect of the appointment of CFO in the F.Y. 2018-19	We have finalized the CFO for the Company and appointed in the BM held on 11th April, 2019.
3	There was a delay in payment of listing fees with BSE for the F.Y. 2018-19	Due to some financial crisis during the year, we were unable to pay listing fees within time. The Company has paid the listing fees.
4	As per Regulation 31(2) (d) of SEBI (LODR) Regulations, 2015 the shareholding of Promoters and Promoter group i.e. 9,200 shares are pending for dematerialization as on year end date.	We have taken the steps towards to convert the physical shares into Demat account, also forwarded physical shares Certificates to NSDL for dematerialization, so it is under process.
5	The Company has not properly followed the Regulation 47 of SEBI (LODR) regulations, 2015 in respect to advertisement in newspaper.	We have taken steps as per the said regulation, but in some cases inadvertently failed to give advertisement in proper manner.
6	The Company has paid the remuneration to Managing Director in F.Y. 2018-19 which is not to be paid, as the appointment of MD was done on non-remuneration basis.	It was made payment inadvertently and management noted the same. MD will refund the said remuneration amount during the FY 2019-20.
7	The Company has maintained the website of the Company as per SEBI (LODR) Regulations, 2015 but the website of the Company is not updated on run time basis.	We are in process of uploading all the details on website of the Company to come on real-time basis.
8	As per Section 139(1) of the Companies Act, 2013 the Company has appointed the Auditor but the Auditor is not holding Peer Review Certificate which is to be issue by the Peer Review Board of the Institute of Chartered Accountants of India.	Statutory Auditor who was appointed in the Company is in process to get peer review certificate from the said Institute and also he has made the application to their Institute.

9	The Company has closed its books as per Section 91 of the Companies Act, 2013 and has published the public notice for closure of register to the members in vernacular newspaper in English language but not published in the English newspaper.	We had given the advertisement in the newspaper but failed to give in the proper manner i.e. English advertisement in English paper and vernacular language advertisement in vernacular newspaper.
10	The Company has not complied the Section 108 and rules made there under of the Companies Act, 2013 with respect to advertisement for e-voting i.e. the Company has published the public notice for e-voting to the members in vernacular newspaper in English language but not published in the English newspaper.	We had given the advertisement in the newspaper but failed to give in the proper manner i.e. English advertisement in English paper and vernacular language advertisement in vernacular newspaper.

Place: Solapur  
Date: 01<sup>st</sup> August, 2019

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**

SD/-  
Kishore Katare  
Managing Director  
(DIN No.-00645013)

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE**

The Members may please note that the provisions relating to Corporate Governance i.e. Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company and accordingly, the Company is not required to submit the Corporate Governance Report with this Annual Report. However, keeping in view the objective of encouraging the use of better practices through voluntary adoption, the Company has decided to adopt and disseminate voluntary disclosure of Corporate Governance which will not only serve as a benchmark for the corporate sector but also help the Company in achieving the highest standard of corporate governance.

Accordingly, a voluntary disclosure i.e. the report on Corporate Governance as stipulated under regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

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

The Company believes that good Corporate Governance emerge from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standard of transparency and business ethics.

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

The Board of Directors along with its Committees provides 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) as on 31<sup>st</sup> March, 2019, whose composition and category is given below:

One - Managing Director

Two - Independent Directors

One - Women Director

Two - Director

A) THE CONSTITUTION OF THE BOARD AS ON 31<sup>st</sup> MARCH, 2019

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 Kishore Katare	Promoter, Managing Director	1	1	NIL	NIL
Shri Subhash Katare	Promoter, Director	1	NIL	NIL	NIL
Shri Suresh Inamdar	Independent Director	NIL	NIL	NIL	NIL
Shri Yadgiri Konda	Independent Director	NIL	NIL	NIL	NIL
Shri. U makant Mahindrakar	Director	NIL	NIL	NIL	NIL
Mrs. Vidyavati Katare	Director	1	1	NIL	NIL

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 labor issues.

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

During the year ended March 31, 2019, 4 (Four) Board Meetings were held on 30th May, 2018, 14th August, 2018, 13th November, 2018, and 11th February, 2019 and the Annual General Meeting during the year was held on 29th September, 2018.

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the last AGM held on 29.09.2018
Shri. K. T. Katare	Managing Director	4	Present
Shri. S. T. Katare	Director	4	Present
Shri. S. B. Inamdar	Independent Director	4	Present
Shri. Y. N. Konda	Independent Director	4	Present
Shri.U.M.Mahindrakar	Director	4	Present
Mrs. V. K. Katare	Director	4	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 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 – (i) The Audit Committee (ii) Nomination and Remuneration Committee and (iii) Stakeholders Relationship Committee.

### **I) Audit Committee:**

The Committee's power, role and function are as stipulates in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013.

#### **COMPOSITION:**

During the year ended 31<sup>st</sup> March, 2019, four Meetings were held.

The composition of the Audit Committee is as follows:

Member of Audit Committee	Position	Committee Meetings
Shri. S. B. Inamdar	Independent Director	4
Shri. Y. N. Konda	Chairman-Independent Director	4
Shri. S. T. Katare	Director	4

**ii) Nomination and 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.

**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:**

During the year ended 31<sup>st</sup> March, 2019, Three Meetings were held.

The composition of the Nomination and Remuneration Committee is as follows:

Member of Audit Committee	Position	Committee Meetings
Shri. S. B. Inamdar	Independent Director	3
Shri. Y. N. Konda	Chairman-Independent Director	3
Shri. V. K. Katare	Director	3

The detail of remuneration for the year ended 31<sup>st</sup> March, 2019 paid to the Director/ Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	Total
Shri. K. T. Katare	600,000	NIL	NIL	600,000

It was made payment inadvertently and management noted the same. MD will refund the said remuneration amount during the FY 2019-20.

**iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:**

**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The “Stakeholders Relationship 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 redress of complaints from shareholders relating to transfers, non-receipt of balance-sheet, issue of duplicate share certificates, etc.

**COMPOSITION:**

During the year ended 31st March, 2019, Two Meetings were held.

The composition of the Nomination and Remuneration Committee is as follows:

Member of Audit Committee	Position	Committee Meetings
Shri. S. B. Inamdar	Independent Director	2
Shri. Y. N. Konda	Chairman-Independent Director	2
Mrs. V. K. Katare	Director	2

The company's shares are compulsory traded in the dematerialized form at Bombay Stock Exchange Limited where Company's shares are listed.

There were no valid share transfer requests pending as on March 31, 2019.

**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
2017-18	29.09.18	11.00 am	At 259, Sakhar Peth, Solapur Mh- 413005.
2016-17	27.09.17	11.00 am	At Hotel Tripursundari, 224, Civil Lines, Solapur-413 001.
2015-16	29.09.16	11.00 am	C-2, MIDC, Akkalkot Road, 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 Indian Accounting Standard (IND AS) 24 on 'Related Party Disclosures issued by the Institute of Chartered Accountants of India (ICAI) is given under Notes on the Annual Accounts. All the transactions covered under related party transaction were fair, transparent and on at arm's length basis.

The company has complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 except as mentioned in the Secretarial Audit report. Some amount of penalties have been imposed or stricture has been issued by SEBI, stock exchanges for non-appointment of Company Secretary in the Company during the year or no other penalties imposed for 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 (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 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 i.e. BSE as soon as the same are approved and taken on record by the Board of Directors of the Company. The results are not sent individually to the shareholders and same are uploaded on website of the Company.

**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

Sr. No.	Particulars	Information
a)	Annual General Meeting i) Date & Time ii) Venue	09 <sup>th</sup> September, 2019 at 11 am At KAMALA, 259, SAKHAR PETH, SOLAPUR MH 413005.
b)	Financial Calendar (tentative) Results for the 1 <sup>st</sup> Quarter Ending 30 <sup>th</sup> June, 2018 Result for the 2 <sup>nd</sup> Quarter/Half Year Ending 30 <sup>th</sup> September 2018 Result for the 3 <sup>rd</sup> Quarter Ending 31 <sup>st</sup> December, 2018 Results for the 4 <sup>th</sup> Quarter/Year Ending 31 <sup>st</sup> March, 2019	Second Week August 2018  Second Week November 2018  Second Week February 2019  Last Week May 2019
c)	Book Closure Date (Both days inclusive)	Sunday, 01 <sup>st</sup> September, 2019 to Monday 09 <sup>th</sup> September, 2019.
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 Rs.	Low Rs.
April 2018	13.75	12.35
May 2018	14.26	12.31
June 2018	15.71	14.26
July 2018	15.71	14.26
August 2018	12.50	10.05
September 2018	10.05	7.70
October 2018	7.50	6.00
November 2018	7.35	7.00
December 2018	9.20	7.70
January 2019	8.85	8.55
February 2019	9.20	8.85
March 2019	9.20	9.20



g) Share holding pattern as on 31.03.2019

Sr. No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including promoters Body Corporate)	14,31,949	50.24
2	Body Corporate	1,76,831	6.10
3	Resident Individuals	12,31,987	43.10
4	Non Resident Indian	544	0.02
5	Financial Institutions/Banks	7,900	0.28
6	Clearing Member	789	0.03
	<b>TOTAL:-</b>	<b>28,50,000</b>	<b>100.00</b>

h) Distribution of Shareholding as on 31.03.2019

Shareholding of nominal value	No. of Shareholders	%	Nominal Value of Equity Shares (Rs.)	%
1 to 5000	1446	86.90	2209120	7.75
5001 to 10000	94	5.65	809030	2.84
10001 to 20000	41	2.46	647590	2.27
20001 to 30000	21	1.26	531250	1.86
30001 to 40000	9	0.54	329410	1.16
40001 to 50000	11	0.67	505680	1.78
50001 to 100000	17	1.02	1175610	4.12
100001 to onwards	25	1.50	22292310	78.22

i) Registrar and share Transfer Agent:

Link Intime India Pvt. Ltd.,  
Akshay Complex, Block No.202, 2<sup>nd</sup>  
Floor, Opp. Dhole Patil Road,  
Pune- 411001.  
E-mail: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

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) and the Link Intime India Pvt. Ltd., Pune handle the both Demat and physical share transfers.

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

The Stakeholders Relationship Committee meets periodically to consider the transfer and other proposals and attend to shareholders grievances.

k) DEMATERILISATION OF SHARES

As on 31<sup>st</sup> March, 2019 Equity shares were in de-materialized form representing 90.03% of the total share capital.

l) Plant Location

**Spinning Mills**

Kamala Nagar, Tamalwadi,  
Tal. Tuljapur, Dist. Osmanabad

**Hotel Tripursundari**

224, Civil Lines, Solapur.

**Solar Plant**

Kamala Nagar, Tamalwadi,  
Tal. Tuljapur, Dist. Osmanabad

m) Address for Correspondence:

KATARE SPINNING MILLS LIMITED  
"KAMALA" 259, Sakhar Peth,  
Solapur – 413 005

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**DECLARATION**

To the best of our knowledge and belief, certify that;

We have reviewed financial statements and the cash flow statement for the year and that:

- a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- c. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- d. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

By Order of the Board of Directors.  
**KATARE SPINNING MILLS LIMITED**

SD/-  
KISHORE KATARE  
Managing Director  
(DIN No.-00645013)

Place: Solapur  
Date: 01<sup>st</sup> August, 2019

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,

**KATARE SPINNING MILLS LIMITED**

I have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by KATARE SPINNING MILLS LIMITED (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting of some non-compliances made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- **Not applicable to the Company during the Audit period.**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, but during the audit period, there were no Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings- **Not applicable to the Company during the Audit period.**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **Not applicable as the Company did not issue any security during the financial year under review;**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- **Not applicable as the Company has not granted any options to its employees during the financial year under review;**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities)

Regulations, 2008- **Not applicable as the Company has not issued any debt securities during the financial year under review;**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review;**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not applicable as the Company has not bought back any of its securities during the financial year under review;**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws including laws specifically applicable to the Industry and Company as per the representation letter given by the Company.

I have also examined compliances with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India has been properly followed by the Company during the year.

I have not examined the compliance by the Company with of the following;

- Applicable financial laws, like Direct and Indirect Tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to some of the following observations;

1. The Company has not complied with the provisions of Section 203 of the Companies Act, 2013 and Regulation 6(1) of SEBI (LODR) Regulations, 2015 in respect of the appointment of Company Secretary in the financial year 2018-19.

2. The Company has not complied with the provisions of Section 203 of the Companies Act, 2013 in respect of the appointment of Chief Financial Officer (KMP) in the financial year 2018-19.

3. There was a delay in payment of listing fees and fine with Stock Exchange (BSE) for the financial year 2018-19.

4. As per Regulation 31(2) of SEBI (LODR) Regulations, 2015 the shareholding of Promoters and Promoter Group i.e. 9,200 (0.65%) shares are pending for dematerialization as on year end date.

5. The Company has not complied with the Regulation 47 of SEBI (LODR) Regulations, 2015 in respect to advertisement in newspaper.

6. The Company has paid the remuneration to Managing Director in F.Y. 2018-19 which supposed to be not paid, as the appointment of MD was done on non-remuneration basis.

7. The Company has maintained the website of the Company as per SEBI (LODR) Regulations, 2015 but the website of the Company is not updated on run time basis.

8. As per Section 139(1) of the Companies Act, 2013 the Company has appointed the Auditor but the Auditor is not holding Peer Review Certificate which is to be issue by the Peer Review Board of the Institute of Chartered Accountants of India.

9. The Company has closed its books as per Section 91 of the Companies Act, 2013 and has published the public notice for closure of register to the members in vernacular newspaper in English language but not published in the English newspaper.

10. The Company has not complied the Section 108 and rules made there under of the Companies Act, 2013 with respect to advertisement for e-voting i.e. the Company has published the public notice for e-voting to the members in vernacular newspaper in English language but not published in the English newspaper.

I further report that:

The Board of Directors of the Company is constituted as follows:

Mr. Kishore T. Katare -Managing Director, Mr. Subhash Katare –Director, Mr. Suresh Inamdar – Independent Director, Mr. Umakant Mahindrakar –Director, Mr. Yadgiri Konda – Independent Director and Mrs. Vidyavati Katare- Director.

There were no changes in the composition of the Board of Directors took place during the period under review and are in compliance with the provisions of the Act.

I further report that the Board of Directors of the Company are constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per record the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, there were adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**FOR NIKHIL SAWANT & CO.**

**Company Secretaries**

**SD/-**

**NIKHIL SAWANT**

Proprietor

Membership No. ACS- 37819 CP No- 14691

Place : Pune

Date : 1<sup>st</sup> August, 2019

This report is to be read with my letter of even date which is annexed as ANNEXURE- A and forms as integral part of this report.

## **Annexure A to the Secretarial Audit Report**

To

The Members,

**KATARE SPINNING MILLS LIMITED**

Solapur-413 005.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and Practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of any financial records and Books of Accounts of the Company.

4. Whenever required, I have obtained the Management representation letter about the Compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management of the Company. My examination was limited to the verification of procedures on the random test basis.

6. The Secretarial Audit Report is neither an assurance as to the future visibility of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR NIKHIL SAWANT & CO.**

**Company Secretaries**

**SD/-**

**NIKHIL SAWANT**

Proprietor

Membership No. ACS- 37819 CP No- 14691

Place : Pune

Date : 1<sup>st</sup> August, 2019

**FORM NO. MGT- 9**

## EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration ) Rules, 2014]

**I REGISTRATION & OTHER DETAILS :**

I	CIN	L17199PN1980PLC022962
ii	Registration Date	8/8/1980
iii	Name of the Company	KATARE SPINNING MILLS LIMITED
iv	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
v	Address of the Registered office & contact details	"KAMALA",259, SAKHAR PETH, SOLAPUR- 413 005
vi	Whether listed company	YES
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd, Akshay Complex, Block No. 202, 2nd Floor, Opp. Dhole Patil Road, Pune-411001 Ph. No. 020-26161629, Email-id pune@linkintime.co.in

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr.No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	COTTON YARN	5205	96.56

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

Sr.No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
NA					

## KATARE SPINNING MILLS LTD

### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity) As on 31.03.2019

#### (i) Category- wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	1361398	2450	1363848	47.85	1384553	2400	1386953	48.67	-0.81
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	38196	62587	100783	3.54	38196	6800	44996	1.58	1.96
<b>SUB TOTAL:(A) (1)</b>	<b>1399594</b>	<b>65037</b>	<b>1464631</b>	<b>51.39</b>	<b>1422749</b>	<b>9200</b>	<b>1431949</b>	<b>50.24</b>	<b>1.15</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter</b>									
<b>(A)= (A)(1)+(A)(2)</b>	<b>1399594</b>	<b>65037</b>	<b>1464631</b>	<b>51.39</b>	<b>1422749</b>	<b>9200</b>	<b>1431949</b>	<b>50.24</b>	<b>1.15</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	7900	7900	0.28	0	7900	7900	0.28	0
C) Cenntral govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.41</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.28</b>	<b>0.00</b>
(2) Non Institutions									
a) Bodies corporates	111508	5765	117273	4.11	171066	5765	176831	6.20	-2.09
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	326534	207518	534052	18.74	375621	205468	581089	20.39	-1.65
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	647455	0	647455	22.72	548090	55787	603877	21.19	1.53



**(ii) SHARE HOLDING OF PROMOTERS**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Kishor Tippanna Katare	637142	22.36	0	637142	22.36	0.00	0.00
2	Subhash Tippanna Katare	344005	12.07	0	344005	12.07	0.00	0.00
3	Shakuntala Tulsidas Katare	382651	13.43	0	382651	13.43	0.00	0.00
4	Vidhyavati Kishor Katare	10350	0.36	0	10350	0.36	0.00	0.00
5	Umavati Vijay Katare	55787	1.96	0	0	0.00	0.00	-1.96
6	Katara Sachin Subhash	3150	0.11	0	3150	0.11	0.00	0.00
7	Mahindrakar Umakant Mahadev	7478	0.26	0	7478	0.26	0.00	0.00
8	Geeta Anilkumar Kapatkar	200	0.01	0	200	0.01	0.00	0.00
9	Sunita Prashant Achalkar	200	0.01	0	200	0.01	0.00	0.00
10	Vanita Tulshidas Katare	200	0.01	0	200	0.01	0.00	0.00
11	Nanda Tulshidas Katare	200	0.01	0	200	0.01	0.00	0.00
12	Katara Kirti Kishore	8418	0.30	0	8418	0.30	0.00	0.00
13	Katara Kritika Kishore	8800	0.31	0	8800	0.31	0.00	0.00
14	Jaishree Venkatesh Mahindrakar	1700	0.06	0	1700	0.06	0.00	0.00
15	Chhaya Umakant Mahindrakar	1700	0.06	0	1700	0.06	0.00	0.00
16	Ambutai Abhaykumar Telkar	2600	0.09	0	2600	0.09	0.00	0.00
17	Kamal Kishore Katara	50	0.00	0	23155	0.81	0.00	0.81
	Total	1464631	51.39	0	1431949	50.24	0.0	-1.15

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1464631	51.39		
	At the end of the year	1431949	50.24	1431949	50.24

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sr. No	Name	No. of Shares at the beginning (01.04.18)/end of the year(31.03.19)		Date			Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Balram Bharwani	171415	6.01	01.04.2018	-30279	Trnasfer	141136	4.95
		141136	4.95	31.03.2019				
2	Rahul katare	40000	1.40	01.04.2018	15787	Transfer	55787	1.96
		55787	1.96	31.03.2019				
3	KAMLESH JITENDRA JHAVERI #	41053	1.44	01.04.2018	-40117	Transfer	936	0.03
		936	0.03	31.03.2019				
4	ENNAR STAR TRADE LIMITED *	6123	0.21	01.04.2018	65880	Transfer	72003	2.53
		72003	2.53	31.03.2019				
5	Preeti Krishnagopal Chandak	76429	2.68	01.04.2018	66454	Transfer	142883	5.01
		142883	5.01	31.03.2019				
6	Hina Kirti Doshi	50000	1.75	01.04.2018	0	Nil Movement during the year	50000	1.75
		50000	1.75	31.03.2019				
7	Krishnagopal Motilal Chandak	53520	1.88	01.04.2018	53899	Transfer	107419	3.77
		107419	3.77	31.03.2019				
8	VSL Securities	48831	1.71	01.04.2018	0	Nil Movement during the year	48831	1.71
		48831	1.71	31.03.2019				
9	Kamal Marketing pvt Ltd	37695	1.32	01.04.2018	0	Nil Movement during the year	37695	1.32
		37695	1.32	31.03.2019				
10	RAHUL KATHADE	29595	1.04	01.04.2018	26331	Transfer	55926	1.96
		55926	1.96	31.03.2019				
11	POONAM B BHARWANI *	2095	0.07	01.04.2018	26475	Transfer	28570	1.00
		28570	1.00	31.03.2019				

\*Not in the list of Top ten hareholders as on 01.04.2018. The same have been relected above since share holders were among the Top ten share holders as on 31.03.2019.#Ceased to be in the list of Top ten shareholders as on 31.03.2019. The same have been reflected above since shreholders were among the top ten shreholder as on 31.03.2018.

**v) Shareholding of Directors & Key Mnegerial Personel (KMPs)**

Sl. No	Name	No. of Shares at the beginning (01.04.18)/end of the year(31.03.19)		Date	Increase/ decrease	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
<b>A</b>	<b>Directors</b>							
1	Subhash Tippanna Katare	344005	12.07	01.04.2018	0	Nil Movement during the year	344005	12.07
		344005	12.07	31.03.2019				
2	Vidhyavati Kishor Katare	10350	0.36	01.04.2018	0	Nil Movement during the year	10350	0.36
		10350	0.36	31.03.2019				
3	Umakant M Mahindrakar	7478	0.26	01.04.2018	0	Nil Movement during the year	7478	0.26
		7478	0.26	31.03.2019				

**B KMPs**

1	Kishor Tippanna Katare	637142	22.36	01.04.2018	0	Nil Movement during the year	637142	22.36
		637142	22.36	31.03.2019				
2	KAMAL KISHORE KATARE	50	0.00	01.04.2018	23105	Transfer	23155	0.8100
		23155	0.81	31.03.2019				

**V INDEBTEDNESS****(Rs. In Lacs)****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtness at the beginning of the</b>				
i) Principal Amount	1775.45	177.64	0.00	1953.09
ii) Interest due but not paid	1185.26			1185.26
iii) Interest accrued but not due	8.16			8.16
<b>Total (i+ii+iii)</b>	<b>2968.87</b>	<b>177.64</b>	<b>0.00</b>	<b>3146.51</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	0.00	114.34		114.34
Reduction	136.15	90.63	0.00	226.78
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1347.58	191.73	0.00	1539.31
ii) Interest due but not paid	1483.97	9.62		1493.59
iii) Interest accrued but not due	1.17	0.00	0.00	1.17
<b>Total (i+ii+iii)</b>	<b>2832.72</b>	<b>201.35</b>	<b>0.00</b>	<b>3034.07</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director**

<b>Sl. No</b>	<b>Particulars of Remuneration</b>	<b>Name of the MD/WTD/Manager</b>	<b>Total Amount</b>
1		<b>Shri Kishore T Katare Managing Director</b>	
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in	600000	
	(b) Value of perquisites u/s	0	600000
	(c) Profits in lieu of salary	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit		
	others (specify)		
5	Others, please specify	-	-
	<b>Total (A)</b>		600000
	<b>Ceiling as per the Act</b>		N.A.

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Shri Subhash T katare	Shri U M Mahindrakar	Mrs Vidhyvati katare	Shri Y N Konda	Shri S B Inamdar
1	Independent Directors					
	(a) Fee for attending board committee	-	-	-	8000	8000
	(b) Commission	-	-	-	-	-
	(c) Others - Conveyance Exps	-	-	-	8000	8000
	<b>Total (1)</b>	0	0	0	16000	16000
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings	8000	8000	8000	-	-
	(b) Commission	-	-	-	-	-
	(c) Others - Conveyance Exps	8000	8000	8000	-	-
	<b>Total (2)</b>	16000	16000	16000	0	0
	<b>Total (B)=(1+2)</b>	16000	16000	16000	16000	16000
	<b>Total Managerial Remuneration</b>					<b>680000</b>
	<b>Overall Cieling as per the Act.</b>					N.A.

#Total Remuneration to whole Time Directors and other Directors (being the total of A& B)

**C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	Company Secretary	CFO	Total	
1	Gross Salary					
There were no one as key managerial personnel other than M/D Manager/WTD as defined under Companies Act, 2013 in the Company.						

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT /Court)	Appeal made if any (give details)
There was no any penalties/ punishment /compounding of offences incurred during the year					

By Order of the Board of Directors  
**KATARE SPINNING MILLS LIMITED**  
SD/-  
KISHORE KATARE  
Managing Director  
(DIN No.-00645013)

Place: Solapur  
Date: 01<sup>st</sup> August, 2019

## INDEPENDENT AUDITOR'S REPORT

To,

The Members of Katare Spinning Mills Limited

Report on the Standalone Financial Statements

I have audited the accompanying standalone financial statements of Katare Spinning Mills Limited (the Company), which comprise the Balance Sheet as at 31 st March 2019, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for theyear then ended,and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position) Profit or Loss (financial performance including other comprehensive income) cash flows and changes in the equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these standalone financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### **Basis for qualified Opinion**

a. As stated in Note No. 07 to the accounts, the Company has included in other non-current assets a sum of Rs. 428.00 lakh as deferred interest expenditure. In the past the Company had availed a term loan ICICI Bank Ltd (which was under OTS with them) which was subsequently assigned by ICICI to Kotak Mahindra Bank Ltd. Consequent upon assignment The Kotak Mahindra Bank Ltd filed suit against the Company in DRAT for recovery. The Company has settled the said loan with Kotak Mahindra Bank Ltd for an agreed amount of Rs. 750 lakh of which Rs. 325 lakh was deposited before

DRAT and Rs. 425 lakhs are paid on or before 31/05/2013. Accordingly no loan balance is now outstanding.

b. The Company had a transferred balance in Capital Reserve of Rs. 150 lakh when the loan was settled with ICICI Bank Ltd. The said balance is then reversed from Capital Reserve and the balance Rs. 600 lakh represented the amount of interest from the year 2002 to the date of settlement. The Company has deferred this interest amount of Rs. 600 lakh to be written off over a period of 7 years and have accordingly charged Rs. 172.00 lakh in the two years (2012-2013 & 2013-2014) but has not charged Rs.428.00 lakh to the statement of profit and loss for the year under audit (Rs.NIL for the year under review and Rs.428.00 lakh in the preceding year 2014-15, 2015-16, 2016-17 & 2017-18) and balance Rs.(0) Nil should have been remained to be carried forward as deferred revenue expenditure as on the date Balance Sheet.

c. Trade Receivables to the extent of Rs. 25.06lakhs and other current assets/advances of Rs. 147.42.lakhs aggregating to Rs. 172.48lakhs are bad for which no provision is made in the accounts as referred to in Note No.5 and Note No. 6 in the notes on accounts

d. Had the items reported in (b) and (c) above been charged to the statement of profit and loss, the profit for the year of Rs. 9.86 lakh would have been decreased from Rs. 600.48lakh resulting into loss of Rs. 590.62 Lakh. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs. 590.62lakh.

e. No provision is made for payment for gratuity on actuarial basis as on 31 st March 2019 hence its impact on the net profit could not be ascertained as referred to Note No. 27(b) in the notes on accounts.

### **Qualified Opinion**

In my opinion and to the best of my information and according to the explanations given to me, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act of the state of affairs (financial position) of the Company as at 31st March, 2019, and its Loss (financial performance including other comprehensive income) its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of the Matter**

I draw attention to –

The cash credit and term loan availed by the company from Bank of India have become Non-Performing Assets due to defaults in payments of Installments and interest thereon and the loan accounts have been classified as Non-performing assets. Accordingly, the lender bank has not charged interest on the loan account. However, company has made provision in the books of accounts for unapplied interest on the reasonable estimate based on the terms of loan.

The lenders, Bank of India, have taken possession of property of hotel division of the company on 25/10/2017 under SARFESAI Act and from that date the hotel business of the company is not operating. The company has referred the matter to Debt Recovery Tribunal, Pune. The financials have been prepared on the assumption of going concern as the management is of the opinion that the company will remain in business in the foreseeable future. The Company has approached to the bank for one Time Settlement of Loans which has been accepted in Principle by the bank and Company has deposited 10% of the OTS amount.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government in terms of sub-section (11) of section 143 of the Act, I give in "Annexure A" a statement on matters specified in paragraphs 3 and 4 of the said order.

2. As required by Section 143 (3) of the Act, I report that:

(a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.

(b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;

(c) The standalone financial statements dealt with by this report are in agreement with the books of account;

(d) Except for the possible effects of the matter described in the basis for qualified opinion paragraph in my opinion on the standalone financial statements, these statements comply with the Ind AS specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the Internal Financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to my separate report in "Annexure B", and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:

i. The Company has disclosed the impact of pending litigations on its standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

N. R. Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W

Nilkanth R. Waghchaure  
Proprietor  
ICAI Membership No.: 048890  
Solapur, 29<sup>th</sup> May, 2019



## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

The annexure referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 st March 2019, I report that

- (i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of the fixed assets.
  - b) Fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the management which, in my opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification. In my opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
  - c) According to the information and explanation given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of its inventory:
  - a) The inventories of finished goods, semi-finished goods, stores, spare parts and raw materials were physically verified at regular intervals by the Management.
  - b) The procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of its inventories. According to information and explanation given to me, the discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
  - (iii) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and therefore paragraph 3(iii) of the Order is not applicable.
  - (iv) In my opinion and according to information and explanations given to me the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
  - (v) The Company has not accepted any deposits from the public.
  - (vi) I have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government under Section 148(1) of the Companies Act, 2013 and I am of the opinion that prima facie the prescribed cost records have been made and maintained. I have, however, not made a detailed examination of these records with a view to determining whether they are accurate or complete.
  - (vii) In respect of statutory dues:
    - a) According to the information and explanation given to me and on the basis of my examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Excise Duty, Cess., GST and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except outstanding Maharashtra Value Added Tax Liability of Rs. 20,93,155 and GST of Rs. 3,05,931 aggregating to Rs. 23,99,086 According to the information and explanation given to me, no undisputed amounts payable in respect of provident fund, income-tax, wealth tax, excise duty, sales tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
    - b) According to the information and explanation given to me, there are no material dues of statutory nature which have not been deposited with the appropriate authorities on account of any dispute, except the following dues which have not been deposited by the company on account of disputes:

Name of the Statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where the dispute is pending
MVAT Act, 2002	Sales Tax, interest and penalty	13,29,572	FY 2006-07	MVAT Appellate Tribunal, Mumba
MVAT Act, 2002	Sales Tax, Interest and penalty	10,55,741	FY 2008-09	DCST-Appeals, Solapur
MVAT Act, 2002	Sales Tax, interest and penalty	26,52,358	FY 2010-11	DCST-Appeals, Solapur
MVAT Act, 2002	Sales Tax, Interest and Penalty	3,10,829	2006-07	DCST-Appeals, Solapur

(viii) The Company has defaulted in the repayment of Installments of Term Loan availed from Bank of India of Rs. 4,92,66,000 and unpaid interest thereon of Rs. 74,40,022 and unapplied interest on Term Loan of Rs. 5,64,59,336 and unapplied interest on Cash credit of Rs. 3,52,32,292 (aggregating towards repayment of loan & interest of Rs.14,83,97,650) and the Special Capital Incentive Rs. 3,16,139 aggregating in total of Rs. 14,87,13,789 which has remained unpaid as at the date of balance sheet.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly paragraph 3(ix) of the order is not applicable.

(x) According to the information and explanation given to me, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of my audit.

(xi) According to the information and explanation given to me and on the basis of my examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly paragraph 3(xii) of the order is not applicable.

(xiii) According to the information and explanation given to me and on the basis of my examination of the records of the Company, transaction with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the Ind AS 24, related party disclosures specified under section 133 of the Act.

(xiv) According to the information and explanation given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanation given to me and on the basis of my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Nilkanth R. Waghchaure  
Proprietor  
ICAI Membership No.: 048890  
Solapur, 29<sup>th</sup> May 2019

N. R. Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W

**“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Katare Spinning Mills Limited.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

I have audited the internal financial controls over financial reporting of Katare Spinning Mills Limited (“the Company”) as of 31 st March 2019 in conjunction with my audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

My responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting include those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

N. R. Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W

Nilkanth R. Waghchaure  
Proprietor  
ICAI Membership No.: 048890  
Solapur, 29<sup>th</sup> May 2019

**Balance Sheet as at 31st March 2019**

	Particulars	Notes	As at 31/03/2019	As at 31/03/2018	As at 31/03/2017
<b>I</b>	<b>ASSETS</b>				
	<b>Non-current assets</b>				
	Property, plant and equipment	1	179,121,074	18,61,74,936	19,68,65,334
	Capital work-in-progress	2	8,148,555	76,48,555	76,48,555
	Investment property		0	0	0
	Goodwill		0	0	0
	Intangible assets under development		0	0	0
	Biological assets other than bearer plants		0	0	0
	Financial assets	3	0	0	0
	- Non-Current investments	4	11,200	11,200	11,200
	- Long-term loans and advances	5	2,756,960	32,10,177	31,56,658
	- Trade Receivables	6	10,820,294	1,16,27,066	1,49,78,116
	- Others	7	52,798,083.00	8,88,41,897	8,71,25,277
	Deferred tax assets (Net)	8	37,727,000	3,77,27,000	2,90,04,000
	Other non-current assets		0	0	0
	<b>Total Non Current Asset : A</b>		<b>291,383,166</b>	<b>33,52,40,831</b>	<b>33,87,89,140</b>
	<b>Current assets</b>				
	Inventories	9	28,797,285	2,47,31,376	2,35,57,750
	Financial assets				
	- Current investments		0	0	0
	- Trade and other receivables	10	20,147,424	2,02,86,751	71,88,507
	- Cash and cash equivalents	11	75,959,350	2,38,08,769	2,41,62,930
	- Short term loans and advances	12	0	0	0
	Assets for current tax (net)				
	Other current assets	13	3,589,280	27,40,463	1,00,07,257
	<b>Non-current assets classified as held for sale</b>				
	Other Non-Current Assets		0	0	0
	<b>Total Current Assets B</b>		<b>128,493,340</b>	<b>7,15,67,359</b>	<b>6,49,16,444</b>
	<b>Total Assets</b>		<b>419,876,506</b>	<b>40,68,08,190</b>	<b>40,37,05,584</b>

**Balance Sheet as at 31st March, 2019**

	Particulars	Notes	As at 31/03/2019	As at 31/03/2018	As at 31/03/2017
<b>II</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>				
	Equity Share capital	14	28,500,000	2,85,00,000	2,85,00,000
	Other Equity	15	20,708,253	1,97,22,355	4,88,88,501
	- Equity component of other financial instrument				
	- Retained earnings @				
	- Reserves				
	- Reserves representing unrealised gains/ losses				
	- Other reserves				
	Money received against share warrants				
	Others				
	<b>Share application money pending allotment</b>				
	<b>Total Equity</b>		<b>49,208,253</b>	<b>4,82,22,355</b>	<b>7,73,88,501</b>
	<b>Non-current liabilities</b>				
	Financial liabilities				
	- Long term borrowings	16	28,198,139	7,53,32,329	8,42,71,793
	- Other financial liabilities (Trade Payable)	17	0	0	0
	Long term provisions		0	0	0
	Deferred tax liabilities (Net)		0	0	0
	Other non-current liabilities	18	6,742,236	5,1,83,406	25,90,690
	<b>Total Non Current Liabilities</b>		<b>34,940,375</b>	<b>8,05,15,735</b>	<b>8,68,62,483</b>
	<b>Current liabilities</b>				
	Financial liabilities				
	- Short term borrowings	19	303,407,253.85	23,93,19,128	20,43,95,962
	- Trade and other payables	20	26,124,132.79	3,19,09,376	2,78,96,648
	- Other financial liabilities		0	0	0
	Other current liabilities	21	5,784,460	68,06,263	71,26,657
	Short-term provisions (IT Provision)		412,031	35,333	35,333
	Liabilities for current tax (net)				
	<b>Total Current Liabilities</b>		<b>335,727,878</b>	<b>27,80,70,100</b>	<b>23,94,54,600</b>
	<b>Liabilities associated with group(s) of assets held for disposal</b>		<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Equity and Liabilities</b>		<b>419,876,506</b>	<b>40,68,08,190</b>	<b>40,37,05,584</b>

The accompanying notes from 1-33 are an integral part of the financial statements

As per our audit even date

N.R.Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W

for and on behalf of the Board of Directors  
Katare Spinning Mills Ltd.

Nilkanth R Waghchaure  
Proprietor

K T Katare  
Managing Director

S T Katare  
Director

Mr K K Katare  
CFO

Arati V Bandi  
Company Secretary

ICAI Membership No : 048890  
Solapur, 29<sup>th</sup> May 2019

**DIN 00645013**

**DIN 00685066**

**M.No. 25162**

**Statement of Profit and Loss for the Year Ended 31st March, 2019**

	Particulars	Notes	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>I</b>	<b>Income:</b>			
	Revenue from Operations (Gross)	22	319,861,127	32,40,83,750
	Other Income	23	45,533,070	51,52,740
	<b>Total Revenue</b>		<b>365,394,196</b>	<b>32,92,36,490</b>
<b>II</b>	<b>Expenses:</b>			
	Cost of Materials Consumed	24	300,780,905	27,65,99,310
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	-8,008,209	9,67,076
	Employee Benefits Expense	26	10,464,151	1,77,23,621
	Finance Costs	27	32,382,445	3,19,10,408
	Other Expenses	28	19,752,890	2,91,15,129
	Depreciation and Amortization Expense	1	8,659,422	1,08,10,091
	<b>Total Expenses</b>		<b>364,031,605</b>	<b>36,71,25,635</b>
<b>III</b>	<b>Profit/(Loss) Before Tax</b>		<b>1,362,591</b>	<b>-3,78,89,145</b>
<b>IV</b>	<b>Tax Expense:</b>			
	Current tax including MAT		376,694	0
	Deferred tax		0	0
	<b>Total</b>		<b>376,694</b>	<b>87,23,000</b>
<b>V</b>	<b>Loss for the period</b>		<b>985,897</b>	<b>-2,91,66,145</b>
<b>VI</b>	<b>Other Comprehensive Income:</b>			
(a)	Items that will not be reclassified to statement of profit or loss:		0	0
(b)	Income tax relating to items that will not be reclassified to statement of profit or loss - Foreign Currency Exchange Loss		0	0
(c)	Items that will not be reclassified to statement of profit or loss:		0	0
(d)	Income tax relating to items that will be reclassified to statement of profit or loss		0	0
<b>IX</b>	<b>Total Comprehensive Loss for the period</b>		<b>985,897</b>	<b>-2,91,66,145</b>
XVI.	Earnings per equity share			
(i)	Basic	Basic	0.26	(7.64)
(ii)	Diluted	Diluted	0.26	(7.64)

The accompanying notes are an integral part of the financial statements terms my report attached.

N.R.Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W  
Nilkanth R Waghchaure  
Proprietor  
ICAI Membership No : 048890  
Solapur.29<sup>th</sup> May 2019

K T Katare                      S T Katare                      Mr K K Katare                      Arati V Bandi  
Managing Director              Director                      CFO                      Company Secretary  
**DIN 00645013                      DIN 00685066                      M.No. 25162**

**NOTE :1 SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS ON 31st March 2006SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS ON 31.03.2019**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	COST AS ON	ADDITION DURING THE YEAR (18-19)	DISPOSAL/ ADJUSTME NT	AS ON	UPTO	FOR THE YEAR	DISPOSAL/ ADJUSTMENT	UPTO	AS ON	AS ON
1	01.04.18	3	4	5	6	7	8	9	10	11
	2			(2+3-4)				(6+7-8)		(5-9)
FACTORY/HOTEL LAND	163,50,707	0	0	163,50,707	0	0	0	0	163,50,707	163,50,707
BUILDING	672,64,487	3,54,365	0	676,18,852	0	16,40,859	0	16,40,859	672,64,487	659,77,993
BUILDING SOLAR PROJECT	69,08,279	0	0	69,08,279	0	2,59,335	0	2,59,335	69,08,279	66,48,944
PLANT & MACHINERY	189,46,823	12,00,000	55,834	200,90,989	0	8,30,508	0	8,30,508	192,28,021	192,60,481
PLANT & MACHINERY SOLAR PROJ	727,32,871	0	0	727,32,871	0	56,51,549	0	56,51,549	727,32,871	670,81,322
VEHICLES	4,08,372	0	0	4,08,372	0	1,37,584	0	1,37,584	4,08,372	2,70,788
OFFICE EQUIPMENTS	29,145	36,147	0	65,292	0	3,534	0	3,534	29,628	61,758
COMPUTER	4,58,336	0	0	4,58,336	0	40,618	0	40,618	4,57,015	4,17,718
FURNITURE & FIXTURE	21,42,009	0	0	21,42,009	0	0	0	0	3,39,009	21,42,009
OTHER ASSETS SOLAR PROJECT	43,553	0	0	43,553	0	13,166	0	13,166	43,554	30,387
OTHER ASSETS	8,99,962	41,936	0	9,41,898	0	82,196	0	82,196	8,90,655	8,59,702
<b>TOTAL = A</b>	<b>1861,84,544</b>	<b>16,32,448</b>	<b>55,834</b>	<b>1877,61,158</b>	<b>0</b>	<b>86,59,349</b>	<b>0</b>	<b>86,59,349</b>	<b>1846,52,598</b>	<b>1791,01,809</b>
B) Research & Devp. Equip.	19,338	0	0	19,338	0	73	0	73	0	19,265
II) Research & Devp. G Block	0	0	0	0	0	0	0	0	0	0
<b>TOTAL = B</b>	<b>19,338</b>	<b>0</b>	<b>0</b>	<b>19,338</b>	<b>0</b>	<b>73</b>	<b>0</b>	<b>73</b>	<b>0</b>	<b>19,265</b>
<b>Grand Total</b>	<b>1862,03,882</b>	<b>16,32,448</b>				<b>86,59,422</b>				<b>1791,21,074</b>
<b>Note No : 2 Capital Work in Progress</b>										
Solar Project	69,83,715	0	0	69,83,715	0	0	0	0	69,83,715	69,83,715
Building Under Construction	6,64,840	0	0	6,64,840	0	0	0	0	6,64,840	6,64,840
Plant & Machinery - YCP Machine	0	5,00,000	0	5,00,000	0	0	0	0	0	5,00,000
<b>TOTAL = C</b>	<b>76,48,555</b>	<b>5,00,000</b>	<b>0</b>	<b>81,48,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,48,555</b>	<b>81,48,555</b>
<b>TOTAL (A+B+C)</b>	<b>1938,52,437</b>	<b>21,32,448</b>	<b>55,834</b>	<b>1959,29,051</b>	<b>0</b>	<b>86,59,422</b>	<b>0</b>	<b>86,59,422</b>	<b>1923,01,153</b>	<b>1872,69,629</b>
Previous Year	2036,26,096	42,74,320	0	2079,00,416	110,35,082	0	0	110,35,082	1968,65,334	0



**Note No : 3 Financial Assets**

Sr No.	Perticulers	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.	As on 01/04/2017 Rs.
a)	Earmarked Balances with Banks (Unpaid Dividend)	0	0	0
	<b>Total :-</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes : 04 non current investments**

1	Bank of India 900 Equity Shares of Rs. 10 each fully paid	9,000	9,000	9,000
2	Laxmi Coop Bank 1 equity share of Rs. 100 fully paid	100	100	100
3	Kamala Coop Bank Ltd 2 equity shares of Rs. 1000 each fully paid	2,000	2,000	2,000
4	Kamala Sakhar Udhog Ltd1 equity of Rs. 100 fully paid	100	100	100
	<b>Total :-</b>	<b>11,200</b>	<b>11,200</b>	<b>11,200</b>

**Notes : 05 Long-term Loans & Advances**

1	Advance against Capital Goods	0	0	0
2	Sundry Debtors (More than 1 year)	2,756,960	32,10,177	31,56,658
3	Less : Debtors Advance more than one year	0	0	0
	<b>Total :-</b>	<b>2,756,960</b>	<b>32,10,177</b>	<b>31,56,658</b>

**Notes : 06 Trade Receivable**

	Secured- Considered Good			
	Unsecured- Considered Good			
	Bad	10,820,294	1,16,27,066	1,49,78,116
	Total	10,820,294	1,16,27,066	1,49,78,116
	Less: Bad	0	0	0
	<b>Total :-</b>	<b>10,820,294</b>	<b>1,16,27,066</b>	<b>1,49,78,116</b>

**Notes : 07 Others**

Sr No.	Particulars	As at 31/03/2019		As at 31/03/2018		As on 01/04/2017	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i	Loans shall be Classified as						
	a) Security Deposit	0.00		85,315		1,16,514	
	b) Loan To Related Parties	0.00		0		0	
	C) Other Loan (Fixed Assets advance)		0.00		85,315	0	1,16,514
ii	Above Loans are sub-classified as Secured- Considered Good	0		0		0	
	<b>Unsecured- Considered Good</b>						
	All Business Deposits	1,527,489.00		14,85,988		14,85,988	
	VAT, Sales Tax						
	Income Tax Refunds	3,380,360.61		33,80,361		31,32,542	
	MAT Credit Entitlement	5,090,233.00		50,90,233		50,90,233	
	Others						
	Bonus Accrued on KM INS	0		3,60,00,000		3,45,00,000	
	Interest on Term Loan (Deffered)	42,800,000.00		4,28,00,000		4,28,00,000	
	Total	52,798,082.61	52,798,083	88,756,582	8,87,56,582	87,008,763	8,70,08,763
	Doubtful	0.00		0	0	0	0
Less - Doubtful	52,798,082.61	52,798,083	88,756,582	8,87,56,582		8,70,08,763	
	<b>Total :-</b>		<b>52,798,083</b>		<b>8,88,41,897</b>		<b>8,71,25,277</b>

In the past company had availed a Term Loan for its Hotel Project at Solapur from ICICI Bank Ltd., which the 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 amount outstanding of loan. However the interest paid of Rs. 600 lacs for the year 2012-2013 was decided to be written off in 7 years. Accordingly company has written off Rs. 172 Lacs in the year 2012-13 and 2013-14 but after that the company has not written off Rs. 86.00 lacs each in the year 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 aggregating to Rs. 428 lakh balance of Rs. Nil would have remained to be carried forward.

**Note : 08 DEFERRED TAX ASSET/LIABILITY**

Deferred tax assets for the period ended March, 31, 2019 has been provided on the estimated tax computation for the year. Major components of deferred tax assets and liabilities arising on account of timing differences are

A	Deferred tax Assets					
	Unabsorbed depreciaton & Losses	56,867,000		5,68,67,000		5,68,67,000
	Disallowances	17,024,000		1,70,24,000		1,35,51,000
	Provision for Bad & Doubtful debts	5,329,000		53,29,000		28,03,000
	Total		79,220,000		7,92,20,000	7,32,21,000
B	Deferred tax Liabilities					
	On account of timing difference in depreciation	30,366,000		3,03,66,000		3,35,54,000
	Others- Accrued bonus on Keyman	11,127,000		1,11,27,000		1,06,63,000
	Total		41,493,000		4,14,93,000	4,42,17,000
C	Deferred Tax Asset/Liability		37,727,000		3,77,27,000	2,90,04,000

**Notes : 09 INVENTORIES**

Sr No.	Perticulers	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.	As on 01/04/2017 Rs.
	<b>Inventories-(at cost except otherwise stated and as certified by Board of Director)</b>			
1	Raw Materials	799,529	48,20,955	21,62,523
2	Consumables	1,994,705	19,15,579	24,84,049
3	Work in Process	2,136,375	8,77,100	31,74,310
4	Finished Goods	23,866,676	1,71,17,742	1,57,36,868
	<b>Total :-</b>	<b>28,797,285</b>	<b>2,47,31,376</b>	<b>2,35,57,750</b>

**Notes : 10 CURRENT TRADE RECEIVABLES**

1	Secured- Considered Good	0	0	0
2	Unsecured- Considered Good	20,147,424	2,02,86,751	71,88,507
	Less - Doudtful	0	0	0
	Total	20,147,424	2,02,86,751	71,88,507
	Less: Doudtful	0	0	0
	<b>Total :-</b>	<b>20,147,424</b>	<b>2,02,86,751</b>	<b>71,88,507</b>

**Notes : 11 CASH & BANK BALANCES**

	<b>Cash and cash equivalents</b>			
1	Cash on hand	22,816	1,58,920	2,29,396
	<b>Balances with banks</b>			
1	Bank of India CD 2011/79	12,176	17,158	11,470
2	Bank of Maharashtra C/A	7,882	8,000	0
3	Bank of Maharashtra CD A/c 138	12,621	12,674	11,042
4	Kamala Coop Bank FD	23,595,657		
5	Bank of India CCH	2,357	2,35,95,657	2,35,95,657
6	Kamala Coop Bank A/c 713	841	6,228	78,076
7	TJSB Sah Bank	0	841	0
8	BOI OTS 6029 and 10	12,305,000		
9	FD with Kamala Bank-3767	10,000,000	9,291	2,37,289
10	Vyapari Bank FD	30,000,000		
	<b>Total :-</b>	<b>75,959,350</b>	<b>2,38,08,769</b>	<b>2,41,62,930</b>

**Notes : 12 Short Term loans and advances**

a	Loans and advances to related parties			
	Unsecured, considered good	0	0	0
b	Others (Unsecured, considered good)	0	0	0
	<b>Total :-</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes : 13 Other Current Assets**

Sr No.	Particulars	As at 31/03/2019		As at 31/03/2018		As on 01/04/2017	
		Rs.		Rs.		Rs.	
I	(Unsecured Considered Good) Advances recoverable in cash or in kind for value to be received						
1	Hank Yarn Obligation Receivable	5,390		2,18,530		0	
2	Interest Accrued	227,637		93,794		1,37,104	
3	Balance with Govt Authority	578,801		2,76,987		3,68,799	
4	Prepaid Expenses	127,564		1,27,215		1,74,870	
5	SMC Advance payment	40,413		40,413		0	
6	Advances recoverable in cash & Kind	2,609,475		19,83,524		93,26,484	
	<b>Total :-</b>		<b>3,589,280</b>		<b>27,40,463</b>		<b>1,00,07,257</b>

**Notes : 14 SHARE CAPITAL**

1	<b>AUTHORISED SHARE CAPITAL</b> 6000000 Equity Shares of Rs. 10/- each	6,00,00,000		6,00,00,000		6,00,00,000	
			<b>6,00,00,000</b>		<b>6,00,00,000</b>		<b>6,00,00,000</b>
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE</b> 2850000 Equity Shares of Rs. 10/- each fully paid	2,85,00,000		2,85,00,000		2,85,00,000	
	<b>Total :-</b>		<b>2,85,00,000</b>		<b>2,85,00,000</b>		<b>2,85,00,000</b>

**Details of Shareholders holding more than 5% shares in the company**

		No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
1	Kishor Tipanna Katare	6,37,142	23	6,37,142	23	3,47,682	12
2	Subhash Tippanna Katare	3,44,005	12	3,44,005	12	3,33,755	12
3	Shakuntala Tulsidas Katare	3,82,651	13	3,82,651	13	3,82,658	13
4	Tipanna Tulsiram Katare (Deceased)	0	0	0	0	2,86,236	10
5	Balram Bharwani	1,71,415	6	1,71,415	6	1,63,000	6

**Note No : 15 OTHER EQUITY**

		As at 31/03/2019	As at 31/03/2018	As on 01/04/2017
	Capital Reserve	58,423	58,423	58,423
	Revaluation Reserve	57,580,813	5,75,80,813	5,75,80,813
	General Reserve	6,032,884	60,32,884	60,32,884
	Retained Earnings	-43,012,936	-4,39,98,833	-1,48,32,688
	Share Premium	49,068	49,068	49,068
	<b>Total :-</b>	<b>20,708,253</b>	<b>1,97,22,355</b>	<b>4,88,88,501</b>

**Notes : 16 LONG - TERM BORROWINGS**

Sr. No.	Particular	As at 31/03/2019		As at 31/03/2018		As on 01/04/2017	
		Rs.		Rs.		Rs.	
1	Bank of India TL Solar Div-10	2,78,82,000		4,07,34,000		5,35,86,000	
2	Special Capital Incentive	3,16,139		3,16,139		316,139	
3	Loan from LIC on Keyman Insurance Policy	0		2,75,46,000		2,75,46,000	
4	Interest on LIC Loan Payable	0		67,36,190		28,23,654	
	<b>Total :-</b>	<b>28,198,139</b>		<b>7,53,32,329</b>		<b>8,42,71,793</b>	

Additional information to Secured/Unsecured Borrowings - The long term portion of term loans are shown under long term borrowings & current maturities of long term borrowings are shown under the current liabilities as per the disclosure requirements of the Act. Details of Securities & terms of Repayment a) Loan from Life Insurance Corporation of India Was secured by an assignment of Director's Key-man Life Insurance policies in their favour. b) The term loan from Bank of India is secured by hypothecation of Solar Power Project Machinery

**Notes : 17 OTHER FINANCIAL LIABILITIES (TRADE PAYABLE)**

1	Non Current Other Financial Liabilities	0		0		0	
2	Non Current Provision	0		0		0	
3	Other Non Current Liabilities (Dues Payable of Government)	0		0		0	
	<b>Total :-</b>		<b>0</b>		<b>0</b>		<b>0</b>

**Notes : 18 OTHER NON CURRENT LIABILITIES**

1	Gratuity Payable	0		0		0	
2	Sundry Creditors (More than -1 year)	6,742,236		51,83,406		25,90,690	
	<b>Total :-</b>		<b>67,42,236</b>		<b>51,83,406</b>		<b>25,90,690</b>

**Notes : 19 SHORT TERM BORROWINGS**

Sr. No.	Particular	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.	As on 01/04/2017 Rs.
A	Loans Repayable on Demand - From Bankers			
	Bank of India 6029	61,622,909	6,16,22,909	6,16,19,241
	Kamala Co-op Bank OD 421	24,760,423	1,23,67,996	1,30,84,282
	Kamala Co-op Bank OD (Hotel)	21,992,988	2,21,06,225	2,21,10,266
1	Unapplied Interest on CC	35,232,292	2,52,42,303	1,63,42,412
2	Bank of India Term Loan Solar Plant CM	12,852,000	1,28,52,000	1,28,52,000
3	Unpaid Installment of TL	49,266,000	3,64,14,000	2,35,62,000
4	Unapplied Interest on TL	56,459,336	4,26,93,692	2,79,93,575
5	Unpaid Interest on TL	7,440,022	74,40,022	74,40,022
6	Bank Interest Payable	13,528,277	0	0
7	Interest on LIC Loan	0	5,67,733	5,21,697
C	Loans From Related Parties	20,135,246	1,77,64,084	1,88,70,467
D	Deposit	0	0	0
E	Others	117,761	2,48,164	0
	<b>Total :-</b>	<b>303,407,254</b>	<b>23,93,19,128</b>	<b>20,43,95,962</b>

**Notes : 20 TRADE AND TRADE PAYABLES**

1	Sundry Creditors	26,124,133	3,19,09,376	2,78,96,648
2	Sundry Creditors (Small Scale Undertaking)	0	0	0
	<b>Total :-</b>	<b>26,124,133</b>	<b>3,19,09,376</b>	<b>2,78,96,648</b>

**Notes : 21 OTHER CURRENT LIABILITIES**

A	Revenue Received in Advance				
I	Other Statutory Liabilities (VAT, TDS, PF etc)	2,681,050	2,681,050	31,73,864	23,61,827
II	Other			31,73,864	23,61,827
1	Advances received from customer	103,771	1,03,771	1,03,771	6,66,987
2	Outstanding Expenses	2,408,536	26,15,775	26,15,775	33,43,090
3	From Other Parties	591,103	9,12,853	9,12,853	7,54,753
			3,103,410	36,32,399	47,64,830
	<b>Total :-</b>	<b>5,784,460</b>	<b>68,06,263</b>	<b>68,06,263</b>	<b>7,126,657</b>

**Note 22 : Revenue from operations**

Sr. No.	Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
(a)	Sale of products	---	307,187,049	29,02,32,360
(b)	Sale of services	---	608,926	2,06,84,507
(c)	Other operating revenues	---	1,076,793	7,06,695
(d)	Solar Power Generation (capitively consumed)	---	10,988,359	1,24,60,188
	<b>Total Revenue from operations :-</b>		<b>319,861,127</b>	<b>32,40,83,750</b>

**Note:**

(i)	Sale of products comprises :			
	Manufactured goods			
	Cotton Yarn	---	54,195,049	5,46,80,160
	Less Return Goods		0	0
	Traded goods			
	Cotton Yarn	---	252,992,000	23,55,52,200
	<b>Total - Sale of products :-</b>		<b>307,187,049</b>	<b>29,02,32,360</b>
(ii)	Sale of services comprises			
	Room Rent/Service Charges (Hotel)	---	0	1,98,31,618
	Cotton processing Charges	---	247,225	3,33,611
	Hank yarn receipt	---	361,701	5,19,278
	<b>Total - Sale of services :-</b>		<b>608,926</b>	<b>2,06,84,507</b>
(iii)	Other operating revenues comprise:			
	Sale of scrap & waste	---	1,076,793	7,06,695
	<b>Total - Other operating revenues :-</b>		<b>1,076,793</b>	<b>7,06,695</b>

**Note 23 : Other income**

(a)	Interest income (Refer Note (i) below)	---	2,981,566	26,80,119
(b)	Dividend Income			
	from other long term investments	---	240	240
(c)	Rent received	---	25,000	25,000
(d)	Other non-operating income (Refer Note (ii) below)	---	42,526,264	24,47,381
	<b>Total :-</b>		<b>45,533,070</b>	<b>51,52,740</b>

**Note:**

Sr. No.	Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
(i)	<b>Interest income comprises:</b>			
	Interest from banks on deposits:	---	2,556,054	25,03,298
	<b>Other interest</b>			
	Interest on MSEB deposit	---	46,000	24,762
	Miscellaneous receipts	---	379,512	1,52,059
	<b>Total - Interest income :-</b>		2,981,566	26,80,119
(ii)	<b>Other non-operating income comprises:</b>			
	Accrued Bonus on key Man Policies	---	0	1,500,000
	Previous Year Expenses Reversal	---	53,942	94,720
	Income Tax Refund AY 16-17	---	0	23,605
	Profit on sale of assets	---	1,285,166	521,843
	LIC key Man Insu Maturity Received	---	41,157,340	
	Food Deduction from employees		0	178,423
	Rounded off		-124	0
	Insurance claim Received		29,940	0
	MVAT Refund 2005-06		0	128,790
	<b>Total - Other non-operating income :-</b>		42,526,264	2,447,381

**Note 24.a Cost of materials consumed**

<b>a.</b>	<b>Raw material consumed</b>			
	Opening stock	---	4,904,145	25,73,714
	Add: Purchases of raw material	---	43,767,479	6,32,11,774
	<b>Sub-Total</b>		48,671,624	6,57,85,488
	Sale/return of Raw material		0	18,786
	Less: Closing stock	---	882,719	49,04,145
	<b>Total cost of material consumed (a)</b>		47,788,905	6,08,62,557
<b>b.</b>	<b>Purchase of traded goods</b>			
	Cotton Yarn	---	252,992,000	21,57,36,753
	<b>Total (b)</b>		252,992,000	21,57,36,753
	<b>Total ( a+b ) :-</b>		<b>300,780,905</b>	<b>27,65,99,310</b>



**Note 25. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Sr. No.	Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
	Inventories at the end of the year:			
	Finished goods	---	23,519,943	1,69,11,263
	Work-in-progress	---	2,136,375	8,77,100
	Wastage & scrap	---	346,733	2,06,479
	Diesel (Fule)	---	3,046	2,800
			26,006,097	1,79,97,642
	Inventories at the beginning of the year:			
	Finished goods	---	16,911,263	1,56,28,097
	Work-in-progress	---	877,100	31,74,310
	Wastage & scrap	---	206,479	1,08,771
	Diesel (Fule)	---	3,046	53,540
			17,997,888	1,89,64,718
	<b>Net (increase) / decrease :-</b>		<b>8,008,209</b>	<b>-9,67,076</b>

**Note 26 : Employee benefits expense**

	Salaries and wages	---	9,706,835	1,58,94,884
	Contributions to provident and other funds	---	721,096	15,59,660
	Staff welfare expenses	---	36,220	2,69,077
	<b>Total :-</b>		<b>10,464,151</b>	<b>1,77,23,621</b>

**Note 27 : Finance costs**

	(a) Interest expense on:			
	(i) Borrowings		14,728,122	1,47,00,117
	Interest On Term Loan	---	13,717,458	1,32,43,255
	Bank interest	---	2,771,190	39,58,572
	Other interest (LIC loan)	---	1,068,401	
	Interest Paid To Other	---	97,274	
	Interest Paid on Delayed Payments	---	0	8,464
	Interest Paid Others (Unsecured Loan)			
	<b>Total :-</b>		<b>3,23,82,445</b>	<b>3,19,10,408</b>

**Note 28 : Other expenses**

Sr. No.	Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
	Consumption of stores and spare parts	---	1,607,552	14,56,654
	Consumption of packing materials	---	642,564	5,81,531
	Power and fuel	---	13,523,838	1,98,15,350
	Rent	---	0	22,000
	Repairs and maintenance	---	482,596	12,47,014
	Insurance	---	855,487	10,75,542
	Rates and taxes	---	241,450	8,64,514
	Communication	---	112,775	1,71,883
	Travelling and conveyance	---	671,224	7,21,923
	Printing and stationery	---	23,398	1,01,222
	Freight and forwarding	---	402,980	6,57,341
	Sales commission	---	103,952	2,30,052
	Legal and professional	---	468,875	5,07,468
	Payments to auditors	---		
	- As auditors - statutory audit		45,800	81,800
	Bank charges	---	25,755	1,39,409
	Internet Charges	---	5,000	0
	Directors sitting fees	---	31,000	40,000
	Advertisement	---	20,500	59,272
	Fine & Penalties	---	103,900	36,000
	Miscellaneous expenses	---	119,004	4,74,010
	Job Work Charges	---	11,640	0
	ROC filling Fee	---	3,600	3,800
	Stock Exchange Fee	---	250,000	2,87,500
	Vat Paid	---	0	3,31,919
	Loss of Perishable Stock	---	0	90,009
	GST Paid (RCM)	---	0	5,530
	Laundry Expenses (Hotel)	---	0	1,13,384
	<b>Total :-</b>		<b>19,752,890</b>	<b>2,91,15,129</b>

**Note No: 29****Notes to Standalone Financial Statement as on 31.03.2019****1. Background:**

Katare Spinning Mills Limited (the company') is a company limited by shares, incorporated and domiciled in India. The company is engaged in the manufacture of cotton yarn, solar power and is also engaged in the hospitality business.

**2. Significant accounting policies****2.1 System of Accounting:****First-time adoption of Ind AS Pursuant to the Companies (India Accounting Standard) Rules, 2015,**

The Company has adopted 31st March 2018 as reporting date for first time adoption of India Accounting Standard (Ind AS) and consequently 1st April 2015 as the transition date for preparation of financial statements. The financial statements for the year ended 31st March 2018, are the first financials, prepared in accordance with Ind AS. Upto the Financial year ended 31st March 2017, the Company prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Previous GAAP).

For preparing these financial statements, opening balance sheet was prepared as at 1st April 2016 i.e., the date of transition to Ind AS. The figures for the previous periods and for the year ended 31st March 2017 have been restated, regrouped and reclassified, wherever required to comply with Ind AS and Schedule III to the Companies Act 2013 so as to make them comparable.

This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, including the balance sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March 2017.

**Exemptions:**

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

On transition to Ind AS, the Company has applied the following exemptions:

1. Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
2. Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.
3. Ind AS 102 Share based payment has not been applied to equity instruments in share based
4. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the followings:

Certain financial assets and liabilities that are measured at fair value; (refer accounting policy regarding financial instruments)

Defined benefit plans – plan assets measured at fair value

5. Current and non-current classification

An asset is classified as current if:

- i. It is expected to be realized or sold or consumed in the Company's normal operating cycle;
- ii It is held primarily for the purpose of trading;
- iii It is expected to be realized within twelve months after the reporting period; or
- iv It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A Liability is classified as current if:

- i It is expected to be settled in normal operating cycle;
- ii It is held primarily for the purpose of trading;
- iii It is expected to be settled within twelve months after the reporting period;
- iv It has no unconditional right to defer the settlement of the liability for at least twelve months after reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalents. Based on the nature of products and time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

## 2.2 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chairman and Managing Director has been identified as being the Chief Operating Decision Maker.

The segment results are as under:

(Rs. In lakhs)

SEGMENT REVENUE	Spinning Division		Hotel Division		Solar Power		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Sales Revenue	3520	2914	24	198	110	125	3654	3237
Segment Result	258	(51)	0	(22)	50	67	333	(6)
Unallocated Corporate Expenses	0	(6)	0	0	0	0	0	(6)
Unallocated Corporate Income	0	15	0	0	0	0	0	15
Operating Profit	258	(42)	0	(22)	50	(67)	333	3
Interest Expenses	(151)	(146)	(25)	(26)	(147)	(147)	(323)	(319)
Interest Income	2	1	24	24	0	0	26	25
Profit/loss from ordinary activities	109	(187)	(1)	(24)	(97)	(80)	10	(291)
Extra-Ordinary items	0	0	0	0	0	0	0	0
Net Profit/loss	109	(187)	(1)	(24)	(97)	(80)	10	(291)
<b>OTHER INFORMATION :</b>								
Segment Assets	2416	2488	785	784	997	796	4198	4068
Segment Liabilities	2025	2868	685	404	1191	796	3901	4068
Depreciation (net)	27	28	0	21	59	59	86	108

Power generated in solar division 15,97,460 units consumed captive for spinning division, valued at Rs. 140 lakhs.

## **2.3 Revenue recognition:**

### **i) Revenue from Sale of Goods**

Revenue from Sale of Goods is recognized when all the significant risk and rewards of ownership have been transferred to the buyer, revenue can be measured reliably, the costs incurred can be measured reliably, it is probable that the economic benefits associated to the transaction will flow to the entity and there is no continuing management involvement with the goods. Transfer or risks and rewards vary depending on the individual terms of contract of sale. Revenue from sale of goods is stated inclusive of excise duty when applicable and net of returns, trade allowances, rebates, sales tax, GST and amounts collected on behalf of third parties.

Income from guest accommodation in respect of hotel division is recognized on day to day basis after the guests checks-in. Discounts, if any, in this regard are accounted upon final conclusion of the bill with the guests. Any advance received in respect of the same is treated as a liability pending finalization of bill/provision of services. Income from sale of Food & Beverages is recognized at the point of serving of these items to the guests. The income stated is inclusive of luxury tax, service charge and VAT but net of complimentary and discounts.

In the case of solar power generation unit, it is mainly used for captive consumption. Units generated are treated as income and portion of the units used for captive consumption is booked as expenditure being used at the prevailing rates as if purchased from MSEDCL.

Dividends from investment are recognized as income of the year in which the same are declared by the investee company.

### **ii) Interest Incomes:**

There were no financial instruments requiring treatment specified under Ind AS. Interest income is included in Other Income in the Statement of Profit and Loss.

## **2.4 Income Taxes:**

- i. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
- ii. The current income tax charge is not calculated as the company is in operating loss.
- iii. Income Tax is computed after adjustments of Other Comprehensive income
- iv. Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets realized, or the deferred income tax liability is settled
- v. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses
- vi. Current and deferred tax is recognized in profit or loss. Except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively
- vii. Minimum Alternate Tax paid in accordance with tax laws, which give rise to the future economic benefits in the form of adjustment to future income tax liability, is considered as 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.

## **2.5 Impairment of Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss will be recognized for the amounts by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **2.6 Cash and cash equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

## **2.7 Trade receivables:**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The trade receivable outstanding for more than one year are amounting to Rs. 116.27 Lakhs. However, in the opinion of the management these are considered as good for recovery and has not been written as Bad.

## **2.8 Inventories:**

a. Finished goods are valued at lower of cost or Net Realizable Value. Cost for this purpose is arrived at on Absorption costing basis. Excise duty is included in valuation of finished goods.

b. Stock in process/plant is valued at cost.

c. Stock of raw materials, Stores and Spares and packing materials are valued at cost. Cost for this purpose, does not include duties/taxes that are recoverable in future.

d. Food & Beverages:

1) Groceries: Groceries is valued at cost arrived at on weighted average basis.

2) Beverages: Valued at cost.

Consequent upon possession taken over by the lender bank of the hotel property, the stock which was perishable and unrealizable has been written off.

## **2.9 Investments and other financial assets.**

i. Investments held by the company are not of the nature requiring valuation as measured by Ind AS and accordingly are stated at cost of acquisition.

ii. Impairment of financial assets

For trade receivable only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

## **2.10 Offsetting financial instruments**

There were no such Financial instruments requiring off-set as prescribed under Ind AS.

## **2.11 Property, Plant and Equipment**

Property, Plant and Equipment Leasehold land is carried at historical costs. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the same are depreciated separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest. All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress. Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

#### **Depreciation for Company**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment is provided on written down value method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Building constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortized over the primary lease period of the lands. The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### **2.12 Trade and Other Payables:**

These amounts represent liabilities for goods provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

#### **2.13 Borrowings:**

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds(net of transaction costs)and the redemption amount is recognized in profit or loss over the period of the borrowings using the effectives interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In the case the fee is deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**2.14 Provision**

Provision are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expenses. Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in applicable cases.

**2.15 Employee benefits:**

- 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.
- 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.

**2.16 Dividend:** During the year, the company has not declared the dividend on its shares.

**2.17 Contribution to Equity:**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.18 Earnings per share:**

1. Basic earnings per share is calculated by dividing:
  - The profit attributable to owners of the company
  - By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.
2. Diluted earnings per share
  - Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
    - The after 'income Tax' effect of interest and other financing costs associated with dilutive potential equity shares, and
    - The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

**2.19 Excise Duty:**

During the year under review Excise duty was not applicable to the products of the company.

**2.20 Research and Development:**

Revenue Expenditure on research and development is expensed in the period in which it is incurred. Capital expenditure on research and development is shown as additional fixed assets.

**2.21 Information pertaining to Statement of Profit and Loss:**

There were no foreign currency transactions.



## 2.22 Related Party Transaction

Name of the party	Relationship	Nature of transaction	Transaction Value	Dr /Cr Balance	Balance as on date of balance Sheet	Amount written off	
Kishore T Katare	Managing Director	Remuneration Cr Salary Cr Amount paid	1,50,000 4,50,000 5,83,000	Cr	9,71,372	Nil	
Ganesh Textiles (Prop Kishore T Katare)		Amount received Amount paid	1,05,00,000 90,41,560	Cr	36,04,589	Nil	
Ganesh Textiles (Yarn) - Prop Kishore T Katare		Hank Yarn Sales Yarn Purchases	1,18,94,400 1,18,94,400		0	Nil	
Kishore T Katare (Hotel Div)		Amount received Amount paid	0 0	Cr	13,13,842	Nil	
Kamal K Katare	Son of Director	Amount Credited	32,698		1,07,874		
Subhash Textiles A (Prop Subhash T Katare)	Director		0	Cr	3,51,262	Nil	
Subhash Textiles (Prop Subhash T Katare)	Director	Purchase (Cr) Rent (Cr) Hank Yarn Sale (Dr.) Amount received (Cr) Paid (Dr.)	99,12,000 10,000 99,12,000 42,00,000 3,03,888	Dr	34,66,563	Nil	
Subhash T Katare	Director	Sitting fees Cr Paid Amount	16,000 6935	Cr	9,065	Nil	
Sou Vidyavati K Katare	Director	Sitting fees Cr	16,000	Cr	54,500	Nil	
Vijay Textiles	Deceased Director	Rent Credited Amount Debited	12,000 2,339	Cr	5,86,981	Nil	
Shakuntala T Katare	Wife of Deceased Director	Amount Paid	20,000	Cr	2,32,867	Nil	
Sachin Textile	Daughter in Law of Director	Nil	0	Dr	15,956	Nil	
Kamal Marketing Pvt Ltd	Associate Enterprise	Interest Credited	9,61,561	CR	1,27,61,561	Nil	
Kamal Marketing Pvt Ltd (Trade)		Purchase of yarn Amount received Sales of yarn Cotton Processing Charges Debited Electricity Charges Dr Rent received Amount paid	10,46,34,627 34,35,986 10,30,84,800 3,56,665 3,04,867 25,000 39,88,256		Cr	1,34,89,694	Nil
		Amount paid	0	Cr	1,73,077	Nil	
		Kamal Marketing Pvt Ltd (Hotel)					
Katare Cotton Waste Spg Mills	Associate Enterprise	Sales of yarn Amount paid Purchase of yarn Amount received	15,04,38,603 1,33,69,315 14,07,50,400 1,42,17,620	Dr	1,74,76,317		
				Cr	11,11,067		
Katare Cotton Waste Spg Mills (Hotel Div)							
Rakesh V Katare (Hotel Div)	Son of Deceased Director	Amount paid	0	Dr	1,04,889		

### **2.23 Contingent Liability and Commitments:**

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate possible;
- A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

### **2.24 Critical estimates and Judgments:**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Managements also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of item which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statement.

The areas involving critical estimates or judgments are:

- I. Estimation of current expense and payable
- II. Estimation of defined benefit obligations
- III. Allowance for uncollected accounts receivable and advances-Trade receivable do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivable are written off when management deems them not to be collectible.

Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### **2.25 Corporate Social Responsibility (CSR) Expenditure**

In view of continuous losses, the Company has not incurred any expenditure on this aspect during the year under audit.

### **2.26 Risk Exposure**

Through its defined benefit plans, the company is exposed to a number of risk, the most significant of which are detailed below;

- Interest rate risk: The plan exposes the Company to the risk of change in interest rate of the borrowings
- Salary Escalation Risk: The present value of the defined benefit is not calculated with the assumption of salary increase rate of plan participants in future.
- Demographic Risk: The Company has to use certain mortality and attrition in assumption in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- Asset Liability Mismatching or Market Risk: MarketRisk is the risk that changes in market prices such as the prices of cotton and yarn largely depend upon the changes in the market prices.
- Financial Risk Management Objectives and Policies: The Company's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial liabilities comprise

of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. that arise from its operations

➤ **Credit Risk:** Credit risk refers to the risk of default on its obligation by the customer / counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets. Trade receivables and unbilled revenue are typical unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in normal course of business. On account of adoption of Ind AS 109 the Company uses expected credit loss model to assess the impairment loss or gain.

➤ **Liquidity Risk:** The Company's principle sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. Presently the Company suffers from inadequacy of working capital to meet its current requirements. Accordingly, liquidity risk is perceived but management is trying to find out the end and means to augment the same. The Company is closely monitoring its liquidity position to maintain adequate source of funding.

N.R.Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W

Nilkanth R Waghchaure  
Proprietor  
ICAI Membership No :048890  
Solapur, 29<sup>th</sup> May 2019

for and on behalf of the Board of Directors  
Katare Spinning Mills Ltd.

Kishor T. Katare (Managing Director)

Subhash T. Katare (Director)

Mr K K Katare (CFO)

Arati V Bandi (Company Secretary )

**Note 30: Earnings Per Share (EPS) :**

Particulars	31.03.2019	31.03.2018
a. Net Profit/(Loss) as per profit and loss a/c available for equity share holders	985897	-29166145
b. Weighted average no. of equity shares	2850000	2850000
c. Earnings/(Loss) per share	0.26	-7.64

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

**Note 31: Deferred Taxation:****(Rs. In Lakhs)**

Particulars	Balance as on 31.03.2018	Arising during the year	Balance as on 31.03.2019
<b>A. Deferred Tax Liabilities:</b>			
- on account of timing difference in depreciation	303.66	0	303.66
- Others	111.27	0	111.27
Sub Total A:	414.93	0	414.93
<b>B. Deferred Tax Assets</b>			
- Unabsorbed depreciation and losses	568.67	0	568.67
- Disallowances	170.24	0	170.24
- Provision for Bad & Doubtful Debts	53.29	0	53.29
Sub Total B:	792.20	0	792.20
<b>C. Deferred Tax Assets/Liab (B - A)</b>	<b>377.27</b>	<b>0</b>	<b>377.27</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

N.R.Waghchaure & Associates  
Chartered Accountants,  
FRN: 114999W

Nilkanth R Waghchaure  
Proprietor  
ICAI Membership No :048890  
Solapur, 29<sup>th</sup> May 2019

for and on behalf of the Board of Directors  
Katare Spinning Mills Ltd.

Kishor T. Katare (Managing Director)

Subhash T. Katare (Director)

Mr K K Katare (CFO)

Arati V Bandi (Company Secretary )

**Cash Flow Statement for the year ended 31.03.2019**

Sr . No.	Particulars	Current Year Rs.	Previous Year Rs.
A	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before tax	13,62,591	-3,78,89,145
	Non cash adjustment to reconciled profit before tax to net cash flows		
	Depreciation	86,59,422	1,08,27,851
	Fixed Assets written off	0	0
	Interest Expenditure	3,23,82,445	3,19,10,408
	Interest ,Rent & Other Non Operating Income	-4,55,33,070	-51,52,740
	<b>Operating profit before working capital changes</b>	<b>-31,28,611</b>	<b>-3,03,626</b>
	<b>Movements in working capital</b>		
	Increase/(Decrease) in trade payables	-57,85,243	40,12,728
	Increase/(Decrease) in other current liabilities	-10,21,804	-3,20,394
	Increase/(Decrease) in other long term liabilities	15,58,830	25,92,716
	Decrease/(Increase) in trade receivables	8,06,772	33,51,050
	Decrease/(Increase) in inventories	-40,65,909	-11,73,626
	Decrease/(Increase) in long term loans & advances given	4,53,217	-53,519
	Decrease/(Increase) in short term loans & advances given	0	0
	Decrease/(Increase) in other current assets	-7,63,502	72,66,794
	Decrease/(Increase) in other financial assets	3,59,58,499	-17,16,620
	Decrease/(Increase) in trade receivables (current)	1,39,327	-1,30,98,244
	<b>Cash generated from / (used in) operations</b>	<b>2,41,51,576</b>	<b>5,57,259</b>
	Direct taxes paid (net of refunds)	0	0
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>2,41,51,576</b>	<b>5,57,259</b>
B	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	-21,61,390	-1,65,307
	Proceeds from sale of Fixed Assets	55,834	27,853
	Increase/(Decrease) in trade payables Fixed Assets /	0	0
	Purchase of current investments	0	0
	Investment in bank deposits (having original maturity of more than three months)	-5,23,05,000	0
	Interest ,Rent & Other Non Operating Income	4,55,33,070	51,52,740
	<b>Net Cash from / (used in ) Investing Activities (B)</b>	<b>-88,77,486</b>	<b>50,15,286</b>
C	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Proceeds from issuance of share capital & preference share capital	0	0
	Proceeds from long term borrowings	0	0
	Repayment of long term borrowing	-4,71,34,190	-89,39,464
	Proceeds from short term borrowings	6,40,88,126	3,49,23,166
	Interest Paid	-3,23,82,445	-3,19,10,408
	Dividend paid on equity shares		
	Tax on equity dividend paid		
	<b>Net cash flow from / (used in) Financing Activities (C)</b>	<b>-1,54,28,509</b>	<b>-59,26,706</b>
	<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>-1,54,420</b>	<b>-3,54,161</b>
	Cash & Cash equivalents at the beginning of the period	2,13,112	5,67,273
	Cash & Cash equivalents at the end of the period	58,692	2,13,112

I have audited the above cash flow statement of Katare Spinning Mills Limited from the audited financial statements for the year ended March 31,2018 and March 31,2019 and found the same to be drawn in accordance therewith and also with requirements of clause 32 of the listing agreements with the stock exchange.

For and on behalf of the Board

N. R. Waghchaware & Associates  
Chartered Accountants  
ICAI Membership No :048890  
Solapur.29th May 2019

K T Katare  
S T Katare  
Mr K K Katare  
Arati V Bandi

Managing Director  
Director  
CFO  
Company Secretary

**KATARE SPINNING MILLS LIMITED**

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

Tel- 2623981, 2628581 Email- katarespinningmills.@gmail.com

www.katarespinningmillslimited.com

CIN: L17119PN1980PLC022962

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**39<sup>TH</sup> ANNUAL GENERAL MEETING – MONDAY, 09<sup>TH</sup> SEPTEMBER, 2019**

<b>Registered Folio No. / DP ID &amp; Client ID</b>	
<b>Name and address of the Member(s)</b>	
<b>Joint Holder 1 Joint Holder 2</b>	
<b>No. of Shares</b>	

I / We record my / our presence at the "THIRTY-NINTH ANNUAL GENERAL MEETING" of the Company held on Monday, 09th September 2019, at 11.00 A.M., at "KAMALA" 259, Sakhar Peth, Solapur – 413 005.

.....  
Member's / Proxy's name in Block Letters

.....  
Member's / Proxy's Signature

**KATARE SPINNING MILLS LIMITED**

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**39<sup>TH</sup> ANNUAL GENERAL MEETING – MONDAY, 09<sup>TH</sup> SEPTEMBER, 2019**

**Form No. MGT-11**

**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: **L17119PN1980PLC022962**

Name of the Company: **KATARE SPINNING MILLS LIMITED**

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
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signatures are appended below as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty Ninth Annual General Meeting of the Company, to be held on the Monday, 09th day of September, 2019 at 11.00 am at "KAMALA" 259, Sakhar Peth, Solapur – 413 005 and at any adjournment thereof in respect of such resolution as are indicated below:

Description	For*	Against*
1. To Receive, consider and adopt the Audited Financial Statement together with the Report of the Board of Directors and the Auditors of the Company for the year ended on 31.03.2019		
2. To appoint a Director in place of Mr. Umakant Mahindrakar, who retires by rotation and being eligible, offers himself for re-appointment.		
3. To confirmation of Mr. Prakash Venkappa Joti (Din 08419933) as a director (Non- Executive & Independent)		
4. To confirmation of Mr. Vilas Ramakant Shendge (Din 08419934) as a director (Non- Executive & Independent)		
5. To amend and adopt the new set of Memorandum of Association of the Company as per Companies Act, 2013		
6. To adopt new set of Articles of Association of the Company as per Companies Act, 2013		

Affix  
Revenue  
Stamp

Signature of shareholder  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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

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

\_\_\_\_\_  
Signature of third 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.



## KATARE SPINNING MILLS LIMITED

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

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CIN: L17119PN1980PLC022962

### 39<sup>TH</sup> ANNUAL GENERAL MEETING – MONDAY, 09<sup>TH</sup> SEPTEMBER, 2019

#### BALLOT FORM

Sr. No.	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	No. of shares held	

I/We hereby exercise my/our vote in respect of Ordinary/Special resolution enumerated below by recording my/our assent or dissent to the said resolutions stated in the Notice of 39th Annual General Meeting (AGM) by placing the **tick (√)** mark at the resolution below:

Description	For*	Against*
1. To Receive, consider and adopt the Audited Financial Statement together with the Report of the Board of Directors and the Auditors of the Company for the year ended on 31.03.2019		
2. To appoint a Director in place of Mr. Umakant Mahindrakar, who retires by rotation and being eligible, offers himself for re-appointment.		
3. To confirmation of Mr. Prakash Venkappa Joti (Din 08419933) as a director (Non- Executive & Independent)		
4. To confirmation of Mr. Vilas Ramakant Shendge (Din 08419934) as a director (Non- Executive & Independent)		
5. To amend and adopt the new set of Memorandum of Association of the Company as per Companies Act, 2013		
6. To adopt new set of Articles of Association of the Company as per Companies Act, 2013		

Place: \_\_\_\_\_

Date: \_\_\_\_\_

(Signature of the shareholder)

## **INSTRUCTIONS:**

1. Members may fill up the ballot form printed overleaf and submit the same in a sealed envelope to the scrutinizer, **Mr. G. N. Pawar, Chartered Accountant, Solapur** (appointed as **scrutinizer of the Company** in a fair and transparent manner) at the Mr. G. N. Pawar, Chartered Accountant, office at G-6, Bavi Plaza, 9/3, Murarji Peth, Opp. ST Stand, Solapur- 413 002 or to his Email-Id [gnpawar@gmail.com](mailto:gnpawar@gmail.com)
2. Duly completed and signed Ballot Forms shall reach the Scrutinizer before the AGM date. Alternatively, the Ballot form can also be deposited in the box to be made available at the venue during the AGM. The Ballot Forms received after the AGM date shall be strictly treated as if the reply from the Member has not been received.
3. The Company will not be responsible if the envelope containing the ballot form is lost in transit.
4. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.
5. The right of voting by ballot form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/Demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Link In-time India Private Limited, Pune branch) Members are requested to keep the same updated.
7. There will be only one ballot form for every Folio/DP ID Client ID irrespective of the number of joint holders.
8. In case of joint holders, the ballot form should be signed by the first named member and in his/her absence by the next named member. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such ballot form from other joint holders.
9. Where the ballot form has been signed by an authorized representative of the body corporate/trust/society, etc. a certified copy of the relevant authorization/board resolution to vote should accompany the ballot form.

*Book-Post*

To,

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एक कदम स्वच्छता की ओर

from :

**Katara Spinning Mills Ltd.**

"Kamala" 259, Sakhar Peth,  
Solapur - 413005.