

## **CORPORATE GOVERNANCE REPORT**

### **CORPORATE GOVERNANCE**

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

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

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

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

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

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The present strength of Board of Directors is 6(six) as on 31<sup>st</sup> March, 2018, 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 31<sup>st</sup>MARCH, 2018**

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

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Shri Kishore Katare	Promoter, Managing Director	1	1	NIL	NIL
Shri Subhash Katare	Promoter, Director	1	NIL	NIL	NIL
Shri Suresh Inamdar	Independent Director	NIL	NIL	NIL	NIL

Shri Yadgiri Konda	Independent Director	NIL	NIL	NIL	NIL
Shri. Umakant Mahindrakar	Director	NIL	NIL	NIL	NIL
Mrs. Vidyavati Katare	Director	1	1	NIL	NIL

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

#### B) 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, 2018, 7(Seven) Board Meetings were held on 21<sup>st</sup> April, 2017, 29<sup>th</sup> May, 2017, 14<sup>th</sup> August, 2017, 18<sup>th</sup> September, 2017, 23<sup>rd</sup> October, 2017, 13<sup>th</sup> November, 2017, and 12<sup>th</sup> February, 2018 and the Annual General Meeting during the year was held on 27<sup>th</sup>September,2017.

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the last AGM held on 27.09.2017
Shri. K. T. Katare	Managing Director	7	Present
Shri. S. T. Katare	Director	7	Present
Shri. S. B. Inamdar	Independent Director	7	Present
Shri. Y. N. Konda	Independent Director	7	Present
Shri. U. M. Mahindrakar	Director	7	Present
Mrs. V. K. Katare	Director	7	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 31<sup>st</sup> March, 2018, four Meetings were held.

The composition of the Audit Committee is as follows:

Member of Audit Committee	Position	Committee Meetings
Shri. S. B. Inamdar	Chairman-Independent Director	4
Shri. Y. N. Konda	Independent Director	4
Shri. S. T. Katare	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 31<sup>st</sup> March, 2018, Two Meetings were held.

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

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

The detail of remuneration for the year ended 31<sup>st</sup> March, 2018 paid to the Director/ Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	Total
Shri. K. T. Katare	6,00,000/-	NIL	42,000/-	6,42,000/-

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 31<sup>st</sup> March, 2018, Two Meetings were held.

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

Member of Audit Committee	Position	Committee Meetings
Shri. S. B. Inamdar	Chairman-Independent Director	2
Shri. Y. N. Konda	Independent Director	2
Mrs. V. K. Katare	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, 2018.

#### 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
2016-17	27.09.17	11.00 am	At Hotel Tripursundari, 224, Civil Lines, Solapur-413 001.
2015-16	29.09.16	11.00 am	C-2, MIDC, Akkalkot Road, Solapur.
2014-15	30.09.15	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 Notes on the Annual Accounts. All the transactions covered under related party transaction were fair, transparent and on at arm's length basis.

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

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

#### 6. MEANS OF COMMUNICATIONS

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

#### 7. CODE OF CONDUCT

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

#### 8. GENERAL SHAREHOLDERS INFORMATION

Sr. No.	Particulars	Information
a)	Annual General Meeting	
	i) Date & Time	29 <sup>th</sup> September, 2018 at 11 am

	ii) Venue	At KAMALA, 259, SAKHAR PETH SOLAPUR, MH 413005.
b)	Financial Calendar (tentative)  Results for the 1 <sup>st</sup> Quarter Ending 30 <sup>th</sup> June, 2017 Result for the 2 <sup>nd</sup> Quarter/Half Year Ending 30 <sup>th</sup> September 2017 Result for the 3 <sup>rd</sup> Quarter Ending 31 <sup>st</sup> December, 2017 Results for the 4 <sup>th</sup> Quarter/Year Ending 31 <sup>st</sup> March, 2018	Second Week August 2017  Second Week November 2017  Second Week February 2018  Last Week May 2018
c)	Book Closure Date (Both days inclusive)	Sunday, 23 <sup>rd</sup> September, 2018 to Saturday 29 <sup>th</sup> September, 2018.
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 Rs.	Low Rs.
May 2017	19.7	18.8
June 2017	17.9	17.05
July 2017	17	16
August 2017	17.4	14.5
September 2017	15.93	14.4
October 2017	18.45	16
November 2017	17	16.05
December 2017	17.85	16.01
January 2018	17	13.05
February 2018	13.02	12.4
March 2018	13.67	12.99

g) Share holding pattern as on 31.03.2018

Sr.No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including promoters Body Corporate)	14,64,631	51.39
2	Body Corporate	1,17,273	04.11
3	Resident Individuals	12,58,696	44.17

4	Non Resident Indian	544	0.01
5	Financial Institutions/Banks	7,900	0.29
6	Clearing Member	956	0.03
	<b>TOTAL:-</b>	<b>28,50,000</b>	<b>100.00</b>

h) Distribution of Shareholding as on 31.03.2018

Shareholding of nominal value	No. of Shareholders	%	Nominal Value of Equity Shares(Rs. )	%
1 to 500	1467	87.42	2236350	7.85
501 to 1000	96	5.72	823200	2.89
1001 to 2000	38	2.26	596240	2.09
2001 to 3000	20	1.19	506080	1.78
3001 to 4000	9	0.54	329920	1.16
4001 to 5000	12	0.72	541110	1.89
5001 to 10000	16	0.96	1075280	3.78
10001 to onwards	20	1.19	22391820	78.56

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

Share Transfer System:

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

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

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

k) DEMATERILISATION OF SHARES

As on 31<sup>st</sup> March, 2018 Equity shares were in de-materialized form representing 89.96% 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, Sakhar Peth,  
Solapur – 413 005

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### **DECLARATION**

To the best of our knowledge and belief, certify that;

We have reviewed financial statements and the cash flow statement for the year and that:

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

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

SD/-  
KISHORE KATARE  
Managing Director  
(DIN No.-00645013)

Place: Solapur  
Date: 14<sup>th</sup> August, 2018