



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-159/2016-17

15.10.2016

The Secretary,
Bombay Stock Exchange Ltd,
Floor NO.25, Phiroz Jeejeebhay Towers,
Dalal Street,
MUMBAI -400 001

Reg: Submission of Annual report 2015-16 under Reg.34

Dear Sir,

Please find enclosed herewith the Annual report 2015-16 under Reg.34 for the financial year ended as on 31.03.2016.

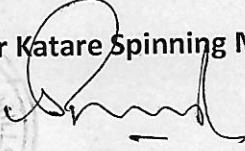
This is for your kind information and record please.

Thanking you,

Yours faithfully

For Katare Spinning Mills Ltd.,




Kishire T Katare
Managing Director
(DIN No. 00645013)

Encl : As above

36th Annual Report And Accounts 2015 - 16

CORPORATE INFORMATION

BOARD OF DIRECTORS

Name of the Director	Designation	DIN
Shri. Kishore. T. Katare	Managing Director	00645013
Shri. Subhash. T. Katare	Director	00685066
Mrs. Vidyavati. K. Katare	Director	01443784
Shri. Umakant. M. Mahindrakar	Director	01233305
Shri. Suresh. B. Inamdar (Advocate)	Independent Director	00692775
Shri. Yadgiri. N. Konda (Architect)	Independent Director	00692800

HOTEL TRIPURSUNDARI

Civil Lines, Solapur - 413 001

SOLAR POWER PROJECT

381, Kamalanagar, Tamalwadi - 413 601

Tal. : Tuljapur, Dist. Osmanabad.

SPINNING MILL

382, Kamalanagar, Tamalwadi - 413 601

Tal. : Tuljapur, Dist. Osmanabad.

REGISTERED OFFICE

"KAMALA" 259, Sakhar Peth,

Solapur - 413 005

CIN - L17119PN1980PLC022962

AUDITOR

G. M. PAWLE

Chartered Accountant

Ganesh Complex, 276, Sakhar Peth,

Solapur - 413005.

SECRETARIAL AUDITORS

NIKHIL SAWANT & CO.

8/176, Health Camp, Pandavnagar, Pune - 411016

BANKERS

Bank of India,

Main Branch, Solapur – 413 002.

REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.,

Akshay Complex, Block No. 202, 2nd Floor,

Opp. Dhole Patil Road, Pune - 411 001.

E-mail : pune@intimespectrum.com

NOTICE

Notice is hereby given that 36th Annual General Meeting of the Members of the Company will be held on Thursday, the 29th September, 2016 at 11.00 a.m. (I.S.T.) at C-2, M.I.D.C., Akkalkot Road, Solapur- 413 006 to transact, the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 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 appoint a Director in place of Shri. U. M. Mahindrakar who retires by rotation and being eligible offers himself for re-appointment.
3. Ratification of appointment of Statutory Auditors of the Company and to fix their remuneration.

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

“RESOLVED THAT, pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of G. M. Pawle, Chartered Accountants (Membership No. 032561) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to be held in the year 2017 to examine and audit the accounts of the Company for the financial year 2016-17, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditor.”

SPECIAL BUSINESS :

4. Appointment of Mr.Suresh Inamdar (Advocate) as an Independent Director of the Company.

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

“RESOLVED THAT, Mr. Suresh Inamdar (DIN: 00692775), who was appointed as a Director of the Company by the Board of Directors of the Company before the year 2014, i.e. under the Companies Act, 1956 and who is eligible for appointment as an independent director under the provisions of section 149, 152 and all other applicable provisions of the companies Act, 2013, and is hereby appointed as a Director of the Company;

“RESOLVED FURTHER THAT, pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Act, read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and SEBI (Listing Obligations and Disclosure requirements) regulations, 2015, Mr. Suresh Inamdar who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 1st April, 2014 up to 31st March, 2019.”

5. Appointment of Mr. Yadgiri Konda (Architect) as an Independent Director of the Company.

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

‘RESOLVED THAT, Mr. Yadgiri Konda (DIN: 00692800), who was appointed as a Director of the Company by the Board of Directors of the Company before the year 2014, i.e. under the Companies Act, 1956 and who is eligible for appointment as an independent director under the provisions of section 149, 152 and all other applicable provisions of the companies Act, 2013, and is hereby appointed as a Director of the Company;

‘RESOLVED FURTHER THAT, pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Act, read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and SEBI (Listing Obligations and Disclosure requirements) regulations, 2015, Mr. Yadgiri Konda who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from 1st April, 2014 up to 31st March, 2019.’

**By order of the Board of Directors
Katare Spinning Mills Ltd.**

Place : Solapur
Date : 14th August, 2016

K. T. KATARE
Managing Director
(DIN No.-00645013)

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APOINT 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. **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.**
5. **The Register of Members and the Transfer Books of the Company will be closed from 24th September 2016 to 29th September 2016 (both days are inclusive)**
6. **Members are requested to notify the change in their Address, Bank Details, E-mail etc. if any, to the Companies 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.**
7. **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 the PAN details to their Depository Participant, Whereas Members holding shares in physical form are requested to submit the PAN details to the Companies Registrars and Transfer Agents.**
8. **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.**
9. **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.**
10. **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.**
11. **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 dematerialized.**
12. **Members, who hold shares in electronic form, are requested to bring their Client Id and DP Id for easy Identification.**
13. **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 dematerialization at the earliest.**
14. **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 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.**

15. **Members / proxies are requested to bring their attendance slip duly filled in.**
16. **Members are requested to bring their copy of the Annual report for the meeting.**
17. **Members having multiple folios are requested to intimate to the Company such folios to enable the company to consolidate all shareholdings into one folio.**
18. **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 Intime Private Limited, as the case may be, for service of documents.
19. **Voting through electronic means :**
 - a. **In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the companies (Management And Administration) Rules , 2014 and as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations , 2015 , the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be considered at the 36th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services .The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).**
 - b. **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.**
 - c. **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.**
 - d. **The remote e-voting period commences on 26th September, 2016 (9.00 am) and ends on 28th September, 2016 (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 23rd September, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting after 5.00 pm on 28th September, 2016. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.**
 - e. **The notice of 36th Annual General Meeting and instructions for e-voting, along with the attendance slip and Proxy Form, is being sent by electronic mode to all members whose e-mail addresses are registered with the Company/Depository participant (s) unless a member has requested for a hard copy of same. For members who have not registered their e-mail addresses, physical copies of the aforesaid documents are being send by the permitted mode.**

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, 2nd Floor opp: Dhole Patil Road, Pune – 400 001. Email-id: pune@intimespectrum.com.

The instructions for shareholders voting electronically are as under :

- (i) The voting period begins on 26.09.2016, 09.00 A.M. (IST) and ends on 28.09.2016, 05.00 P.M.(IST) 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 23.09.2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
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"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number in the PAN field which is printed on the address sticks pasted on Annual Report.
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"> • 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).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) 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.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant KATARE SPINNING MILLS LTD. on which you choose to vote.
- (xii) 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.
- (xiii) Click on the ‘RESOLUTIONS FILE LINK’ if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you ‘CONFIRM’ your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on ‘Click here to print’ option on the Voting page.
- (xvii) 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.
- (xviii) **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 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.
 - 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 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.
- (xix) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

By order of the Board of Directors
Katare Spinning Mills Ltd.

K. T. KATARE
Managing Director
(DIN No.-00645013)

Place : Solapur
Date : 14th August, 2016

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act)

The following Explanatory Statement sets out the material facts relating to the business under Item Nos. 4 to 5 of the accompanying Notice dated 14th August, 2016.

Item Nos. 4 and 5

The Board of Directors appointed Mr. SURESH INAMDAR and Mr. YADGIRI KONDA as a Directors and also an Independent Directors of the Company for a term of five consecutive years with effect from 1st April, 2014 subject to the approval of the Members. In terms of Section 152 of the Act and the Articles of Association of the Company, they hold office as a Directors of the Company, but are eligible for appointment as an Independent Directors.

The Appointment of Independent directors was not done by the Company in the year of 2014, as per section 149 of the Companies Act, 2013 and the rules framed there under due to lack of knowledge. So the Company is making appointment of above mentioned Directors as an independent Director from 1st April, 2014 for five Consecutive years till 31st March, 2019.

Mr. SURESH INAMDAR and Mr. YADGIRI KONDA are Non-Executive Directors and considered as Independent under the Act and SEBI (Listing Obligations and Disclosure requirements) regulations, 2015.

As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. SURESH INAMDAR and Mr. YADGIRI KONDA have given declarations to the Board that they meet the criteria of independence as provided under Section 149 (6) of the Act.

The matter regarding the appointments of Mr. SURESH INAMDAR and Mr. YADGIRI KONDA as an Independent Directors was placed before the Nomination and Remuneration Committee, which commends their appointments as an Independent Directors of the Company.

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

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointments of Mr. SURESH INAMDAR and Mr. YADGIRI KONDA are now being placed before the Members for their approval.

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

Mr. SURESH INAMDAR and Mr. YADGIRI KONDA may be deemed to be concerned and interested in Item Nos. 4 and 5, respectively, as they relate to their respective appointments as Independent Directors of the Company. Other than the aforesaid Directors none of the other Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested in the Resolutions mentioned at Item Nos. 4 and 5 of the accompanying Notice.

The Board commends the Resolutions at Item Nos. 4 and 5 of the accompanying Notice for acceptance by the Members.

By order of the Board of Directors
Katare Spinning Mills Ltd.

K. T. KATARE
Managing Director
(DIN No.-00645013)

DIRECTOR'S REPORT

To The members

Your Directors have pleasure in presenting their 36th Annual Report of the Company together with its Audited Statement of Profit & Loss for the year ended 31st March, 2016 and the Balance Sheet as on that date.

1. Financial Highlights

(` in Lacs)

Particulars	2015-16	2014-15
Turnover	<u>3549.10</u>	<u>3661.69</u>
Profit Before Interest & Depreciation	296.73	71.92
Less : Interest	319.15	168.45
Loss before depreciation	-22.42	-96.53
Less : Depreciation	108.86	62.72
Loss after depreciation & before taxation	-131.28	-159.24
Add : Excess provision in the last year	2.91	1.34
Less: Tax expenses relating to previous year	0.00	26.50
Add/Less: Deferred Tax Liability/Assets	94.40	202.94
Profit / loss for the period	-33.97	18.53
Add : Balance carried from previous year	146.92	304.31
Amount available for appropriation	112.96	332.84
Less : Transitional effect on revision of depreciation on useful life of assets in accordance with schedule II	0.00	175.92
Profit carried forward	112.96	146.92

2. STATE OF AFFAIRS OF THE COMPANY/BUSINESS OVERVIEW

Solar Power Project

The Company has already Commissioned Rooftop Solar Power Project at hotel and has getting good benefit by way of reduction in monthly electricity bills.

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 plant for captive consumption in the month of 22nd April, 2015. This is the first net metering installation in the Maharashtra. During the financial year total 1283485 electricity units have been generated and it helps the Company to save in electricity bill substantially.

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 specialy 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 specialy cotton yarn.

3. ANNUAL RETURN

Extracts of the Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is furnished in MGT-9 and is attached to this Report.

4. DIVIDEND

Your Directors do not recommend any dividend for the year under report.

5. BOARD MEETINGS

During the year under review, 6 Board Meetings were held and the intervening gap between the meetings did not exceed the period prescribed under the Act, the details of which are given in the Corporate Governance Report.

6. BOARD EFFECTIVENESS

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

A. Board Evaluation

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

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

Additional Positive Attributes :

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

C. Remuneration Policy

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

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

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

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

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

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

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

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

7. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

8. AUDIT COMMITTEE

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

9. DIRECTORS

In accordance with the Act and the Articles of Association of the Company, Shri. U. M. Mahindrakar retires by rotation, and is eligible for re-appointment.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed both under the Act and SEBI (Listing Obligations and Disclosure requirements) regulations, 2015.

10. RESERVES

No amount out of current year's profit was transferred to the General Reserves, as the Company wants to deploy it in the Company for the Betterment.

11. CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is a code of self discipline. In the line with this policy, the Board of Directors strongly believes that it is very important that the Company follows healthy Corporate Governance practices and reports to the shareholders the progress made on the various measures undertaken. The Corporate Governance Report regarding compliance of conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 is annexed with this report.

12. AUDITORS

At the Annual General Meeting, the Members will be requested to ratify the re-appointment of G. M. Pawale, Chartered Accountants, Solapur (M. No. 032561), the Auditors for the current year and authorize the Board of Directors to fix their remuneration.

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

13. RESPONSE TO AUDITORS QUALIFICATION

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.

The Company has incurred loss in the past and charging of deferred interest to profit & Loss account would further increase the loss. The Company anticipates good results in ensuring year in which situation the entire amount is proposed to be written off.

14. SECRETARIAL AUDIT

Pursuant to the provisions of the Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S. NIKHIL SAWANT & CO. Pune, as Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Report is Self-explanatory annexed herewith however; the

Company has initiated necessary steps to comply with queries mentioned under the Secretarial Audit Report as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, is annexed herewith separately.

17. FIXED 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.

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 objective and enhance the Company's competitive advantage.

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

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

20. LOANS, GUARANTEES AND INVESTMENTS

The Company has not made any investments or given any loans or guarantees or provided any security in connection with a loan to any person or body corporate, covered under Section 186 of the Companies Act, 2013.

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 Companies Act, 2013.

22. PARTICULARS OF EMPLOYEES

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

23. 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.

24. 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 Companies Act, 2013.

25. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuring compliance with the provision of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2016 and state that:

1. In the preparation of the annual accounts, the applicable accounting standard had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgment 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 the end of the financial year covered under this report and of the profit and loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.
5. The Directors had laid down internal financial control to be followed by the Company and that such internal financial control are adequate and were operating effectively: and
6. The Directors had devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operative effectively.

26. 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.

27. 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.

28. 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
Katara Spinning Mills Ltd.

Place : Solapur
Date : 14th August, 2016

K. T. KATARE
Managing Director
(DIN No.-00645013)

ANNEXURE TO DIRECTORS REPORT

Information as required under rule 8(3) of the companies (accounts) Rule 2014

A) Energy Conservation taken:

- I. Switching off unwanted lights.
- II. Use of natural lights as far as possible.
- III. Humidification plants not operated during favorable climatic conditions.
- IV. Control over slippage.
- V. 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.

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

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

Form "A"

POWER & FUEL CONSUMPTION

Sr.No	Particulars	Spinning Division		Hotel Division	
		Current Year	Previous Year	Current Year	Previous Year
1)	Electricity				
	Purchased Units from MSEDCL	1799520	2398980	762031	578647
	Total Amount Rs.	13404709	16882092	7692018	7011212
	Rate Unit Rs.	7.45	7.04	10.09	12.12
2)	Own Generation				
	Solar Plant				
	Unit	1283485	-	64490	60374
	Rate per unit Rs.	8.80	-	-	-

By order of the Board of Directors
Katare Spinning Mills Ltd.

K. T. KATARE
Managing Director
(DIN No.-00645013)

Place : Solapur
Date : 14th August, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

1. Current scenario

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

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

2. Business Segment

Solar Power Project

The Company has already Commissioned Rooftop Solar Power Project at hotel and has getting good benefit by way of reduction in monthly electricity bills.

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 plant for captive consumption in the month of 22nd April, 2015. This is the first net metering installation in the Maharashtra. During the financial year total 1283485 electricity units have been generated and it helps the Company to save in electricity bill substantially.

Textile Industry

The Company achieved a turnover of Rs. 3549.10 lacs against Rs. 3661.69 lacs relating to the previous year. The gross profit of the Company recorded at Rs. 296.73 Lacs before interest and depreciation and net loss for the year is at Rs. 33.97 Lacs as against profit of Rs. 18.53 Lacs for the previous year. The turnover of the Company is lower as compared to the previous year due to strike was there.

Hotel

Recently the Government of India has declared Smart City status Solapur City hence a good investment will take place to develop the City, which will impact on Hotel Industry in good scene.

3. Industry Outlook

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

4. Opportunities

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

5. Risks and Concerns

The Government policies and volatile economic environment have a bearing on the overall performance of the company.

6. The Financial and Operational Performance

The Financial statement given in the report of the Directors for the financial year 2015-16 is quite satisfactory. It reflects the genuine steps taken by the management for transparency and best judgement for the estimates made to correctly reflect the true and fair affairs of the Company.

7. Internal control, systems and adequacy.

The Company has put in place effective control systems in respect of all its operations and such systems are continuously reviewed and upgraded.

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.

9. Safety and Environment

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

10. Cautionary Statement

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

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

Sr.No.	Observations by Secretarial Auditors	Comments by the Board
1.	The Company has not executed within in time a new uniform Listing Agreement with BSE as per SEBI (LODR) Regulations, 2015.	Because of some internal issues, the Company has executed the Agreement after the notified date.
2.	MGT-14 has not been filed by the Company in accordance with the provision of Section 117 of the Companies Act, 2013 read with section 179 (3) in respect of the approval of Financial Statements and the Board's Report for the year ended 31st March, 2015.	The Company has filed the MGT-14 with ROC but, inadvertently not attached the Board resolution.
3.	The Company has not appointed Independent Directors in accordance with provisions of section 149 of the Companies Act, 2013.	The Company has already appointed the Independent director on the board as per the Companies Act, 1956, but remained to regularize as per Companies Act, 2013.
4.	The Company has not established the vigil Mechanism in pursuance of sub-section 9 of Section 177 of the Companies Act, 2013.	The Company is going to establish the vigil Mechanism in pursuance of the Act, in this year.
5.	The Company has not complied with the provisions of section 203 of the Companies Act, 2013 in respect of the appointment of Chief Financial Officer and Company Secretary in the financial year 2015-16.	We are looking for appropriate candidate, but we are not getting the suitable person who will stay in Mo fusil area of Solapur.
6.	The Company has closed its books as per Section 91 of the Companies Act, 2013 but has not given the public notice to the members in newspaper.	The Company has given the notice in newspaper, but inadvertently we are not getting the copy of it.
7.	The Company has not complied with the requirement of clause (III) of clause 41 (Issue of Public Notice) and clause 35A of the Listing Agreement.	The Company has complied the given clause and also given the notice in newspaper, but inadvertently we are not getting the copy of it.
8.	The Company has not maintained the websites of the Company as per SEBI (LODR) Regulations, 2015.	The Company is going to develop the websites, as per requirements of the Act.

By order of the Board of Directors
Katare Spinning Mills Ltd.

K. T. KATARE
Managing Director
(DIN No.-00645013)

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

A report on Corporate Governance is set out in compliance with the Corporate Governance requirements as stipulated in Regulation 34(3) read with Schedule V of the Securities and Exchange board of India (Listing Obligation and disclosure Requirements) Regulation, 2015 (Listing Regulation).

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors:

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The present strength of Board of Directors is 6(six) as on 31st March, 2016, whose composition and category is given below:

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

A) THE CONSTITUTION OF THE BOARD AS ON 31st MARCH, 2016

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 K.T.Katare	Promoter M.D.	1	1	Nil	Nil
Shri S.T.Katare	Promoter Director	1	Nil	Nil	Nil
Shri S.B.Inamdar	Independent	Nil	Nil	Nil	Nil
Shri Y.N.Konda	Independent	Nil	Nil	Nil	Nil
Shri. U.M. Mahindrakar	Director	Nil	Nil	Nil	Nil
Mrs V K Katare	Director	1	1	Nil	Nil

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

B) BOARD PROCEDURE

Agenda is sent to each Director in advance of Board and Committee meetings to enable the Board discharge to its responsibilities effectively; the Managing Director briefs the Board at every meeting on the overall performance of the Company, followed by discussion by the Directors. The Board also reviews:

Strategy and business plans, Operations and capital expenditures, Finance and Banking operations, Adoption of quarterly/half yearly/ annual results, Compliance with statutory/regulatory requirements and review of major legal issues, Significant labor issues.

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

During the year ended March 31, 2016, 6(Six) Board Meetings were held on 30th April 2015, 31st May 2015, 31st July 2015, 31st August 2015, 30th October 2015, 27th January 2016 and the Annual General Meeting during the year was held on 30th September, 2015.

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the last AGM held on 30.09.15
V. T. Katare (deceased)	Chairman	2	NA
Shri. K. T. Katare	Managing Director	6	Present
Shri. S. T. Katare	Director	6	Present
Shri. S. B. Inamdar	Independent Director	6	Present
Shri. Y. N. Konda	Independent Director	6	Present
Shri. U. M. Mahindrakar	Director	6	Present
Mrs. V K Katare	Director	6	Present

3. COMMITTEE OF THE BOARD

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

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

i) Audit Committee :

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

COMPOSITION :

During the year ended 31st March, 2016, four Meetings were held.

The composition of the Audit Committee is as follows:

Member of Audit Committee	Position	Committee Membership
Shri. S.B. Inamdar	Independent Director	4
Shri. Y.N. Konda	Independent Director	4
Shri. S.T. Katare	Executive Director	4

ii) Nomination and Remuneration Committee:

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

BRIEF DESCRIPTION OF TERMS OF REFERENCE:

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

COMPOSITION :

During the year ended 31st March, 2016, Two Meetings were held.

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

Member of Audit Committee	Position	Committee Membership
Shri. S.B. Inamdar	Chairman Independent Director	2
Shri. Y.N. Konda	Independent Director	2
Shri. S.T. Katare	Executive Director	2

The detail of remuneration for the year ended 31st March, 2016 paid to the Director/ Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	Total
Shri. V. T. Katare	1,20,000/-	Nil	14,400/-	1,34,400/-
Shri. K. T. Katare	6,00,000/-	Nil	72,000/-	6,72,000/-

iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:

BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

COMPOSITION:

During the year ended 31st March, 2016, Two Meetings were held.

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

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

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

There were no valid share transfer requests pending as on March 31, 2016.

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
2014-15	30.09.15	11.00 am	C-2, MIDC, Akkalkot Road, Solapur.
2013-14	30.09.14	11.00 am	224, Civil Lines, Solapur.
2012-13	31.08.13	11.00 am	C-2, MIDC, Akkalkot Road, Solapur.

5. DISCLOSURES

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

The disclosure of related party transactions as required by the Accounting Standard (AS)18 on 'Related Party Disclosures issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No.02 of Notes on the Annual Accounts. All the transactions covered under related party transaction were fair, transparent and at arm's length.

The company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or 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 as soon as the same are approved and taken on record by the Board of Directors of the Company. Further the results are published in widely circulating national and local dailies. The results are not sent individually to the shareholders.

7. CODE OF CONDUCT

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

8. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting

- i) Date & Time : 29th September, 2016 at 11 am
- ii) Venue : C-2, MIDC, Akkalkot Road, Solapur

b) Financial Calendar (tentative)

Results for the 1st Quarter Ending 30th June, 2015 Last Week July 2015

Result for the 2nd Quarter/Half Year Ending 30th Sep.2015 Last Week

October 2015

Result for the 3rd Quarter Ending 31st December, 2015 Last Week : January 2016

Results for the 4th Quarter/Year Ending 31st March, 2016 Last Week : May 2016

c) Book Closure Date (Both days inclusive)

Saturday, 24th September, 2016 to

Thursday, 29th September 2016

d) Listing on Stock Exchanges

The Bombay Stock Exchange Ltd.,
Mumbai.

e) Stock Code

Physical segment – BSE- 502933

NSDL/CSDL – ISIN: INE -498G01015

f) Stock Market Data

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

Month	Mumbai Stock Exchange	
	High `	Low `
April 2015	21.30	21.30
May 2015	19.85	19.85
June 2015	19.40	17.60
July 2015	19.90	19.90
August 2015	18.10	18.10
September 2015	17.20	17.20
October 2015	17.00	17.00
November 2015	18.70	18.70
December 2015	24.00	24.00
January 2016	24.30	23.15
February 2016	21.00	21.00
March 2016	14.50	14.50

g) Share holding pattern as on 31.03.2016

Sr.No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Promoters Body Corporate)	14,57,751	51.15
2	Body Corporate	1,60,636	05.62
3	Resident Individuals	12,18,373	42.75
4	Non Resident Indian	3,751	0.13
5	Financial Institutions/Banks	4400	0.15
6	Clearing Member	5,089	0.18
	TOTAL	28,50,000	100.00

h) Distribution of Shareholding as on 31.03.2016

Shareholding of nominal value	No.of Shareholders	%	Nominal Value of Equity Shares (Rs.)	%
1 to 5000	1544	87.38	2344190	08.05
5001 to 10000	103	05.83	873660	03.06
10001 to 20000	45	02.55	682950	02.40
20001 to 30000	20	01.13	516000	01.81
30001 to 40000	12	00.68	434900	01.53
40001 to 50000	10	00.56	452660	01.58
50001 to 100000	13	00.74	921680	03.23
100001 to onwards	20	01.13	22268740	78.14

i) Registrar and share Transfer Agent : Link Intime India Pvt. Ltd.,
Akshay Complex, Block No.202, 2nd
Floor, Opp.DholePatil Road, Pune- 411001.
E-mail : pune@intimespectrum.com

j) Share Transfer System :

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

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

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

k) DEMATERILISATION OF SHARES

As on 31st March, 2016 Equity shares were in de-materialized form representing 43.37% of the total share capital.

- l) **Plant Location**
- Spinning Mills**
Kamala Nagar, Tamalwadi,
Tal.Tuljapur, Dist. Osmanabad.
Hotel Tripursundari
224, Civil Lines, Solapur.
Solar Plant
Kamala Nagar, Tamalwadi,
Tal.Tuljapur, Dist. Osmanabad
- m) **Address for Correspondence :**
- KATARE SPINNING MILLS LIMITED**
‘KAMALA’259, SakharPeth,
Solapur - 413 005.

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 violative 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 Ltd.

Place : Solapur
Date : 14th August, 2016

K. T. KATARE
Managing Director
(DIN No.-00645013)

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of KATARE SPINNING MILLS LIMITED ;

We have examined all the relevant records of Katare Spinning Mills Limited (the Company) for the year ended March 31, 2016 for the purpose of certifying compliance of the conditions of Corporate Governance as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulations of the Listing Regulations for the period from April 1, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. The certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable.

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

**Place : Pune
Date : 14th August, 2016**

**NIKHIL SAWANT
Proprietor
Membership No. ACS-37819 CP No-14691**

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

**[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 compliance 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 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 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 31st March, 2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder ;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not applicable to the Company during the Audit period.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder ;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, but during the audit period, there were no Foreign Direct investment, Overseas Direct Investment and External Commercial Borrowings -
Not applicable to the Company during the Audit period.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not applicable to the Company during the Audit period.
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;

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

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

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

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

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

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

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

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India has not been properly followed by the Company during the year.

(ii) The Listing Agreement which has to be entered into by the Company with the Bombay Stock Exchange as per new LODR Regulations, (2015) has not been executed within the time.

We 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 the following observations :

1. The Company has not executed within in time a new uniform Listing Agreement with BSE as per SEBI (LODR) Regulations, 2015.

2. MGT-14 has not been filed by the Company in accordance with the provision of Section 117 of the Companies Act, 2013 read with section 179 (3) in respect of the approval of Financial Statements and the Board's Report for the year ended 31st March, 2015.

3. The Company has not appointed Independent Directors during the period from 01/04/2015 to 31/03/2016 in accordance with provisions of section 149 of the Companies Act, 2013.

4. The Company has not established the vigil Mechanism in pursuance of sub-section 9 of Section 177 of the Companies Act, 2013.

5. It was informed that the related party transactions are entered into by the Company in its Ordinary course of business and undertaken at an arm's length basis, do not need any prior approval however AOC-2 was not available for verification.
6. The Company has not complied with the provisions of section 203 of the Companies Act, 2013 in respect of the appointment of Chief Financial Officer and Company Secretary in the financial year 2015-16.
7. The Company has closed its books as per Section 91 of the Companies Act, 2013 but has not given the public notice to the members in newspaper.
8. The Company has not complied with the requirement of clause (III) of clause 41 (Issue of Public Notice) and clause 35A of the Listing Agreement (Voting results).
9. The Company has not maintained the websites of the Company as per SEBI (LODR) Regulations, 2015.

We further report that :

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

Mr. K.T. Katare - Managing Director, Mr. Subhash Katare - Director, Mr. Suresh Inamdar - Director, Mr. Umakant Mahindrakar - Director, Mr. Yadgiri Konda - Director and Mrs. Vidyavati Katare - Women Director.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that the Board of Directors of the Company should be constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

As per 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.

We further report that, there are 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

Membership No. ACS-37819 CP No-14691

Place : Pune
Date : 12th August, 2016

This report is to be read with our letter of even date which is annexed as ANNEXUREA and forms as integral part of this report.

Annexure A to the Secretarial Audit Report

**To
The Members,
KATARE SPINNING MILLS LIMITED
Solapur-413 005**

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.**
- 2. We 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. We believe that the processes and Practices, we followed provide a reasonable basis for our opinion.**
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.**
- 4. Whenever required, we 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. Our examination was limited to the verification of procedures on the random test basis.**
- 6. The Secretarial Audit Report is neither an assurance as to the future visibility of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.**

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

**Place : Pune
Date : 12th August, 2016**

**NIKHIL SAWANT
Proprietor
Membership No. ACS-37819 CP No-14691**

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2016

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

I REGISTRATION & OTHER DETAILS:

- i CIN** : L17199PN1980PLC022962
- ii Registration Date** : 08/08/1980
- iii Name of the Company** : KATARE SPINNING MILLS LIMITED
- iv Category/Sub-category of the Company** : COMPANY LIMITED BY SHARES
- v "Address of the Registered office & contact details"** : "KAMALA",259, SAKHAR PETH,
SOLAPUR-413005
- 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, 2ndFloor,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	Cotton Yarn	87.34
2	Hotel Servises	Hotel Servises	12.66

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

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

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity) As on 31.03.2016

(i) Category - wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	320754	1266312	1587066	55.58	35215	1266362	1301577	45.67	9.91
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	38146	118634	156780	5.68	38146	118028	156174	5.48	0.20
SUB TOTAL-(A) (1)	358900	1384946	1743846	61.26	73361	1384390	1457751	51.15	10.11
(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
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	358900	1384946	1743846	61.26	73361	1384390	1457751	51.15	10.11
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	7350	4400	11750	0.41	0	4400	4400	0.41	0
c) Cenntal 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
SUB TOTAL (B)(1):	7350	4400	11750	0.41	0	4400	4400	0.15	0.00
(2) Non Institutions									
a) Bodies corporates	151586	9565	161151	5.64	151071	9565	160636	5.64	0.01
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.1 lakhs	340543	218135	558678	19.57	325854	215491	541345	18.99	0.57
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	368111	0	368111	12.89	677028	0	677028	23.76	-10.86
c) Others (specify)									
Market Maker	2313	0	2313	0.08	5089	0	5089	0.18	-0.10
Non Resident Indian (non repat)	536	0	536	0.02	136	0	136	0.00	0.01
Non Resident Indian (repatriated)	3615	0	3615	0.13	3615	0	3615	0.13	0.00
SUB TOTAL (B)(2):	866704	227700	1094404	38.33	1162793	225056	1387849	48.70	-10.37
Total Public Shareholding (B)= (B)(1)+(B)(2)	874054	232100	1106154	38.74	1162793	229456	1392249	48.85	-10.37
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	1232954	1617046	2850000	100	1236154	1613846	2850000	100	0

(ii) Share Holding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% 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	324667	11.39	0	347682	12.20	0.00	0.81
2	Kishor Tippanna Katare	25415	0.89	0	2400	0.08	0.00	-0.81
3	Subhash Tippanna Katare	326205	11.45	0	333755	11.71	0.00	0.27
4	Katare Subhash Tippanna	9800	0.34	0	2250	0.08	0.00	-0.26
5	Shakuntala Tulsidas Katare	53447	1.88	0	382651	13.43	0.00	11.55
6	Tulsidas Tippanna Katare	329204	11.55	0	0	0.00	0.00	-11.55
7	Vijay Tippanna Katare	285539	10.02	0	0	0.00	0.00	-10.02
8	Tippanna Tulsiram Katare	286236	10.04	0	286236	10.04	0.00	0.00
9	Vidhyavati Kishor Katare	10300	0.36	0	10300	0.36	0.00	0.00
10	Umavati Vijay Katare	50365	1.77	0	49759	1.75	0.00	-0.02
11	Sushama Subhash Katare	8000	0.28	0	8000	0.28	0.00	0.00
12	Katare Sachin Subhash	3150	0.11	0	3150	0.11	0.00	0.00
13	Mahindrakar Umakant Mahadev	7478	0.26	0	7478	0.26	0.00	0.00
14	Umakantrao M Mahindrakar	22	0.00	0	22	0.00	0.00	0.00
15	Geeta Anilkumar Kapatkar	200	0.01	0	200	0.01	0.00	0.00
16	Sunita Prashant Achalkar	200	0.01	0	200	0.01	0.00	0.00
17	Vanita Tulshidas Katare	200	0.01	0	200	0.01	0.00	0.00
18	Nanda Tulshidas Katare	200	0.01	0	200	0.01	0.00	0.00
19	Katare Kirti Kishor	8418	0.30	0	8418	0.30	0.00	0.00
20	Katare Kritika Kishor	8800	0.31	0	8800	0.31	0.00	0.00
21	Jaishree Venkatesh Mahindrakar	1700	0.06	0	1700	0.06	0.00	0.00
22	Chhaya Umakant Mahindrakar	1700	0.06	0	1700	0.06	0.00	0.00
23	Ambutai Abhaykumar Telkar	2600	0.09	0	2600	0.09	0.00	0.00
24	Kamal Kishore Katare	0	0.00	0	50	0.00	0.00	0.00
	Total	1743846	61.19	0	1457751	51.15	0.0	-10.04

(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	1743846	61.19		
	At the end of the year	1457751	51.15	1457751	51.15

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

Sr. No	Name	No. of Shares at the beginning (01.04.15) / end of the year (31.03.16)		Date	Increase / decrease	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Balram Bharwani	115605	4.06	01.04.2015	20487	Tmasfer	136092	4.78
		136092	4.78	31.03.2016				
2	Rahul katare	28958	1.02	01.04.2015	512	Tmasfer	29470	1.03
		29470	1.03	31.03.2016				
3	Jhaveri Securities Ltd.	55065	1.93	01.04.2015	0	Nil Movement during the year	55065	1.93
		55065	1.93	31.03.2016				
4	Preeti Krishnagopal Chandak	76429	2.68	01.04.2015	0	Nil Movement during the year	76429	2.68
		76429	2.68	31.03.2016				
5	Hina Kirti Doshi	50000	1.75	01.04.2015	0	Nil Movement during the year	50000	1.75
		50000	1.75	31.03.2016				
6	Krishnagopal Motilal Chandak	49495	1.74	01.04.2015	0	Nil Movement during the year	49495	1.74
		49495	1.74	31.03.2016				
7	VSL Securities	48831	1.71	01.04.2015	0	Nil Movement during the year	48831	1.71
		48831	1.71	31.03.2016				
8	Kamal Marketing Pvt. Ltd.	37595	1.32	01.04.2015	0	Nil Movement during the year	37595	1.32
		37595	1.32	31.03.2016				
9	Mohan Ramkrishna Chavdekar #	22156	0.78	01.04.2015	0	Nil Movement during the year	22156	0.78
		22156	0.78	31.03.2016				
10	Anjana Sinha	10818	0.38	01.04.2015	-500	Tmasfer	10318	0.36
		10318	0.36	31.03.2016				
11	Rakesh Vijaykumar Katare *	14650	0.51	01.04.2015	95870	Tmasfer	110520	3.88
		110520	3.88	31.03.2016				
12	Rajesh Vijaykumar Katare *	0	0.00	01.04.2015	95180	Tmasfer	95180	3.34
		95180	3.34	31.03.2016				

* Not in the list of Top ten shareholders as on 01.04.2015. The same have been reflected above since share holders were among the Top ten share holders as on 31.03.2016.

Ceased to be in the list of Top ten shareholders as on 31.03.2016. The same have been reflected above since shareholders were among the top ten share holder as on 31.03.2015.

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

Sr. No	Name	No. of Shares at the beginning (01.04.15) / end of the year(31.03.16)		Date	Increase / decrease	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No.of shares	% of total shares of the company				No.of shares	% of total shares of the company
A	Directors							
1	Subhash Tippanna Katare	336005	11.79	01.04.2015	0	Nil Movement during the year	336005	11.79
		336005	11.79	31.03.2016				
2	Vidhyavati Kishor Katare	10300	0.36	01.04.2015	0	Nil Movement during the year	10300	0.36
		10300	0.36	31.03.2016				
3	Umakant M Mahindrakar	7500	0.26	01.04.2015	0	Nil Movement during the year	7500	0.26
		7500	0.26	31.03.2016				
4	Yadgiri Narayan Konda	5000	0.18	01.04.2015	0	Nil Movement during the year	5000	0.18
		5000	0.18	31.03.2016				

B KMPs

1	Vijay Tippanna Katare	285539	10.02	01.04.2015	-285539	Transmission		
		0	0	31.03.2016			0	0.00
2	Kishor Tippanna Katare	350082	12.29	01.04.2015	-10	Transfer		
		350072	12.28	31.03.2016			350072	12.28

V. INDEBTEDNESS

(Rs. In Lacs)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the				
i) Principal Amount	2173.85	428.42	0.00	2602.27
ii) Interest due but not paid	114.74		0.00	114.74
iii) Interest accrued but not due	4.75		0.00	4.75
Total (i+ii+iii)	2293.34	428.42	0.00	2721.77
Change in Indebtedness during the financial year				
Additions	62.96	428.42	0.00	491.38
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	1921.61	322.57		2244.17
ii) Interest due but not paid	284.03			284.03
iii) Interest accrued but not due	5.53			5.53
Total (i+ii+iii)	2211.16	322.57		2533.73

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
		Shri Kishore T Katare Managing Director				
1	Gross salary					
	(a) Salary as per provisions contained in			600000		
	(b) Value of perquisites u/s			72000		672000
	(c) Profits in lieu of salary			-		-
2	Stock option			-		-
3	Sweat Equity			-		-
4	Commission			-		-
	as % of profit					
	others (specify)					
5	Others, please specify			-		-
	Total (A)					672000
	Ceiling as per the Act					N.A.
2		Shri Vijay T Katare Chairman and Executive Director				
1	Gross salary					
	(a) Salary as per provisions contained in			120000		
	(b) Value of perquisites u/s			14400		134400
	(c) Profits in lieu of salary			-		-
2	Stock option			-		-
3	Sweat Equity			-		-
4	Commission			-		-
	as % of profit					
	others (specify)					
5	Others, please specify			-		-
	Total (A)					134400
	Ceiling as per the Act					N.A.

B. Remuneration to other directors:

Sr. No	Particulars of Remuneration	Shri Subhash T katare	Shri U M Mahindrakar	Shri S B Inamdar	Shri Y N Konda	Mrs. Vidhyvati k katare
1	Independent Directors					
	(a) Fee for attending board committee meetings	-	-	7000	7000	-
	(b) Commission	-	-	-	-	-
	(c) Others - Conveyance Exps	-	-	3500	3500	-
	Total (1)	0	0	10500	10500	0
2	Other Non Executive Directors					
	(a) Fee for attending board committee meetings	7000	7000	-	-	7000
	(b) Commission	-	-	-	-	-
	(c) Others - Conveyance Exps	3500	3500	-	-	3500
	Total (2)	10500	10500	0	0	10500
	Total (B)=(1+2)	10500	10500	10500	10500	10500
	Total Managerial Remuneration					186900 #
	Overall Ceiling as per the Act.					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

Sr.No.	Particulars of Remuneration		Key Managerial Personnel				Total
			CEO	Company Secretary	CFO	Total	
1	Gross Salary						
There are no any key managerial personel other than M/D Manager/WTD as defined under Companies act 2013							

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)	Appeall made if any (give details)
There is no any penalties/ punishment /compounding of offences incurred during the year					

INDEPENDENT AUDITOR'S REPORT

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 March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 lacs 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 lacs of which Rs. 325 lacs was deposited before DRAT and Rs. 425 lacs 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 lacs when the loan was settled with ICICI Bank Ltd. The said balance is then reversed from Capital Reserve and the balance Rs. 600 lacs represented the amount of interest from the year 2002 to the date of settlement. The Company has deferred this interest amount of Rs. 600 lacs to be written off over a period of 7 years and have accordingly charged Rs. 172.00 lacs in the two years (2012-2013 & 2013- 2014) but has not charged Rs. 172.00 lacs to the statement of profit and loss for the year under audit (Rs. 86.00 lacs for the year under review and Rs. 86.00 lacs in the preceding year 2014-15) and balance Rs. 256.00 lacs should have been remained to be carried forward as deferred revenue expenditure.

c. 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. 128.37 lacs would have been increased by Rs. 518.72 lacs resulted into loss of Rs. 647.09 Lacs. To that extent it has resulted into overstatement of year end net Current Assets and Reserves and Surplus by Rs. 647.09 lacs.

d. No provision is made for payment for gratuity on actuarial basis as on 31st March 2016 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 March 31, 2016, 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 7 of the Companies (Accounts) Rules, 2015.
- (e) In the course of my audit I have not come across any transactions or matters which have any adverse effects on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) 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
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - 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.

For G.M. PAWLE
Chartered Accountant,

G.M. PAWLE
Proprietor
ICAI Membership No.: 032561
Solapur, 30th May, 2016

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 31st March 2016, I report that

- (i) In respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of the fixed assets.
 - b) Fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the management which, in my opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification. In my opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
 - c) According to the information and explanation given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of its inventory:
- a) The inventories of finished goods, semi-finished goods, stores, spare parts and raw materials were physically verified at regular intervals by the Management.
 - b) The procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of its inventories. According to information and explanation given to me, the discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and therefore paragraph 3(iii) of the Order is not applicable.
- (iv) In my opinion and according to information and explanations given to me the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) I have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government under Section 148(1) of the Companies Act, 2013 and I am of the opinion that prima facie the prescribed cost records have been made and maintained. I have, however, not made a detailed examination of these records with a view to determining whether they are accurate or complete.
- (vii) In respect of statutory dues:
- a) According to the information and explanation given to me and on the basis of my examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees State Insurance, income-tax, sales tax, value added tax, wealth tax, service tax, excise duty, cess 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, 2016 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.
- (viii) The Company has not defaulted in the repayment of dues to financial institutions and banks except repayment of Term loan including interest to Bank of India Rs. 4,53,46,906 and the Special Capital Incentive in the form of loan of Rs. 3,16,139 aggregating to Rs. 4,56,63,045 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, 30th May, 2016

**“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 March 31, 2016 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 March 31, 2016, 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, 30th May, 2016

Katare Spinning Mills Ltd.

BALANCE SHEET AS AT 31st MARCH 2016

Sr. No.	Particulars	Note No.	As At 31st March 2016 Rs.	As at 31st March 2015 Rs.
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share Capital	3	28500000	28500000
	(b) Reserves and surplus	4	75016959	81067462
2	Non-current liabilities			
	(a) Long-term borrowings	5	99140946	117137543
	(b) Deferred tax liabilities (net)	6	0	0
	(c) Other long-term liabilities	7	552783	475452
	(d) Long-term provisions			
3	Current liabilities			
	(a) Short-term borrowings	8	153678600	154564019
	(b) Trade payables	9	29551924	11363289
	(c) Other current liabilities	10	33609299	4598309
	(d) Short-term provisions	11	1271424	1275294
	TOTAL		421321935	398981368
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12.A	203590563	118416142
	(ii) Intangible assets	12.B	35533	46631
	(iii) Capital work-in-progress Including Advances	12.C	7910933	102363617
	(b) Non-current investments	13	11200	11200
	(c) Long-term loans and advances	14	0	0
	(d) Other non-current assets	15	87753314	88244692
	(e) Deferred tax Assets (net)	6	17471000	8031000
2	Current assets			
	(a) Current investments			
	(b) Inventories	16	20906091	19573978
	(c) Trade receivables	17	15354195	11183003
	(d) Cash and cash equivalents	18	24297708	29632818
	(e) Short-term loans and advances	19	34712802	12037779
	(f) Other current assets	20	9278595	9440508
	TOTAL		421321935	398981368

Notes forming part of the financial statements - 1-30

In terms of my report attached.

For and on behalf of the Board of Directors

Place : Solapur
Date : 30th May 2016

G.M.PAWLE
Chartered Accountant

K. T. KATARE (Managing Director)
S. T. KATARE (Director)
Mrs. V.K. KATARE (Director)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Sr. No.	Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
1	Revenue from operations	21	329264081	355776546
2	Other income	22	25646308	10392914
3	Total revenue (1+2)		354910389	366169459
4	Expenses			
	(a) Cost of materials consumed	23a	63345614	88024554
	(b) Purchases of stock-in-trade	23b	198240000	200311732
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23c	-515416	-5131818
	(d) Employee benefits expense	24	22703371	25440715
	(e) Finance costs	25	31914711	16844733
	(f) Depreciation and amortisation expense			
	Depreciation for the year	12	10886324	6271623
	(g) Other expenses	26	40432991	40068776
	Total expenses		368038427	382093952
5	Loss before exceptional and extraordinary items and tax (3 - 4)		-13128037	-15924492
6	Exceptional items		0	0
7	Loss before extraordinary items and tax (5 ± 6)		-13128037	-15924492
8	Extraordinary items		0	0
9	Loss before tax (7 ± 8)		-13128037	-15924492
10	Tax expense:			
	Less : Current tax expense for current year		0	0
	Less : Tax expense relating to previous year (including MAT)"		0	2650234
	Add : Excess bonus provision reversed		291424	133893
	Add/Less : Deferred tax		9440000	20294000
11	Profit / (Loss) from continuing operations (9 ± 10)		-3396613	1853167
12	Profit / (Loss) from discontinuing operations		0	0
13	Profit / (Loss) for the year (11 ± 12)		-3396613	1853167
14	Earnings per share (of 10/- each):			
	(a) Basic		0	0.65
	(b) Diluted		0	0

Notes forming part of the financial statements - 1-30
In terms of my report attached.

For and on behalf of the Board of Directors

Place : Solapur
Date : 30th May 2016

G.M.PAWLE
Chartered Accountant

K. T. KATARE (Managing Director)
S. T. KATARE (Director)
Mrs. V.K. KATARE (Director)

Notes forming part of the financial statements

1) Corporate Information

The company is engaged in the business of manufacturing of cotton yarn, solar power generation and is also engaged in hospitality business. The cotton yarn manufacturing unit and solar power generation units are situated at Tamalwadi, Taluka - Tuljapur, District - Osmanabad. It's Hotel viz. Hotel Tripursundari is situated at Civil Lines, Solapur.

2) Accounting Policies and Other Information

A. Significant Accounting Policies :

1) System of Accounting:

- i) The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.
- ii) The financial statements have been prepared in all material respects with Accounting Standards as relevant and notified by the Central Government.
- iii) The financial statements are prepared on historical cost basis and as a going concern.

2) Revenue recognition:

- i) Sale of goods is recognized at the point of dispatch of goods to customers. Gross sale is inclusive of Excise Duty when applicable and is net of returns and Value Added Tax
- ii) 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.
- iii) Dividends from investment are recognized as income of the year in which the same are declared by the investee company
- iv) In the current financial year, solar power project generation is used for captive consumption. Same is treated as income and booked as expenditure being used at the prevailing rates as if purchased from MSEDCL.

3) Tangible Fixed Assets and Depreciation :

Tangible Fixed Assets acquired by the company are reported at acquisition value with revaluated amount of Rs. 19,56,71,129 as approved by the Valuer as on 31/03/2002, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost for this purpose includes the purchase price (net of duties and taxes which are recoverable in future) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use.

Where the construction or development of any such asset requiring time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

The interest during construction period, indirect project expenditure and trial run expenditure (net of trial run income) incurred in respect of projects under implementation are capitalized to the asset created.

Depreciation is provided in accordance with Schedule II of the Companies Act, 2013 in respect of the

remaining useful life of the asset as far as the existing assets are concerned. In respect of additions, depreciation is provided on the basis of the useful life of the assets as prescribed by Schedule II of Companies Act, 2013.

4) Investments :

Investments are stated at cost.

5) 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.

6) Staff Benefits :

a) 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.

b) 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.

7) Research and Development :

Revenue expenditure on research and development is charged to Statement of profit and loss in the year in which is incurred. Capital expenditure on research and development is treated at par with fixed assets and depreciated as such.

8) Deferred Taxation :

Accounting treatment in respect of deferred taxation is in accordance with Accounting Standard 22 – "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

9) Minimum Alternate Tax :

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.

10) Borrowing Costs :

Costs in respect of borrowings for the purpose of expansion/additional fixed investments including R & D project are capitalized to such investments.

Borrowing costs relating to period after the commencement of operations of the project are charged to revenue.

11) Foreign Currency Transactions:

There is no foreign currency transaction during the financial year.

12) Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. In carrying out such exercise, due effect is given to the requirements of Schedule II to Companies Act, 2013.

B. Segment Reporting :

The company operates in three segments viz. Spinning Mill, Hotel and Solar Power segment. Solar power segment started actual functioning in FY 2015-16.

The segment results are as under

(Rs. in lacs)

SEGMENT REVENUE	Spinning Division		Hotel Division		Solar Power		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales Revenue	2886	3127	407	398	113	0	3293	3557
Segment Result	144	106	47	51	58	0	249	157
Unallocated Corporate Expenses	(7)	(11)	0	0	0	0	(7)	(11)
Unallocated Corporate Income	15	15	0	0	0	0	15	15
Operating Profit	152	110	47	51	58	0	257	162
Interest Expenses	(147)	(139)	(27)	(30)	(145)	0	(319)	(168)
Interest Income	1	2	27	23	0	0	28	25
Profit/loss from ordinary activities	6	(26)	47	45	(87)	0	(34)	19
Extra -Ordinary items	0	0	0	0	0	0	0	0
Net Profit /loss	6	(26)	47	45	(87)	0	(34)	19
OTHER INFORMATION :						0		
Segment Assets	2886	2569	813	882	914	0	4613	3451
Segment Liabilities	2682	2569	813	882	1118	0	4613	3451
Depreciation (net)	27	37	27	26	55	0	109	63

Power generated in Solar division 12,83,485 units consumed captive for spinning division, valued at Rs. 113 lakh.

C. Contingent Liabilities :

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at Balance Sheet Date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Additional Information pertaining to Statement of Profit and Loss:

Sr. No.	Nature of Income / Exps.	Current Year		Previous Year	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
1.	Export Earning		0	0	0

D. Previous year's figures are regrouped and reclassified wherever considered necessary.

Notes forming part of the financial statements
Note 3: Share Capital

Sr. No.	Particulars	As at 31st March 2016		As at 31st March 2015	
		Number of shares	Value in Rs.	Number of shares	Value in Rs.
(a)	Authorised Capital Equity shares of 10/- each with voting rights	60,00,000	60000000	60,00,000	60000000
(b)	Issued Capital Equity shares of 10/- each with voting rights	28,50,000	28500000	28,50,000	28500000
(c)	Subscribed and fully paid up Capital Equity shares of 10/- each with voting rights	28,50,000	28500000	28,50,000	28500000
(d)	Subscribed but not fully paid up		0		0
	Total	28,50,000	28500000	28,50,000	28500000

a. Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity shares		No. of shares	Value in Rs.
No. of shares outstanding at the beginning of the year		28,50,000	28500000
Add : further issue during the period		0	0
No. of shares outstanding at the end of the period		28,50,000	28500000

b. Terms/rights attached to shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

c. Shareholding of more than 5%

Sr. No.	Name of the Shareholder	As at 31st March 2016		As at 31st March 2015	
		% held	No. of shares	% held	No. of shares
1	Kishore Tippanna Katare	12.28	350072	12.28	350082
2	Subhash Tippanna katare	11.79	336005	11.79	336005
3	Shakuntala Tulshidas Katare	13.43	382651	11.55	329204
4	Tippanna Tulsiram Katare (deceased)	10.04	286236	10.04	286236
5	Vijay Tippanna Katare	---	---	10.02	285539

d. Shares reserved for issue under options. Nil

e. Employees Stock Option Scheme. Nil

f. Bonus shares/Buy Back/Shares for consideration other than cash issued during past five years. Nil

Note 4: Reserves and Surplus

Sr. No.	Particulars		As at 31st March 2016	As at 31st March 2015
i	Share Premium		49068	49068
ii	Capital Reserve		58423	58423
iii	General Reserve		6032884	6032884
iv	Revaluation Reserve		60234703	62305593
	Less: Reserve Reversed on Asset Disposal		2653890	2070890
	Closing balance of revaluation reserve		57580813	60234703
vi	Surplus as per statement of profit and loss			
	Balance brought forward		14692384	30431017
	Less: Transitional effect on revision of Depreciation on useful life of assets in accordance with Schedule II		0	17591800
	Add Profit/loss for the period		-3396613	1853167
	Closing balance of surplus		11295771	14692384
	Total		75016959	81067462

Note 5 : Long-term borrowings

Sr. No.	Particulars	Non Current Portion		Current Maturities	
		As at 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015
(a)	Term Loans				
	From banks - secured				
	Bank Of India Term Loan - Solar Division	66438000	87440092	23562000	0
	Interest due but not paid on Term Loan	0	0	21784906	
	Sub Total :-	66438000	87440092	45346906	0
(b)	From other parties - secured				
	Loan from LIC on Keyman Insurance Policy	27546000	27546000	0	0
	Int on LIC Loan Payable	4840807	1835312	0	0
	Others	316139	316139		
	Sub Total :-	32702946	29697451	0	
	Grand Total :-	99140946	117137543	45346906	

5.1 Additional information to Secured / Unsecured Borrowings

The long term portion of term loans are shown under long term borrowings & current maturities of long term borrowings are shown under the current liabilities. as per the disclosure requirements of the Act.

5.2 Details of Securities & Terms of Repayment

- Loan from Life Insurance Corporation of India is secured by an assignment of Director's Key-man Life insurance policies in their favour.
- The Term loan from Bank of India is secured by hypothecation of Solar Power Project Machinery.

Note 6 : Deferred Tax Assets/Liabilities (Net)

Deferred tax assets for the period ended March 31, 2016 has been provided on the estimated tax computation for the year. Major components of deferred tax assets & liabilities arising on account of timing differences are :

Sr. No.	Particulars		As at 31st March 2016	As at 31st March 2015
A.	Deferred Tax Liabilities :			
	On account of timing difference in depreciation	--	31517000	11899000
	Others	--	10199000	9735000
	Subtotal A :	--	41716000	21634000
B.	Deferred Tax Asset :			
	Unabsorbed depreciation & losses	--	50517000	25961000
	Disallowances	--	5867000	838000
	Provision for bad & doubtful debts	--	2803000	2866000
	Subtotal B :	--	59187000	29665000
C.	Deferred Tax Asset (A-B)	--	17471000	8031000

Note 7 : Other long-term liabilities

	Others:			
(i)	Interest accrued but not due on borrowings			
	Interest on LIC loan	--	552783	475452
(ii)	Others	--	0	0
	Total		552783	475452

Note 8 : Short-term borrowings

	Loans repayable on demand			
	From banks - secured			
(i)	Cash Credit	--	61634366	60695595
(ii)	FD-OD	--	36225527	41387209
(iii)	Unsecured Loans	--	32256706	42842215
(iv)	Unapplied Interest on CC	---	23562000	9639000
		--	153678600	154564019

Details of Securities & Terms of Repayment

- a. The cash credit loan from Bank of India is secured by hypothecation of all stock of raw material, stores, work in process, finished goods, book debts, equitable mortgage of Hotel property & second charge on the immovable properties of the company situated at Village - Tamalwadi, District - Osmanabad together with all buildings and structures thereon & all Plant & Machinery and joint and several guarantee of the Directors Shri K. T. Katare, Shri S T Katare and Miss. V K Katare.
- b. Overdraft from Kamala Co-op Bank is secured against Fixed Deposit of the Company with the said Bank & on third party deposit of Rs 12500000/- kamal marketing Pvt Ltd.

Note 9 : Trade payables

Sr. No.	Particulars		As at 31st March 2016	As at 31st March 2015
	Trade payables:			
	Other than Acceptances	--	29551924	11363289

Note 10 : Other current liabilities

(a)	Int. accrued but not due on borrowings-Bank	--	0	74830
(b)	Current maturities of long-term borrowings			
	Bank Of India Term Loan - Solar Division	--	21784906	0
(c)	Other payables			
(i)	Statutory remittances	--	1563649	791036
(ii)	Advances from customers	--	634283	1366588
(iii)	Outstanding Expenses	--	9626461	2365855
	Total	--	33609299	4598309

Note 11 : Short-term provisions

(a)	Provision for employee benefits:			
(i)	Provision for bonus	--	926091	1239961
(ii)	Provision for other employee benefits	--	310000	0
	Subtotal (a)	--	1236091	1239961
(b)	Provision - Others:			
(i)	Provision for tax	--	35333	35333
	Subtotal (b)	--	35333	35333
	Grand Total	--	1271424	1275294

Note 12 : Fixed assets

Sr	Particulars	Gross block				Accumulated depreciation and impairment				Net block		
		Balance as at 1 April, 2015	Additions	Disposals	Other adjustments	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation / amortisation expense for the year	Depreciation on disposed Assets	Transitional effect on revision of depreciation	Balance as at 31 March, 2016	Balance as at 31 March, 2015
A. Tangible assets.												
	(a) Land	191,44,835	0	2,79,128	0	16,35,070	0	0	0	0	16,35,070	19,14,48,35
	Freehold											
	(b) Buildings	87,39,610	76,09,622	0	0	87,39,610	49,99,356	1,63,163	0	5,16,24,993	35,77,116	37,40,27,53
	Own use											
	Factory Building											
	Solar Power Generation											
	Hotel Building											
	(c) Plant and Equipment	48,58,453	0	0	0	48,58,453	13,30,418	7,68,342	0	1,40,73,525	3,45,11,017	35,28,03,59
	Owned											
	Solar Power Generation											
	(d) Furniture and Fixtures	22,41,95,482	9,47,256	0	0	22,51,42,738	2,02,09,643	2,62,379	0	2,04,22,520	2,04,22,520	22,09,90,43
	Owned											
	(e) Vehicles	891,78,586	0	0	0	891,78,586	0	5,20,060	0	5,20,060	8,39,78,126	0
	Owned											
	(f) Office equipment	2,77,44,19	0	0	0	2,77,44,19	26,19,463	11,411	0	2,63,08,74	1,43,545	15,49,56
	Owned											
	(g) Others	1,68,43,821	8,09,581	0	0	1,76,53,402	1,42,52,120	0	0	1,42,52,120	3,40,12,82	2,59,17,01
	Owned											
	(h) Computer Hardware	2,66,40,85	0	0	0	2,66,40,85	1,73,267	1,92,731	0	1,92,53,98	7,38,687	9,31,418
	Owned											
	(i) Office equipment	3,44,076	0	0	0	3,44,076	3,08,411	2,201	0	3,10,612	33,464	35,665
	Owned											
	(j) Others	2,22,46,30	1,19,287	0	0	2,34,39,17	1,94,278	46,583	0	1,98,93,61	35,45,56	28,18,52
	Owned											
	Books	9,671	0	0	0	9,671	9,187	0	0	9,187	484	484
	Research & Devp. Equipments	3,80,878	0	0	0	3,80,878	3,61,319	74	0	3,61,393	19,485	19,559
	Other Assets	3,97,57,12	1,00,740	0	0	4,07,64,52	3,50,21,95	67,269	0	3,56,94,64	50,69,88	47,35,17
	Solar Power Generation											
	Owned											
	Total Tangible Assets	4,08,53,826	9,88,43,775	2,79,128	0	5,04,58,790	2,90,12,218	1,08,75,226	0	3,00,99,794	2,03,59,063	1,18,16,142
B. Intangible assets												
	(a) Computer software	1,06,456	0	0	0	1,06,456	5,98,24	11,098	0	7,09,22	35,533	46,631
	Total Fixed Assets	4,08,64,471	9,88,43,775	2,79,128	0	5,04,69,436	2,90,18,194	1,08,86,324	0	3,01,06,826	2,03,62,609	1,18,46,274
	Total Previous year	4,10,43,979	1,83,43,45	3,62,94,27	0	4,08,64,716	2,69,94,796	62,71,623	-3,62,94,27	2,90,18,194	1,18,46,274	1,40,49,185
C. Capital Work In Progress												
	Capital Work In Progress	0	79,10,933	0	0	79,10,933	0	0	0	0	79,10,933	0

Note : Land & leasold land, Factory Building, Hotel Building & Plant & Machinery were revalued as on 31st March 2002 resulting in increase in value for these assets by Rs. 1,53,81,222/-, Rs. 5,09,59,442/- and Rs. 12,48,85,771/- respectively.

Note 13 : Non-current investments

Sr. No.	Particulars	As at 31st March 2016			As at 31st March 2015		
		Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Other Investments						
	Investment in equity instruments (i) of other entities						
a)	Bank of India 200 equity shares of Rs. 10 each fully paid (Market value Rs 195.75/Share)	9000	0	9000	9000	0	9000
b)	Laxmi Co-op. Bank 1 equity share of Rs. 100 fully paid	0	100	100	0	100	100
c)	Kamala Co-op. Bank Ltd. 2 equity shares of Rs. 1000 each fully paid	0	2000	2000	0	2000	2000
d)	Kamala Sakhar Udhog Ltd 1 equity share of Rs. 100 fully paid (unquoted)		100	100	0	100	100
	Total - Other Investments	9000	2200	11200	9000	2200	11200

Note 14 : Long-term loans and advances

Sr. No.	Particulars		As at 31st March 2016	As at 31st March 2015
	Capital advances	--	0	0
	Total	--	0	0

Note 15 : Other Non-current Assets

(a)	Security deposits	--	1293988	2789087
(b)	MAT credit entitlement - Unsecured, considered good	--	4806408	4806408
(c)	Balances with government authorities	--	5852918	6349197
(d)	Other	--	75800000	74300000
	Total		87753314	88244692

In the past company had availed a term loan for its hotel project at solapur from ICICI Bank Ltd. Which 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 outstanding loan. However the interest paid of Rs. 600.00 Lacs for the year 2002 to 2013 was decided to be written off in 7 years. Accordingly company has written off Rs. 86 Lacs each in the first two years but after that the company has not written off Rs. 86.00 lacs each in the last and for the year under review. Balance of Rs. 428.00 Lacs is included in Note No. 15 (d) above & same will be written off in next 5 years.

Note 16 : Inventories

(At lower of cost and net realisable value)

(As taken valued & certified by the Managing Director)

Sr. No.	Particulars		As at 31st March 2016	As at 31st March 2015
(a)	Raw materials	--	2494012	412442
(b)	Work-in-progress	--	1376877	714252
(c)	Finished goods (other than those acquired for trading)	--	12525799	14086896
(d)	Stock-in-trade (acquired for trading)	--	1888000	1680000
(e)	Stores and spares	--	2249988	2476896
(f)	Others			
	Food & Beverages	--	173513	175426
	Wastage & Scrap	--	196798	21742
	Diesel (fuel)	--	1104	6324
	Total	--	20906091	19573978

Note 17 : Trade receivables (Unsecured, considered good)

(a)	Trade receivables			
	Outstanding for a period exceeding six months	--	2425126	2864207
	Other Trade receivables			
(b)	Outstanding for a period less than six months	--	12929069	8318795
	Total	--	15354195	11183003

a. Trade receivable to the extent of Rs. 359710/- are bad for which no provision is made.

Note 18 : Cash and cash equivalents

(a)	Cash on hand	--	627334	527940
(b)	Balances with banks			
(i)	In current accounts	--	16180	18515
(ii)	In deposit accounts	--	23654194	29086363
	Total	--	24297708	29632818

Note 19 : Short-term loans and advances

(Unsecured, considered good)

(a)	Loans and advances to related parties	--	641450	5000
(b)	Prepaid expenses	--	176622	228390
(c)	Balances with government authorities			
(i)	a. Income tax / TDS	--	323102	54154
	b. Advance income tax	--	466404	466404
	c. TCS Income tax- Hotel	--	1775	1724
(d)	Others	--	33103449	11282107
	Grand Total	--	34712802	12037779

Short-term loans and advances include amounts due from :

i	Pvt. companies in which any director is a director/member			
	Kamala Sakhar Udyog Ltd.	--	5000	5100
			5000	5100

Note 20: Other current assets

Sr. No.	Particulars		For the year ended 31st March 2016	For the year ended 31st March 2015
(a)	Accruals			
	Interest accrued on deposits	--	126278	288192
(b)	Others			
	Others	--	9152317	9152317
	Total	--	9278595	9440508

Note 21 : Revenue from operations

(a)	Sale of products	--	297428416	334312593
(b)	Sale of services	--	19796652	19905297
(c)	Other operating revenues	--	744346	1558656
(d)	Solar Power Generation (capitively consumed)	--	11294668	0
	Total Revenue from operations	--	329264081	355776546

Note :

(i)	Sale of products comprises :			
	Manufactured goods			
	Cotton Yarn	--	77574539	113262500
	Sale of foods and beverages	--	21613877	20714901
	Total - Sale of manufactured goods	--	99188416	133977401
	Traded goods			
	Cotton Yarn	--	198240000	200335192
	Total - Sale of products	--	297428416	334312593
(ii)	Sale of services comprises			
	Room Rent - Hotel	--	19096868	19065757
	Service charges (Management share - Hotel)	--	0	48470
	Cotton processing Charges	--	262695	385525
	Hank yarn receipt	--	437089	405545
	Total - Sale of services	--	19796652	19905297
(iii)	Other operating revenues comprise:			
	Sale of scrap	--	744346	1558656

Note 22 : Other income

(a)	Interest income (Refer Note (i) below)	--	2766979	2593117
(b)	Dividend Income			
	from other long term investments	--	1240	240
(c)	Insurance claim received			
	Spinning Division	--	0	16875
	Hotel Division	--	860722	380696
(e)	Rent received			
	Spinning Division	--	25000	25000
(f)	Other non-operating income (Refer Note (ii) below)	--	21992367	7376986
	Total	--	25646308	10392914

Note :

Sr. No.	Particulars		For the year ended 31st March 2016	For the year ended 31st March 2015
(i)	Interest income comprises:			
	Interest from banks on deposits:			
	Spinning Division	--	38932	30365
	Hotel Division	--	2638992	2324003
	Other interest			
	Interest on MSEB deposit			
	Spinning Division	--	37561	175209
	Hotel Division	--	51494	63540
	Total - Interest income	--	2766979	2593117
(ii)	Other non-operating income comprises:			
	Spinning Division			
	Accrued Bonus on key Man Policies	--	1500000	1500000
	Profit on sale of assets	--	18330090	1400000
	Compensation Against Const. Work/Damages	--	975231	0
	Other income (Exchange Rate Diff)	--	0	38646
	Electricity Exps Rate Difference Receivable	--	0	3847192
	Sales Tax Refund	--	438498	0
	Interest Received on Sales Tax Refund	--	52619	0
	Hotel Division			
	Food deduction from employees	--	321881	405528
	Miscellaneous receipts	--	197980	89405
	P/A system	--	100254	24370
	Venue charges	--	75814	71845
	Total - other non operating income	--	21992367	7376986

Note 23.a Cost of materials consumed

A	Spinning Division			
	Opening stock	--	412442	1853657
	Add: Purchases of raw cotton	--	57383634	78440533
	Subtotal	--	57796076	80294190
	Less: Closing stock	--	2494012	412442
	Raw material (cotton) consumed	--	55302064	79881748
B	Hotel Division			
	Opening stock	--	175426	223512
	Add: Purchases food & beverages	--	8041637	8094720
	Subtotal	--	8217063	8318232
	Less: Closing stock	--	173513	175426
	Food & beverages consumed	--	8043550	8142806
	Total cost of material consumed	--	63345614	88024554

Note 23.b Purchase of traded goods

Sr. No.	Particulars		For the year ended 31st March 2016	For the year ended 31st March 2015
i	Cotton Yarn	--	198240000	200311732
	Total			

Note 23.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

A	<u>Inventories at the end of the year:</u>			
i	Finished goods	--	14413799	15766896
ii	Work-in-progress	--	1376877	714252
iii	Wastage & scrap	--	196798	21742
		--	15987474	16502890
B	<u>Inventories at the beginning of the year:</u>			
i	Finished goods	--	15766896	19460159
ii	Work-in-progress	--	714252	1991493
iii	Wastage & scrap	--	21742	183056
		--	16502890	21634708
	Net (increase) / decrease	--	-515416	-5131818

Note 24 : Employee benefits expense

(i)	Salaries and wages	--	20792907	22996395
(ii)	Contributions to provident and other funds	--	1793640	2113838
(iii)	Staff welfare expenses	--	116824	330482
	Total	--	22703371	25440715

Note 25 : Finance costs

	Interest expense on:			
	Borrowings			
	On term loan	--	14454233	0
	Bank interest	--	12631618	13346766
	Other interest (LIC loan)	--	3101052	2780139
	Interest Paid Others (Unsecured Loan)	--	1727808	717828
	Total	--	31914711	16844733

Note 26 : Other expenses

Sr. No.	Particulars		For the year ended 31st March 2016	For the year ended 31st March 2016
1	Consumption of stores and spare parts	--	3882973	5413255
2	Consumption of packing materials	--	767798	1174877
3	Power and fuel	--	23926840	21218581
4	Rent	--	22000	12000
5	Repairs and maintenance - Buildings	--	994886	1111767
6	Repairs and maintenance - Machinery	--	1025184	876106
7	Repairs and maintenance - Others	--	401522	345966
8	Insurance	--	1003826	995575
9	Rates and taxes	--	1034168	946431
10	Communication	--	256822	295035
11	Travelling and conveyance	--	745765	738484
12	Printing and stationery	--	220137	203133
13	Freight and forwarding	--	900381	1401145
14	Sales commission	--	293582	289335
15	Legal and professional	--	1001269	765135
16	Payments to auditors	--		
	- As auditors - statutory audit	--	69845	68540
17	Bank charges	--	433953	191282
18	Directors sitting fees	--	35000	33000
19	Advertisement	--	66617	19850
20	M VAT	--	2152431	1268038
21	Laundry expenses	--	190781	406883
22	News papers & periodicals	--	65468	67744
23	Miscellaneous expenses	--	635495	680433
24	Local Body tax	--	306248	1546181
	Total	--	40432991	40068776

Note 27: Earnings Per Share (EPS) :

a.	Net Profit/(Loss) as per profit and loss a/c available for equity share holders		(3396613)	1853167
b.	Weighted average no. of equity shares		2850000	2850000
c.	Earnings/(Loss) per share		(0.14)	0.65

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

Note 28 : Deferred Taxation :

(Rs. In Lacs)

Particulars	Balance as on 31.03.2015	Arising during the year	Balance as on 31.03.2016
A. Deferred Tax Liabilities :			
- on account of timing difference in depreciation	118.99	196.18	315.17
- Others	97.35	4.64	101.99
Sub Total A:	216.34	200.82	417.16
B. Deferred Tax Assets			
- Unabsorbed depreciation and losses	259.61	245.56	505.17
- Disallowances	8.38	(02.51)	5.87
- Provision for Bad & Doubtful Debts	28.66	(00.60)	28.06
Sub Total B:	296.65	295.22	591.87
C. Deferred Tax Assets/Liab (B -A)	(80.31)	255.02	174.71

Company has made provision for deferred tax liability as above.

Note 29: Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

Note 30 : Balances of Trade payables, Loans & advances & trade receivables have been taken as per books awaiting respective confirmation & reconciliation.

As per my report of even date

Place : Solapur
Date : 30th May 2016

G.M.PAWLE
Chartered Accountant

For and on behalf of the Board of Directors

K. T. KATARE (Managing Director)
S. T. KATARE (Director)
Mrs. V.K. KATARE (Director)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Sr. No.	Particulars	Current Year	Previous Year
A	Cash flow from operating activities		
	Profit before tax	-13128037	-15924492
	adjustment for		
	Depreciation & Amortisation	10886324	6271623
	Depreciation written back		-3629426
	Last year Bonus excess provision reversed	291424	133893
	Finance Cost	31914711	16844733
	Other non operating Income - (Interest / Rent / divid)		
	Interest income	-2766979	-2593117
	Insurance Claim received	-860722	-397571
	Dividend Income	-1240	-240
	Rent Received	-25000	-25000
	Other Non operating Income	-21992367	-7376986
	Operating Profit before working capital changes	4318114	-6696583
	Changes In Working Capital		
	Adjustments for (increase) / decrease in operating assets :		
	Inventories	-1332113	6697996
	Trade receivables	-4171192	-1382654
	Short-term loans and advances	-22675023	-3977794
	Other current assets	161913	5138291
	Other non-current operating assets	491378	237468
	Adjustments for increase / (decrease) in operating liabilities:		
	Short-Term Borrowings	8753579	45346715
	Trade Payables	18188634	-15412034
	Other Current Liabilities	19371990	10085181
	Short-Term Provisions	-3870	-689614
	Cash generated from Operations	18785296	46043555
	Finance Cost	-31914711	-16844733
	Taxes Paid	0	-2650234
	Net Cash flow from Operating activities (A)	-8811301	19852005

For and on behalf of the Board of Directors

K. T. KATARE (Managing Director)

S. T. KATARE (Director)

Mrs. V.K. KATARE (Director)

Place : Solapur
Date : 30th May 2016

G.M.PAWLE
Chartered Accountant

Katare Spinning Mills Ltd.

Sr. No.	Particulars	Current Year	Previous Year
B	<u>Cash flow from Investing Activities</u>		
	Purchase of fixed assets	-98843775	-30357410
	Sales of fixed assets	94592922	3629427
	Purchase of Investments	0	-100
	Investment in bank deposits	5432169	-7154880
	Other non operating Income : (Interest / Rent / divid)		
	Interest income	2766979	2593117
	Insurance Claim received	860722	397571
	Dividend Income	1240	240
	Rent Received	25000	25000
	Other Non operating Income	21992367	7376986
	Net Cash flow from Investing Activities (B)	26827624	-23490049
C	Cash Flow From Financing Activities		
	Net Increase in Bank / Fin. Inst. - Borrowings	-17996597	3380923
	Other long-term liabilities	77331	94595
	Net Cash Flow from financing Activities (C)	-17919266	3475518
	Increase in Cash and Cash equivalents (A+B+C)	97057	-162526
	Cash and Cash Equivalents as on 01-04-2015	546455	708981
	Cash and Cash Equivalents as on 31-03-2016	643514	546455
		0	0
	Components of cash and cash equivalents		
	Bank balance with Bank's	16180	18515
	Cash in hand	627334	527940
	Cheques / Drafts on hand	0	0
	Total Cash and Cash equivalents	643514	546455

I have audited the above cash flow statement of Katare Spinning Mills Limited from the audited financial statements for the year ended March 31, 2015 and March 31, 2016 and found the same to be drawn in accordance therewith and also with requirements of clause 32 of the listing arrangements with the stock exchange.

For and on behalf of the Board of Directors

K. T. KATARE (Managing Director)

S. T. KATARE (Director)

Mrs. V.K. KATARE (Director)

Place : Solapur
Date : 30th May 2016

G.M.PAWLE
Chartered Accountant