



## KATARE SPINNING MILLS LIMITED

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

Ref. No. KSM- 17/2020-21

16.07.2020

**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 16<sup>th</sup> July, 2020 at 03.00 p.m. The Board of Directors at their Board Meeting have approved and taken on record the Audited Financial Results for the quarter and Year ended 31<sup>st</sup> March, 2020 as recommended by Audit Committee. Meeting concluded on 4.50 p.m.

Please find enclosed herewith the following;

1. Audited Financial Results for the quarter and year ended 31<sup>st</sup> March, 2020.
2. Statement of Assets and liability and Segment report for the quarter and year ended 31<sup>st</sup> March, 2020.
3. Independent Auditors report with annexure of unmodified opinion for the quarter and year ended 31<sup>st</sup> March, 2020.

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**

**KISHORE KATARE**  
Managing Director  
(DIN: 00645013)





**INDEPENDENT AUDITOR'S REPORT**

To,  
**The Members of Katare Spinning Mills Limited**

**Report on the Standalone Financial Statements**

**Opinion**

I have audited the accompanying standalone financial statements of Katare Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, 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 31<sup>st</sup> March, 2020, 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. 428.00lakh 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. 750.00lakh of which Rs. 325.00lakh was deposited before DRAT and Rs. 425.00lakh 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. 150.00lakh when the loan was settled with ICICI Bank Ltd. The said balance is then reversed from Capital Reserve and the balance Rs. 600.00lakh represented the amount of interest from the year 2002 to the date of settlement. The Company has deferred this interest amount of Rs. 600.00lakh 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.428.00lakh 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. 23.88lakhs and other current assets/advances of Rs. 114.15 lakhs aggregating to Rs. 138.03 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. 222.60 lakh would have been increased by Rs. 780.12 lakh resulting into total loss of Rs. 1002.72Lakh. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs. 1002.72 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 competent 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>            There is pending and ongoing legal dispute relating to recovery of outstanding term loan and cash credit 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>	<ul style="list-style-type: none"> <li>• Assessing provisions: I critically assessed and challenged the adequacy of provisions and contingent liability disclosures including management's ability to reliably estimate the monetary impact. My procedure included comparing assumptions to historical data, approved settlement agreements and enquiry of lawyers.</li> <li>• Assessing transparency: Assessed whether the disclosures related to significant litigation and regulatory matters adequately disclose the potential liabilities and the significant uncertainties that exist.</li> <li>• 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.</li> </ul>
<p><u>Deferred Tax Asset</u>            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 utilisation of the historical taxation losses and the timing of realising temporary differences, which</p>	<p>I evaluated the taxation provisions and potential exposures. This included:</p> <ul style="list-style-type: none"> <li>• Analysing 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.</li> <li>• Analysing the current and deferred</li> </ul>



<p>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 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>taxation calculations for compliance with relevant taxation legislation and uncertainty to recoup the same by way of future taxable profits</p> <ul style="list-style-type: none"> <li>• 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 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.</li> <li>• 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 recognised and are based on the most probable outcome.</li> <li>• I assessed the disclosures to ensure that this was accurately and appropriately recognised and found that the disclosures relating to the current and deferred tax are appropriate</li> </ul>
<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 31<sup>st</sup> March, 2020 hence its impact on the net Loss could not be ascertained.</p>



### **Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

My opinion on the 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 financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **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 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

### **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. As the OTS is subject to the competent However 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 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 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, 2020 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 Ind AS standalone 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, 16/07/2020



UDIN: 20048890AAAABC7393



## **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<sup>st</sup> March 2020, 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 2020 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	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

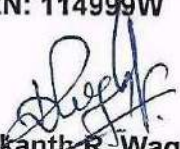
(viii) The Company has defaulted in the repayment of Installments of Term Loan availed from Bank of India of Rs. 653.95 and unpaid interest thereon of Rs. 74.40 lakh and unapplied interest on Term Loan of Rs. 721.62 lakh and unapplied interest on Cash credit of Rs. 433.26 (aggregating towards repayment 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.

(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.

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

  
**Nilkanth R. Waghchaure**  
Proprietor  
ICAI Membership No.: 048890  
Solapur, 16/07/2020



UDIN: 20048890AAAABG7392

**“Annexure B” to the Independent Auditor’s Report of even date on the 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<sup>st</sup> March 2019 in conjunction with my audit of the 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.

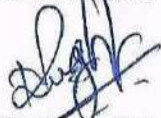


## Opinion

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, 2020, 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, 16/07/2020



UDIN: 20048890AAAABC7393

# N. R. Waghchaure & Associates

Chartered Accountants



16-22, Royal Plaza, Behind Bhagwat Petrol Pump, Murarji Peth, Solapur - 413 001.  
Ph:- 0217-2625054, 2623170 Cell: 9423590501 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, 2020, 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 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020.

**For N. R. Waghchaure & Associates  
Chartered Accountants**

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



**Place: Solapur  
Date: 16.07.2020**

UDEN : 20048890 AAAABD4495



KATARE SPINNING MILLS LIMITED

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

STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2020

Sr. No.	Particulars	Three Months ended			Rs. In Lacs	
		31/03/2020 Current year (Audited)	31/12/2019 Current year (Unaudited)	31/03/2019 Previous year (Audited)	31/03/2020 Previous year (Audited)	31/03/2019 Previous year (Audited)
1	Revenue from Operations	803.91	744.62	865.04	3132.66	3196.13
2	Other Income	0.19	8.46	412	20.58	457.81
3	<b>Total Revenue</b>	<b>804.1</b>	<b>753.08</b>	<b>1277.04</b>	<b>3153.24</b>	<b>3653.94</b>
4	<b>Expenses:</b>					
a.	Cost of Materials Consumed	0.94	53.63	81.37	435.34	469.53
b.	Purchase of Stock-in-trade	672.84	528.64	792.96	2447.93	2529.92
c.	Changes in inventories of finished goods, work-in-progress and stock-in-trade	128.15	135.91	-49.1	62.80	-80.87
d.	Employee benefits expenses	7.33	14.81	20.82	69.60	95.57
e.	Finance Cost	26.29	13.65	144.02	63.79	323.83
f.	Depreciation and amortisation expenses	22.19	23.26	21.57	88.75	86.59
g.	Other Expenses	50.45	50.73	59.05	207.69	215.75
	<b>Total Expenses</b>	<b>908.19</b>	<b>820.63</b>	<b>1070.69</b>	<b>3375.90</b>	<b>3640.32</b>
5	Profit/(Loss) (before exceptional and extraordinary items and tax) (3-4)	-104.09	-67.55	206.35	-222.66	13.62
6	Expetional Items	0	0	0	0	0
7	Profit/(Loss) before extraordinary items and tax (5+-6)	-104.09	-67.55	206.35	-222.66	13.62
8	Exordinary Items	0	0	0	0	0
9	Profit/(Loss) before tax (7+-8)	-104.09	-67.55	206.35	-222.66	13.62
10	<b>Tax Expenses:</b>					
	Current	0	0	3.76	0	3.76
	Deferred	0	0	0	0	0
	Total Tax Expenses/Credit	0	0	0	0	0
11	<b>Net Profit/(Loss) for the period (9+-10)</b>	<b>-104.09</b>	<b>-67.55</b>	<b>202.59</b>	<b>-222.66</b>	<b>9.86</b>
12	Other Comprehensive Income (including share in associates & joint ventures)					
A)	Amount of item that will not be reclassified to Profit & Loss	0	0	0	0	0
	Income Tax relating to items that will not be reclassified to Profit & Loss	0	0	0	0	0
B)	Amount of item that will be reclassified to Profit & Loss	0	0	0	0	0
	Income Tax relating to items that will be reclassified to Profit & Loss	0	0	0	0	0
13	<b>Total Comprehensive Income for the period (11-12)</b>	<b>-104.09</b>	<b>-67.55</b>	<b>202.59</b>	<b>-222.66</b>	<b>9.86</b>
14	Paid-up equity Share Capital	285	285	285	285	285.00




15	Reserve excluding Revaluation Reserves as per balance Sheet of previous accounting year	0	0	0		0
16	Earning Per Share (Basic & Diluted) (For discontinued & Continued operations)	-0.37	-0.24	0.71	-0.78	0.03

**Notes:**

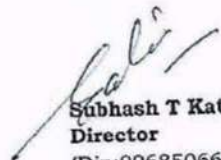
- 1 The above result were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 16th July, 2020. The Statutory Auditors of the Company have conducted a 'Limited Review' of the Financial results for the quarter ended 31st March, 2020.
- 2 The Company has adopted 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.
- 3 The Company operates in multiple business segment, i.e. Cotton yarn manufacturing, hotel Service, Solar power generation.
- 4 The figures for the previous period have been regrouped/rearranged wherever considered necessary.

Place: Solapur  
Date: 16.07.2020

For Katare Spinning Mills Limited

  
N.R. Waghchaure  
Chartered Accountant  
M No.48890

  
Kishore T Katare  
Managing Director  
(Din:00645013)

  
Subhash T Katare  
Director  
(Din:00685066)

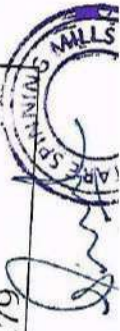
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Annexure IV

**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 (31/03/2020)  (Audited)	Corresponding 3 months ended in the previous year (31/03/2019)  (Audited)	Year to date figures for current period ended (31/03/2020)  (Audited)	Year to date figures for the previous year ended (31/03/2019)  (Audited)
1. Segment Revenue (net sale/income from each segment should be disclosed under this head)				
(a) Segment - Cotton yarn mfg.	776.23	833.79	3029.52	3086.25
(b) Segment - hotel Service	000.00	000.00	0000.00	0000.00
(c) Segment - Solar Power generation	027.67	031.25	0103.14	0109.88
(d) Segment....				
(e) Unallocated Total				
Less: Inter Segment Revenue				
Net sales/Income From Operations	803.90	865.04	3132.66	3196.13
2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment)#				
(a) Segment - Cotton yarn mfg.	-38.17	325.27	-149.59	259.79



(b) Segment – hotel Service	-09.28	004.90	-009.28	0023.86
(c) Segment – Solar Power generation	-30.33	016.44	000.00	0050.04
(d) Segment....				
(e) Unallocated				
<b>Total</b>	<b>-77.78</b>	<b>346.61</b>	<b>-158.87</b>	<b>333.69</b>
Less: i) Interest**				
ii) Other Un-allocable Expenditure net off	26.29	144.01	63.79	323.82
(iii) Un-allocable income				
<b>Total Profit Before Tax</b>	<b>-104.07</b>	<b>202.59</b>	<b>-222.66</b>	<b>9.86</b>
<b>3. Capital Employed</b>				
(Segment assets – Segment Liabilities)				
(a) Segment – Cotton yarn mfg.	-674.20	203.02	-763.32	0392.15
(b) Segment – hotel Service	390.16	-0.43	478.30	0099.93
(c) Segment – Solar Power generation	-94.95	-57.07	-419.19	-0194.24
(d) Segment....				
(e) Unallocated				
<b>Total</b>	<b>-378.99</b>	<b>145.52</b>	<b>-704.21</b>	<b>297.84</b>

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



**KATARE SPINNING MILLS LTD**
**Balance Sheet as at 31st March, 2020**

	Particulars	Notes	As at 31/03/2020	As at 31/03/2019
<b>I</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	Property, plant and equipment	1	17,31,64,791	17,91,21,074
	Capital work-in-progress	2	76,48,555	81,48,555
	Investment property		0	0
	Goodwill		0	0
	Intangible assets under development		0	0
	Biological assets other than bearer plants		0	0
	Financial assets	3	0	0
	- Non-Current investments	4	11,200	11,200
	- Long-term loans and advances	5	23,88,869	27,56,960
	- Trade Receivables	6	1,07,99,735	1,08,20,294
	- Others	7	5,23,09,298	5,27,98,083
	Deferred tax assets (Net)	8	3,77,27,000	3,77,27,000
	Other non-current assets		0	0
	<b>Total Non Current Asset : A</b>		<b>28,40,49,448</b>	<b>29,13,83,166</b>
	<b>Current assets</b>			
	Inventories	9	2,25,85,444	2,87,97,285
	Financial assets			
	- Current investments		0	0
	- Trade and other receivables	10	2,22,77,087	2,01,47,424
	- Cash and cash equivalents	11	12,65,643	6,36,54,351
	- Short term loans and advances	12	6,15,249	0
	Assets for current tax (net)			
	Other current assets	13	41,17,716	35,89,280
	<b>Non-current assets classified as held for sale</b>			
	Other Non-Current Assets		0	0
	<b>Total Current Assets B</b>		<b>5,08,61,139</b>	<b>11,61,88,340</b>
	<b>Total Assets</b>		<b>33,49,10,587</b>	<b>40,75,71,506</b>


**KATARE SPINNING MILLS LTD**  
Balance Sheet as at 31st March, 2020

Particulars		Notes	As at 31/03/2020	As at 31/03/2019
<b>II EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital		14	2,85,00,000	2,85,00,000
Other Equity		15	-15,58,128	2,07,08,253
- Equity component of other financial instrument			0	0
- Retained earnings @			0	0
- Reserves			0	0
- Reserves representing unrealised gains/ losses			0	0
- Other reserves			0	0
Money received against share warrants			0	0
Others			0	0
<b>Share application money pending allotment</b>			<b>0</b>	<b>0</b>
<b>Total Equity</b>			<b>2,69,41,872</b>	<b>4,92,08,253</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Long term borrowings		16	3,16,139	2,81,98,139
- Other financial liabilities (Trade Payable)		17	0	0
Other non-current liabilities		18	55,46,447	67,42,236
<b>Total Non Current Liabilities</b>			<b>58,62,586</b>	<b>3,49,40,375</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Short term borrowings		19	28,97,70,417	29,11,02,254
- Trade and other payables		20	70,09,806	2,61,24,133
- Other financial liabilities			0	0
Other current liabilities		21	53,25,905	57,84,460
Short-term provisions (IT Provision)			0	4,12,031
Liabilities for current tax (net)			0	0
<b>Total Current Liabilities</b>			<b>30,21,06,129</b>	<b>32,34,22,878</b>
<b>Liabilities associated with group(s) of assets held for disposal</b>			<b>0</b>	<b>0</b>
<b>Total Equity and Liabilities</b>			<b>33,49,10,587</b>	<b>40,75,71,506</b>

The accompanying notes are an integral part of the financial statements

As per our audit even date

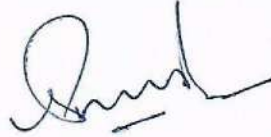
**N. R. WAGCHAWARE & ASSOCIATES**  
Chartered Accountants



Nilkanth R Waghchaware  
Proprietor  
ICAI Membership No :048890  
Solapur. 16th July 2020



For and on behalf of Borad  
Katare Spining Mills Ltd

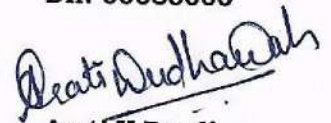


K T Katare  
Managing Director  
DIN 00645013

K K Katare  
CFO



S T Katare  
Director  
DIN 00685066



Arati V Bandi  
Company Secretary  
M No.25162

KATARE SPINNING MILLS LTD

Statement of Profit and Loss for the Ended 31st March, 2020

Particulars		Notes	As at 31/03/2020	As at 31/03/2019
<b>I</b>	<b>Income:</b>			
	Revenue from Operations (Gross)	22	31,32,66,510	31,98,61,127
	Other Income	23	20,58,197	4,55,33,070
	<b>Total Revenue</b>		<b>31,53,24,707</b>	<b>36,53,94,197</b>
<b>II</b>	<b>Expenses:</b>			
	Cost of Materials Consumed	24	28,83,27,264	30,07,80,905
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	62,80,326	-80,08,209
	Employee Benefits Expense	26	77,61,302	1,04,64,151
	Finance Costs	27	63,79,209	3,23,82,445
	Other Expenses	28	1,99,67,972	1,97,52,890
	Depreciation and Amortization Expense	1	88,75,014	86,59,422
	<b>Total Expenses</b>		<b>33,75,91,087</b>	<b>36,40,31,604</b>
<b>III</b>	<b>Profit/(Loss) Before Tax</b>		<b>-2,22,66,380</b>	<b>13,62,593</b>
<b>IV</b>	<b>Tax Expense:</b>			
	Current tax including MAT		0	3,76,696
	Deferred tax		0	0
	<b>Total</b>		<b>0</b>	<b>3,76,696</b>
<b>V</b>	<b>Profit (Loss) for the period</b>		<b>-2,22,66,380</b>	<b>9,85,897</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
			0	0
<b>IX</b>	<b>Total Comprehensive Income for the period</b>		<b>-2,22,66,380</b>	<b>9,85,897</b>
<b>XVI.</b>	<b>Earnings per equity share</b>			
(i)	Basic	Basic	(5.84)	0.26
(ii)	Diluted	Diluted	(5.84)	0.26

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

**N. R. Waghchaware & Associates**  
Chartered Accountants

*(Signature)*  
**Nilkanth R Waghchaware**  
Proprietor  
ICAI Membership No :048890  
Solapur.16<sup>th</sup> July 2020



**For and on behalf of the Board**  
**Katara Spining Mills Ltd**

*(Signature)*  
**K T Katara**  
Managing Director  
DIN 00645013

*(Signature)*  
**K K Katara**  
CFO

*(Signature)*  
**S T Katara**  
Director  
DIN 00685066

*(Signature)*  
**Arati V Bandi**  
Company Secretary  
M No.25162

