

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.

Place : Solapur
Date : 14th August, 2016

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

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)

Place : Solapur
Date : 14th August, 2016

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	3549.10	3661.69
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 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.

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.