



## KATARE SPINNING MILLS LIMITED

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

MILL - "KAMALA NAGAR", TAMALWADI. Tal. TULJAPUR.  
DIAL - 2623981, 2628581, MILL - 02471- 265027 - 28  
FAX - 91-0217-2624981 MILL FAX - 02471-265028  
Email : kamala.katare@gmail.com

Ref.No.KSM-044/2017-18

29.05.2017

The Secretary  
Bombay Stock Exchange Ltd,  
Floor No. 25 Phiroz Jeejeebhay Towers,  
Dalal Street,

**MUMBAI - 400 001**

scrip code - 502933

**Re : Audited Financial Results As At 31<sup>st</sup> March 2017**

Dear Sir,

We are submitting herewith the Audited Financial Results for the period ended as on 31.03.2017 for your kind information and records please.

Thanking you,

For Katare Spinning Mills Ltd.,



  
**Kishore T Katare**  
**Managing Director**  
(DIN No. 00645013)

- Encl: a. Audited results for the year ended 31.03.2017  
b. Independent Auditors Report  
c. Annexure V  
d. Annexure VII  
d. Annexure IX  
e. Annexure I

**KATARE SPINNING MILLS LTD**  
**Balance Sheet as at 31 March, 2017**

Sr. No.	Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share Capital	3	28500000.00	28500000.00
	(b) Reserves and surplus	4	48888501.28	75016959.47
2	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	84271793.37	99140946.00
	(b) Deferred tax liabilities (net)	6	0.00	0.00
	(c) Other long-term liabilities	7	521697.00	552783.00
	(d) Long-term provisions			
3	<b>Current liabilities</b>			
	(a) Short-term borrowings	8	115684255.23	130116599.58
	(b) Trade payables	9	30487337.20	29551923.91
	(c) Other current liabilities	10	94363574.93	57171298.61
	(d) Short-term provisions	11	988423.72	1271424.00
	TOTAL		<b>403705582.73</b>	<b>421321934.57</b>
<b>B</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	12.A	196815931.28	203590562.78
	(ii) Intangible assets	12.B	49402.48	35533.48
	(iii) Capital work-in-progress Including Advances	12.C	7648555.00	7910933.00
	(b) Non-current investments	13	11200.00	11200.00
	(c) Long-term loans and advances	14	0.00	0.00
	(d) Other non-current assets	15	87054681.07	87753313.91
	(e) Deferred tax Assets (net)	6	29004000.00	17471000.00
2	<b>Current assets</b>			
	(a) Current investments			
	(b) Inventories	16	23557750.00	20906091.00
	(c) Trade receivables	17	19057381.13	15354195.35
	(d) Cash and cash equivalents	18	24162930.39	24297707.75
	(e) Short-term loans and advances	19	7054331.75	34712802.02
	(f) Other current assets	20	9289419.63	9278595.28
	TOTAL		<b>403705582.73</b>	<b>421321934.57</b>

**Notes forming part of the financial statements**

1-31

In terms of my report attached.

For and on behalf of the Board of Directors



*(Signature)*  
( G.M.Pawle )

Solapur  
29th May, 2017 Chartered Accountant



K T KATARE (Managing Director)

S T KATARE (Director)

*(Signature)*  
Mrs V K KATARE (Director)

**KATARE SPINNING MILLS LTD**  
**Statement of Profit and Loss for the year ended 31 March, 2017**

Sr. No.	Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
1	Revenue from operations	21	355855143	329264081
2	Other income	22	4968920	25646308
3	Total revenue (1+2)		360824063	354910389
4	Expenses			
	(a) Cost of materials consumed	23.a	58282550	63345614
	(b) Purchases of stock-in-trade	23.b	236262500	198240000
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.c	2923704	-515416
	(d) Employee benefits expense	24	22636643	22703371
	(e) Finance costs	25	30569936	31914711
	(f) Depreciation and amortisation expense			
	Depreciation for the year	12	11035082	10886324
	(g) Other expenses	26	41746438	40432991
	Total expenses		397609445	368038426
5	Loss before exceptional and extraordinary items and tax (3 - 4)		-36785383	-13128037
6	Exceptional items		0	0
7	Loss before extraordinary items and tax (5 + 6)		-36785383	-13128037
8	Extraordinary items		0	0
9	<b>Loss before tax (7 + 8)</b>		-36785383	-13128037
10	Tax expense:			
	Less:-Current tax expense for current year		0	0
	Less:-Tax expense relating to previous year (including MAT)		952398	0
	Add:- Excess bonus provision reversed		76323	291424
	Add/Less:-Deferred tax		11533000	9440000
11	Profit / (Loss) from continuing operations (9 +10)		-26128458	-3396613
12	Profit / (Loss) from discontinuing operations		0	0
13	<b>Profit / (Loss) for the year (11 + 12)</b>		-26128458	-3396613
14	Earnings per share (of 10/- each):			
	(a) Basic		0	0
	(b) Diluted		0	0

**Notes forming part of the financial statements 1-31**

In terms of my report attached.

For and on behalf of the Board of Directors



( G.M.Pawle )

Solapur  
29th May, 2017 Chartered Accountant



K T KATARE (Managing Director)

S T KATARE (Director)

Mrs V K KATARE (Director)



**G. M. Pawle**

B. Com., F.C.A.

**CHARTERED ACCOUNTANT**

**OFFICE :**

Ganesh Complex, Ground Floor, 276, Sakhar Peth, Near Laxmi Co-op. Bank, Solapur - 413005.

Tel.: 0217-2741800, Resi.: 2741801, Cell : 9422459687 E-mail : gmpawle@hotmail.com

Ref. No. **INDEPENDENT AUDITOR'S REPORT**

Date :

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

**Standalone Financial Statements**

I have audited the accompanying standalone financial statements of Katare Spinning Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (statement of changes in equity), the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial



statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for qualified Opinion**

- a. As stated in Note No. 15 to the accounts, the Company has included in other non-current assets a sum of Rs. 428.00 lakh as deferred interest expenditure. In the past the Company had availed a term loan ICICI Bank Ltd (which was under OTS with them) which was subsequently assigned by ICICI to Kotak Mahindra Bank Ltd. Consequent upon assignment The Kotak Mahindra Bank Ltd filed suit against the Company in DRAT for recovery. The Company has settled the said loan with Kotak Mahindra Bank Ltd for an agreed amount of Rs. 750 lakh of which Rs. 325 lakh was deposited before DRAT and Rs. 425 lakh is paid on or before 31/05/2013. Accordingly no loan balance is now outstanding.
- b. The Company had a transferred balance in Capital Reserve of Rs. 150 lakh when the loan was settled with ICICI Bank Ltd. The said balance is then reversed from Capital Reserve and the balance Rs. 600 lakh represented the amount of interest from the year 2002 to the date of settlement. The Company has deferred this interest amount of Rs. 600 lakh to be written off over a period of 7 years and have accordingly charged Rs. 172.00 lakh in the two years (2012-2013 & 2013- 2014) but has not charged Rs. 258.00 lakh to the statement of profit and loss for the year under audit (Rs. 86.00 lakh for the year under review and Rs. 172.00 lakh in the preceding year 2014-15 and 2015-16) and balance Rs. 170.00 lakh should have been remained to be carried forward as deferred revenue expenditure.
- c. Trade Receivables to the extent of Rs. 3.60 lakh and other current assets/advances of Rs. 87.12 lakh aggregating to Rs. 90.72 lakh are bad for which no provision is made in the accounts as referred to in Note No.17 and Note No.20 in the notes on accounts
- d. Had the items reported in (b) and (c) above been charged to the statement of profit and loss, the loss for the year of Rs.261.28 lakh would have been increased by Rs. 518.72 lakh resulted into loss of Rs. 780.00 Lakh. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs. 780.00lakh.
- e. No provision is made for payment for gratuity on actuarial basis as on 31<sup>st</sup> March 2017 hence its impact on the net profit could not be ascertained as referred to Note No. 27(b) in the notes on accounts.



## **Qualified Opinion**

In my opinion and to the best of my information and according to the explanations given to me, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Loss and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government in terms of sub-section (11) of section 143 of the Act, I give in "Annexure A" a statement on matters specified in paragraphs 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, I report that:
  - (a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - (b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In my opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule issued thereunder;
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the Internal Financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to my separate in "Annexure B", and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. The company has provided requisite disclosure in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books maintained by the company. Refer Note 29 to the standalone financial statements.

For G. M. Pawle  
Chartered Accountant,



G. M. Pawle  
Proprietor  
ICAI Membership No.: 032561  
Solapur, 29<sup>th</sup> May, 2017





**G. M. Pawle**

B. Com., F.C.A.

**CHARTERED ACCOUNTANT**

**OFFICE :**

Ganesh Complex, Ground Floor, 276, Sakhar Peth, Near Laxmi Co-op. Bank, Solapur - 413005.

Tel.: 0217-2741800, Resi.: 2741801, Cell : 9422459687 E-mail : gmpawle@hotmail.com

Ref. No

Date

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

The annexure referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2017, I report that

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and the situation of the fixed assets.
  - Fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the management which, in my opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification. In my opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
  - According to the information and explanation given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of its inventory:
- The inventories of finished goods, semi-finished goods, stores, spare parts and raw materials were physically verified at regular intervals by the Management.
  - The procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - The Company has maintained proper records of its inventories. According to information and explanation given to me, the discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and therefore paragraph 3(iii) of the Order is not applicable.
- (iv) In my opinion and according to information and explanations given to me the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) I have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government under Section 148(1) of the Companies Act, 2013 and I am of the opinion that prima facie the prescribed cost records have been





made and maintained. I have, however, not made a detailed examination of these records with a view to determining whether they are accurate or complete.

**(vii) In respect of statutory dues:**

- a) According to the information and explanation given to me and on the basis of my examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees State Insurance, income-tax, sales tax, value added tax, wealth tax, service tax, excise duty, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except outstanding Maharashtra Value Added Tax Liability of Rs. 7,98,948.

According to the information and explanation given to me, no undisputed amounts payable in respect of provident fund, income-tax, wealth tax, excise duty, sales tax, value added tax, cess and other material statutory dues were in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to me, there are no material dues of statutory nature which have not been deposited with the appropriate authorities on account of any dispute, except the following dues which have not been deposited by the company on account of disputes:

Name of the Statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where the dispute is pending
MVAT Act, 2002	Sales Tax, interest and penalty	49,670	FY 2005-06	DCST-Appeals, Solapur
MVAT Act, 2002	Sales Tax, Interest and penalty	7,40,935	FY 2006-07	DCST-Appeals, Solapur
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
Central Sales Tax, 1956	Sales Tax, Interest and penalty	8,44,727	FY 2005-06	DCST-Appeals, Solapur
MVAT Act, 2002	Sales Tax, Interest and Penalty	3,10,829	FY 2006-07	DCST-Appeals, Solapur

- (viii)** The Company has defaulted in the repayment of Installments of Term loan of Rs. 2,35,62,000 and unpaid interest thereon of Rs. 74,40,022, unapplied interest on term loan Rs. 2,79,93,575 and unapplied interest on cash credit of Rs. 1,63,42,412 to Bank of India (aggregating towards loan Rs. 7,53,38,009) and the Special Capital Incentive in the form of loan of Rs. 3,16,139 aggregating to Rs. 7,56,54,148 which remained unpaid as at the date of the Balance Sheet.

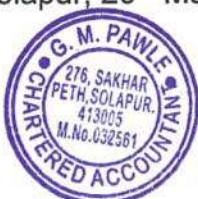


- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly paragraph 3(ix) of the order is not applicable.
- (x) According to the information and explanation given to me, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of my audit.
- (xi) According to the information and explanation given to me and on the basis of my examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanation given to me and on the basis of my examination of the records of the Company, transaction with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to me and on the basis of my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G. M. Pawle  
Chartered Accountant,



G. M. Pawle  
Proprietor  
ICAI Membership No.: 032561  
Solapur, 29<sup>th</sup> May, 2017





**G. M. Pawle**

B. Com., F.C.A.

**CHARTERED ACCOUNTANT**

**OFFICE :**

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Ref. No. **"Annexure B"** to the Independent Auditor's Report of even date on the Standalone Financial Statements of Katare Spinning Mills Limited.

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

I have audited the internal financial controls over financial reporting of Katare Spinning Mills Limited ("the Company") as of 31 March, 2017 in conjunction with my 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.

**Auditor's Responsibility**

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

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



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

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

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

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

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

### **Opinion**

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, 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.

For G. M. Pawle  
Chartered Accountant,



G. M. Pawle  
Proprietor

ICAI Membership No.: 032561

Solapur, 29<sup>th</sup> May, 2017





**G. M. Pawle**

B. Com., F.C.A.

**CHARTERED ACCOUNTANT**

**OFFICE :**

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Ref. No.:

Date :

29/05/2017

**ANNEXURE V**

Review Report to  
Katara Spinning Mills Limited  
"Kamala", 259, Sakhar Peth,  
SOLAPUR-413005

We have reviewed the accompanying statement of unaudited financial results of Katara Spinning Mills Ltd for the period ended 31/03/2017. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any misstatement.

Chartered Accountants

Signature  
G. M. Pawle  
Proprietor  
(ICAI Membership No. 032561)

Place of Signature: Solapur  
Date : 29/05/2017





**G. M. Pawle**

B. Com., F.C.A.

**CHARTERED ACCOUNTANT**

**OFFICE :**

Ganesh Complex, Ground Floor, 276, Sakhar Peth, Near Laxmi Co-op. Bank, Solapur - 413005.  
Tel.: 0217-2741800, Resi.: 2741801, Cell : 9422459687 E-mail : gmpawle@hotmail.com

Ref. No.:

Annexure VII

Date :

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

To  
Board of Directors of Katare Spinning Mills Ltd

I have audited the quarterly financial result of Katare Spinning Mills Ltd for the quarter ended 31/03/2017 and the year to date results for the period 01/04/2016 to 31/03/2017, attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. My responsibility is to express an opinion on these financial results based on my audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS25/Ind AS34), prescribed, under section 133 of the Companies Act, 2013 read with relevant rules issued there under; or by the Institute of Chartered Accountant of India, as applicable and other accounting principles generally accepted in India.

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

In my opinion and to the best of my information and according to the explanations given to me these quarterly financial results as well as the year to date results.

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

### **Basis for qualified Opinion**

- a. As stated in Note No. 15 to the accounts, the Company has included in other non-current assets a sum of Rs. 428.00 lakh as deferred interest expenditure. In the past the Company had availed a term loan ICICI Bank Ltd (which was under OTS with them) which was subsequently assigned by ICICI to Kotak Mahindra Bank Ltd. Consequent upon assignment The Kotak Mahindra Bank Ltd filed suit against the Company in DRAT for recovery. The Company has settled the said loan with Kotak Mahindra Bank Ltd for an agreed amount of Rs. 750 lakh of which Rs. 325 lakh was deposited before DRAT and Rs. 425 lakh is paid on or before 31/05/2013. Accordingly no loan balance is now outstanding.





**G. M. Pawle**

B. Com., F.C.A.

**CHARTERED ACCOUNTANT**

**OFFICE :**

Ganesh Complex, Ground Floor, 276, Sakhar Peth, Near Laxmi Co-op. Bank, Solapur - 413005.

Tel.: 0217-2741800, Resi.: 2741801, Cell : 9422459687 E-mail : gmpawle@hotmail.com

Ref. No.:

Date :

- b. The Company had a transferred balance in Capital Reserve of Rs. 150 lakh when the loan was settled with ICICI Bank Ltd. The said balance is then reversed from Capital Reserve and the balance Rs. 600 lakh represented the amount of interest from the year 2002 to the date of settlement. The Company has deferred this interest amount of Rs. 600 lakh to be written off over a period of 7 years and have accordingly charged Rs. 172.00 lakh in the two years (2012-2013 & 2013- 2014) but has not charged Rs. 258.00 lakh to the statement of profit and loss for the year under audit (Rs. 86.00 lakh for the year under review and Rs. 172.00 lakh in the preceding year 2014-15 and 2015-16) and balance Rs. 170.00 lakh should have been remained to be carried forward as deferred revenue expenditure.
- c. Trade Receivables to the extent of Rs. 3.60 lakh and other current assets/advances of Rs. 87.12 lakh aggregating to Rs. 90.72 lakh are bad for which no provision is made in the accounts as referred to in Note No.17 and Note No.20 in the notes on accounts
- d. Had the items reported in (b) and (c) above been charged to the statement of profit and loss, the loss for the year of Rs. 261.28 lakh would have been increased by Rs. 518.72 lakh resulted into loss of Rs.780.00 Lakh. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs. 780.00 lakh.
- e. No provision is made for payment for gratuity on actuarial basis as on 31<sup>st</sup> March 2017 hence its impact on the net profit could not be ascertained as referred to Note No. 27(b) in the notes on accounts.
- (ii) Except for the effects of the matter described in the Basis for Qualified opinion paragraph, give a true and fair view for the net loss and other financial information for the quarter ended 31/03/2017 as well as the year to date results for the period from 01/04/2016 to 31/03/2017.

For G. M. Pawle  
Chartered Accountant,

G. M. Pawle  
Proprietor  
ICAI Membership No.: 032561  
Solapur, 29<sup>th</sup> May, 2017



# KATARE SPINNING MILLS LTD

## ANNEXURE IX

### Statement of Assets and Liabilities for Companies (Other than Banks)

Standalone / Consolidated Statement of Assets and Liabilities Particulars	As at 31.03.2017	As at 31.03.2016
<b>A EQUITY AND LIABILITIES</b>		
<b>1. Shareholders' Funds</b>		
(a) Share Capital	28500000	28500000
(b) Reserves and surplus	48888501	75016959
c) Money Received against share Warrants	0	0
<b>Sub-total - Shareholders' funds</b>	<b>77388501</b>	<b>103516959</b>
<b>2. Share application money pending allotment</b>	<b>0</b>	<b>0</b>
<b>3. Minority interest *</b>	<b>0</b>	<b>0</b>
<b>4. Non-current liabilities</b>		
(a) Long-term borrowings	84271793	99140946
(b) Deferred tax liabilities (net)	0	0
© Other Long- term liabilities	521697	552783
(d) Long-term provisions	0	0
<b>Sub-total - Non-current liabilities</b>	<b>84793490</b>	<b>99693729</b>
<b>5. Current liabilities</b>		
(a) Short-term borrowings	115684255	130116600
(b) Trade payables	30487337	29551924
© Other current liabilities	94363575	57171299
(d) Short- term provisions	988424	1271424
<b>Sub-total - Current liabilities</b>	<b>241523591</b>	<b>218111246</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>403705583</b>	<b>421321935</b>
<b>B. ASSETS</b>		
<b>1. Non- current assets</b>		
(a) Fixed Assets	204513889	211537029
(b) Goodwill on consolidation*	0	0
© Non- current investments	11200	11200
(d) Deferred tax assets (net)	29004000	17471000
(e) Long-term loans and advances	0	0
(f) Other non-current assets	87054681	87753314
<b>Sub-total - Non-current assets</b>	<b>320583770</b>	<b>316772543</b>
<b>2. Current Assets</b>		
(a) Current investments		
(b) Inventories	23557750	20906091
© Trade Receivables	19057381	15354195
(d) Cash and cash equivalents	24162930	24297708
(e) Short-term loans and advances	7054332	34712802
(f) Other current assets	9289420	9278595
<b>Sub-total - Current assets</b>	<b>83121813</b>	<b>104549391</b>
<b>Total - Assets</b>	<b>403705583</b>	<b>421321935</b>

Solapur  
29th May, 2017



KISHORE T KATARE  
(Managing Director)  
DIN No. 00645013





## KATARE SPINNING MILLS LIMITED

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

MILL - "KAMALA NAGAR", TAMALWADI. Tal. TULJAPUR.  
DIAL - 2623981, 2628581,                      MILL - 02471- 265027 - 28  
FAX - 91-0217-2624981                      MILL FAX - 02471-265028  
Email : kamala.katare@gmail.com

### Annexure I

Statement on impact of Audit Qualifications for the Financial Year ended March, 31<sup>st</sup> 2017  
(See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016)

I	Sr No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited after adjusting for qualifications)
	1.	Turnover/Total Income	360824063	360824063
	2.	Total Expenditure	397609445	397609445
	3.	Net Profit/(Loss)	(36785383)	(88657383)
	4.	Earnings Per Share	Nil (Loss)	Nil (Loss)
	5.	Total Assets	403705583	351833583
	6.	Total Liabilities	326317082	326317082
	7.	Net Worth	77388501	25516501
	8.	Any other financial item (s) (as felt appropriate by the management)	--	--
<b>II</b>	<b>Audited Qualification (each audit qualification separately):</b> <b>a. Details of Audit Qualification:</b>		<p>a. As stated in Note No. 15 to the accounts, the Company has included in other non current assets a sum of Rs. 428.00 Lacs as deferred interest expenditure which has not been charged to the statement of profit and loss for the year under audit.</p> <p>b. Trade receivable of Rs. 3.60 Lacs and other current assets/advances of Rs. 87.12 lacs aggregating to Rs. 90.72 lacs are bad for which no provision is made in accounts.</p>	
	b. Type of Audit Qualification: Qualified Opinion/Disclaimer of Opinion/Adverse Opinion.		Qualified Opinion	
	c. Frequency of qualification: Whether appeared first time/repetitive/since how long continuing		Repetitive- More than three years	
	d. For Audit Qualification(s) where the impact is quantified by the auditor: Management's Views:		<p>Yes</p> <p>a. The outstanding debtors which auditor has considered as doubtful include amounts due from Semi-Government agency of Rs. 87.12 Lacs and management is hopeful of its recovery. Hence it is not written off.</p> <p>b. Company has incurred loss in the past and charging of deferred interest to profit and loss account would further increase the loss. Company anticipates good result in ensuing year in which situation the entire amount is proposed to be written off.</p>	



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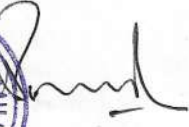
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	(ii) If management is unable to estimate the impact, reasons for the same.	--
	(iii) Auditor's Comments on (i) or (ii) above:	--
III	<b>Signatories:</b>  <b>Place : Solapur</b> <b>Date : 29/05/2017</b>	  <b>Suresh Inamdar</b> <b>Audit Committee Chairman</b>   <b>Statutory Auditor</b>   <b>Managing Director</b>