



KATARE SPINNING MILLS LIMITED

"KATARE COMPLEX", 14/30, RAVIWAR PETH,
2nd WING, GROUND FLOOR, GANDHI NAGAR,
AKKALKOT ROAD, SOLAPUR- 413 005
MILL - "KAMALA NAGAR", TAMALWADI Tal TULJAPUR
OFFICE 0217-2376555
Email katar spinningmills@gmail.com
CIN L17119PN1980PLC022962

Ref. No. KSM- 23/2021-22

30.06.2021

To
Department of Corporate Services,
Bombay Stock Exchange Ltd,
Floor No. 25 PhirozJeejeebhay Towers,
Dalal Street,
Mumbai- 400 001
BSE Scrip Code: 502933

Sub: Outcome of Board Meeting
Ref: Regulation 33(3) of the SEBI (LODR) Regulations, 2015

Dear Sir/Madam,

The Board Meeting of the Company was held on 30th June, 2021 at 11.00 a.m. The meeting is conducted by Resolution Professional and at their Meeting they have approved and taken on record the Audited Financial Results for the year ended 31st March, 2021. Meeting concluded on 01.30 p.m.

Please find enclosed herewith the following;


1. Audited Financial Results for the quarter and year ended 31st March, 2021.
2. Statement of Assets and liability and Segment report for the quarter and year ended 31st March, 2021.
3. Independent Auditors report with annexure of unmodified opinion for the quarter and year ended 31st March, 2021.

The information and papers are being filed pursuant to Regulation 33(3) of the SEBI (LODR) Regulations, 2015.

Please take the aforesaid on your records and acknowledge the receipt.

Thanking you,
Yours faithfully,

FOR KATARE SPINNING MILLS LIMITED


VITHAL DAHAKA
Resolution Professional
Reg. IBBI/IPA-003/IP-N-000117/
2017-18/11296

V. M. Dahake
Insolvency Professional
IBBI/IPA-003/IP-N000117
/2017-2018/11296 dated 13-12-17

(KATARE SPINNING MILLS LIMITED is under Corporate Insolvency Resolution Process as per the provisions of Insolvency and Bankruptcy Code, 2016. Its affairs, business and assets are being managed by Resolution Professional, Mr. Vithal Madhukar Dahake, appointed by NCLT, Mumbai bench by order dated July 17, 2020.)

KATARE SPINNING MILLS LIMITED
Reg. Off:- 14/30 GROUND FLOOR, B WING, KATARE COMPLEX,
GANDHINAGAR , DL NO.10 SOLAPUR, MH-413006
CIN- L17119PN1980PLC022962

STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31/03/2021

Sr. No.	Particulars	Three Months ended			Year Ended	
		31/03/2021 Current year (Audited)	31/12/2020 Current year (Unaudited)	31/03/2020 Previous year (Audited)	31/03/2021 Current year (Audited)	31/03/2020 Previous year (Audited)
1	Revenue from Operations	237.86	26.35	803.91	1046.93	3132.66
2	Other Income	10.02	0.12	0.19	10.48	20.58
3	Total Revenue	247.88	26.47	804.10	1057.41	3153.24
4	Expenses:					
a.	Cost of Materials Consumed	0.00	0.00	0.94	0.00	435.34
b.	Purchase of Stock in-trade	186.31	-0.01	672.84	921.79	2447.93
c.	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.02	16.68	128.15	32.14	62.80
d.	Employee benefits expenses	4.80	5.98	7.33	20.13	69.60
e.	Finance Cost	17.40	11.45	26.29	60.04	63.79
f.	Depreciation and amortisation expenses	20.84	22.18	22.19	87.4	88.75
g.	Other Expenses	9.19	36.83	50.45	109.61	207.69
	Total Expenses	243.18	93.11	908.19	1231.11	3375.90
5	Profit/(Loss) (before exceptional and extraordinary items and tax) (3-4)	4.70	-66.64	-104.09	-173.70	-222.66
6	Expetional Items	0		0		0
7	Profit/(Loss) before extraordinary items and tax (5+ 6)	4.70	-66.64	-104.09	-173.70	-222.66
8	Exordinary Items	0		0		0
9	Profit/(Loss) before tax (7+ 8)	4.70	-66.64	-104.09	-173.70	-222.66
10	Tax Expenses:					
	Current	0		0		0
	Deffered					0
	Total Tax Expenses/Credit	0		0		0
	Net Profit/(Loss) for the period (9+ 10)	4.70	-66.64	-104.09	-173.70	-222.66
11						
12	Other Comprehensive Income (including share in associates & joint ventures)					0
A)	Amount of item that will not be reclassified to Profit & Loss	0		0		0
	Income Tax relating to items that will not be reclassified to Profit & Loss	0		0		0
B)	Amount of item that will be reclassified to Profit & Loss	0		0		0
	Income Tax relating to items that will be reclassified to Profit & Loss	0		0		0
13	Total Comprehensive Income for the period (11-12)	4.70	-66.64	-104.09	-173.70	-222.66
14	Paid-up equity Share Capital	285	285	285	285	285
15	Reserve exceeding Revaluation Reserves as per balance Sheet of previous accounting year	0		0		0



V. M. Dahake
V. M. Dahake
Insolvency Professional
IBBI/IPA-003/IP-N000117
/2017-2018/11296 dated 13-12-17

16	Earning Per Share (Basic & Diluted) Not Annualised for Quarter ended (For discontinued & Continued operations)	0.02	0.23	0.37	0.61	0.78
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Notes:

- 1 KATARE SPINNING MILLS LIMITED is under Corporate Insolvency Resolution as per the provisions of Insolvency and Bankruptcy Code, 2016. Its affairs, business and assets are being managed by Resolution Professional, Mr Vitthal Madhukar Dahake, appointed by the NCLT, Mumbai bench by order dated 17th July 2020. Also, we wish to inform you that the Resolution Professional of the Company has considered and approved the audited Standalone Financial Results of the Company for the year ended on 31st March 2021.
- 2 The above result were reviewed recommended and approved by the Resolution Professional at its meeting held on 30th June, 2021. The Statutory Auditors of the Company have conducted a 'Limited Review' of the Financial results for the quarter ended 31st March, 2021.
- 3 The Company has adopted Indian Accounting Standards (Ind AS) from 1st April, 2017. Accordingly, these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India.
- 4 The Company operates in multiple business segment, i.e. Cotton yarn manufacturing, hotel Service, Solar power generation.
- 5 The figures for the previous period have been regrouped/rearranged wherever considered necessary.

Place: Solapur

Date: 30.06.2021

For N.R.WAGHCHAURE & ASSOCIATES

N.R. Waghchaure
N.R. Waghchaure
Chartered Accountant
M No. 048890
21048890AAAADE1727

UDIN :



For Katare Spinning Mills Limited

Vitthal Dahake
Vithal Dahake
Resolution Professional
(Reg. I.BBI/IPA-003/IP-N-000117/2017-18/11296)

V. M. Dahake
Insolvency Professional
IBBI/IPA-003/IP-N000117
/2017-2018/11296 dated 13-12-17

Annexure IV


RATARE SPINNING MILLS LIMITED

Format for Reporting of Segment wise Revenue, Results and Capital Employed along with the quarterly/year ended results (Rs in Lakhs)

Particulars	3 months ended in the current year (31/03/2021) (Audited)	Corresponding 3 months ended in the previous year (31/03/2020) (Audited)	Year to date figures for Current year ended (31/03/2021) (Audited)	Year to date figures for the previous year ended (31/03/2020) (Audited)
1. Segment Revenue (net sale/income from each segment should be disclosed under this head)				
(a) Segment - Cotton yarn mfg.	230.12	776.23	985.09	3029.52
(b) Segment - hotel Service	003.97	000.00	004.32	0000.00
(c) Segment - Solar Power generation	013.89	027.67	068.09	0103.14
(d) Segment				
(e) Unallocated				
Total				
Less: Inter Segment Revenue				
Net sales/Income From Operations	247.98	803.90	1057.41	3132.66

2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment)#				
(a) Segment - Cotton yarn mfg.	25.16	-38.17	-119.94	-149.59
(b) Segment - hotel Service	03.79	-09.28	004.14	-09.28
(c) Segment - Solar Power generation	-06.84	-30.33	002.14	000.00
(d) Segment....				
(e) Unallocated				
Total	22.11	-77.78	-113.66	-158.87
Less: i) Interest**	17.40	26.29	60.04	63.79
ii) Other Un-allocable Expenditure net off				
(iii) Un-allocable income				
Total Profit Before Tax	04.71	-104.07	-173.70	-222.66
3. Capital Employed (Segment assets - Segment Liabilities)				
(a) Segment - Cotton yarn mfg.	507.00	- 674.20	-396.40	-763.32
(b) Segment - hotel Service	001.52	390.16	477.91	478.30
(c) Segment - Solar Power generation	-496.38	- 94.95	-950.50	-419.19
(d) Segment....				
(e) Unallocated				
Total	12.14	-378.99	-868.99	-704.21

- The Company operates in multiple business segment, i.e. Cotton yarn manufacturing, hotel Service, Solar power generation.


V. M. Dabake
 Insolvency Professional
 IBBI/IPA-003/IP-N000117
 /2017-2018/11296 dated 13-12-17

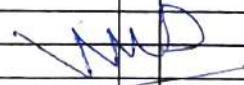
KATARE SPINNING MILLS LIMITED
Reg. Off:- 14/30 GROUND FLOOR, B WING, KATARE COMPLEX,
GANDHINAGAR , BL NO.10 SOLAPUR, MH-413006
CIN- L17119PN1980PLC022962

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 31.03.2021

(Rs.in Lakh's)

PARTICULARS	As at 31.03.2021	As at 31.03.2020
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	1718.52	1808.13
(b) Investment Property	0.00	0
(c) Goodwill	0.00	0
(d) Other Intangible assets	0.00	0
(e) Financial Assets		
(i) Investments	0.11	0.11
(ii) Trade receivables	130.24	108.00
(iii) Loans	0.00	23.89
(f) Deferred tax assets (net)	377.27	377.27
(g) Other non-current assets	511.97	523.09
Current assets		
(a) Inventories	193.41	225.85
(b) Financial Assets		
(i) Investments	0.00	0
(ii) Trade receivables	187.04	222.77
(iii) Cash and cash equivalents	12.05	12.66
(iv) Bank balances other than	0.00	0
(c) Current Tax Assets (Net)	0.00	0
(d) Other current assets	51.63	47.33
Total Assets	3182.25	3349.11
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	285.00	285.00
(b) Other Equity	-189.28	-15.58
LIABILITIES		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	3.16	3.16
(ii) Trade payables	51.62	52.77
(iii) Other financial liabilities	0.00	0.00
(b) Provisions	0.00	0.00
(c) Deferred tax liabilities (Net)	0.00	0.00
(d) Other non-current liabilities	0.00	2.70




V. M. Dabake
 Insolvency Professional
 IBBI/IPA-003/IP-1000117
 /2017-2018/11296 dated 13-12-17


Current liabilities			
(a) Financial Liabilities			
(i) Borrowings		2886.38	2897.70
(ii) Trade payables		93.32	70.10
(iii) Other financial liabilities		0.00	0.00
(b) Other current liabilities		52.05	53.26
(c) Provisions		0.00	0
(d) Current tax liabilities (Net)		0.00	0
Total Equity and Liabilities		3182.25	3349.11
		0.00	0.00

Place: Solapur

Date: 30.06.2021

For N.R.WAGHCHAWARE & ASSOCIATES

For Katare Spinning Mills Limited


N.R. Waghchaure
Chartered Accountant
M No.048890





Vithal Dahake
Resolution Professional
(Reg.IBBI/IPA-003/IP-N-000117/2017-18/11296)

UDIN NO.21048890AAAADE1727

V. M. Dahake
Insolvency Professional
IBBI/IPA-003/IP-N000117
/2017-2018/11296 dated 13-12-17

KATARE SPINNING MILLS LTD
Cash Flow Statement for the year ended 31.03.2021

Sr No.	Particulars	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	-1,73,70,350	-2,22,66,380
	Non cash adjustment to reconciled profit before tax to net cash flows		
	Depreciation	87,40,249	88,75,014
	Fixed Assets written off	0	0
	Interest Expenditure	60,03,793	63,79,209
	Interest Rent & Other Non Operating Income	-10,47,736	-20,58,197
	Operating profit before working capital changes	-36,74,044	-90,70,354
	Movements in working capital		
	Increase/(Decrease) in trade payables	23,22,212	-1,91,14,327
	Increase/(Decrease) in other current liabilities	-1,20,960	-46,524
	Increase/(Decrease) in other financial liabilities	-3,84,038	-11,95,789
	Decrease/(Increase) in trade receivables	1,64,458	3,88,650
	Decrease/(Increase) in inventories	32,44,007	62,11,841
	Decrease/(Increase) in long term loans & advances given	0	0
	Decrease/(Increase) in short term loans & advances given	-2,75,000	-6,15,249
	Decrease/(Increase) in other current assets	-1,55,281	-5,28,436
	Decrease/(Increase) in other financial assets	11,11,920	4,88,785
	Decrease/(Increase) in trade receivables (current)	35,73,342	-21,29,663
	Cash generated from / (used in) operations	58,06,616	-2,56,11,065
	Direct taxes paid (net of refunds)	0	4,12,031
	Net cash flow from / (used in) operating activities (A)	58,06,616	-2,51,99,034
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchases of Fixed Assets including intangible assets, CWIP & capital advances	0	-33,74,221
	Proceeds from sale of Fixed Assets	2,21,245	9,55,488
	Increase/(Decrease) in trade payables Fixed Assets / Mylan	0	0
	Purchase of current investments	0	0
	Investment in bank deposits (having original maturity of more than three months)	0	6,12,24,905
	Interest Rent & Other Non Operating Income	10,47,736	20,58,197
	Net Cash from / (used in) Investing Activities (B)	12,68,981	6,08,64,369
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds from issuance of share capital & preference share capital	0	0
	Proceeds from long term borrowings	0	0
	Repayment of long term borrowing	0	-2,78,82,000
	Proceeds from short term borrowings	-11,31,995	-13,31,837
	Interest Paid	-60,03,793	-63,79,209
	Dividend paid on equity shares		
	Tax on equity dividend paid		
	Net cash flow from / (used in) Financing Activities (C)	-71,35,788	-3,55,93,046
	Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	-60,191	72,289
	Cash & Cash equivalents at the beginning of the period	1,30,982	58,693
	Cash & Cash equivalents at the end of the period	70,792	1,30,982

I have audited the above cash flow statement of Katare Spinning Mills Limited from the audited financial statements for the year ended March 31 2020 and March 31 2021 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

(Signature)
N. R. Waghchaure & Associates
Chartered Accountants
ICAI Membership No :048890
Solapur.

UDIN NO 21048890AAAADD6993

30/06/2021
Components of Cash & Cash Equivalents

For and on behalf of the Board

(Signature)
Vithal M Dahake

Resolution Professional

(Reg. IBB/IPA-003/IP-N-00017/2017-18/11296)

V. M. Dahake
Insolvency Professional
IBBI/IPA 003/IP-N-00017
7/2017-2018/11296 dated 13-12-17



Particulars	As at 31/03/2021	As at 31/03/2020
Bank Balance with Bank	28,117	35,718
Cash in hand	42,675	95,264
	70,792	1,30,982
Deposits	11,34,661	11,34,661
CASH & BANK BALANCES AS PER NOTE 11	12,05,453	12,65,643

N. R. Waghchaure & Associates
Chartered Accountants

16-22, Royal Plaza, Behind Bhagwat Petrol Pump, Murarji Peth,
Solapur - 413001

Ph: 0217-2625054, 2623170 Cell: 9423590501

Email: fcanrw1970@gmail.com

KATARE SPINNING MILLS LTD.

INDEPENDENT AUDITORS REPORT

To The Members of Katare Spinning Mills Limited

Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code 2016 (IBC)

The Honorable Company Law Mumbai Bench, Court No. II admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Katare Spinning Mills Ltd. and appointed Mr. Vitthal M Dahake as the Interim Resolution Professional under Insolvency and Bankruptcy Code 2016 ("Code") vide order dated 17th July 2020. Further the Committee of Creditors ("COC") constituted during the CIRP has confirmed the appointment of Mr. Vitthal M Dahake as the Resolution Professional ("RP") to manage the affairs of Katare Spinning Mills Limited as per the provisions of Insolvency and Bankruptcy Code 2016. Though the total time allowed including extended period for CIRP which expired on 12th April 2021, an application for further extension has been filed and the management of affairs of the company are continuing to be exercised by the Resolution Professional.

Report on the audit of the Standalone Financial Statements Opinion

Opinion:

I have audited the accompanying standalone financial statements of Katare Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.



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, 2021, and its Loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for qualified Opinion

- a. As stated in Note No. 07 to the accounts, the included in other non-current assets is 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) and 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. 750.00 lakh of which Rs. 325.00 lakh was deposited before DRAT and Rs. 425.00 lakh was 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. 150.00 lakh when the loan was settled with ICICI Bank Ltd. The said balance is then reversed from Capital Reserve and the balance Rs. 600.00 lakh represented the amount of interest from the year 2002 to the date of settlement. The Company has deferred this interest amount of Rs. 600.00 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 and Rs. 428.00 lakh in the preceding year 2014-15, 2015-16, 2016-17, 2017-18 & 2018-19) and balance Rs. 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. 22.24 lakhs and other current assets/advances of Rs. 107.99 lakhs aggregating to Rs. 130.23 lakhs 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. Unapplied interest on Term Loan Rs. 147.55 Lakh & on Cash Credit Rs. 90.42 Lakh aggregating to Rs. 237.97 Lakh is not provided in the books of accounts.



- e. Had the Items reported in (b) and (c) above been charged to the statement of profit and loss, the Loss for the year of Rs. 173.70 lakh would have been increased by Rs. 796.20 lakh resulting into total loss of Rs. 969.90 Lakh. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs. 796.20 lakh.

Material Uncertainty Related to Going Concern

The Company's net worth is negative and the borrowings from bank have been classified by the lenders as non-performing assets in the past. The Company has initiated a One Time Settlement application (OTS) with the bank. The company has submitted one-time settlement (OTS) application to the Bank of India, the lender. Bank has approved the amount of OTS, tentatively at Rs. 11.17 Crore as against ledger outstanding balance in the books of the bank of Rs. 15.95 crore (excluding accrued interest from the date of NPA). Accordingly, company has deposited Rs. 2.46 Crore against OTS with the bank. As the OTS is subject to the approval of the competent authority. Accordingly, company has not given any effect of OTS in the books of accounts for want of finality.

The building and equipment of company's hotel division viz. Hotel Tripursundari is in the possession of the lender bank under the SARFAECI Act and its operation are discontinued. In the spinning section the plant is not running to its optimum capacity

The above factors cast a significant uncertainty on the Company's ability to continue as a going concern. Pending the resolution of the above uncertainties, the Company has prepared the aforesaid statement on a going concern basis.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as-a- whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Outstanding Term Loan, cash credit and recovery proceeding thereof:

Key Audit Matter	How the same is addressed in the audit
<p><u>Unpaid amounts of term loan, cash credit and interest thereon</u></p> <p>There is pending and ongoing legal dispute relating to recovery of outstanding term loan and cash credit</p>	<ul style="list-style-type: none"> Assessing provisions: I critically assessed and challenged the adequacy of provisions and contingent liability disclosures including management's ability to



<p>availed from Bank of India. In said litigation and regulatory matters significant judgement is required by management to determine whether a present obligation exists and whether a provision should be recognized. If there is a present obligation there are significant judgements in determining the measurement of provisions, which are subject to the future outcome of legal or regulatory processes.</p>	<p>reliably estimate the monetary impact. My procedure included comparing assumptions to historical data, approved settlement agreements and enquiry of lawyers.</p> <ul style="list-style-type: none"> • Assessing transparency: Assessed whether the disclosures related to significant litigation and regulatory matters adequately disclose the potential liabilities and the significant uncertainties that exist. • My results: I considered the provisions for legal and regulatory matters are recognized, including the related disclosures and the contingent liability disclosure made in relevant note.
<p><u>Deferred Tax Asset</u></p> <p>There is a complexity relating to the treatment and recognition of current and deferred taxation, arising from significant or unusual transactions may be ambiguous and thereby require legal opinion. In addition, the determination of whether to recognize deferred taxation assets is dependent on the directors' assessment of the utilization of the historical taxation losses and the timing of realizing temporary differences, which requires significant judgement.</p> <p>With respect to uncertain taxation positions, the directors make provision for taxation based on the most probable outcome.</p> <p>As a result, taxation is considered a key audit matter due to the complexities and judgement arising from the considerations relating to the calculation, recognition, and</p>	<p>I evaluated the taxation provisions and potential exposures. This included:</p> <ul style="list-style-type: none"> • Analyzing the taxation consequences arising on significant or unusual transactions to determine if the treatment adopted is appropriate under the circumstances, and/or based on appropriate legal counsel opinion obtained by the directors. • Analyzing the current and deferred taxation calculations for compliance with relevant taxation legislation and uncertainty to recoup the same by way of future taxable profits • Evaluating the directors' assessment of the estimated manner in which the timing differences, including the recoverability of the deferred taxation assets, would be realised by comparing this to evidence



<p>classification of current and deferred tax balances.</p> <p>The disclosures relating to taxation and deferred taxation are contained in note No.8 of the financial statements.</p>	<p>obtained in respect of other areas of the audit, including cash flow forecasts, minutes of directors' meetings and evidence obtained in other areas during the performance of our audit procedures.</p> <ul style="list-style-type: none"> • Critically evaluating the assumptions made by the directors for uncertain current and deferred taxation positions to assess whether appropriate current and deferred taxation provisions have been recognized and are based on the most probable outcome. • I assessed the disclosures to ensure that this was accurately and appropriately recognized and found that the disclosures relating to the current and deferred tax are appropriate
<p><u>Depreciation:</u> As stated above the company's hotel division's building and equipment are in the possession of lender bank under SARFACEI Act and hotel is not in operation.</p>	<p>The hotel division being not in operation, company has neither assessed nor provided the depreciation on these assets and impact on the loss can not be ascertained.</p>
<p><u>Payment of Gratuity</u> Ascertainment and its Provision for payment of gratuity liable under the respective asset</p>	<p>It has been observed that No provision is made for payment of gratuity on actuarial basis as on 31st March, 2021 hence its impact on the net Loss could not be ascertained.</p>

Other information

The Company's Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements our responsibility is to read the other information and in doing so consider whether



the other information is materially inconsistent with the Standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work, we have performed we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Standalone financial statements:

The Company's Management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position financial performance changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards 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 implementation and maintenance of 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.

In preparing the financial statements management is responsible for assessing the Company's ability to continue as a going concern disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Company's Management are also responsible for overseeing the company's financial reporting process. Pursuant to ongoing Corporate Insolvency Resolution Process (CIRP) powers of the board of Directors have been suspended and these Powers are now vested with Resolution Professional.

Auditor's responsibilities for the audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Standalone financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion forgery intentional omissions misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the Standalone financial statements including the disclosures and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 till 31/03/2019.

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 submitted one-time settlement (OTS) application to the lender, Bank of India. Bank has approved the amount of OTS, tentatively at Rs. 11.17 Crore as against ledger outstanding balance in the books of the bank of Rs. 15.95 crore (excluding



accrued interest from the date of NPA). Accordingly, company has deposited Rs. 2.46 Crore against OTS with the bank. The effects of OTS are not given in the books of accounts as the OTS is subject to approval of the competent authority. 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.

Report on Other Legal and Regulatory Requirements

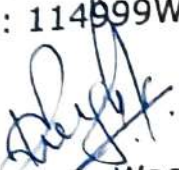
1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act we report to the extent applicable that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet Statement of Profit and Loss including Other Comprehensive Income the Statement of changes in equity and the statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e. In the terms of Section 17(1)(b) of the Insolvency and Bankruptcy Code 2016 the power of the board of directors has been suspended and exercised by the Resolution Professional however on the basis of the written representations received as on 31st March 2021 and taken on record by the Company's Management none of the directors is disqualified as on 31st March 2021 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 operating effectiveness of such controls refer to our 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 our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in note its standalone financial statements.
 - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii) There has been no cases requiring transfer of amounts to the Investor Education and Protection Fund by the Company.

N. R. Waghchaure & Associates

Chartered Accountants,
FRN : 114899W


Nilkanth R. Waghchaure
Proprietor
ICAI Membership No. : 048890
Solapur, 30th June, 2021
UDIN : 21048890AAAADD6993



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirement" section of our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended March 31, 2021 we report that:

1. In respect of Company's Fixed Asset
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
 - b. The company has a regular programme of physical verification of fixed assets. In our opinion the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its asset.
2. Physical verification of the inventory has been conducted at reasonable intervals by the management. No material discrepancies were noticed.
3. According to the information and explanation given to us the Company has not granted unsecured loans to bodies corporate covered in the register maintained under section 189 of Companies Act 2013
4. In our opinion and according to the information and explanation given to us the company has complied with the provision of section 185 and 186 of the Act in respect of loans making investments and providing guarantees and securities as applicable.
5. According to the information and explanation given to us the Company has not accepted any deposits during the year and does not have unclaimed deposit therefore provision of clause 3(v) are not applicable to the company.
6. The maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act 2013 for the business activities carried out by the company and we are of opinion that prima facie such accounts and records have been made and maintained.
7. According to the information and explanation given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund Employees' State Insurance Income Tax Goods and Service Tax Customs Duty Cess and other material statutory dues applicable to it with the appropriate authorities.



- b) There were no undisputed amounts payable in respect of Provident Fund Employees' State Insurance Income Tax Goods and Service Tax Customs Duty Cess and other material statutory dues in arrears as at March 31 2021 for a period of more than six months from the date they became payable.
- c) Details of dues of Income Tax Sales Tax Service Tax Excise Duty and Value Added Tax which have not been deposited as at March 31 2021 on account of dispute are given below:

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	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

- d) The Company has defaulted in the repayment of Installments of Term Loan availed from Bank of India of Rs. 653.95 and unpaid interest thereon of Rs. 74.40 lakh and unapplied interest on Term Loan of Rs. 721.62 lakh and unapplied interest on Cash credit of Rs. 433.26 (aggregating towards repayment of loan & interest of Rs. 1154.88) and the Special Capital Incentive Rs. 3.16 lakh aggregating in total of Rs. 1158.04 lakh which has remained unpaid as at the date of balance sheet.

*The Amount is net of Payments

8. The Company has not defaulted in repayment of loan or borrowing to financial institutions banks government or dues to debenture holders.
9. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly clause (ix) of the paragraph 3 of the Order is not applicable.
10. According to the information and explanations given to us no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanation given to us the company has paid/ provided managerial remuneration in accordance with




the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

12. As the Company is not a Nidhi Company accordingly clause (xii) of paragraph 3 of the order is not applicable to the Company.
13. According to the information and explanation given to us all transaction with related parties are in compliance with section 177 and 188 of Companies Act 2013 wherever applicable and the details have been disclosed in the Standalone Financial Statement etc.as required by the applicable accounting standards.
14. According to the information and explanation given to us the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year and hence reporting under clause 3(xiv) of the order is not applicable to the company.
15. In our opinion and according to the information and explanations given to us during the year the company has not entered into any non-cash transactions with its directors or persons connected its directors or persons connected to its directors and hence provisions of section 192 of the companies Act 2013 are not applicable to the company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

N. R. Waghchaure & Associates

Chartered Accountants,
FRN : 114999W


Nilkanth R. Waghchaure
Proprietor
ICAI Membership No. 048890
Solapur, 30th June, 2021
UDIN : 21048890AAAADD6993



"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")

We have audited the internal financial controls over financial reporting of Ferro Alloys Corporation ("the Company") Limited as of March 31, 2021 in conjunction with our audit of the Standalone 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our 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 we 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and



their operating effectiveness. Our 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 judgement including the assessment of the risks of material misstatement of the Standalone financial statements whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that -

- (1) pertain to the maintenance of records that in reasonable detail 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 Standalone 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 Standalone 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



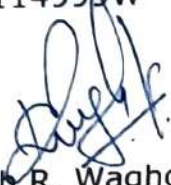
financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our 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 March 31, 2021 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, 30th June, 2021
UDIN : 21048890AAAADD6993



N. R. Waghchaure & Associates
Chartered Accountants

16-22, Royal Plaza, Behind Bhagwat Petrol Pump, Murarji Peth,
Solapur - 413001

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Email: fcanrw1970@gmail.com

Annexure VII

**Unmodified Opinion is expressed on the Quarterly and year to date
financial results**

Auditor's Report on Quarterly Financial Results and Year to Date Results of
the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations
and Disclosure Requirements) Regulations, 2015

To
Board of Directors of KATARE SPINNING MILLS LIMITED

We have audited the financial results of KATARE SPINNING MILLS LIMITED for the quarter ended and the year to date results for the period 31st March, 2021, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25 / Ind AS 34), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

(ii) Given a true and fair view of the net profit/ loss and other financial information for the quarter ended as well as the year to date results for the period from 1st April, 2020 to 31st March, 2021.

For N. R. Waghchaure & Associates
Chartered Accountants
FRN 114999W



N. R. Waghchaure & Associates
Proprietor
(M.N. 048890)



Place: Solapur
Date: 30.06.2021

UDIN : 21048890AAAADE1727