

CHITRADURGA SPINTEX LIMITED



25TH
ANNUAL REPORT (2015-16)

BOARD OF DIRECTORS

Mr. Shivanna Vishwanath	Managing Director
Mr. Shivanna Rajasekharappa	Executive Director & CFO
Mr. Shivanna Chandrashekhar	Non-Executive Director
Mr. Thippeswamy Siddappa Thippeswamy	Independent Director
Mr. Thippeswamy Sadashivamurthy	Independent Director
Mr. Prasannakumar Siddappa	Independent Director
Ms. Namrata Subhash Malu	Independent Director

REGISTERED OFFICE

Add P.B.No. 9, Bangalore Road, Siddapura Village,
Challakere – 577522 - Karnataka
Tel. No. 08195-222258
Fax No. 08195-222336
Website www.chitradurga.co.in
Email chitraspin@gmail.com

AUDITORS**MR. CHETAN N. DEDHIA**

Chartered Accountants

Add 48, Patwa Chambers, 104/108 Clive Road,
Masjid Bunder, Mumbai - 400 009
Tel No. +91-22-23481354
Fax +91-22-23484334
Email cachetandedhia@gmail.com

REGISTRARS & SHARE TRANSFER**CANBANK COMPUTER SERVICES LIMITED**

Add 218, J P Royale, 1st Floor, 2nd Main Sampige
Road, (Near 14th Cross) Malleshwaram,
Bangalore – 560003
Tel No. 080 - 23469661 / 62/ 64
Web www.canbankrta.com
Email canbankrta@ccsl.co.in

ANNUAL GENERAL MEETING

Day Friday
Date 16th September, 2016
Venue P.B No. 9, Bangalore Road, Challakere,
Karnataka – 577522
Time 11.00AM

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CHITRADURGA SPINTEX LIMITED

Registered office: P B No. 9, Bangalore

Road, Challakere, Karnataka – 577522

CIN:L85110KA1990PLC011467

Website: www.chitradurga.co.in

Email: chitraspin@gmail.com

Tel. No. : 08195-222258

Fax. No. : 08195-222336

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 25th Annual General Meeting of the Members of **CHITRADURGA SPINTEX LIMITED** will be held on **Friday, 16th September, 2016** at **11.00 AM** at P.B. No. 9, Bangalore Road, Challakere, Karnataka - 577522 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shivanna Rajasekharappa, (DIN 00900916) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify appointment of Auditor

“RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Companies (Audit and Auditors) Rules, 2014 (“Rules”) (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of Mr. Chetan Dedhia, Chartered Accountant, (Membership No. 044402), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in the year 2017 to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

By Order of the Board of Directors

Place: Challakere

Date: 10th August, 2016

S. Rajasekharappa

Chairman

REGISTERED OFFICE:

P B No. 9, Bangalore Road, Challakere
Karnataka – 577522

NOTES

1. A statement giving the relevant details of the Director seeking re-appointment under Item No. 2 of the accompanying Notice.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not later than Forty Eight (48) hours before the Meeting. Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
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 at the Meeting.

5. Share Transfer Books of the Company will remain closed from 10th September, 2016 to 16th September, 2016 (both days inclusive) for the purpose of Annual General Meeting (AGM) of the Company to be held on 16th September, 2016.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
7. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
8. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
9. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants.
10. Members who hold shares in physical form are requested to send their e-mail address to the following: chitraspin@gmail.com.
11. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Registrar i.e. M/s. Canbank Computer Services Limited, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
13. E-Voting process
 - I. (a) The Company has provided 'remote e-voting' (e-voting from a place other than venue of the Annual General Meeting (AGM) facility through National Securities Depository Limited (NSDL) as an alternative, for all members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the notice of the 25th Annual General Meeting of the Company dated 10th August, 2016. (the AGM Notice)
 - II. The facility for voting through ballot / polling paper shall be made available at the AGM and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - III. The remote e-voting period commences on 13th September, 2016 (09:00 am) and ends on 15th September, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 09th September, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.
 - IV. The Company has appointed Ms. Payal Tachak, Proprietress of M/s. Payal Tachak and Associates, a Practicing Company Secretary, as a Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional. In terms of requirement of the Companies Act, 2013 and the relevant Rules, the Company has fixed 09th September, 2016 as the 'Cut-off Date'. The remote e-voting/voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on the cut-off Date i.e. 09th September, 2016 only.

The instructions for shareholders voting electronically are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the

Company/Depository Participants(s)] :

- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "Chitradurga Spintex Limited"
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to payaltachakandassociates@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
 - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
- IV. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at downloads Section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
 - V. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 09th September, 2016.
 - VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 09th September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- IX. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- X. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XI. **Ms. Payal Tachak**, Proprietress of **M/s. Payal Tachak & Associates**, a Practicing Company Secretary has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 3 (Three) days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes casted in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

ANNEXURE TO ITEM NO. 2 OF THE NOTICE

Details of Director seeking re-appointment at the forthcoming Annual General Meeting

Name of the Director	Mr. Shivanna Rajasekharappa
Director Identification Number (DIN)	00900916
Date of Birth	20 th June, 1950
Nationality	Indian
Date of Appointment on Board	17 th May, 1995
Qualification	BE
Shareholding in the Company	NIL
List of Directorships held in other Companies	1. The Margarine And Refined Oil Company Private Limited 2. Chitradurga Sunflower Oil Complex Private Limited 3. Sunveer Consultancy Private Limited
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	NIL

Place: Challakere
Date: 10th August, 2016

By Order of the Board of Directors

S. Rajasekharappa
Chairman

DIRECTOR'S REPORT

To,
The Members,

Your Directors have pleasure in presenting their 25th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2016.

1. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The Board's Report shall be prepared based on the standalone Financial Statements of the Company.

[In Rs.]

Particulars	2015-16	2014-2015
Gross Income	10,92,175	10,05,210
Profit / (Loss) Before Interest and Depreciation	2,63,918	2,66,267
Finance Charges	--	--
Gross Profit/(Loss)	2,63,918	2,66,267
Provision for Depreciation	--	--
Extraordinary Item	--	--
Net Profit/(Loss) Before Tax	2,63,918	2,66,267
Provision for Tax	65,857	--
Net Profit/(Loss) After Tax	1,98,061	2,66,267
Balance of Profit brought forward	--	--
Balance available for appropriation	--	--
Proposed Dividend on Equity Shares	--	--
Tax on proposed Dividend	--	--
Transfer to General Reserve	--	--
Surplus carried to Balance Sheet	1,98,061	2,66,267

2. COMPANY'S PERFORMANCE AFFAIR

Your Directors are positive about the Company's operations and making best efforts to implement the cost reduction measures to the extent feasible.

3. DIVIDEND

Considering the present financial status of the Company, your directors do not recommend any dividend for the year under report.

4. RESERVES AND SURPLUS

The balance of Profit & Loss statement amounting to Rs. 1,98,061/- for Financial Year under review is transferred to reserves. The total reserves for the Financial Year 2015-16 is Rs.74,50,944/-

5. SHARE CAPITAL

The total paid up share capital of the Company as on 31st March, 2016 is Rs. 46,10,300/- comprising of 4,61,030 Equity Shares of Rs. 10/- each.

Pursuant to the Scheme of Reduction of Share Capital and Order received from the High Court on 10th July, 2015, the share capital of the Company is reduced from to 46,10,300 Equity Share to 4,61,030 Equity Share.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

7. MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year **6 (Six)** Board Meetings and **4 (Four)** Audit Committee Meetings were convened and held. The details of which are given as under.

Sr. No.	Date	Sr. No.	Date
Board Meeting		Audit Committee	
1.	29.05.2015	1.	29.05.2015
2.	18.06.2015	2.	13.08.2015
3.	13.08.2015	3.	05.11.2015
4.	03.10.2015	4.	12.02.2016
5.	05.11.2015		
6.	12.02.2016		

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

8. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committee.

9. COMMITTEES OF THE BOARD

There are currently three committees of the Board, as following:

1) Audit Committee

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect of auditing and accounting matters. It also supervises the Company's financial reporting process.

The Audit Committee comprises of 3 (Three) Directors. The Chairman of the Audit Committee is a Non-executive and Independent Director. The Composition of the Audit Committee is as under:

Sr. No.	Name	Category	Designation
1	Mr. Prasannakumar Siddappa	Independent Director	Chairman
2	Mr. Thippeswamy Siddappa Thippeswamy	Independent Director	Member
3	Mr. Shivanna Chandrashekhar	Non- Executive Director	Member

2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 (Three) Directors.

Sr. No.	Name	Category	Designation
1	Mr. Prasannakumar Siddappa	Independent Director	Chairman
2	Mr. Thippeswamy Siddappa Thippeswamy	Independent Director	Member
3	Mr. Shivanna Chandrashekhar	Non- Executive Director	Member

3) Stakeholders Relationship Committee

The composition of the Stakeholders Relationship Committee is as under:

Sr. No.	Name	Category	Designation
1	Mr. Shivanna Chandrashekhar	Non- Executive Director	Chairman
2	Mr. Prasannakumar Siddappa	Independent Director	Member
3	Mr. Thippeswamy Siddappa Thippeswamy	Independent Director	Member

10. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

11. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the directors would like to state that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company for the year under review.
- c) 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.
- d) The directors had prepared the annual accounts on a going concern basis.
- e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

12. AUDITORS

Pursuant to the provisions of section 139 of the Companies Act, the rules framed thereafter and other applicable provisions, if any, Mr. Chetan Dedhia, Chartered Accountant, Mumbai, were appointed as statutory auditors of the Company from the conclusion of the 24th Annual General Meeting (AGM) of the Company held on 24th September, 2015 till the conclusion of 27th AGM, subject to ratification of their appointment at every AGM.

13. AUDITORS' REPORT

The Board has duly examined the Statutory Auditor's report on accounts which is self explanatory and clarifications wherever necessary, have been included in the Notes to Financial Statements of the Annual Report.

14. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Act and Rules made there under, Ms. Shilpa Parekh, proprietress of M/s. S G Parekh & Co., Practicing Company Secretary had been appointed as Secretarial Auditor of the Company for the Financial Year 2015-16, but due to personal reasons she had resigned as Secretarial Auditor of the Company, hence the Board has appointed Ms. Payal Tachak, proprietress of M/s. Payal Tachak & Associates, Practicing Company Secretary for the FY 2015-16.

The report of the Secretarial Auditors is enclosed as Annexure to this report.

Secretarial Auditor's observation and Management's explanation to the Auditor's observation –

- a) Section 203(1) (ii) Non appointment of Company Secretary

The Board would like to bring to your notice that the Company has been trying to recruit a Company Secretary on best efforts basis since a long time but the Company has not been successful.

- b) Regulation 6 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 Non appoint Qualified Company Secretary as Compliance Officer (Applicable from 1st December, 2015)

The Board has designated D M Shivananda Swamy as Compliance officer to take care of the compliances till the time Company finds suitable candidate for the post of Company Secretary.

- c) Clause 41 of the Listing agreement, Regulation 47 of the SEBI (Listing obligations and Disclosure Requirements) Regulation, 2015, Section 108 of the Companies Act 2013 read with Rule 20 of the Companies

(Management and Administration), Rules, 2014 and Section 91 of the *Companies Act 2013 read with Rule 10 of the Companies (Management and Administration) Rules, 2014* – Publication of Results audited and unaudited in news paper, Voting Through Electronic means, News Paper Advertisement for Book Closure.

The Company has not been doing that since the financial position of the Company does not allow Board to incur such expenditure keeping in mind that the results are made available for investors and market through Stock Exchange. The Company, on timely basis submits the results to the Exchange to bring the information in public domain.

- d) Clause 1.2.4 of Secretarial Standard 2 – Map of the Venue of the Annual General Meeting in the Notice of AGM for the Year 2014-15.

The company was not aware about the said provision. However from now onwards the same will be complied.

- e) Regulation 14 of SEBI (Listing Obligations and Disclosures Requirements) Reg. 2015 – Payment of Annual Listing Fees to Stock Exchange within 30 days from Financial Year end.

The Company currently does not have adequate funds to pay the Listing Fees, however Company will pay the same in near future.

- f) 100% Promoter Shareholding in Demat Form - SEBI Circular SEBI/Cir/ISD/05/2011 dated 30th September, 2011 and SEBI Circular SEBI/Cir/ISD/03/2011 dated 17th June, 2011.

The management is trying to do the needful to comply with the said provisions.

However, the Company would try and comply with all the provisions to the fullest extent. The report of the Secretarial Auditor is enclosed as Annexure II to this report.

15. VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.chitradurga.co.in under investors/policy documents/Vigil Mechanism Policy link.

16. RISK MANAGEMENT POLICY

The Company has laid down a well defined Risk Management Policy. The Board periodically reviews the risk and suggests steps to be taken to control and mitigate the same through a proper defined framework.

17. EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in **MGT 9** as a part of this Annual Report as **ANNEXURE I**.

18. CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the Company. The code laid down by the Board is known as “Code of Business Conduct” which forms an Appendix to the Code. The Code has been posted on the Company’s website www.chitradurga.co.in.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of energy, technology absorption, foreign exchange earnings and outgo are nil during the year.

20. INDUSTRIAL RELATIONS:

During the year under review, your Company maintained cordial relationship with employees at all levels.

21. LISTING WITH STOCK EXCHANGES

The Equity shares of the Company are currently listed on BSE Limited.