



## 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/KSM/ 35 /2021-22

05<sup>th</sup> September, 2021

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

**BSE Scrip Code- 502933**

**Sub:-Submission of Annual Report for the year ended 2020-21 under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Madam/Sir,

The 41<sup>st</sup>Annual General Meeting of the Company will be held on 30<sup>th</sup> September, 2021 and in respect to that we are enclosing herewith the following documents in respect to above mentioned subject;

Annual Report for the year ended 2020-21 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your Kind information and records.

Thanking You  
Yours faithfully,

**FOR KATARE SPINNING MILLS LIMITED**

  
**VITHAL DAHAKE**

**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**

**41<sup>st</sup>**  
**Annual Report**  
2020-2021

# **KATARE SPINNING MILLS LIMITED**

## **KATARE SPINNING MILLS LIMITED- Under Corporate Insolvency Resolution Process since 17-07-2020**

CIN- L17119PN1980PLC022962

### **41<sup>ST</sup> ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2021**

#### **CORPORATE INFORMATION**

##### **# BOARD OF DIRECTORS**

<b><i>Name of Director</i></b>	<b><i>Designation</i></b>
Mr. Kishore T Katare	Managing Director
Mr. Subhash T Katare	Director
Mrs. Vidyavati K Katare	Director
Mr. Umakant Mahindrakar	Director
Mr. Prakash Venkappa Joti	Independent Director
Mr. Vilas Ramakant Shendge	Independent Director

##### **CHIEF FINANCIAL OFFICER**

Mr. Kamal Kishore Katare

##### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mrs. Arati Virendra Bandi (*Resigned on 12<sup>th</sup> April, 2021*)

##### **REGISTERED OFFICE**

14/30 Ground Floor, B Wing, Katare Complex,  
Gandhinagar, Bl. No. 10, Akkalkot Road, Solapur MH- 413006

##### **Divisions of the Company-**

###### **SPINNING MILL**

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

# **KATARE SPINNING MILLS LIMITED**

## **HOTEL TRIPURSUNDARI**

224, Civil Lines, Solapur- 413 001

## **SOLAR POWER PROJECT**

381, Kamalanagar, Tamalwadi – 413 601

Tal: Tuljapur- Dist. Osmanabad

## **STATUTORY AUDITORS**

M/s. N. R. Waghchaure & Associates

Chartered Accountants

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

## **SECRETARIAL AUDITORS**

M/s. Nikhil Sawant & Co.

Company Secretaries

Office No. 01, Parvati Sadan, opp. Lakaki Lake  
Model Colony, Pune- 411 016

## **BANKERS**

Bank of India,

Main Branch, Solapur – 413 002.

## **REGISTRAR & SHARE TRANSFER AGENTS**

Link Intime India Pvt Ltd.,

Akshay Complex, Block No. 202, 2<sup>nd</sup> Floor,

Opp. Dhole Patil Road,

Pune – 411 001

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

## **DATE, TIME AND VENUE OF AGM**

### **41<sup>st</sup> Annual General Meeting**

Thursday, 30<sup>th</sup> September, 2021

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

At: 14/30 Ground Floor, B Wing, Katare Complex,  
Gandhinagar, Solapur MH- 413006.

### **Remote e-voting Period:**

From 9.00 a.m. on Monday, 27<sup>th</sup> September, 2021

Till 5.00 p.m. on Wednesday, 29<sup>th</sup> September, 2021

## **KATARE SPINNING MILLS LIMITED**

\* The Corporate Insolvency Resolution Process has been admitted against the Company by Hon'ble National Company Law Tribunal on 17<sup>th</sup> July, 2020. In pursuance thereof Mr. Vithal Madhukar Dahake, Mumbai (IP Registration No.: IBBI/IPA-003/IP-N-000117/2017-18/11296) has been appointed as Resolution Professional to conduct the CIRP of the company. Also, "the Company has preferred appeal against the decision of Hon'ble NCLT Mumbai to NCLAT, Delhi (Company Appeal no. 693 of 2020) in the month of August 2020 and the said matter was heard by this appellate Tribunal in the due period and the order was passed as follows; Having regard to the foregoing discussion, we do not find any merit in the Appeal. The Appellant has failed to demonstrate that the impugned order suffers from any legal infirmity. The Appeal being devoid of merit, is dismissed."

# currently suspended during CIRP under the provisions of IBC, 2016

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# **KATARE SPINNING MILLS LIMITED**

## **NOTICE**

The National Company Law Tribunal (“NCLT”), Mumbai Bench, vide order dated July 17, 2020 (“Insolvency Commencement Order”) has initiated corporate insolvency resolution process (“CIRP”) based on application filed by Bank of India against KATARE SPINNING MILLS LIMITED (“the Company”), under the provisions of the Insolvency and Bankruptcy Code, 2016 (“the Code”). Mr. Vithal Madhukar Dahake IP Registration No. Reg. IBBI/IPA-003/IP-N-000117/ 2017-18/11296 was appointed as Interim Resolution Professional (“IRP”) to manage affairs of the Company in accordance with the provisions of the Code and thereafter continued and appointed as the Resolution Professional (“RP”) by the committee of creditors (“CoC”) of the Company in the meeting held on 12-08-2020 under the provisions of the Code. Pursuant to the Hon’ble NCLT Order for commencement of the CIRP and in accordance with Section 17 & 20 of the Code, the power of the Board of Directors stood suspended and vested with the RP and is being exercised by RP. The CIRP period was extended from 180 days to 270 days from the insolvency commencement date, vide order dated 4-3-2021 passed in IA no. 77 of 2021. Subsequently RP has filed IA no. 803 of 2021 seeking exclusion of time lost in litigation. Same is sub-judice and next date is 1-10-2021.

Notice is hereby given that 41<sup>st</sup> Annual General Meeting of the Members of the Company will be held on Thursday, the 30<sup>th</sup> September, 2021 at 11.00 a.m. (I.S.T.) at 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Bl. No. 10 Solapur, MH- 413006 to transact, the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2021 and Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and the Auditors of the Company.
2. To re-appoint Mr. Subhash Katare (DIN 00685066), who retires by rotation and being eligible, seeks re-appointment.

## **KATARE SPINNING MILLS LIMITED**

“RESOLVED THAT, pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Subhash Katare (DIN 00685066), who retires by rotation at this meeting and being eligible offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

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

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

Place: Solapur  
Date: 26<sup>th</sup> August, 2021

(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**

### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy as per the format given in Annual Report should be duly filed, stamped, signed and received by the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. Member/proxies should bring duly-filed Attendance Slips sent herewith to attend the meeting.
4. Members / proxies are requested to bring their attendance slip duly filled in and also, bring their copy of the Annual report for the meeting. The proxy shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll.
5. The profile of the Directors seeking appointment/re-appointment, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed.
6. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
7. The Register of Members and the Transfer Books of the Company will be closed from 24<sup>th</sup> September 2021 to 30<sup>th</sup> September 2021 (both days are inclusive).
8. Members are requested to notify the changes in their Address, Bank Details, e-mail etc. if any, to the Company, Registrar and Transfer Agents. Shareholders should quote their folio numbers/DP ID in all their correspondence with the Company and the Registrar and Transfer agents.
9. As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased share holder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit their PAN details to the Depository Participant, Whereas Members holding shares in physical form are requested to submit their

## **KATARE SPINNING MILLS LIMITED**

PAN details to the Company, Registrars and Transfer Agents and also requested to convert the same shares in Demat as the physical shares

will not be transfer or sell after 31<sup>st</sup> March, 2019 as per SEBI's deadline.

10. The company has de-materialized its equity shares to CDSL and NSDL and Company's ISIN Number is INE498G01015. Members who have shares in physical form, are requested to de-materialize their shares.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Members who hold the shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.
13. Members may avail of the facility of dematerialization by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them in dematerialized.
14. Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy Identification.
15. The Notice of the AGM along with the Annual Report of FY 2020-21 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses are requested to register the same on urgent basis, as the physical copies are not going to send by the permitted mode due to the COVID-19 Pandemic situation. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Link Intime India Private Limited/Depositories.
16. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares in dematerialization at the earliest.

## KATARE SPINNING MILLS LIMITED

17. In case members wish to ask any information about accounts or operations of the company, they are requested to send their queries in writing at least 10 days before the date of the meeting, so that the information can be made available at the time of the meeting.
18. Members having multiple folios are requested to intimate to the Company such folios to enable the company to consolidate all shareholdings into one folio.
19. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administrations) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Link In-time India Private Limited, on all the resolutions set forth in this Notice.
20. Members will not be distributed any kind of Gift, Complement or any kinds of such nature at the Annual General Meeting.
21. Route Map showing directions to reach to the venue of the 41<sup>st</sup> AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on “General Meeting.”
22. The Register of Directors and Key Managerial Personnel and their shareholding under Section 170 and 171 and Register of Contracts or arrangements maintained under Section 189 of the Companies Act, 2013 and all documents as mentioned in the resolutions and/or explanatory statements will be available for inspection by the members at the registered office of the Company.
23. Details of Unpaid and Unclaimed Dividend on Website: In order to help Members to ascertain the status of Unpaid and Unclaimed Dividends, the Company has uploaded the information in respect of Unclaimed Dividends for the financial year ended 31 March, 2013 on the Website of Investor Education and Protection Fund, [www.iepf.gov.in](http://www.iepf.gov.in) and under “Investor Relations” Section on the website of the Company, [www.Katarespinningmillslimited.com](http://www.Katarespinningmillslimited.com).

## KATARE SPINNING MILLS LIMITED

### 24. Green Initiative in the Corporate Governance- Registration of email address.

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

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

- a. The facility for voting through ballot paper shall be made available at the AGM to the members attending the meeting. The members, who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the meeting through ballot paper.
- b. Members can also exercise their voting rights through ballot form annexed with the Notice and the duly filled and signed ballot form be sent to the scrutinizer, Mr. G. N. Pawar, Solapur at the registered office of the Company or to his Email Id [gnpawar@gmail.com](mailto:gnpawar@gmail.com), so as to reach by 5.00 P.M. on 29<sup>th</sup> September, 2021.
- c. The detailed instructions for voting through Ballot paper is annexed herewith separately.
- d. The Members, who have cast their vote by remote e-voting prior to the AGM, they can attend the AGM but shall not be entitled to cast their vote again.
- e. The remote e-voting period commences on 27<sup>th</sup> September, 2021 (9.00 am) and ends on 29<sup>th</sup> September, 2021 (5.00 pm). During this period the members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off (Record) date of 23<sup>rd</sup> September, 2021 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after 5.00 pm on 29<sup>th</sup> September, 2021. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- f. The notice of 41<sup>st</sup> Annual General Meeting and instructions for e-voting, along with the attendance slip and Proxy Form, is being sent by electronic mode to all members whose e-mail addresses are registered with the Company/Depository participant (s) unless a member has requested for a hard copy of same.

## KATARE SPINNING MILLS LIMITED

- g. Members may please note the contact details of the Company's Registrar and Transfer Agents, Link Intime India Pvt. Limited., Akshay Complex, Block No. 202, 2<sup>nd</sup> Floor Opp. Dhole Patil Road, Pune – 400 001. Email-id: [pune@linkintime.co.in](mailto:pune@linkintime.co.in).

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

1. The voting period begins on 27<sup>th</sup> September, 2021 (9.00 am) and ends on 29<sup>th</sup> September, 2021 (5.00 pm) during this period the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off (Record) date of 23<sup>rd</sup> September, 2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
3. Click on Shareholders.
4. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

## KATARE SPINNING MILLS LIMITED

7. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in DD/MM/YYYY format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)</li> </ul>

8. After entering these details appropriately, click on “SUBMIT” tab.

9. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

## KATARE SPINNING MILLS LIMITED

10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the EVSN for the relevant KATARE SPINNING MILLS LTD on which you choose to vote.
12. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
13. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
14. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
15. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
17. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
18. **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

## KATARE SPINNING MILLS LIMITED

### 19. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

## **KATARE SPINNING MILLS LIMITED**

20. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an Email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

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

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

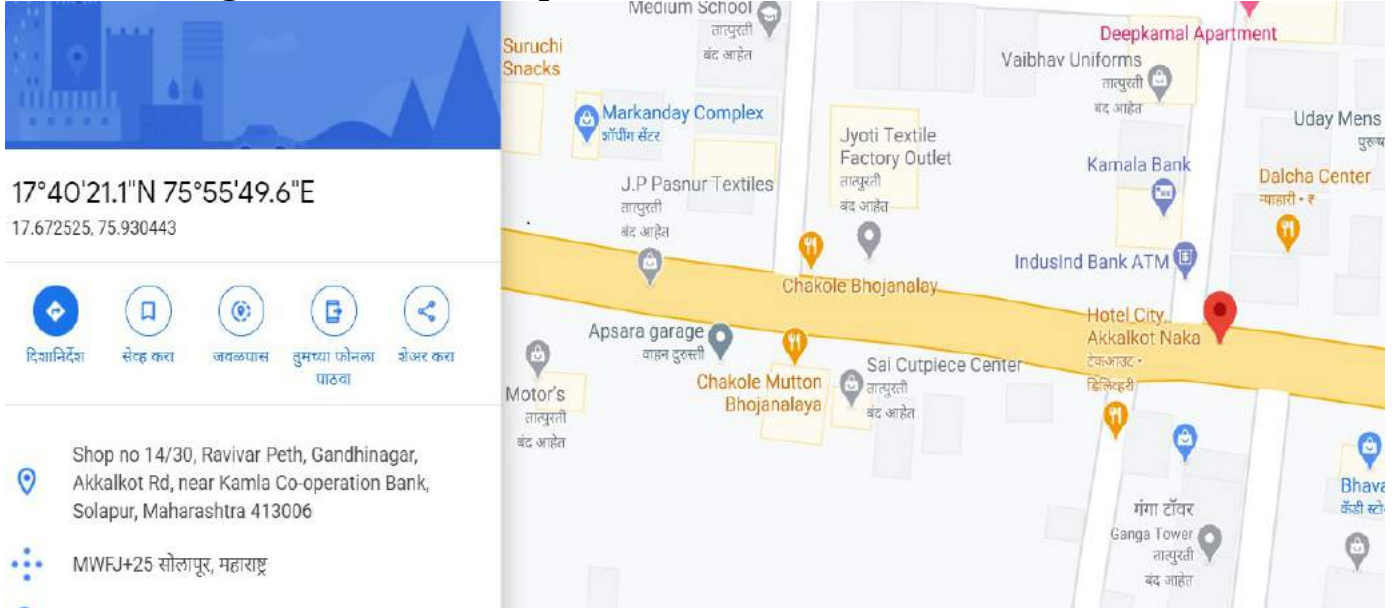
Place: Solapur

Date: 26<sup>th</sup> August, 2021

(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

**Route Map of 41<sup>st</sup> AGM of the Company to be held on Thursday 30<sup>th</sup> September, 2021 at 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Bl. No. 10 Solapur MH- 413006.**



# KATARE SPINNING MILLS LIMITED

## ANNEXURE TO THE NOTICE

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

<b>Name of the Director</b>	<b>MR. SUBHASH T. KATARE</b>
DIN	00685066`
Date of birth and Age	30/10/1948 / 73 Years
Date of first Appointment on the Board	16/08/1980
Qualifications	S.S.C qualification
Experience	+40 Years
Expertise	Technical and communication skills and also Marketing skill.
Shareholding in Company	3,44,005 (Shares)
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Kishore Katare- Brother and from promoters group.
Terms and conditions of appointment along with details of remuneration sought to be paid/last drawn	Appointment due to retire by rotation. No remuneration drawn In previous year.
Public/Listed Companies Directorship	One Public Company
Private Companies Directorship	NIL
Membership/ Chairmanship of Committees	NIL

# **KATARE SPINNING MILLS LIMITED**

## **DIRECTOR'S REPORT**

To the Members,  
**KATARE SPINNING MILLS LIMITED**

### **INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)**

Pursuant to the orders of Hon'ble National Company Law Tribunal (NCLT), Mumbai, Corporate Insolvency Resolution Process (CIRP) has been initiated in respect of KATARE SPINNING MILLS LIMITED ("the Company") under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code") with effect from 17<sup>th</sup> July, 2020.

Further, "the Company has preferred appeal against the decision of Hon'ble NCLT Mumbai to NCLAT, Delhi (Company Appeal no. 693 of 2020) and was scheduled for hearing on 4th September, 2020.

In respect to this NCLT (AT) passed the order as follow, having regard to the foregoing discussion, we do not find any merit in the Appeal. The Appellant has failed to demonstrate that the impugned order suffers from any legal infirmity. The Appeal being devoid of merit, is dismissed on dtd. 21st December, 2020."

In this connection, Mr. Vithal Madhukar Dahake has been appointed as Resolution Professional (RP) to carry out the activities relating to CIRP as per the rules, regulations and guidelines prescribed by the Code.

Since the Company is under Corporate Insolvency Resolution Process (CIRP), as per Section 17 of the Insolvency & Bankruptcy Code, from the date of appointment of the Resolution Professional -

(a) the management of the affairs of the company shall vest in the Resolution Professional.

(b) the powers of the Board of Directors of the company shall stand suspended and be exercised by the Resolution Professional.

(c) the officers and managers of the company shall report to the resolution professional and provide access to such documents and records of the company as may be required by the Resolution Professional.

## KATARE SPINNING MILLS LIMITED

d) the financial institutions maintaining accounts of the company shall act on the instructions of the Resolution Professional in relating to such accounts furnish all information relating to the company available with them to the Interim Resolution Professional.

### 1. Financial Highlights:

Certain key aspects of your Company's performance during the Financial Year ended 31st March, 2021 as compared to the previous Financial Year are summarized below:

	(Rs. In lacs)	
	2020-21	2019-20
Turnover	1057.41	3153.24
Profit Before Interest & Depreciation	-26.26	-70.12
Less : Interest	60.04	63.79
Loss before depreciation	-86.30	-133.91
Less : Depreciation	87.40	88.75
Loss after depreciation & before taxation	-173.70	-222.66
Add : Excess provision in the last year	0	0
Less: Tax expenses relating to previous year	0	0
Add/Less: Deferred Tax Liability/Assets	0	0
Profit / loss for the period		
Profit/ Loss for the period	-173.70	-222.66
Add : Balance carried from previous year	-652.79	-430.13
	40.78	
Profit/Loss carried forward	-785.71	-652.79

### 2. OVERVIEW OF OPERATIONS

During the year under review, your Company recorded a total income of Rs. 1057.41 (in Lakhs) as compared to last year's income of Rs. 3153.24 (in Lakhs) and net loss of Rs. 173.70 (in Lakhs) as compared to last year's net loss of Rs. 222.66 (in Lakhs). For further information, kindly refer to Management Discussion and Analysis Report, forming a part of this Annual Report.

## **KATARE SPINNING MILLS LIMITED**

The Bank of India filed an application before Hon'ble NCLT, Mumbai under Section 7 of Insolvency and Bankruptcy Code, 2016 ("IBC, 2016") for initiating Corporate Insolvency Resolution Process ("CIRP") of KATARE SPINNING MILLS LIMITED. The application was admitted vide Hon'ble NCLT, Mumbai Order dated 17.07.2020 and Mr. Vithal Madhukar Dahake, Insolvency Professional, having (IP Registration No.: IBBI/IPA-003/ IP-N-000117/20117-18/11296), was appointed as Resolution Professional ("RP").

As per the Insolvency and Bankruptcy Code, 2016 public announcement were made inviting the claims from the creditors and during the Corporate Insolvency Resolution Process ("CIRP") Expression of Interest ("EOI") were invited for submitting the Resolution Plan for KATARE SPINNING MILLS LIMITED.

### **3. DIVIDEND AND RESERVE**

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

### **4. STATE OF AFFAIRS OF THE COMPANY/BUSINESS OVERVIEW SPINNING MILL INDUSTRY**

In general, the performance of the cotton yarn industry depends upon the swings of demand by the market forces which closely track the economic trend. The exception to this rule is, the demand for specialty cotton yarn which is consistent and growing. But due to the CIRP process initiated against the Company the spinning unit is not working in the force.

### **SOLAR POWER PROJECT**

Considering the involvement of power part in the cost of finished goods, the Company has set up 1 MW power project for captive consumption and accordingly, pleased to inform you that the Company has successfully commissioned 1 MW Solar Power plant for captive consumption in the month of April, 2015. This is the first net metering installation in the Maharashtra. During the financial year total 871,757 electricity units have been generated and it helps the Company to save in electricity bill substantially.

## **KATARE SPINNING MILLS LIMITED**

The management and the Resolution Professional wish to update you the material impact of COVID-19 Pandemic situation on the Company's activities, i.e. in view of the COVID-19 Pandemic, the Business operations of the Company was disrupted and Registered Office of the Company was locked down as per direction/guidelines from the Maharashtra State and Solapur District Authorities.

The Spinning unit of the Company has faced major impact on the Business Operations / Revenue of the Company and major Cash Crunch due to COVID-19 Statewide Lockdown. Hence, the Company is not in the position to meet the financial commitments. Also, in the lockdown period there was not a demand and supply for the products due to this, it affects the profitability, liquidity position of the Company.

### **5. ANNUAL RETURN**

Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Companies Act, 2013 ("the Act") read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2021, in prescribed Form No. MGT-9 is given to this Report.

### **6. BOARD MEETINGS**

Only one meeting of the Board of Directors was held during the financial year 2020-21 and other meetings were conducted by the Resolution Professional due to CIRP proceedings. The details of the number of meetings held and attended by each Director are provided in the Corporate Governance Report, which forms part of this Report.

### **7. BOARD EFFECTIVENESS**

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

# KATARE SPINNING MILLS LIMITED

## **A. BOARD EVALUATION**

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

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

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

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

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

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

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

## **KATARE SPINNING MILLS LIMITED**

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

### **Additional Positive Attributes:**

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

### **C. REMUNERATION POLICY**

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

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

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

## **KATARE SPINNING MILLS LIMITED**

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

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.

Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings.

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

It is affirmed that the remuneration paid to Directors and all other employees is as per the Remuneration Policy of the Company.

### **8. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

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

Further, The Bank of India filed an application before Hon'ble NCLT, Mumbai under Regulation 7 of Insolvency and Bankruptcy Code, 2016 ("IBC, 2016") for initiating Corporate Insolvency Resolution Process ("CIRP") of KATARE SPINNING MILLS LIMITED. The application was admitted vide Hon'ble NCLT, Mumbai Order dated 17.07.2020 and Mr. Vithal Madhukar Dahake, Insolvency Professional, having (IP Registration No.: IBBI/IPA-003/ IP-N-000117/2017-18/11296), was appointed as Resolution Professional ("IRP").

## **KATARE SPINNING MILLS LIMITED**

Also, "the Company has preferred appeal against the decision of Hon'ble NCLT Mumbai to NCLAT, Delhi (Company Appeal no. 693 of 2020) in the month of August 2020 and the said matter was heard by this appellate Tribunal in the due period and the order was passed as follows; Having regard to the foregoing discussion, we do not find any merit in the Appeal. The Appellant has failed to demonstrate that the impugned order suffers from any legal infirmity. The Appeal being devoid of merit, is dismissed."

As per the Insolvency and Bankruptcy Code, 2016 public announcement were made inviting the claims from the creditors and during the Corporate Insolvency Resolution Process ("CIRP") Expression of Interest ("EOI") were invited for submitting the Resolution Plan for KATARE SPINNING MILLS LIMITED.

### **9. AUDIT COMMITTEE**

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

### **10. DIRECTORS AND KMP**

As per the provisions of Section 152 of the Act, Mr. Subhash katare (DIN 00685066), who retires by rotation at this meeting and being eligible offered himself for re-appointment, the matter is placed before member of the Company for approval.

The Company has appointed Mr. Prakash Venkappa Joti and Mr. Vilas Ramakant Shendge as an independent Director in the Company from 11<sup>th</sup> April, 2019 and also appointed Key managerial personnel i.e. Mr. Kamal Katare as a Chief Financial Officer and Mrs. Arati Bandi as a Company Secretary cum Compliance officer as respectively in the Company from 11<sup>th</sup> April, 2019. Due to personal reason of Company secretary Mrs. Arati Bandi has resigned from the post from 12<sup>th</sup> April, 2021.

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

### **11. CORPORATE GOVERNANCE**

The members may please note that the provisions relating to Corporate Governance i.e. Regulation 27 of SEBI (LODR), 2015 are not applicable to the Company and accordingly, the Company is not required to submit the Corporate Governance Report with this Annual Report. However, keeping in view the objective of encouraging the use of better practices through voluntary adoption, the Company has decided to adopt and disseminate

## **KATARE SPINNING MILLS LIMITED**

voluntary disclosure of Corporate Governance which not only serve as a benchmark for the corporate sector but also help the Company in achieving the highest standard of corporate governance.

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

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

### **12. AUDITORS & THEIR REPORTS**

Pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Act, read with Rule 6 of Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of the Audit Committee, M/s N. R. Waghchaure & Associates, Chartered Accountants, (Firm Registration Number 114999W), was appointed as a Statutory Auditors of the Company and the appointment of the Statutory Auditors of the Company along with a confirmation that, their appointment, made by the members, in the year 2018 was within the limits prescribed under the Act.

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

### **13. RESPONSE TO AUDITORS QUALIFICATION**

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

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

## KATARE SPINNING MILLS LIMITED

Comments of the Board of Directors/ Resolution Professional on the observations pointed out in the Independent Audit Report;

Sr. No.	Observations by Statutory Auditor	Comments by the Board/ Resolution Professional
1	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.	We had duly settled the entire debt / loan at an agreed amount of Rs.750 lakhs prior to 31.05.2013 in accordance with directions of DRAT under OTS scheme and no balance of said loan is outstanding as of now.
2	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.	We initially intended to write off the interest amount of Rs.600 lakhs over the period of 7 years and subsequently charged Rs.172 lakhs during FY 2012-13 and 2013-14. However, post to FY 2013-14, Company has been incurring losses and hence the balance amount of Rs.428 lakhs could not be charged in the books. It is now proposed that the said balance will be written, in future, over next 5 years in anticipation of foreseeable profits.

3	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.	Since the Company has been operating in loss, provision for bad and doubtful debts could not be made in the books. However, the same shall either be provided or written off in future in anticipation of foreseeable profits.
4	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.	The said loan accounts were classified as NPA by the lending Bank in June 2015 and stopped applying interest. However, we had made provision for unapplied interest on the said loans till 31.03.19 on reasonable estimate basis. Since the Company is operating in loss, provision for unapplied interest could not be made in the books post to FY 2018-19. We propose to write off the said amounts as and when the said loan accounts are settled under OTS.
5	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.	We concede to the fact that had above items been charged to the statement of profit and loss, the loss for the year would have been increased by Rs.796.20 lakhs resulting into total loss of Rs.969.90 lakhs and to the extend it resulted into overstatement of year end net current assets and reserves and surplus by Rs.796.20 lakhs.

#### **14. SECRETARIAL AUDIT**

Pursuant to the provisions of the Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S. Nikhil Sawant & Co. Company Secretaries, Pune, as Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Report is Self-explanatory annexed herewith however; the Company has initiated necessary steps to comply with queries and/or non-compliances mentioned under the Secretarial Audit Report as per the provisions of the Act and the SEBI (LODR), 2015.

## **KATARE SPINNING MILLS LIMITED**

### **15. INTERNAL FINANCIAL CONTROL**

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

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

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

### **17. DEPOSITS**

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

### **18. RELATED PARTY TRANSACTIONS**

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

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

### **19. RISK MANAGEMENT**

The Company has adopted a Risk Management Policy, pursuant to the provisions of Section 134 of the Act, which has a robust Risk Management framework to identify and evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on business objectives and enhance the Company's competitive advantage. The risk framework defines, the risk management approach across the enterprise at various levels including documentation and reporting.

## **KATARE SPINNING MILLS LIMITED**

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

### **20. LOANS, GUARANTEES AND INVESTMENTS**

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

### **21. CORPORATE SOCIAL RESPONSIBILITY INITIATIVE**

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

### **22. PARTICULARS OF EMPLOYEES**

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

### **23. VIGIL MECHANISMS/WHISTLE BLOWER POLICY**

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

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

### **24. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors were fully kept informed of the Company's activities in all its spheres. During the year under review, a separate meeting of Independent Directors was held on 30<sup>th</sup> June, 2020 and the Independent Directors reviewed the performance of (i) non-Independent directors and (ii) the board as whole.

## **KATARE SPINNING MILLS LIMITED**

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

### **25. SAFETY MEASURES**

#### **i. Insurance-**

Your Company continued to cover all assets mainly; plant & machinery, building, materials, stock, furniture & fixtures against possible risks like fire, flood, terrorism and earthquake.

#### **ii. Industrial Relations-**

The industrial relations at the plants of the Company during the year under review continued to be cordial throughout the year.

### **26. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

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

### **27. DISQUALIFICATION OF DIRECTORS**

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

### **28. DIRECTOR'S RESPONSIBILITY STATEMENT**

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act in the preparation of annual accounts for the year ended on 31<sup>st</sup> March, 2021 and state that:

1. In the preparation of the annual accounts for Financial Year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2021 and of the profit of the Company for that period.

## **KATARE SPINNING MILLS LIMITED**

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts for Financial Year ended 31st March, 2021 on a 'going concern' basis.
5. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently, and
6. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

### **29. DETAILS OF SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

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

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

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

## **KATARE SPINNING MILLS LIMITED**

### **31. APPRECIATION**

Your Directors would like to place on record their appreciation for the co-operation and assistance received from the banks, for the utmost confidence reposed in the management by the shareholders and customers during the year under review. Your Directors wish to thank for the services of the executive, staff and workers of the Company at all levels for their dedication, devotion, determination and discipline. The Directors express their profound thanks to the shareholders for their continued support and goodwill and they look forward to the future with confidence.

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

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

Place: Solapur  
Date: 26<sup>th</sup> August, 2021

(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

## ANNEXURE TO DIRECTOR'S REPORT

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

A) Energy Conservation taken:

- Switching off unwanted lights.
- Use of natural lights as far as possible.
- Humidification plants not operated during favorable climatic conditions.
- Control over slippage.
- The company has replaced HDP Ring Tubes and introduced light weight ABS Tubes for Ring frame. Because of this the Company is getting more Yarn contents and about 1.5% power saving in the power consumption.

B) Additional investment and proposal, if any being implemented for reduction of consumption of energy. The management is actively considering different areas viz.

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

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

# KATARE SPINNING MILLS LIMITED

## Form "A" POWER & FUEL CONSUMPTION

Sr. No.	Particulars	Spinning Division		Hotel Division	
		Current year	Previous Year	Current year	Previous Year
1	<b>Electricity</b>				
	Purchased units from MSEDCL	14237	180633	Nil	Nil
	Total amt. Rs.	917679	4759508	Nil	Nil
	Rate Unit Rs.	64.46	26.35	Nil	Nil
2	<b>Own Generation</b>				
	Solar Plant				
	Unit	871757	1322312	Nil	Nil
	Rate per unit Rs.	7.80	7.80	Nil	Nil

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

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

Place: Solapur  
Date: 26<sup>th</sup> August, 2021

(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

## Form No. AOC-2

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

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
(a)	(b)	(c)	(d)	(e)	(f)
Kishore Katare- Managing Director	Sale and Purchase of Yarn	Amount paid Amount Received	5,500  7,51,081	16.07.2020	NIL
Kishore Katare- Managing Director	Unsecured Loan	Receipt Interest Payable	1,11,00,000  5,29,522	16.07.2020	NIL
Ganesh Textiles (Yarn) - Prop Kishore T Katare	Sale and Purchase of Yarn	Hank Yarn Sales  Yarn Purchase	19,82,400  19,82,400	16.07.2020	NIL
SubhashKatare- Director	Land Rent Paid	Ongoing Basis	84,000	16.07.2020	NIL
Kamal Marketing Private Limited- Common	Purchase Sale Cotton Processing	Ongoing Basis	3,73,82,100 3,64,86,260 Nil	16.07.2020	NIL

Directors	Charges Received Electricity Charges Received Building Rent received		Nil Nil Nil 25,000		
Kamal Marketing Private Limited- Common Directors	Interest Unsecured Loan	Ongoing Basis	11,55,554	16.07.2020	NIL
Katare Cotton Waste Spg. (Common partner)	Sale Purchases of Yarn	Ongoing Basis	5,54,40,903 6,07,21,763	16.07.2020	NIL

## **KATARE SPINNING MILLS LIMITED**

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

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

Sr. No.	Name of Director/ KMP	Designation	Remuneration Rs. In Lakhs		Change (%)	Ratio of Remuneration of each Director & KMP to Median Remuneration of Employees
			2021	2020		
1	KISHORE KATARE	Managing Director	0	0	0	NA

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

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

Place: Solapur  
Date: 26<sup>th</sup> August, 2021

(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**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)**

The Bank of India filed an application before Hon'ble NCLT, Mumbai under Section 7 of Insolvency and Bankruptcy Code, 2016 ("IBC, 2016") for initiating Corporate Insolvency Resolution Process ("CIRP") of KATARE SPINNING MILLS LIMITED. The application was admitted vide Hon'ble NCLT, Mumbai Order dated 17.07.2020 and Mr. Vithal Madhukar Dahake, Insolvency Professional, having (IP Registration No.: IBBI/IPA-003/ IP-N-000117/2017-18/11296), was appointed as Resolution Professional ("RP").

As per the Insolvency and Bankruptcy Code, 2016 public announcement were made inviting the claims from the creditors and during the Corporate Insolvency Resolution Process ("CIRP") Expression of Interest ("EOI") were invited for submitting the Resolution Plan for KATARE SPINNING MILLS LIMITED.

Further, "the Company has preferred appeal against the decision of Hon'ble NCLT Mumbai to NCLAT, Delhi (Company Appeal no. 693 of 2020) in the month of August 2020 and the said matter was heard by this appellate Tribunal in the due period and the order was passed as follows; Having regard to the foregoing discussion, we do not find any merit in the Appeal. The Appellant has failed to demonstrate that the impugned order suffers from any legal infirmity. The Appeal being devoid of merit, is dismissed."

#### 1. Current scenario

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

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

## **KATARE SPINNING MILLS LIMITED**

### 2. Business Segment

#### Textile Industry

The Company achieved a turnover of Rs. 1057.41 lakh against Rs. 3153.24 lakh relating to the previous year. The gross profit/loss of the Company recorded at Rs. -26.26 Lakh before interest and depreciation and net loss for the year is at Rs. 173.70 Lakh as against net loss of Rs. 222.66 Lakh for the previous year. The turnover of the Company is also less as compared to the previous year.

#### Hotel

The lenders, Bank of India, have taken possession of property of Hotel division of the Company on 25th October, 2017 under SARFESAI Act and from that date the Hotel business of the Company is not operating.

#### Solar Power Project

Considering the involvement of power part in the cost of finished goods, the Company has set up 1 MW power project for captive consumption and accordingly pleased to inform you that the Company has successfully commissioned 1 MW Solar Power plant for captive consumption in the Month of April, 2015. This is the first net metering installation in the Maharashtra. During the financial year total 871,757 electricity units have been generated and it helps the Company to save in electricity bill substantially.

### 3. Industry Outlook

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

## **KATARE SPINNING MILLS LIMITED**

### 4. Opportunities

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

### 5. Risks and Concerns

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

### 6. The Financial and Operational Performance

The Financial statement given in the report of the Directors for the financial year 2020-21 is not as good as compare to Market situation, as the Company is having losses in the year. It needs to take genuine steps by the management for transparency and best judgement for the estimates made to correctly reflect the true and fair affairs of the Company and the Company is also planning for future years to come a good condition for the Company.

### 7. Internal control, systems and adequacy

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

## **KATARE SPINNING MILLS LIMITED**

### 8. Human Resources Development

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

### 9. Safety and Environment

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

### 10. Cautionary Statement

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

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## KATARE SPINNING MILLS LIMITED

Comments of the Board of Directors/ Resolution Professional on the observations pointed out in the Secretarial Audit Report;

Sr. No.	Observations by Secretarial Auditor	Comments by the Board/ Resolution Professional
1	The Company has failed to pay annual listing fees for the financial year 2020-21 to Bombay Stock Exchange (BSE).	The Company is not in a position to pay listing fees, due to some financial crisis and CIRP Process initiated against Company.
2	There was delay of 1 day in giving prior intimation of Board/ RP meeting to Bombay Stock Exchange as required under Regulation 29 of the Listing Regulations held for approval of quarterly financial results for quarter ended on June 30, 2020.	Inadvertently failed to give prior intimation of Board/ RP meeting in time.
3	There was delay in submission of shareholding pattern of the Company to Bombay Stock Exchange for the quarter ended on March 31, 2020.	Inadvertently failed to file Shareholding Pattern in time.
4	As per Regulation 31(2) of SEBI (LODR) Regulations, 2015 the shareholding of Promoters and Promoter Group i.e. 9,200 (0.65%) shares are pending for dematerialization as on year end date.	We have taken the steps towards to convert the physical shares into Demat account, also forwarded physical shares Certificates to NSDL for dematerialization, it is under process.
5	There has been non-compliances with certain provisions of Regulation 47 of SEBI (LODR) Regulations, 2015 in respect to advertisement in newspaper.	We have taken steps as per the said regulation, but in some instances inadvertently failed to give advertisement in proper manner.
6	The Company has failed to comply with provisions of Section 124 of Companies Act, 2013 and rules made thereunder regarding transfer of unpaid unclaimed dividend and shares related to those to investor Education and Protection Funds.	As the CIRP process is initiated against the Company, the Company is unable to complete compliances under Section 124 of the Companies Act, 2013.
7	The Company has maintained the website of the Company as per SEBI (LODR) Regulations, 2015 however, the website of the Company is not updated as on current	We are in process of uploading all the details on website of the Company to come on real-time basis.

	date.	
8	As per Section 139(1) of the Companies Act, 2013 the Company has appointed the Statutory Auditor but the Auditor is not holding Peer Review Certificate which is to be issued by the Peer Review Board of the Institute of Chartered Accountants of India, as required under Regulation 33(1)(D) of SEBI (LODR) Regulations 2015.	Statutory Auditor who was appointed in the Company is in process to get peer review certificate from the said Institute and also he has made the application to their Institute.
9	The Company has closed its books as per Section 91 of the Companies Act, 2013 and has published the public notice for closure of register to the members in vernacular newspaper in Marathi language but not published in the English newspaper.	We had given the advertisement in the newspaper, but failed to give the English advertisement in English newspaper.
10	The Company has failed to comply with the Section 108 and rules made there under of the Companies Act, 2013 with respect to advertisement for e-voting i.e. the advertisement not published in English newspaper.	We had given the advertisement in the newspaper, but failed to the give English advertisement in English newspaper.

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

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

Place: Solapur  
Date: 26<sup>th</sup> August, 2021

(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**

## **CORPORATE GOVERNANCE REPORT**

### **Initiation of Corporate Insolvency Resolution Process (CIRP)**

The Company was admitted into Corporate Insolvency Resolution Process (CIRP) by National Company Law Tribunal (NCLT), Mumbai vide order dated 17<sup>th</sup> July, 2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 and the powers of the existing Board of Directors of the Company are suspended from the date of the order as per Section 17 of the IBC and vested with Mr. Vithal Madhukar Dahake, Resolution Professional. Since the Powers of the Board of Directors are vested with the Resolution Professional, the management of the affairs of the Company will be under the overall control, supervision and guidance of the Resolution professional from the date of the order till the completion of Corporate Insolvency Resolution Process.

Further, "the Company has preferred appeal against the decision of Hon'ble NCLT Mumbai to NCLAT, Delhi (Company Appeal no. 693 of 2020) in the month of August 2020 and the said matter was heard by this appellate Tribunal in the due period and the order was passed as follows; Having regard to the foregoing discussion, we do not find any merit in the Appeal. The Appellant has failed to demonstrate that the impugned order suffers from any legal infirmity. The Appeal being devoid of merit, is dismissed."

### **CORPORATE GOVERNANCE**

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

## **KATARE SPINNING MILLS LIMITED**

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

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

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

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

As CIRP process is going on under the Insolvency and Bankruptcy Code (IBC) therefore powers of the Board suspended, under the Code provided that roles and responsibilities of the Board of Directors as specified under regulation 17 shall be fulfilled by the interim resolution professional /resolution professional in accordance with the provisions of the Code.

The Board of Directors along with its Committees provides leadership and guidance to the Company’s management and direct, supervises and controls the performance of the Company. The present strength of Board of Directors is 6(six) as on 31<sup>st</sup> March, 2021, whose composition and category is given below:

- One - Managing Director
- Two - Independent Directors
- One - Women Director
- Two - Director

## KATARE SPINNING MILLS LIMITED

### A) THE CONSTITUTION OF THE BOARD AS ON 31<sup>st</sup>MARCH, 2021

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

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Shri Kishore Katare	Promoter, Managing Director	1	1	NIL	NIL
Shri Subhash Katare	Promoter, Director	1	NIL	NIL	NIL
Shri Prakash Joti	Independent Director	NIL	NIL	NIL	NIL
Shri Vilas Shendge	Independent Director	NIL	NIL	NIL	NIL
Shri. Umakant Mahindrakar	Director	NIL	NIL	NIL	NIL
Mrs. Vidyavati Katare	Director	1	1	NIL	NIL

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

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

During the year ended March 31, 2021, 1(One) Board Meetings was held on 30<sup>th</sup> June, 2021 and due to the CIRP process initiated against the Company the board powers suspended and the Resolution Professional looking after the affairs of the Company and the Annual General Meeting during the year was held on 30<sup>th</sup> September, 2020.

## KATARE SPINNING MILLS LIMITED

Name of the Directors	Category of Directorship	No.of Board Meeting Attended	Attendance at the last AGM held on 30.09.2020
Shri. K. T. Katare	Managing Director	1	Present
Shri. S. T. Katare	Director	1	Present
Shri. P. V. Joti	Independent Director	1	Present
Shri. V. R. Shendge	Independent Director	1	Present
Shri. U. M. Mahindrakar	Director	1	Present
Mrs. V. K. Katare	Director	1	Present

During the period four meetings were held and were chaired by Resolution Professional (RP) along with the Key Managerial Persons (KMP) of the Company in accordance with the Section 17 and 23 of Insolvency and Bankruptcy Code 2016 during the financial year 2020-21. The date of meetings are 31<sup>st</sup> August, 2020, 12<sup>th</sup> November, 2020, 12<sup>th</sup> February, 2021 and AGM on 30<sup>th</sup> September, 2020.

### 3. COMMITTEE OF THE BOARD

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

The Board of Directors has constituted three committees of the Board – (i) The Audit Committee (ii) Nomination and Remuneration Committee and (iii) Stakeholders Relationship Committee.

#### **i) Audit Committee:**

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

## KATARE SPINNING MILLS LIMITED

### COMPOSITION:

During the year ended 31<sup>st</sup> March, 2021, Only One Meeting was held on 16<sup>th</sup> July, 2020, thereafter powers of the Board suspended as CIRP process started.

The composition of the Audit Committee is as follows:

Member of Audit Committee	Position	Committee Meetings
Shri. Prakash Joti	Chairman-Independent Director	1
Shri. Vilas Shendge	Independent Director	1
Shri. Subhash Katare	Director	1

### ii) Nomination and Remuneration Committee:

The Remuneration Committee of the Company is empowered to review the remuneration of the chairman /Managing Director and retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board, on the amount and to the non-executive directors based on criteria fixed by the Board.

### BRIEF DESCRIPTION OF TERMS OF REFERENCE:

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

### COMPOSITION:

During the year ended 31<sup>st</sup> March, 2021, Only One Meeting was held on 16<sup>th</sup> July, 2020, thereafter powers of the Board suspended as CIRP process started.

## KATARE SPINNING MILLS LIMITED

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

Member of Audit Committee	Position	Committee Meetings
Shri. Prakash Joti	Chairman-Independent Director	1
Shri. Vilas Shendge	Independent Director	1
Mrs. Vidyavati Katare	Director	1

The detail of remuneration for the year ended 31<sup>st</sup> March, 2021 paid to the Director/ Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	Total
MD was appointed on non-remuneration basis in the Company.				

### iii) STAKEHOLDERS RELATIONSHIP COMMITTEE: BRIEF DESCRIPTION OF TERMS OF REFERENCE

The “Stakeholders Relationship Committee” of the Board, looks into various issues relating to investor grievances and to deal with matters relating to transfers/transmission of shares, and monitors redress of complaints from shareholders relating to transfers, non-receipt of balance-sheet, issue of duplicate share certificates, etc.

#### COMPOSITION:

During the year ended 31<sup>st</sup> March, 2021, Only One Meeting was held on 16<sup>th</sup> July, 2020, thereafter powers of the Board suspended as CIRP process started.

## KATARE SPINNING MILLS LIMITED

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

Member of Audit Committee	Position	Committee Meetings
Shri. Prakash Joti	Chairman-Independent Director	1
Shri. Vilas Shendge	Independent Director	1
Mrs. Vidyavati Katare	Director	1

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

There were no valid share transfer requests pending as on March 31, 2021.

#### 4. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Location of the Meeting
2019-20	30.09.20	11.00 am	At 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Solapur MH- 413006
2018-19	09.09.19	11.00 am	At 259, Sakhar Peth, Solapur Mh- 413005
2017-18	29.09.18	11.00 am	At 259, Sakhar Peth, Solapur Mh- 413005

#### 5. DISCLOSURES

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

## **KATARE SPINNING MILLS LIMITED**

The disclosure of related party transactions as required by the Indian Accounting Standard (IND AS) 24 on 'Related Party Disclosures issued by the Institute of Chartered Accountants of India (ICAI) is given under Notes on the Annual Accounts. All the transactions covered under related party transaction were fair, transparent and on at arm's length basis.

The company has complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 except as mentioned in the Secretarial Audit report. Some amount of penalties have been imposed or stricture has been issued by SEBI, stock exchanges for delay in filling of information on BSE site or no other penalties imposed for any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 while preparing its financial statements.

### **6. MEANS OF COMMUNICATIONS**

The quarterly, half yearly and annual results are communicated to all the Stock Exchanges where the Company's shares are listed i.e. BSE as soon as the same are approved and taken on record by the Board of Directors of the Company. The results are not sent individually to the shareholders and same are uploaded on website of the Company.

### **7. CODE OF CONDUCT**

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

## KATARE SPINNING MILLS LIMITED

### 8. GENERAL SHAREHOLDERS INFORMATION

Sr. No.	Particulars	Information
a)	Annual General Meeting i) Day, Date & Time ii) Venue	Thursday, 30 <sup>th</sup> September, 2021 at 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Bl. No. 10 Solapur MH- 413006.
b)	Financial Calendar (tentative)  Results for the 1 <sup>st</sup> Quarter Ending 30 <sup>th</sup> June, 2021 Result for the 2 <sup>nd</sup> Quarter/Half Year Ending 30 <sup>th</sup> September 2021 Result for the 3 <sup>rd</sup> Quarter Ending 31 <sup>st</sup> December, 2021 Results for the 4 <sup>th</sup> Quarter/Year Ending 31 <sup>st</sup> March, 2022	First Week August 2021  Second Week November 2021  Last Week January 2022  Second Week June 2022
c)	Book Closure Date (Both days inclusive)	Friday, 24 <sup>th</sup> September, 2021 to Thursday 30 <sup>th</sup> September, 2021.
d)	Listing on Stock Exchanges	The Bombay Stock Exchange Ltd., Mumbai.
e)	Stock Code	Physical segment – BSE-502933 NSDL / CSDL – ISIN: INE - 498G01015

## KATARE SPINNING MILLS LIMITED

f) Stock Market Data

The monthly high and low Prices during the year at BSE are as follows:

Month	Mumbai Stock Exchange	
	High Rs.	Low Rs.
April 2020	13.94	11.50
May 2020	15.70	13.87
June 2020	16.80	15.20
July 2020	18.05	13.50
August 2020	14.17	9.05
September 2020	13.11	8.10
October 2020	15.46	13.76
November 2020	No data Found on BSE	
December 2020		
January 2021		
February 2021	15.20	14.65
March 2021	14.36	13.26

g) Share holding pattern as on 31.03.2021

Sr.No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Relatives of Director)	1360266	47.73
2	Body Corporate	217296	7.62
3	Resident Individuals	1262878	44.31
4	Non Resident Indian	546	0.01
5	Financial Institutions/Banks	7900	0.27
6	Clearing Member	1114	0.03
	<b>TOTAL:-</b>	<b>28,50,000</b>	<b>100.00</b>

## KATARE SPINNING MILLS LIMITED

h) Distribution of Shareholding as on 31.03.2021

Shareholding of nominal value	No.of Shareholders	%	Nominal Value of Equity Shares(Rs.)	%
1 to 5000	1432	86.99	2170720	7.61
5001 to 10000	86	5.22	734570	2.57
10001 to 20000	46	2.79	708290	2.48
20001 to 30000	19	1.15	488320	1.71
30001 to 40000	10	0.60	363960	1.27
40001 to 50000	10	0.60	460430	1.61
50001 to 100000	16	0.97	1165740	4.09
100001 to onwards	27	1.64	22407970	78.62

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

Share Transfer System:

Trading in Equity shares of the company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI) and the Link Intime India Pvt. Ltd., Pune handle the both Demat and physical share transfers.

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

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

## KATARE SPINNING MILLS LIMITED

k) DEMATERILISATION OF SHARES

As on 31<sup>st</sup> March, 2021 Equity shares were in de-materialized form representing 92.07% of the total share capital.

l) Plant Location

**Spinning Mills**

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

**Hotel Tripursundari**

224, Civil Lines, Solapur.

**Solar Plant**

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

m) Address for Correspondence: KATARE SPINNING MILLS LIMITED  
14/30 GROUND FLOOR, B WING, KATARE COMPLEX, GANDHINAGAR,  
BL. NO. 10 Solapur MH- 413006.

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# **KATARE SPINNING MILLS LIMITED**

## DECLARATION

To the best of our knowledge and belief, certify that;  
We have reviewed financial statements and the cash flow statement for the year and that:

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

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

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

Place: Solapur  
Date: 26<sup>th</sup> August, 2021

(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**

**Form No. MR-3**

## **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

To,

The Members,

**KATARE SPINNING MILLS LIMITED**

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

Based on my earlier visits in the Company and current date’s virtual verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting of some non-compliances made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder- Not applicable to the Company during the Audit period.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

## **KATARE SPINNING MILLS LIMITED**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, but during the audit period, there were no Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings- Not applicable to the Company during the Audit period.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the Company did not issue any security during the financial year under review;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable as the Company has not granted any options to its employees during the financial year under review;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable as the Company has not issued any debt securities during the financial year under review;

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

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

## KATARE SPINNING MILLS LIMITED

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

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

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

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

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

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

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

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

1. The Company has failed to pay annual listing fees for the financial year 2020-21 to Bombay Stock Exchange (BSE).
2. There was delay of 1 day in giving prior intimation of Board/ RP meeting to Bombay Stock Exchange as required under Regulation 29 of the Listing Regulations held for approval of quarterly financial results for quarter ended on June 30, 2020.
3. There was delay in submission of shareholding pattern of the Company to Bombay Stock Exchange for the quarter ended on March 31, 2020.
4. As per Regulation 31(2) of SEBI (LODR) Regulations, 2015 the shareholding of Promoters and Promoter Group i.e. 9,200 (0.65%) shares are pending for dematerialization as on year end date.

## **KATARE SPINNING MILLS LIMITED**

5. There has been non-compliances with certain provisions of Regulation 47 of SEBI (LODR) Regulations, 2015 in respect to advertisement in newspaper.
6. The Company has failed to comply with provisions of Section 124 of Companies Act, 2013 and rules made thereunder regarding transfer of unpaid unclaimed dividend and shares related to those to investor Education and Protection Funds.
7. The Company has maintained the website of the Company as per SEBI (LODR) Regulations, 2015 however, the website of the Company is not updated as on current date.
8. As per Section 139(1) of the Companies Act, 2013 the Company has appointed the Statutory Auditor but the Auditor is not holding Peer Review Certificate which is to be issued by the Peer Review Board of the Institute of Chartered Accountants of India, as required under Regulation 33(1)(D) of SEBI (LODR) Regulations 2015.
9. The Company has closed its books as per Section 91 of the Companies Act, 2013 and has published the public notice for closure of register to the members in vernacular newspaper in Marathi language but not published in the English newspaper.
10. The Company has failed to comply with the Section 108 and rules made there under of the Companies Act, 2013 with respect to advertisement for e-voting i.e. the advertisement not published in English newspaper.

### I further report that;

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

Mr. Kishore T. Katare -Managing Director, Mr. Subhash Katare –Director, Mr. Prakash Joti – Independent Director, Mr. Umakant Mahindrakar –Director, Mr. Vilas Shendge – Independent Director and Mrs. Vidyavati Katare- Director.

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

## **KATARE SPINNING MILLS LIMITED**

clarifications on the agenda items before the meeting and for meaningful participation at the meeting. However, the CIRP Process was initiated against the Company from 17<sup>th</sup> July, 2020 due to default in payment of dues of Bank of India (BOI), therefore the BOI has filed the application with the NCLT, Mumbai Bench under Insolvency and Bankruptcy Code, 2016. Due to the CIRP process the board's powers are suspended and board was not functioning in the Company and the resolution Professional Mr. Vitthal Dahake was looking after the affairs of the Company from 17<sup>th</sup> July, 2020.

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

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

**FOR NIKHIL SAWANT & CO.**  
**Company Secretaries**

**NIKHIL SAWANT**

Proprietor

M. No. A37819 CP No- 14691

UDIN- A037819C000815211

Place: Pune

Date: 21<sup>st</sup> August, 2021

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

# **KATARE SPINNING MILLS LIMITED**

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

To  
The Members,  
**KATARE SPINNING MILLS LIMITED**  
Solapur-413006.

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

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and Practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of any financial records and Books of Accounts of the Company.
4. Whenever required, I have obtained the Management representation letter about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management of the Company. My examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future visibility of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The Companies Act, 2013 (the Act) and the Rules made thereunder, here I would like to state that during the financial year 2020-21, the Company has been passing through the Insolvency Resolution Process, under Insolvency and Bankruptcy Code, 2016 vide orders dated 17.07.2020 of the National Company Law Tribunal (NCLT), Mumbai Bench. The application was admitted and as such the Board of Directors of the Company has been under suspension since

## **KATARE SPINNING MILLS LIMITED**

17.07.2020. Mr. Vithal Madhukar Dahake, Insolvency Professional, having (IP Registration No.: IBBI/IPA-003/ IP-N-000117/2017-18/11296), was appointed as Resolution Professional (“RP”).

Further, “the Company has filed appeal against the decision of Hon'ble NCLT Mumbai to NCLAT, Delhi (Company Appeal no. 693 of 2020) in the month of August 2020 and the said matter was heard by this appellate Tribunal in the due period and the order was passed as follows; Having regard to the foregoing discussion, we do not find any merit in the Appeal. The Appellant has failed to demonstrate that the impugned ordersuffers from any legal infirmity. The Appeal being devoid of merit, is dismissed.

**FOR NIKHIL SAWANT & CO.**  
**Company Secretaries**

**NIKHIL SAWANT**

Proprietor

M. No. A37819 CP No- 14691

UDIN- A037819C000815211

Place: Pune

Date: 21<sup>st</sup>August, 2021

**KATARE SPINNING MILLS LIMITED****FORM NO. MGT- 9**

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2021

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

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L17199PN1980PLC022962
ii	Registration Date	08-08-1980
iii	Name of the Company	<b>KATARE SPINNING MILLS LIMITED</b>
iv	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
v	Address of the Registered office & contact details	14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Bl. No. 10,
vi	Whether listed company	YES
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd, Akshay Complex, Block No. 202, 2nd Floor, Opp. Dhole Patil Road, Pune-411001. Ph. No. 020-26161629, Email-id pune@linkintime.co.in

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	COTTON YARN	5205	13.86

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

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

## KATARE SPINNING MILLS LIMITED

KATARE SPINNING MILLS LTD

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity) As on 31.03.2021

(i) Category- wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2020				No. of Shares held at the end of the year 31.03.2021				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	1312870	2400	1315270	46.15	1312870	2400	1315270	46.15	0.00
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	38196	6800	44996	1.58	38196	6800	44996	1.58	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>1351066</b>	<b>9200</b>	<b>1360266</b>	<b>47.73</b>	<b>1351066</b>	<b>9200</b>	<b>1360266</b>	<b>47.73</b>	<b>0.00</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>1351066</b>	<b>9200</b>	<b>1360266</b>	<b>47.73</b>	<b>1351066</b>	<b>9200</b>	<b>1360266</b>	<b>47.73</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	7900	7900	0.28	0	7900	7900	0.28	0
c) Cenntral govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.28</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.28</b>	<b>0.00</b>
(2) Non Institutions									
a) Bodies corporates	166834	5765	172599	6.06	211531	5765	217296	7.62	-1.57
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	463892	203318	667210	23.41	203218	382999	586217	20.57	2.84
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	595264	0	595264	20.89	645963	0	645963	22.67	-1.78
c) Others (specify) HUF	45567	0	45567	1.60	30698	0	30698	1.0771	0.52
Market Maker	650	0	650	0.02	1114	0	1114	0.04	-0.02
Non Resident Indian (non repat)	544	0	544	0.02	546	0	546	0.02	0.00
Non Resident Indian (repat)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(2):</b>	<b>1272751</b>	<b>209083</b>	<b>1481834</b>	<b>51.99</b>	<b>1093070</b>	<b>388764</b>	<b>1481834</b>	<b>51.99</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1272751</b>	<b>216983</b>	<b>1489734</b>	<b>52.27</b>	<b>1093070</b>	<b>396664</b>	<b>1489734</b>	<b>52.27</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>2623817</b>	<b>226183</b>	<b>2850000</b>	<b>100</b>	<b>2444136</b>	<b>405864</b>	<b>2850000</b>	<b>100</b>	<b>0</b>

## KATARE SPINNING MILLS LIMITED

### KATARE SPINNING MILLS LTD

#### (ii) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2020			Shareholding at the end of the year 31.03.2021			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Kishor Tippanna Katare	587114	20.60	0	587114	20.60	0.00	0.00
2	Subhash Tippanna Katare	344005	12.07	0	344005	12.07	0.00	0.00
3	Shakuntala Tulsidas Katare	382651	13.43	0	382651	13.43	0.00	0.00
4	Vidhyavati Kishor Katare	10350	0.36	0	10350	0.36	0.00	0.00
5	Katara Sachin Subhash	3150	0.11	0	3150	0.11	0.00	0.00
6	Mahindrakar Umakant Mahadev	7478	0.26	0	7478	0.26	0.00	0.00
7	Geeta Anilkumar Kapatkar	200	0.01	0	200	0.01	0.00	0.00
8	Sunita Prashant Achalkar	200	0.01	0	200	0.01	0.00	0.00
9	Vanita Tulshidas Katara	200	0.01	0	200	0.01	0.00	0.00
10	Nanda Tulshidas Katara	200	0.01	0	200	0.01	0.00	0.00
11	Katara Kirti Kishore	8418	0.30	0	8418	0.30	0.00	0.00
12	Katara Kritika Kishore	8800	0.31	0	8800	0.31	0.00	0.00
13	Jaishree Venkatesh Mahindrakar	1700	0.06	0	1700	0.06	0.00	0.00
14	Chhaya Umakant Mahindrakar	1700	0.06	0	1700	0.06	0.00	0.00
15	Ambutai Abhaykumar Telkar	2600	0.09	0	2600	0.09	0.00	0.00
16	Kamal Kishore Katara	1500	0.05	0	1500	0.05	0.00	0.00
	Total	1360266	47.73	0	1360266	47.73	0.0	0.00

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

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1360266	47.73		
	At the end of the year	1360266	47.73	1360266	47.73

## KATARE SPINNING MILLS LIMITED

### KATARE SPINNING MILLS LTD

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

Sr. No	Name	No. of Shares at the beginning (01.04.20)/end of the year(31.03.21)		Date			Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Balram Bharwani	120350	4.22	01.04.2020	-400	Trnasfer	119950	4.21
		119950	4.21	31.03.2021				
2	MALPANI FINANCIAL SERVICEPVT LTD *	2785	0.10	01.04.2020	46850	Transfer	49635	1.74
		49635	1.74	31.03.2021				
3	MADHAV SAMPATLAL SARDA	28807	1.01	01.04.2020	-200	Transfer	28607	1.00
		28607	1.00	31.03.2021				
4	ENNAR STAR TRADE LIMITED	66586	2.34	01.04.2020	-2245	Transfer	64341	2.26
		64341	2.26	31.03.2021				
5	Preeti Krishnagopal Chandak	141883	4.98	01.04.2020	0	Nil Movement during the year	141883	4.98
		141883	4.98	31.03.2021				
6	Hina Kirti Doshi	50000	1.75	01.04.2020	0	Nil Movement during the year	50000	1.75
		50000	1.75	31.03.2021				
7	Krishnagopal Motilal Chandak	108427	3.80	01.04.2020	13711	Transfer	122138	4.29
		122138	4.29	31.03.2021				
8	VSL Securities	48831	1.71	01.04.2020	0	Nil Movement during the year	48831	1.71
		48831	1.71	31.03.2021				
9	Kamal Marketing pvt Ltd	37695	1.32	01.04.2020	0	Nil Movement during the year	37695	1.32
		37695	1.32	31.03.2021				
10	RAHUL KATHADE	63297	2.22	01.04.2020	8489	Transfer	71786	2.52
		71786	2.52	31.03.2021				
11	SHEKHAR JEETMAL ASAWA *	15099	0.53	01.04.2020	14000	Transfer	29099	1.02
		29099	1.02	31.03.2021				
12	RASHMI CHANDAK	28000	0.98	01.04.2020	0	Nil Movement during the year	28000	0.98
		28000	0.98	31.03.2021				

\* Not in the list of Top ten shareholders as on 01.04.2020. The same have been reflected above since share holders were among the Top ten share holders as on 31.03.2021.

# Ceased to be in the list of Top ten shareholders as on 31.03.2021. The same have been reflected above since shareholders were among the top ten shareholder as on 31.03.2020.

## KATARE SPINNING MILLS LIMITED

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

Sl. No	Name	No. of Shares at the beginning (01.04.20)/end of the year(31.03.21)		Date	Increase/ decrease	Reason	Cumulative Shareholding during the year (01.04.2020 to 31.03.2021)	
		No.of shares	% of total shares of the company				No of shares	% of total shares of the company
<b>A Directors</b>								
1	Subhash Tippanna Katare	344005	12.07	01.04.2020	0	Nil Movement during the year	344005	12.07
		344005	12.07	31.03.2021				
2	Vidhyavati Kishor Katare	10350	0.36	01.04.2020	0	Nil Movement during the year	10350	0.36
		10350	0.36	31.03.2021				
3	Umakant M Mahindrakar	7478	0.26	01.04.2020	0	Nil Movement during the year	7478	0.26
		7478	0.26	31.03.2021				

**B KMPs**

1	Kishor Tippanna Katare	587114	22.36	01.04.2020	0	Nil Movement during the year	587114	20.60
		587114	20.60	31.03.2021				
2	KAMAL KISHORE KATARE	1500	0.05	01.04.2020	0	Nil Movement during the year	1500	0.05
		1500	0.05	31.03.2021				

## KATARE SPINNING MILLS LIMITED

**KATARE SPINNING MILLS LTD**  
V **INDEBTEDNESS**

(Rs. In Lacs)

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtness at the beginning of the</b>				
i) Principal Amount	1134.28	139.32	0.00	1273.60
ii) Interest due but not paid	1612.50	10.42	0.00	1622.92
iii) Interest accrued but not due	1.17	0.00	0.00	1.17
<b>Total (i+ii+iii)</b>	<b>2747.95</b>	<b>149.74</b>	<b>0.00</b>	<b>2897.69</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	17.56	699.07	0.00	716.63
Reduction	494.76	233.17	0.00	727.93
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	658.25	588.37	0.00	1246.62
ii) Interest due but not paid	1612.50	27.27	0.00	1639.77
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>2270.75</b>	<b>615.64</b>	<b>0.00</b>	<b>2886.39</b>

VI **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount	
		Shri Kishore Katare Managing Director				
1	<b>Gross salary</b>					
	(a) Salary as per provisions contained in section			0		
	(b) Value of perquisites u/s 17(2)			0		0
	(c) Profits in lieu of salary under			-		-
2	Stock option			-		-
3	Sweat Equity			-		-
4	Commission			-		-
	as % of profit					
	others (specify)					
5	Others, please specify			-		-
	<b>Total (A)</b>					0
	<b>Ceiling as per the Act</b>					N.A.

## KATARE SPINNING MILLS LIMITED

### B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Shri Subhash T katare	Shri U M Mahindrakar	Mrs Vidhyvati katare	Shri Prakash Joti	Shri Vilas Shendge
1	Independent Directors					
	(a) Fee for attending board committee meetings	-	-	-	0	0
	(b) Commission	-	-	-	-	-
	(c) Others - Conveyance Exps	-	-	-	0	0
	<b>Total (1)</b>	0	0	0	0	0
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings	2000	2000	2000	2000	2000
	(b) Commission	-	-	-	-	-
	(c) Others - Conveyance Exps	0	0	0	-	-
	<b>Total (2)</b>	2000	2000	2000	2000	2000
	<b>Total (B)=(1+2)</b>	2000	2000	2000	2000	2000
	<b>Total Managerial Remuneration</b>					<b>10000</b>
	<b>Overall Ceiling as per the Act.</b>					N.A.

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

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

Sl. No.	Particulars of Remuneration			Key Managerial Personnel				Total
	Name of KMP	Gross Salary		CEO	Company Secretary	CFO	Total	
1	Arati Bandi				1,20,000		1,20,000	

### VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

Place: Solapur  
Date: 26th August, 2021

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

# **KATARE SPINNING MILLS LIMITED**

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

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**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 12<sup>th</sup> 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 31<sup>st</sup> 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.

## **KATARE SPINNING MILLS LIMITED**

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.

## KATARE SPINNING MILLS LIMITED

- 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

## KATARE SPINNING MILLS LIMITED

### 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 utilization of the historical taxation losses and the timing of realizing</p>	<p>I evaluated the taxation provisions and potential exposures. This included:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>

<p>temporary differences, which requires significant judgment.</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>	<ul style="list-style-type: none"> <li>• 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</li> <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 recognized and are based on the most probable outcome.</li> <li>• 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</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, 2021 hence its impact on the net Loss could not be ascertained.</p>
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### **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.

## **KATARE SPINNING MILLS LIMITED**

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.

## **KATARE SPINNING MILLS LIMITED**

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.

## **KATARE SPINNING MILLS LIMITED**

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.

## **KATARE SPINNING MILLS LIMITED**

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.

## **KATARE SPINNING MILLS LIMITED**

- 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 31<sup>st</sup> March 2021 and taken on record by the Company's Management none of the directors is disqualified as on 31<sup>st</sup> 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 : 114999W

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

# **KATARE SPINNING MILLS LIMITED**

## **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.

## KATARE SPINNING MILLS LIMITED

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.

## **KATARE SPINNING MILLS LIMITED**

\*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.

## **KATARE SPINNING MILLS LIMITED**

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, 30<sup>th</sup> June, 2021  
UDIN : 21048890AAAADD6993

## **KATARE SPINNING MILLS LIMITED**

### **"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 FerroAlloys 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.

## **KATARE SPINNING MILLS LIMITED**

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

## **KATARE SPINNING MILLS LIMITED**

- (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, 30<sup>th</sup> June, 2021  
UDIN : 21048890AAAADD6993

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LTD (Spinning, Power and Hotel Division) Consolidated Balance Sheet as at 31st March, 2021

	Particulars	Notes	As at 31/03/2021	As at 31/03/2020
<b>I</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	Property, plant and equipment and Intangible assets	1	16,42,03,299	17,31,64,791
	Capital work-in-progress	2	76,48,555	76,48,556
	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	0	0
	- Trade Receivables	6	1,30,24,146	1,31,88,604
	- Others	7	5,11,97,378	5,23,09,298
	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>27,38,11,578</b>	<b>28,40,49,448</b>
	<b>Current assets</b>			
	Inventories	9	1,93,41,437	2,25,85,444
	Financial assets			
	- Current investments		0	0
	- Trade and other receivables	10	1,87,03,745	2,22,77,087
	- Cash and cash equivalents	11	12,05,453	12,65,643
	- Short term loans and advances	12	8,90,249	6,15,249
	Assets for current tax (net)			
	Other current assets	13	42,72,997	41,17,716
	<b>Non-current assets classified as held for sale</b>			
	Other Non-Current Assets		0	0
	<b>Total Current Assets B</b>		<b>4,44,13,881</b>	<b>5,08,61,139</b>
	<b>Total Assets</b>		<b>31,82,25,459</b>	<b>33,49,10,587</b>

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LTD (Spinning, Power and Hotel Division) Consolidated Balance Sheet as at 31st March, 2021

	Particulars	Notes	As at 31/03/2021	As at 31/03/2020
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	Equity Share capital	14	2,85,00,000	2,85,00,000
	Other Equity	15	-1,89,28,474	-15,58,127
	- Equity component of other financial instrument			
	- Retained earnings @			
	- Reserves			
	- Reserves representing unrealised gains/ losses			
	- Other reserves			
	Money received against share warrants			
	Others			
	<b>Share application money pending allotment</b>			
	<b>Total Equity</b>		<b>95,71,526</b>	<b>2,69,41,873</b>
	<b>Non-current liabilities</b>			
	Financial liabilities			
	- Long term borrowings	16	3,16,139	3,16,139
	- Other financial liabilities (Trade Payable)	17	51,62,409	55,46,447
	Long term provisions		0	0
	Deferred tax liabilities (Net)		0	0
	Other non-current liabilities	18	0	0
	<b>Total Non Current Liabilities</b>		<b>54,78,548</b>	<b>58,62,586</b>
	<b>Current liabilities</b>			
	Financial liabilities			
	- Short term borrowings	19	28,86,38,423	28,97,70,417
	- Trade and other payables	20	93,32,019	70,09,806
	- Other financial liabilities		0	0
	Other current liabilities	21	52,04,945	53,25,905
	Short-term provisions (IT Provision)		0	0
	Liabilities for current tax (net)			
	<b>Total Current Liabilities</b>		<b>30,31,75,386</b>	<b>30,21,06,129</b>
	<b>Liabilities associated with group(s) of assets held for disposal</b>			
	<b>Total Equity and Liabilities</b>		<b>31,82,25,459</b>	<b>33,49,10,587</b>

The accompanying notes are an integral part  
of the financial statements  
As per our audit even date

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

SD/-

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

For and on behalf of Borad  
Katare Spining Mills Ltd

SD/-

**Vithal M Dahake**  
Resolution Professional  
(Reg. IBBI/ IPA-003/ IP-N-00117/2017-18/11296)

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LTD (Spinning, Power and Hotel Division) Statement of Consolidated Profit and Loss for the year ended 31st March, 2021

Particulars	Notes	As at 31/03/2021	As at 31/03/2020
<b>I Income:</b>			
Revenue from Operations (Gross)	22	10,46,93,687	31,32,66,510
Other Income	23	10,47,736	20,58,197
<b>Total Income</b>		<b>10,57,41,423</b>	<b>31,53,24,707</b>
<b>II Expenses:</b>			
Cost of Materials Consumed	24	9,21,78,860	28,83,27,264
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	32,14,206	62,80,326
Employee Benefits Expense	26	21,45,003	77,61,302
Finance Costs	27	60,03,793	63,79,209
Other Expenses	28	1,08,29,661	1,99,67,972
Depreciation and Amortization Expense	1	87,40,249	88,75,014
<b>Total Expenses</b>		<b>12,31,11,773</b>	<b>33,75,91,087</b>
<b>III Profit/(Loss) Before Tax</b>		<b>-1,73,70,350</b>	<b>-2,22,66,380</b>
<b>IV Tax Expense:</b>			
Current tax including MAT		0	0
Deferred tax		0	0
<b>Total</b>		<b>0</b>	<b>0</b>
<b>V Profit (Loss) for the period</b>		<b>-1,73,70,350</b>	<b>-2,22,66,380</b>
<b>VI Other Comprehensive Income:</b>			
(a) Items that will not be reclassified to statement of profit or loss:		0	0
(b) Income tax relating to items that will not be reclassified to statement of profit or loss - Foreign Currency Exchange Loss		0	0
(c) Items that will not be reclassified to statement of profit or loss:		0	0
(d) Income tax relating to items that will be reclassified to statement of profit or loss		0	0
		<b>0</b>	<b>0</b>
<b>IX Total Comprehensive Income for the period</b>		<b>-1,73,70,350</b>	<b>-2,22,66,380</b>
XVI. Earnings per equity share			
(i) Basic	Basic	(6.09)	(7.81)
(ii) Diluted	Diluted	(6.09)	(7.81)

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

N. R. Waghchaware & Associates  
Chartered Accountants

SD/-

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

For and on behalf of the Board  
Katare Spining Mills Ltd

SD/-

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

**KATARE SPINNING MILLS LIMITED**

KATARE SPINNING MILLS LTD  
 Note : 1  
 Property, plant and equipment

SCHEDULE OF FISCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS ON 31.03.2021

PARTICULARS	GROSS BLOCK										DEPRECIATION PROVIDED										NET BLOCK					
	REVALUATI ON COST AS ON		AS ON		TO		DISPOSAL/ADJUSTMENT		31.03.2021		31.03.2020		31.03.2021		31.03.2020		31.03.2021		31.03.2020		31.03.2021		31.03.2020			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1	36,23,375	1,27,27,332	1,63,50,707	0	0	0	36,23,375	1,27,27,332	1,63,50,707	0	0	0	0	0	0	0	0	0	0	0	36,23,375	1,27,27,332	1,63,50,707	36,23,375	1,27,27,332	1,63,50,707
FACTORY LAND																										
BUILDING	8,27,58,894	5,54,04,136	13,81,63,029	3,68,74,239	3,69,66,851	7,38,41,090	6,81,843	9,74,209	16,56,052	0	0	0	0	0	0	0	0	0	0	0	4,58,84,654	1,84,37,285	6,43,21,939	4,52,02,811	1,74,63,076	6,26,65,888
BUILDING SOLAR PROJECT	78,40,685	0	78,40,685	0	0	0	78,40,685	0	0	0	0	0	0	0	0	0	0	0	0	0	63,89,611	0	63,89,611	61,30,276	0	61,30,276
PLANT & MACHINERY	9,94,29,375	5,91,01,407	15,85,30,782	44,24,679	40,78,445	9,50,04,696	5,50,22,861	15,80,22,557	7,84,84,006	5,91,01,405	13,76,85,410	10,23,771	0	10,23,771	42,03,445	-40,78,545	7,54,04,332	5,50,22,859	13,04,27,191	2,08,45,369	2	2,08,45,371	1,96,00,864	2	1,96,00,866	
PLANT & MACHINERY SOLAR PROJ	8,92,34,985	0	8,92,34,985	0	0	0	8,92,34,985	2,78,05,212	0	2,78,05,212	0	56,51,549	0	56,51,549	0	0	0	3,34,56,761	0	6,14,29,772	6,14,29,772	0	6,14,29,772	5,57,78,223	0	5,57,78,223
VEHICLES	26,64,085	0	26,64,085	0	0	0	26,64,085	25,30,881	0	25,30,881	0	0	0	0	0	0	0	25,30,881	0	0	1,31,203	0	1,31,203	1,31,203	0	1,31,203
OFFICE/EQUIPMENTS	3,89,151	0	3,89,151	0	0	0	3,89,151	3,24,537	5,540	0	3,24,537	5,540	0	5,540	0	0	0	3,20,127	0	64,563	64,563	0	64,563	59,024	0	59,024
COMPUTER	26,83,126	0	26,83,126	0	0	0	26,83,126	22,94,868	0	22,94,868	0	24,386	0	24,386	0	0	0	23,19,254	0	3,88,258	3,88,258	0	3,88,258	3,63,872	0	3,63,872
FURNITURE & FIXTURE	2,09,48,312	0	2,09,48,312	0	0	0	2,09,48,312	1,88,06,394	0	1,88,06,394	0	0	0	0	0	0	0	1,88,06,394	0	21,42,008	21,42,008	0	21,42,008	21,42,008	0	21,42,008
OTHER ASSETS SOLAR PROJECT	2,99,703	0	2,99,703	0	0	0	2,99,703	75,826	0	75,826	47,162	0	47,162	0	0	0	0	1,22,988	0	2,23,877	2,23,877	0	2,23,877	1,76,715	0	1,76,715
OTHER ASSETS	48,14,826	0	48,14,826	0	0	0	48,14,826	39,58,547	0	39,58,547	72,382	0	72,382	0	0	0	0	40,30,929	0	8,56,279	8,56,279	0	8,56,279	7,83,897	0	7,83,897
TOTAL :- A	3,14,66,516	1,27,23,875	4,41,90,391	44,24,679	40,78,445	3,10,61,837	1,231,54,329	4,33,41,166	1,72,78,545	9,60,68,285	26,87,3,801	77,65,967	9,74,209	87,40,176	-42,03,445	-40,78,545	17,66,29,825	9,29,63,919	26,92,31,986	14,19,80,971	3,11,64,619	17,31,45,596	13,39,93,779	3,01,90,418	16,41,84,186	
BD) Research & Devel. Equip.	3,80,877	0	3,80,877	0	0	0	3,80,877	0	3,61,758	0	0	73	0	73	0	0	0	3,61,758	0	3,61,758	19,192	0	19,192	19,192	0	19,192
FD) Research & Devel. G Block	3,80,877	0	3,80,877	0	0	0	3,80,877	0	3,61,685	0	0	73	0	73	0	0	0	3,61,758	0	3,61,758	19,192	0	19,192	19,192	0	19,192
TOTAL :- B	7,61,754	0	7,61,754	0	0	0	7,61,754	0	7,23,443	0	73	146	0	146	0	0	0	7,23,443	0	7,23,443	38,384	0	38,384	38,384	0	38,384
Grand Total :- (A+B)	31,59,67,293	12,72,52,875	44,23,90,268	44,24,679	40,78,445	3,10,64,714	1,231,54,329	4,33,41,166	17,30,67,230	9,60,68,285	26,87,3,801	77,66,040	9,74,209	87,40,249	-42,03,445	-40,78,545	17,66,29,825	9,29,63,919	26,95,93,744	14,20,09,165	3,11,64,619	17,31,64,732	13,40,12,889	3,01,90,418	16,43,02,299	

Note No : 2 Capital Work In Progress

Solar Project	69,83,715	0	69,83,715	0	0	0	69,83,715	0	0	0	0	0	0	0	0	0	0	0	0	0	69,83,715	0	69,83,715	69,83,715	0	69,83,715
Fixed Work In Progress	6,64,840	0	6,64,840	0	0	0	6,64,840	0	0	0	0	0	0	0	0	0	0	0	0	0	6,64,840	0	6,64,840	6,64,840	0	6,64,840
Plant & Machinery	76,48,555	0	76,48,555	0	0	0	76,48,555	0	0	0	0	0	0	0	0	0	0	0	0	0	76,48,555	0	76,48,555	76,48,555	0	76,48,555
TOTAL :- C	152,97,110	0	152,97,110	0	0	0	152,97,110	0	0	0	0	0	0	0	0	0	0	0	0	0	152,97,110	0	152,97,110	152,97,110	0	152,97,110
TOTAL :- (A+B+C)	32,27,15,948	12,72,52,875	44,99,88,823	44,24,679	40,78,445	3,18,21,929	1,231,54,329	4,41,04,211	17,30,67,230	9,60,68,285	26,87,3,801	77,66,040	9,74,209	87,40,249	-42,03,445	-40,78,545	17,66,29,825	9,29,63,919	26,95,93,744	14,20,09,165	3,11,64,619	17,31,64,732	13,40,12,889	3,01,90,418	17,18,51,854	
Previous Year	3,284,51,503	13,58,78,542	46,33,66,205	33,74,221	91,09,779	83,97,133	3,227,15,945	1,271,81,409	44,92,32,514	17,38,20,707	10,24,91,180	27,73,11,887	79,90,805	88,75,014	-86,54,382	-83,97,134	17,30,67,230	9,60,68,285	26,91,35,485	15,66,30,796	3,21,36,824	18,67,69,628	14,96,48,716	3,11,64,621	18,08,13,337	

# KATARE SPINNING MILLS LIMITED

**KATARE SPINNING MILLS LTD (Spinning, Power and Hotel Division)**

**NON CURRENT -**

**Note No : 3 Financial Assets**

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
a)	Earmarked Balances with Banks (Unpaid Dividend)	0		0	
	<b>Total</b>		<b>0</b>		<b>0</b>

**Notes : 04 NON CURRENT INVESTMENTS**

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
1	Bank of India 200 Equity Shares bought@ Rs. 45/- each.	9,000		9,000	
2	Laxmi Coop Bank 1 equity share of Rs. 100 fully paid	100		100	
3	Kamala Coop Bank Ltd 2 equity shares of Rs. 1000 each fully paid	2,000		2,000	
4	Kamala Sakhar Udhog Ltd 1 equity of Rs. 100 fully paid	100		100	
			<b>11,200</b>		<b>11,200</b>

**Notes : 05 LONG-TERM LOANS & ADVANCES**

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
1	Advance against Capital Goods	0		0	
			<b>0</b>		<b>0</b>

**Notes : 06 Trade Receivable**

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
	Secured- Considered Good				
	Sundry Debtors (More than 1 year) (Ref Sub Notes :6)	22,24,411		23,88,869	
	Unsecured- Considered Good			0	
	Bad (Ref Sub Notes :6)	1,07,99,735		1,07,99,735	
	Total	1,07,99,735		1,07,99,735	
	Less: Bad	0		0	
	<b>Net Total</b>		<b>1,30,24,146</b>		<b>1,31,88,604</b>

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LTD (Spinning, Power and Hotel Division)

### Notes : 07 Others

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
i)	Loans shall be Classified as				
	a) Security Deposit			85,315	
	b) Loan To Related Parties (Ref Sub Notes :7)	85,315.00		0	
	C) Other Loan ( Fixed Assets advance)	0.00			
			<b>85,315</b>		<b>85,315</b>
ii)	Above Loans are sub-classified as				
	Secured- Considered Good	0.00		0	
	<b>Unsecured- Considered Good (Ref Sub Notes :7)</b>				
	All Business Deposits	15,30,489.00		15,30,489	
	VAT, Sales Tax Income Tax Refunds	27,13,836.61		28,03,261	
	MAT Credit Entitlement	40,67,737.00		50,90,233	
	Others				
	Bonus Accrued on KM INS	0.00		0	
	Interest on Term Loan (Deferred)	4,28,00,000.00		4,28,00,000	
	Total	5,11,12,062.61	<b>5,11,12,063</b>	5,22,23,983	<b>5,22,23,983</b>
	Doubtful	0.00		0	<b>0</b>
	Total	5,11,12,062.61	<b>5,11,12,063</b>	5,22,23,983	<b>5,22,23,983</b>
	Less: Doubtful	0		0	
	<b>Net Total</b>		<b>5,11,97,378</b>		<b>5,23,09,298</b>

In the past company had availed a Term Loan for its Hotel Project at Solapur from ICICI Bank Ltd., which the said bank had assigned to Kotak Mahindra Bank Ltd. Consequent upon settlement in the year 2012-13 with Kotak Mahindra Bank Ltd the company has fully paid the loan plus interest of Rs. 600.00 Lacs and there is no amount outstanding of loan. However the interest paid of Rs. 600 lacs for the year 2012-2013 was decided to be written off in 7 years. Accordingly company has written off Rs. 172 Lacs in the year 2012-13 and 2013-14 but after that the company has not written off Rs. 86.00 lacs each in the year 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 aggregating to Rs. 428 lakh and balance of Rs. NIL would have remained to be carried forward.

### Note : 08 DEFERRED TAX ASSET/LIABILITY

Deferred tax assets for the period ended March, 31, 2020 has been provided on the estimated tax computation for the year. Major components of deferred tax assets and liabilities arising on account of timing differences are

Sr. No.	Particulars	As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
A	Derred tax Assets				
	Unabsorbed depreciaton & Losses	5,68,67,000		5,68,67,000	
	Disallowances	1,70,24,000		1,70,24,000	
	Provision for Bad & Doubtful debts	53,29,000		53,29,000	
	Total		7,92,20,000		7,92,20,000
B	Deferred tax Liabilities				
	On account of timing difference in depreciation	3,03,66,000		3,03,66,000	
	Others- Accrued bonus on Keyman	1,11,27,000		1,11,27,000	
	Total		4,14,93,000		4,14,93,000
C	Deferred Tax Asset/Liability		3,77,27,000		3,77,27,000

# KATARE SPINNING MILLS LIMITED

**KATARE SPINNING MILLS LIMITED ( Spinning, Power and Hotel Division )**

**Notes : 09 INVENTORIES**

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
<b>I</b>	<b>Inventories-(at cost except otherwise stated and as certified by Board of Director)-(Refer-Sub Group -9)</b>				
1	Raw Materials	9,50,317		9,50,317	
2	Consumables	18,82,601		19,12,401	
3	Work in Process	6,18,937		16,91,887	
4	Finished Goods	1,58,89,582		1,80,30,838	
			<b>1,93,41,437</b>		<b>2,25,85,444</b>

**Notes : 10 CURRENT TRADE RECEIVABLES**

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
<b>I</b>	Secured- Considered Good				
1	Unsecured- Considered Good-( <b>Sub Note 10</b> )	1,87,03,745		2,22,77,087	
2	Doudtful				
	Total	1,87,03,745		2,22,77,087	
	Less: Doudtful	0			
3	Bad				
	<b>Net Total</b>		<b>1,87,03,745</b>		<b>2,22,77,087</b>

**Notes : 11 CASH & BANK BALANCES**

		As at 31/03/2021		As at 31/03/2020	
	<b>Cash and cash equivalents</b>				
1	Cash on hand	42,675		95,264	
	<b>Balances with banks</b>				
1	Bank of India CD 2011/79	12,847		16,241	
2	Bank of Maharashtra C/A	1,719		1,719	
3	Bank of Maharashtra CD A/c 138	13,120		13,121	
4	Kamala Coop Bank FD	6,68,516		6,68,516	
5	Bank of India CCH	357		357	
6	Kamala Coop Bank A/c 713	74		841	
7	FD with Kamala Bank-3767	4,66,145		4,66,145	
8	Vyapari Bank FD	0		0	
9	Vyapari Bank FD OD(Debit Balance)	0		3,439	
	<b>Total</b>		<b>12,05,453</b>		<b>12,65,643</b>

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LIMITED ( Spinning, Power and Hotel Division )

### Notes : 12 Short Term loans and advances

		As at 31/03/2021		As at 31/03/2020	
<b>a</b>	<b>Loans and advances to related parties</b>				
	Unsecured, considered good	0		0	
	Others (Unsecured, considered good) -Refer Sub				
<b>b</b>	<b>Note 12</b>	2,75,000		0	
<b>c</b>	ELDI in Spinning Division	6,15,249		6,15,249	
	<b>Total</b>		<b>8,90,249</b>		<b>6,15,249</b>

### Notes : 13 Other Current Assets

		As at 31/03/2021		As at 31/03/2020	
<b>I</b>	<b>(Unsecured Considered Good) Advances recoverable in cash or in kind for value to be received</b>				
1	Hank Yarn Obligation Receivable	5,390		5,390	
2	Interest Accrued	1,34,760		95,858	
3	Advance Income Tax & TDS FY20-21	9,775		64,710	
4	Prepaid Expenses	69,846		95,853	
5	GST IGST Debit Balance FY20-21	3,39,735		40,413	
6	Advances recoverable in cash & Kind (Ref Sub Notes :13)	37,13,491		38,15,492	
			<b>42,72,997</b>		<b>41,17,716</b>

## KATARE SPINNING MILLS LTD (Spinning,Power and Hotel Division)

### Notes : 14 SHARE CAPITAL

		As at 31/03/2021		As at 31/03/2020	
<b>1</b>	<b>AUTHORISED SHARE CAPITAL</b>				
	6000000 Equity Shares of Rs. 10/- each	6,00,00,000		6,00,00,000	
			<b>6,00,00,000</b>		<b>6,00,00,000</b>
<b>2</b>	<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE</b>				
	2850000 Equity Shares of Rs. 10/- each fully paid	2,85,00,000		2,85,00,000	
			<b>2,85,00,000</b>		<b>2,85,00,000</b>
	<b>Details of Shareholders holding more than 5% shares in the company</b>				
		No.of Shares	% holding in the class	No.of Shares	% holding in the class
1	Kishor Tipanna Katare	5,84,714	21	6,37,142	23
2	Subhash Tippanna Katare	3,44,005	12	3,44,005	12
3	Shakuntala Tulsidas Katare	3,82,651	13	3,82,651	13

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LIMITED ( Spinning, Power and Hotel Division )

### Note No :15 OTHER EQUITY

Particulars	As at 31/03/2021	As at 31/03/2020
Capital Reserve	58,423	58,423
Revaluation Reserve	5,35,02,268	5,75,80,813
General Reserve	60,32,884	60,32,884
Retained Earnings	-7,85,71,118	-6,52,79,316
Share Premium	49,068	49,068
<b>Total</b>	<b>-1,89,28,474</b>	<b>-15,58,127</b>

### Notes : 16 LONG - TERM BORROWINGS

		As at 31/03/2021		As at 31/03/2020	
1	Bank of India TL Solar Div-10	0		0	
2	Special Capital Incentive	3,16,139		3,16,139	
		<b>3,16,139</b>		<b>3,16,139</b>	

Additional information to Secured/Unsecured Borrowings - The long term portion of term loans are shown under

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

		As at 31/03/2021		As at 31/03/2020	
1	Non Current Other Financial Liabilities Sundry Creditors (More than -1 year) <b>(Ref Sub Notes :17)</b>	0		0	
		51,62,409		55,46,447	
Total		<b>51,62,409</b>		<b>55,46,447</b>	

### Notes : 18 OTHER NON CURRENT LIABILITIES

		As at 31/03/2021 Rs.		As at 31/03/2020 Rs.	
1	Gratuity Payable	0		0	
		<b>0</b>		<b>0</b>	

# KATARE SPINNING MILLS LIMITED

**KATARE SPINNING MILLS LIMITED ( Spinning, Power and Hotel Division )**

**NOTE NO. : 19 SHORT TERM BORROWINGS**

		As at 31/03/2021		As at 31/03/2020	
	Loans Repayable on Demand - From Bankers				
A	<b>Secured:</b>				
1	Bank of India 6029 - <b>Note 19(i) Below</b>	22,61,49,559		22,61,49,559	
2	Kamala Coop Bank OD (Hotel)	9,24,833		4,94,736	
3	Vyapari Bank FD OD	0		0	
B	<b>Unsecured Loans:</b>	0		0	
	Kamala Coop Bank OD 421-3rd Party FDOD	3,38,04,007		4,80,33,414	
C	Loans From Related Parties ( <b>Ref Sub Notes :19</b> )	2,77,60,024		1,49,74,948	
D	Others	0		1,17,761	
	<b>Total</b>		<b>28,86,38,423</b>		<b>28,97,70,417</b>

**Note19(i) :BOI one Time Settlement A/c6029 and 10**

1	Bank of India 6029	6,16,22,909		6,16,22,909	
2	Unapplied Interest on CC	3,42,84,493		3,42,84,493	
3	Term Loan Solar Plant CM	0		0	
4	Unpaid Installment of TL	6,21,18,000		6,21,18,000	
5	Unapplied Interest on TL	5,74,07,135		5,74,07,135	
6	Unpaid Interest on TL	74,40,022		74,40,022	
7	Bank of India TL Solar Div-10(Previous Year Long Term)	2,78,82,000		2,78,82,000	
	<b>Sub Total</b>	<b>25,07,54,559</b>		<b>25,07,54,559</b>	
	<b>Less: Amount Paid under OTS</b>				
8	BOI OTS PAID A/C-6029 and 10	2,46,05,000		2,46,05,000	
	<b>Total Outstanding as on 17.7.2020</b>	<b>22,61,49,559</b>		<b>22,61,49,559</b>	

**Notes : 20 TRADE AND TRADE PAYABLES**

		As at 31/03/2021		As at 31/03/2020	
1	Sundry Creditors ( <b>Ref Sub Notes :20</b> )	93,32,019		70,09,806	
	<b>Total</b>		<b>93,32,019</b>		<b>70,09,806</b>

# KATARE SPINNING MILLS LIMITED

**KATARE SPINNING MILLS LTD (Spinning,Power and Hotel Division)**

**Notes : 21 OTHER CURRENT LIABILITIES**

		<b>As at 31/03/2021</b>		<b>As at 31/03/2020</b>	
A	Revenue Received in Advance ( <b>Ref Sub Notes :21</b> )				
I	<b>Other Statutory Liabilities (VAT,TDS, PF etc)</b>	27,10,212	<b>27,10,212</b>	26,94,534	<b>26,94,534</b>
II	<b>Other (Ref Sub Notes :21)</b>				
1	Advances received from customer	3,38,601		1,03,771	
2	Outstanding Expenses	20,31,166		20,92,331	
3	Bonus Payable	1,24,966		4,35,269	
			<b>24,94,733</b>		<b>26,31,371</b>
	Total		52,04,945		53,25,905

# KATARE SPINNING MILLS LIMITED

**Katara Spinning Mills Ltd.**

**Note 22 : Revenue from operations**

Sr. No.	Particulars		For the year ended 31st March 2021	For the year ended 31st March 2020
(a)	Sale of products	---	9,78,89,084	30,17,19,692
(b)	Sale of services	---	0	26,810
(c)	Other operating revenues	---	4,898	12,05,974
(d)	Solar Power Generation (capitively consumed)	---	67,99,705	1,03,14,034
	<b>Total Revenue from operations :-</b>		<b>10,46,93,687</b>	<b>31,32,66,510</b>

**Note:**

(i)	<b>Sale of products comprises :</b> <u>Manufactured goods</u> Cotton Yarn	---	71,77,684	6,76,07,692
	Less Return Goods		1,14,750	0
	<u>Traded goods</u> Cotton Yarn	---	9,08,26,150	23,41,12,000
	<b>Total - Sale of products :-</b>		<b>9,78,89,084</b>	<b>30,17,19,692</b>
(ii)	<b>Sale of services comprises</b> Hank yarn receipt	---	0	26,810
	<b>Total - Sale of services :-</b>		<b>0</b>	<b>26,810</b>
(iii)	<b>Other operating revenues comprise:</b> Sale of scrap & waste	---	4,898	12,05,974
	<b>Total - Other operating revenues :-</b>		<b>4,898</b>	<b>12,05,974</b>

**Note 23 : Other income**

(a)	Interest income (Refer Note (i) below)	---	1,47,608	3,24,584
(b)	Dividend Income from other long term investments	---	0	240
(c)	Rent received	---	25,000	0
(d)	Other non-operating income (Refer Note (ii) below)	---	8,75,128	17,33,373
	<b>Total :-</b>		<b>10,47,736</b>	<b>20,58,197</b>

**Note:**

(i)	<b>Interest income comprises:</b> Interest from banks on deposits:	---	1,21,812	2,68,834
	<b>Other interest</b> Interest on MSEB deposit	---	25,796	55,750
	<b>Total - Interest income :-</b>		<b>1,47,608</b>	<b>3,24,584</b>
(ii)	<b>Other non-operating income comprises:</b> Old O/s Creditors Balance Written off -(Refer Sub Notes 23)	---	6,23,353	0
	Previous Year Expenses Reversal	---	1,000	4,66,715
	Excess Bonus Provision Reversal	---	66,447	1,57,916
	Interest on IT Refund	---	0	25,384
	Profit on sale of assets	---	1,78,759	10,78,512
	Rounded off		0	-4
	Discount Received		5,569	4,849
	<b>Total - Other non-operating income :-</b>		<b>8,75,128</b>	<b>17,33,373</b>

## KATARE SPINNING MILLS LIMITED

### Katara Spinning Mills Ltd

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

Particulars			For the year ended 31st March 2021	For the year ended 31st March 2020
<b>a.</b>	<b>Raw material consumed</b>			
	Opening stock	---	10,33,507	8,82,719
	Add: Purchases of raw material	---	0	4,36,85,173
	Subtotal		<b>10,33,507</b>	<b>4,45,67,892</b>
	Sale/return of Raw material		0	0
	Less: Closing stock	---	10,33,507	10,33,507
	<b>Total cost of material consumed :-</b>		0	4,35,34,385
<b>b.</b>	<b>Purchase of traded goods</b>			
	Cotton Yarn	---	9,21,78,860	24,47,92,879
	<b>Total :-</b>		9,21,78,860	24,47,92,879
	<b>Total ( a+b ) :-</b>		<b>9,21,78,860</b>	<b>28,83,27,264</b>

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

<u>Inventories at the end of the year:</u>				
	Finished goods	---	1,55,05,830	1,76,47,086
	Work-in-progress	---	6,18,937	16,91,887
	Wastage & scrap	---	3,83,752	3,83,752
	Diesel (Fule)	---	0	1,070
			1,65,08,519	1,97,23,795
<u>Inventories at the beginning of the year:</u>				
	Finished goods	---	1,76,47,086	2,35,19,943
	Work-in-progress	---	16,91,887	21,36,375
	Wastage & scrap	---	3,83,752	3,46,733
	Diesel (Fule)	---	0	1,070
			1,97,22,725	2,60,04,121
	<b>Net (increase) / decrease :-</b>		-32,14,206	-62,80,326

#### Note 26 : Employee benefits expense

Salaries and wages -Refer Sub Notes 26	---	20,13,206	69,60,148
Contributions to provident and other funds	---	1,10,147	7,64,134
Staff welfare expenses	---	21,650	37,020
<b>Total :-</b>		21,45,003	77,61,302

#### Note 27 : Finance costs

(a) Interest expense on:			
(i) Borrowings			
Interest On Term Loan	---	3,439	3,55,144
Bank interest (Refer Sub Notes 27)	---	41,39,582	47,49,781
Interest Paid To Other- (Refer Sub Notes 27)		18,21,704	11,58,085
Interest Paid on Delayed Payments		39,068	1,16,199
<b>Total :-</b>		60,03,793	63,79,209

# KATARE SPINNING MILLS LIMITED

## Katara Spinning Mills Limited

### Note 28 : Other expenses

Particulars	---	For the year ended 31st March 2021	For the year ended 31st March 2020
Consumption of stores and spare parts	---	2,86,135	10,39,568
Consumption of packing materials	---	11,247	4,61,350
Power and fuel <b>(Refer Sub Note 28)</b>	---	47,34,125	1,21,89,257
Rent	---	1,38,780	28,000
Repairs and maintenance	---	1,68,050	13,54,799
Repairs to Power Stack Solar Plant	---	7,36,000	0
Insurance	---	7,81,569	9,12,185
Rates and taxes	---	3,32,149	1,52,000
Communication	---	28,979	41,225
Travelling and conveyance	---	1,95,212	5,08,002
Printing and stationery	---	0	18,549
Freight and forwarding	---	15,309	2,62,573
Sales commission	---	2,588	1,54,341
Legal and professional <b>(Refer Sub Note 28)</b>	---	7,21,772	8,53,669
<u>Payments to auditors</u>			
- As auditors - statutory audit <b>(Refer Sub Note 28)</b>	---	91,600	45,800
Bank charges	---	7,169	5,767
Internet Charges	---	8,490	5,399
Directors sitting fees	---	10,000	40,000
Advertisement	---	5,600	52,692
Fine & Penalties	---	3,540	10,000
Miscellaneous expenses	---	88,573	1,05,703
Job Work Charges	---	42,450	45,600
ROC filling Fee	---	7,800	23,232
Stock Exchange Fee	---	3,00,000	3,00,000
Vat Expenses under Assessment	---	0	4,09,350
Old Debit O/s Written off <b>(Refer Sub Note 28)</b>	---	1,89,506	9,48,475
Mat Credit Written off	---	10,22,496	0
Security Charges Hotel	---	9,00,523	435
<b>Total :-</b>		<b>1,08,29,661</b>	<b>1,99,67,972</b>

# KATARE SPINNING MILLS LIMITED

## Note No:29

### Notes to Standalone Financial Statement as on 31.03.2021

#### 1. Background:

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

#### 2. Significant accounting policies

##### 2.1 System of Accounting:

##### **First-time adoption of Ind AS Pursuant to the Companies (India Accounting Standard) Rules, 2015,**

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

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

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

##### **Exemptions:**

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

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

1. Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## KATARE SPINNING MILLS LIMITED

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

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

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

Defined benefit plans – plan assets measured at fair value

5. Current and non-current classification

An asset is classified as current if:

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

All other assets are classified as non-current.

A Liability is classified as current if:

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

All other liabilities are classified as non-current.

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

## KATARE SPINNING MILLS LIMITED

### 2.2 Segment Reporting:

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

The segment results are as under:

(Rs. In lakhs)

SEGMENT REVENUE	Spinning Division		Hotel Division		Solar Power		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Sales Revenue	989	3050	0	0	68	103	1057	3153
Segment Result	-56	-95	4	-10	-64	-58	-116	-163
Unallocated Corporate Expenses	0	0	0	0	0	0	0	0
Unallocated Corporate Income	0	0	0	0	0	0	0	0
Operating Profit	-56	-95	4	-10	-64	-58	-116	-163
Interest Expenses	(59)	(63)	(1)	(1)	(0)	(0)	(60)	(64)
Interest Income	1	3	1	1	0	0	2	4
Profit/loss from ordinary activities	-114	-155	4	-10	-64	-58	-174	-223
Extra-Ordinary items	0	0	0	0	0	0	0	0
Net Profit/loss	-114	-155	4	-10	-64	-58	-174	-223
<b>OTHER INFORMATION:</b>								
Segment Assets	1786	1675	548	545	1048	1129	3382	3349
Segment Liabilities	1425	1325	59	148	1548	1548	3032	3021
Depreciation (net)	30	31	0	0	57	58	87	89

Power generated in solar division 8,71,757 units consumed captive for spinning division, valued at Rs.67.99 lakhs.

# KATARE SPINNING MILLS LIMITED

## 2.3 Revenue recognition:

### i) Revenue from Sale of Goods

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

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

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

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

### ii) Interest Incomes:

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

## 2.4 Income Taxes:

- i. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

## KATARE SPINNING MILLS LIMITED

- ii. The current income tax charge is not calculated as the company is in operating loss.
- iii. Income Tax is computed after adjustments of Other Comprehensive income
- iv. Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets realized, or the deferred income tax liability is settled
- v. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses
- vi. Current and deferred tax is recognized in profit or loss. Except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively
- vii. Minimum Alternate Tax paid in accordance with tax laws, which give rise to the future economic benefits in the form of adjustment to future income tax liability, is considered as asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the company and the asset can be measured reliably. Out of them Rs.10,22,496/- lapsed as on 31.3.2021 and hence written off to the profit and loss statement.

### 2.5 Impairment of Assets

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

# KATARE SPINNING MILLS LIMITED

## 2.6 Cash and cash equivalents:

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

## 2.7 Trade receivables:

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

The trade receivable outstanding for more than one year are amounting to Rs.22,24,411/- However, in the opinion of the management these are considered as good for recovery and has not been written as Bad.

## 2.8 Inventories:

- a. Finished goods are valued at lower of cost or Net Realizable Value. Cost for this purpose is arrived at on Absorption costing basis. Excise duty is included in valuation of finished goods.
- b. Stock in process/plant is valued at cost.
- c. Stock of raw materials, Stores and Spares and packing materials are valued at cost. Cost for this purpose, does not include duties/taxes that are recoverable in future.
- d. Food & Beverages:
  - 1) Groceries: Groceries is valued at cost arrived at on weighted average basis.
  - 2) Beverages: Valued at cost.

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

## 2.9 Investments and other financial assets.

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

# KATARE SPINNING MILLS LIMITED

## ii. Impairment of financial assets

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

## 2.10 Offsetting financial instruments

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

## 2.11 Property, Plant and Equipment

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

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

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

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

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

# KATARE SPINNING MILLS LIMITED

## Depreciation for Company

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

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

## 2.12 Trade and Other Payables:

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

## 2.13 Borrowings:

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

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

# KATARE SPINNING MILLS LIMITED

## 2.14 Provision

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

## 2.15 Employee benefits:

- The Company's contribution to Provident Fund and pension fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.
- Gratuity is accounted for on actual payment basis. No provision for gratuity on actuarial basis is made and hence its effect on profit or loss cannot be ascertained.

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

## 2.17 Contribution to Equity:

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

## 2.18 Earnings per share:

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

## KATARE SPINNING MILLS LIMITED

### 2.19 Excise Duty:

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

### 2.20 Research and Development:

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

### 2.21 Information pertaining to Profit and Loss Account :

- There were no foreign currency transactions.

### 2.22 Related Party Transaction (As on 31.03.2021)

Name of the party	Relationship	Nature of transaction	Transaction Value	Dr /Cr Balance	Balance as on date of balance Sheet	Amount written off
Kishore T Katare	Managing Director	Amount paid Amount Received	5,500 7,51,081	Cr Dr	7,45,587	Nil
Kishore T Katare (Unsecured Loan)		Receipts Cr Interest Payable Cr	1,11,00,000 5,29,522	Cr	1,16,29,521	Nil
Ganesh Textiles (Prop Kishore T Katare)		Amount Received Amount paid	0 0	Dr	14,42,207	Nil
Ganesh Textiles (Yarn) - Prop Kishore T Katare		Hank Yarn Sales Yarn Purchases	19,82,400 19,82,400	Cr	7,47,526	Nil
Kamal K Katare	Son of Director	Misc(Repair) Expenses Cr	22095	Cr	1,29,969	Nil
Subhash Textiles A (Prop Subhash T Katare)	Director	-	0	Cr	3,51,262	Nil
Subhash Textiles (Prop Subhash T Katare)	Director	Purchase(Cr)	19,82,400			
		Hank Yarn Sale(Dr.)	19,82,400	Cr	1,49,923	Nil
Subhash T Katare	Director	Paid amount Director Sitting Fees Office Rent	15,399 2,000 84,000	Dr Cr Cr	70601	Nil

Sou Vidyavati K Katare	Director	Director Sitting fees Cr	2,000	Cr	72,500	Nil	
Vijay Textiles	Deceased Director	Rent credited Amount Debited	0 0	Cr	5,86,981	Nil	
Shakuntala T katare	Wife of Deceased Director	Amount Paid	0	Cr	2,32,867	Nil	
Sachin Textile	Daughter in Law of Director	Nil	0	Dr	15,956	Nil	
Kamal Marketing Pvt Ltd	Associate Enterprise	Interest Credited	11,55,554	CR	1,49,59,392	Nil	
Kamal Marketing Pvt Ltd (Trade)		Purchase of yarn	3,73,82,100				
		Amount received	15,45,532				
		Sales of yarn	3,64,86,260				
		Cotton Processing Charges Debited	Nil				
		Electricity Charges Dr	Nil				
		Rent received	25000				
Amount paid	16,85,939	Cr	23,60,955	Nil			
Kamal Marketing Pvt Ltd (Hotel)		Kamal Marketing Pvt Ltd (Trade) Dr	0	Cr	0	Nil	
Katare Cotton Waste Spg Mills	Associate Enterprise	Sales of yarn	5,54,40,903				
		Amount paid	1,43,909				
		Purchase of yarn	6,07,21,763				
		Amount received	2,80,064	Dr	1,33,79,062		
Katare Cotton Waste Spg Mills (Hotel Div)				Cr	0		
Rakesh V Katare(HotelDiv)	Son of Dcsed Director	Amount paid	0	Dr	85,315		

## 2.23 Contingent Liability and Commitments:

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

## 2.24 Critical estimates and Judgments:

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

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

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

The areas involving critical estimates or judgments are:

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

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

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

## 2.25 Corporate Social Responsibility (CSR) Expenditure

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

# KATARE SPINNING MILLS LIMITED

## 2.26 Risk Exposure

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

- Interest rate risk: The plan exposes the Company to the risk of change in interest rate of the borrowings
- Salary Escalation Risk: The present value of the defined benefit is not calculated with the assumption of salary increase rate of plan participants in future.
- Demographic Risk: The Company has to use certain mortality and attrition in assumption in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- Asset Liability Mismatching or Market Risk: Market Risk is the risk that changes in market prices such as the prices of cotton and yarn largely depend upon the changes in the market prices.
- Financial Risk Management Objectives and Policies: The Company's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. that arise from its operations
- Credit Risk: Credit risk refers to the risk of default on its obligation by the customer / counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets. Trade receivables and unbilled revenue are typical unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in normal course of business. On account of adoption of Ind AS 109 the Company uses expected credit loss model to assess the impairment loss or gain.
- Liquidity Risk: The Company's principle sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. Presently the Company suffers from inadequacy of working capital to meet its current requirements. Accordingly, liquidity risk is perceived but management is trying to find out the end and means to augment the same. The Company is closely monitoring its liquidity position to maintain adequate source of funding.

## **KATARE SPINNING MILLS LIMITED**

### **2.27 Additional Note:**

- Previous period's figures have been regrouped/ rearranged wherever necessary in order to confirm to the current period's classification.

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

**FRN: 114999W**

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

**Sd/-**

**Nilkanth R Waghchaure  
Proprietor  
ICAI Membership No :048890  
Solapur, 30<sup>th</sup> June 2021**

**sd/-**

**Vitthal M Dahake (Resolution Professional)  
(Reg.IBBI/PA-003/IP-N-000117/2017-18/11296)**

# KATARE SPINNING MILLS LTD

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

Particulars	31.03.2021	31.03.2020
a. Net Profit/Loss as per profit and loss a/c	-17370350	-22266380
b. Weighted average no. of equity shares	2850000	2850000
c. Earnings/(Loss) per share		

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

**Note 31: Deferred Taxation:**

( Rs. In Lakhs)

Particulars	Balance on 31.03.2020	Arising during the year	Balance as on 31.03.2021
A. Deferred Taxation :			
- on account of timing difference in depreciation	303.66	0	303.66
- Others			
Sub total A:	414.93	0	414.93
B. Deferred Tax Assets			
- Unabsorbed depreciation and losses	568.67	0	568.67
- Disallowances	170.24	0	170.24
- Provision for Bad & Doubtful Debts	53.29	0	53.29
Sub Total B :	792.2	0	792.2
C. Deffered Tax Assets/ Liab (B-A)	377.27	0	377.27

Company has made provision for deferred tax liability as above.

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

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

as per my report of even date for and on behalf on the Board of Directors

**N. R. WAGHCHAWARE & ASSOCIATES**  
Chartered Accountants  
FRN : 114999W

SD/-

**Nilkanth R Waghchaware**  
Proprietor  
ICAI Membership No :048890

**Solapur, 30th June 2021**

**For and on behalf of Borad of Directors**  
**Katаре Spining Mills Ltd**

SD/-

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

# KATARE SPINNING MILLS LIMITED

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

Sr. No.	Particulars	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
A	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	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
	<b>Operating profit before working capital changes</b>	<b>-36,74,044</b>	<b>-90,70,354</b>
	<b>Movements in working capital</b>		
	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
	<b>Cash generated from / (used in) operations</b>	<b>58,06,616</b>	<b>-2,56,11,065</b>
	Direct taxes paid (net of refunds)	0	4,12,031
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>58,06,616</b>	<b>-2,51,99,034</b>
B	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	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
	<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>12,68,981</b>	<b>6,08,64,369</b>
C	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Proceeds from issuance of share capital & preference share capital	0	0
	Proceeds from long term borrowings	0	0
	Repayment of long term borrowing	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		
	<b>Net cash flow from / (used in) Financing Activities (C)</b>	<b>-71,35,788</b>	<b>-3,55,93,046</b>
	<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>-60,191</b>	<b>72,289</b>
	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.

For and on behalf of the Board

SD/-

**N. R. Waghchaware & Associates**  
Chartered Accountants  
ICAI Membership No :048890  
Solapur.  
UDIN NO : 21048890AAAADD6993

SD/-

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

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LIMITED

Registered Office: 14/30 Ground Floor, B Wing, Katare Complex,  
Gandhinagar, Bl. No. 10 Solapur MH- 413006.

Tel- 2623981, 2628581 Email- [katarespinningmills@gmail.com](mailto:katarespinningmills@gmail.com)  
[www.katarespinningmillslimited.com](http://www.katarespinningmillslimited.com)

CIN: L17119PN1980PLC022962

**41<sup>ST</sup> ANNUAL GENERAL MEETING – THURSDAY, 30<sup>TH</sup> SEPTEMBER, 2021**

### ATTENDANCE SLIP

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

I / We record my / our presence at the ‘FORTY FIRST ANNUAL GENERAL MEETING’ of the Company held on Thursday, 30<sup>th</sup> September 2021, at 11.00 A.M., at 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Bl. No. 10 Solapur MH- 413006.

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Member’s / Proxy’s name in Block Letters      Member’s / Proxy’s Signature

# KATARE SPINNING MILLS LIMITED

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CIN: L17119PN1980PLC022962

### 41<sup>ST</sup> ANNUAL GENERAL MEETING – THURSDAY, 30<sup>TH</sup> SEPTEMBER, 2021

#### Form No. MGT-11 Proxy form

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

CIN: **L17119PN1980PLC022962**

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

Registered Office: 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar,  
Bl. No. 10 Solapur MH- 413006.

Name of the members (s) :

Registered address :

E-mail ID:

Folio No./ Client ID:

DP ID :

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

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

and whose signatures are appended below as my/our proxy to attend and vote  
for me/us and on my/our behalf at the Forty First Annual General Meeting of  
the Company, to be held on the Thursday, 30<sup>th</sup> day of September, 2021 at 11.00  
am at 14/30 Ground Floor, B Wing, Katare Complex, Gandhinagar, Bl. No. 10  
Solapur MH- 413006.

## KATARE SPINNING MILLS LIMITED

and at any adjournment thereof in respect of such resolution as are indicated below:

Description	For*	Against*
1. To Receive, consider and adopt the Audited Financial Statement together with the Report of the Board of Directors and the Auditors of the Company for the year ended on 31.03.2021		
2. To appoint a Director in place of Mr. Subhash Katare, who retires by rotation and being eligible, offers himself for re-appointment.		

Affix  
Revenue  
Stamp

Signature of shareholder

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_

Signature of first Proxy holder

Signature of second Proxy holder

\_\_\_\_\_

Signature of third Proxy holder

Notes:

- \*1. Please put 'x' in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# KATARE SPINNING MILLS LIMITED

## KATARE SPINNING MILLS LIMITED

Registered Office: 14/30 Ground Floor, B Wing, Katare Complex,  
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CIN: L17119PN1980PLC022962

### 41<sup>ST</sup> ANNUAL GENERAL MEETING – THURSDAY, 30<sup>TH</sup> SEPTEMBER, 2021

#### BALLOT FORM

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

I/We hereby exercise my/our vote in respect of Ordinary/Special resolution enumerated below by recording my/our assent or dissent to the said resolutions stated in the Notice of 41<sup>st</sup> Annual General Meeting (AGM) by placing the **tick (✓)** mark at the resolution below:

Description	For*	Against*
1. To Receive, consider and adopt the Audited Financial Statement together with the Report of the Board of Directors and the Auditors of the Company for the year ended on 31.03.2021		
2. To appoint a Director in place of Mr. Subhash Katare, who retires by rotation and being eligible, offers himself for re-appointment.		

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

Date: \_\_\_\_\_ (Signature of the shareholder)

# KATARE SPINNING MILLS LIMITED

## INSTRUCTIONS:

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

Book-Post

To,

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from :

**Katara Spinning Mills Ltd.**

14/30, Raviwar Peth, 2nd Wing, Ground Floor,  
Gandhi Nagar, Akkalkot Road, Solapur- 413 005.