

# *ANNUAL REPORT*

Pasari 



2008 - 09

**PASARI SPINNING MILLS LIMITED**

**EIGHTEENTH ANNUAL REPORT  
OF  
PASARI SPINNING MILLS LIMITED  
2008 - 2009**

**BOARD OF DIRECTORS**

<b>Mr. G.S. Gupta</b>	Chairman
<b>Mr. T.K. Gupta</b>	Managing Director
<b>Mr. K.K. Gupta</b>	Director
<b>Mr. K.C. Gupta</b>	Director
<b>Mr. P.K. Sharma</b>	Director
<b>Mr. H.G. Balagopal</b>	Director

**AUDITORS:**

M/s. Badari, Madhusudhan & Srinivasan  
Chartered Accountants  
2nd Floor, Lalbagh Road  
# 132, Kantha Court  
Bangalore - 560 027

**BANKERS:**

ICICI Bank  
M.G. Road, Bangalore - 560 001  
  
Syndicate Bank  
Gandhinagar, Bangalore - 560 009

**AUDIT COMMITTEE:**

Mr. K.C. Gupta	Chairman
Mr. H.G. Balagopal	Member
Mr. P.K. Sharma	Member

**REMUNERATION COMMITTEE:**

Mr. H.G. Balagopal	Chairman
Mr. K.C. Gupta	Member
Mr. P.K. Sharma	Member

**REGISTERED OFFICE:**

# 746/10, 7th Cross  
12th Main Road, Hanumanthanagar  
Bangalore - 560 019.

**FACTORY:**

# 54 & 55, KIADB Indl. Area  
1st Main, 3rd Cross  
Nanjanagud - 571 301

## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Shareholders of M/s. Pasari Spinning Mills Limited to be held on the Thirtieth day of September 2009 at 11 A.M. at Woodlands Hotel, # 5, Sampangi Tank Road, Sampangiramnagar, Bangalore 560025 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss account for the year ended as on that date, together with the report of the Board of Directors on the working and activities of the Company for the period covered herein above and the Auditors' Report on the financial statements attached.
2. To appoint a Director in place of Mr. H.G. Balagopal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. K.C. Gupta who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Murali & Venkat, Chartered Accountants as the Auditors of the Company in place of retiring Auditors M/s. Badari Madhusudhan & Srinivasan, Chartered Accountants, who have expressed their desire not to seek re-appointment to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be mutually agreed by and between the Board of Directors of the Company and the Statutory Auditors.

### SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modifications the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act, the approval of the Company be and is hereby accorded to the re-appointment of Mr. T.K. Gupta as Managing Director of the Company for a further period of five years with effect from 1st July, 2008 upon the terms and conditions set out in the explanatory statement attached hereto.

RESOLVED FURTHER THAT notwithstanding that the Company has any profit in the year or inadequacy of profit in any year during his tenure, the above remuneration shall be paid as minimum remuneration subject to the limit prescribed under Schedule XIII of the Act."

By the order of the Board

Date : 19-08-2009

Place : Bangalore

(G.S. GUPTA)

Chairman

### NOTES :

1. The relative note pursuant to a Special Notice in terms of Section 190 in respect of business under Item No. 4 is annexed hereto.
2. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under Item No. 5 above is annexed hereto.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy in order to be effective should be duly stamped, completed and signed and the same should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the aforesaid meeting. A Proxy may not vote except on a Poll.
4. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Karvy, regarding changes, if any, in their registered addresses along with the PIN Code number.
5. The Register of members and the share transfer books of the Company will remain closed on 30th September, 2009.
6. Members are requested to bring their copy of the Annual report to the Annual General Meeting.
7. Members / Proxies should bring the attendance slip duly filled in and signed for attending the meeting.
8. Members desirous of getting any information about the accounts of the Company are requested to send their queries to the Registered Office of the Company at least 7 days prior to the date of the meeting so that the requisite information can be readily made available.

9. As per provisions of the amended Companies Act, 1956, the facility for making nominations is available to the shareholders. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agents, viz. Karvy Computershare Pvt. Ltd. in respect of the equity shares held by them in physical form.
10. Pursuant to the requirements on Corporate Governance under Clause 49 of the Listing Agreement, the particulars of Directors retiring by rotation are given in the Annexure to this Notice.
11. Members are requested to address all correspondence including those for Remat / Demat, nomination requests, Share transfers, change of address / mandates for physical holdings etc., at

least 10 days before the Annual General Meeting to enable the management to keep the information ready at the meeting. The queries may be addressed to : The Share Transfer agents -

M/s. Karvy Computershare Private Limited,  
# 17-24, Vithalrao Nagar, Madhapur,  
Hyderabad - 500081.

Email: shyamsingh@karvy.com

By the order of the Board

Date : 19-08-2009

Place : Bangalore

**(G.S. GUPTA)**

Chairman

**Registered Office :**

# 746/10, 7th Cross, 12th Main Road  
Hanumanthnagar, Bangalore 560019.

**ANNEXURE TO ITEM No. 4 (SPECIAL NOTICE)**

M/s. Badari Madhusudhan & Srinivasan Chartered Accountants have been the statutory auditors of the Company since its inception and they have expressed their unwillingness to be re-appointed at the conclusion of the ensuing Annual General Meeting. The Company has received a special notice from a shareholder of the Company in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. Murali & Venkat as Statutory Auditors of the Company from the Conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. Murali & Venkat have also expressed their willingness to act as Statutory Auditors of the Company, if appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

The Shareholders are requested to approve the appointment of M/s. Murali & Venkat as the Statutory Auditors to audit the Accounts of the Company for the Financial Year 2009-10.

The Company has received representation from the retiring auditor on 6th May, 2009. Since it was not possible to circulate the representation to the members, the same shall be read at the meeting.

**ANNEXURE TO ITEM No. 5**

**As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 5 of the accompanying Notice :**

The term of appointment of Mr. T.K. Gupta as Managing Director of the Company expired on 30th June, 2008. Considering his performance and contributions during his previous tenure to the Company, the Board has decided to re-appoint him as the Managing Director. Accordingly, at its meeting held on 31st October, 2008, the Board re-appointed him as Managing Director of the Company for a further period of 5 years with effect from 1st July, 2008 subject to the approval of the members at the General Meeting of the members of the Company.

As recommended by the Remuneration Committee, the terms and conditions of appointment is set out below and subject to approval by the Shareholders at the General Meeting of the Company.

Remuneration : Consolidated Salary of Rs. 30,000 per month.

Re-embursement of medical expenses of the appointee and his family, the total cost of which to the Company shall not exceed one month remuneration in a year or three months salary over a period of three years.

Leave : One month leave for every 11 months of service.

Leave Travel concession for the appointee and his family once in a year in accordance with the rules of the Company.

Fees for clubs subject to a maximum of two clubs. But the company shall not pay admission or life membership fees.

Personal accident insurance premium not exceeding Rs. 1250 per month.

Gratuity is applicable as per the rules of the Company.

Free use of Company's car and driver for Company business; private use of car by him shall be billed by the Company.

Free use of telephone at residence for Company's business. He shall be entitled to make personal distance calls. However, the long distance calls on personal account will be paid by him.

Notwithstanding that the Company has any profit in the year or inadequacy of profit in any year during his tenure, the above remuneration shall be paid as minimum remuneration subject to the limit prescribed under Schedule III of the Act.

Mr. T.K. Gupta, as the resolution relates to his appointment and payment of remuneration and G.S. Gupta and K.K. Gupta, Directors, being relatives of appointee in terms of Section 6 read with Schedule 1A of the Companies Act, 1956 may be regarded as concerned or interested in the resolution.

No other directors are concerned or interested in the resolution.

This may also be regarded as an Abstract of terms and conditions of appointment of Managing Director and also memorandum of interest pursuant to Section 312 of the Companies Act, 1956.

### **ANNEXURE to Notice dated 19th August, 2008**

Pursuant to the revised Clause 49 of the Listing Agreement, the particulars of Directors who are to be reappointed are given below :

<b>Particulars</b>	<b>H.G. Balagopal</b>	<b>K.C. Gupta</b>	<b>T.K. Gupta</b>
<b>Date of Birth</b>	19-11-1966	12-08-1939	19-11-1968
<b>Date of Appointment</b>	17-06-2004	24-05-1995	05-12-1995
<b>Qualifications</b>	B.A, LLB.	B.Com.	B.Com.
<b>Expertise in specific functional area</b>	Textile Industry	Textile Industry	Textile Industry
<b>Directorship held in other public Companies</b>	NIL	NIL	Pasari Exports Ltd. TKR Textiles Pvt. Ltd.
<b>Memberships / Chairmanships of committees of other public Companies</b>	NIL	NIL	NIL
<b>No. of Shares held in the Company</b>	500	2300	39700

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Eighteenth Annual Report on the business and operations of your Company for the year ended 31st March, 2009.

### 1. FINANCIAL RESULTS :

Rs. in Lakhs

Particulars	2008-09	2007-08
(Loss) / Profit before depreciation & interest	169.79	(68.99)
Profit (Loss) before tax	(99.74)	(137.80)
LESS : Prior period adjustment, provision for deferred tax and fringe benefit tax	16.00	42.59
Profit (Loss) for the year	(83.74)	(95.86)

### 2. PERFORMANCE :

For the year ended 31st March, 2009, the Company earned a total income of Rs. 669.64 lakhs and incurred net loss of Rs. 99.74 after depreciation and other adjustments.

### 3. BIFR STATUS :

The Company has complied with all the terms and conditions for revival based on the rehabilitation scheme approved by BIFR. The Company has continued in its efforts to obtain the necessary reliefs / concessions from Govt. of Karnataka on matters relating to Sales Tax.

### 4. CORPORATE GOVERNANCE :

As per the revised Clause 49 of the Listing Agreement, a detailed note on Corporate Governance is given separately. The Company has complied with the requirements and disclosures that have to be made in this regard. The Auditor's certificate confirming the compliance of the Corporate Governance requirements by the company is attached to the report on Corporate Governance.

### 5. MANAGEMENT'S DISCUSSION & ANALYSIS :

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management's Discussion & Analysis."

### 6. LISTING :

The Equity shares of the Company are listed at The Stock Exchange, Mumbai. The Company has paid the listing fee to the Stock exchange upto date.

### 7. REGISTRAR & SHARETRANSFER AGENTS :

With effect from July 2007, the Company has appointed M/s. Karvy Computershare Private Limited as its Registrar and Transfer agent for both electronic and physical share transactions.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, on the Directors responsibility statement, it is hereby confirmed :

- That in the preparation of accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- That the Directors have selected the accounting policies and applied them consistently and made judgments 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 year under review and of the Profit of the Company for the year under review.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts for the year ended 31st March, 2009 on a going concern basis.

### 10. COST AUDIT :

The Board of Directors have appointed Mr. A. Omprakash, Cost Accountant, Bangalore to audit the cost accounts of the Company relating to the manufacture of cotton yarn for the financial year ended 31st March, 2009 in compliance with the directives of the Central Government in this regard.

**11. FIXED DEPOSITS :**

The Company has not accepted any deposits either from the public or from the shareholders during the year.

**12. DIRECTORS :**

The term of appointment of Mr. T.K. Gupta as Managing Director of the Company has expired. Considering his performance and contributions during his previous tenure to the Company, the Board has decided to re-appoint him as the Managing Director for a further period of 5 years.

Mr. H.G. Balagopal & Mr. K.C. Gupta, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**13. AUDITORS :**

M/s. Badari, Madhusudhan & Srinivasan, Chartered Accountants, Bangalore retire at the ensuing AGM and M/s. Murali & Venkat, Chartered Accountants offer themselves for appointment at this AGM.

**14. HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION :**

Your Company has substantially complied with all applicable Environmental Laws and Labour Laws. The Company has taken significant measures towards environment protection and conservation.

**15. ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Directors) Rules, 1988 is appended hereto and forms part of this Report.

**16. REPLIES TO THE QUALIFICATIONS IN THE AUDIT REPORT :**

As required under Section 217(3) of the Companies Act, 1956, Your Directors wish to reply on the qualifications of the statutory auditors as follows :

- a) The Company has addressed letters to all sundry debtors, sundry creditors and loans & advances to confirm the balances as at the year end. However, none of them have responded, the Company will take necessary steps to get the confirmation.

- b) No disclosures have been made under the provisions of Micro, Small and Medium Enterprises Development Act, 2006, as Company has not received proper information in respect of status of the Company.
- c) No provision has been made for the sales tax arrears as the Company is entitled to relief's and concessions from Govt. of Karnataka as per BIFR order. The Company is still following up both with BIFR and the State Government.
- d) The Accounting Standards AS-2 on finished stock valuation and AS-15 on employee benefits will be examined in detail and necessary action will be taken during the next financial year.
- e) The Investments has been valued at cost. The Company will henceforth recognise the reduction in the value of Investment and the same will be rectified in future.

**17. PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS :**

Relations between the employees and the management continued to be cordial during the year. No employees was in receipt of remuneration during the financial year, exceeding the prescribed limits as per Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975.

**18. ACKNOWLEDGEMENTS :**

Your Directors take this opportunity to thank all Shareholders, Banks, Customers, Vendors, Government Authorities and Stakeholders for their assistance, co-operation and the confidence reposed in your Company.

Your Directors extend their deep sense of appreciation to the employees of the Company for their commitment and contribution.

Your Directors also extend their gratitude to the outgoing Auditor, M/s. Badari, Madhusudhan & Srinivasan for their support & guidance.

For and on behalf of the Board

Date : 19-08-2009  
Place : Bangalore

**(G.S. GUPTA)**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT**

**Information as required under Section 217(1)(e) read with the Companies  
(Disclosure of particulars in the Report of Board of Directors) Rules, 1988 :**

**FORM - A**

Form for disclosure of particulars with respect to conservation of energy.

**I. CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION:****1. ELECTRICITY.****a) Purchased**

Unit	:	2126328
Total Amount	:	10456281
Rate / unit	:	4.92

**b) Own Generation**

i) Through Diesel Generator Units	:	Nil
Units / Ltr. of Diesel Oil	:	Nil
Cost / Unit (Rs.)	:	Nil
ii) Through Steam Turbine Generator	:	Nil

**2. COAL** : Nil**3. FURNACE OIL** : Nil**4. OTHER/INTERNAL GENERATION** : Nil**II. CONSUMPTION PER UNIT OF PRODUCTION :**

Cotton	:	3.95
Electricity	:	24.51
(units consumed per kg. of yarn)		
Furnace Oil	:	Nil
Coal	:	Nil
Others	:	Nil
Total Production	:	426587 Kgs.



**FORM - B**

Form for disclosure of particulars with respect to Technology Absorption.

**I. RESEARCH AND DEVELOPMENT (R & D) :**

1. Specific areas in which R & D carried out by the Company : No Research and development has been carried out during the period and no expenditure incurred.
2. Benefits derived as a result of the above
3. Future plan of action
4. Expenditure on R & D
  - a) Capital
  - b) Recurring
  - c) Total
  - d) Total R & D expenditure as a percentage of total turnover

**II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : There has been no absorption, or innovation of any new technology
2. Benefits derived as a result of the above efforts e.g.: product improvement, cost reduction, production development, import substitution etc. : N.A.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information : No Technology has been imported
  - a) Technology
  - b) Year of Import
  - c) Has Technology has been fully absorbed
  - d) If not fully absorbed, areas where this has Not taken place, reasons therefor and Future plans of action

**III. FOREIGN EXCHANGE EARNING & OUTGO :**

1. Foreign Exchange Earnings : Nil
2. CIF Value of Imports :
  - Capital Goods : Nil
  - Raw Material : Nil
  - Silk Fabrics & others : Nil
  - Components & Spare parts : Nil
3. Expenditure incurred in Foreign Currency : Nil

For and on behalf of the Board,

Date : 19-08-2009  
Place : Bangalore**(G.S. GUPTA)**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT :

Pasari Spinning Mills Limited undertakes manufacture of Cotton Yarn in its Unit located at KIADB Industrial Area, Nanjangud, Mysore Dist. with spindle capacity of 17472. During the year the Company has ventured into value added silk fabrics trade / marketing.

India's Textile Sector is the Country's Second Largest Industry. With its speed of operation, skill, quality of products and low-cost labour, the industry is gearing up to reap rich rewards in the new era.

From growing its own raw material, to providing value added products to consumers the textile industry covers a wide range of economic activities, including employment generation in both organised and unorganised sectors.

The growth figures of the last few years have made the yarn manufacturing industry brim with unprecedented confidence and optimism.

### OPPORTUNITIES AND THREATS, RISKS AND CONCERNS :

After elimination of the quota restrictions, India seems to benefit due to raw material, design skills and skilled labour advantages. India is the world's third largest producer of cotton, second largest producer of cotton yarn, third largest exporter of cotton fabric and fourth largest exporter of synthetic fabric.

In spite of the said advantages that India has, there would be pricing pressures in view of dismantling of quotas as new small and medium manufacturers would crop in not only within India but also from other countries where similar quotas were imposed earlier. Also India has a geographical disadvantage which takes little longer time to reach its products to key markets. It seems the price has been more or less, stabilized and the buyers are looking for quality manufacturers even if it costs little more. Appreciation of rupee is also a major concern for the growth of the industry.

The health of Textile units is primarily dependant on adequate availability of qualitative raw materials mainly cotton at competitive prices. It was also to contend with intensifying competition from countries like China, Pakistan, Turkey, Indonesia, Mexico and Egypt.

### FUTURE OUTLOOK :

In view of the traditional strengths, availability of skills, material and technology, the industry will play a significant role in the international markets. Your Company is continuously taking several measures to meet competitiveness and exploit the opportunities that have become available due to non-quota regime. Your Company is constantly increasing its scale of operations and is confident of increasing the turnover by its diversified activities in the coming years.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company is committed to maintaining a effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations.

Material Developments in Human Resources / Industrial Relations Front, including number of people employed :

The Company believes that its people are a key differentiator especially in achieving goals. They are a primary source of competitive advantage and the Company is committed to the development of its employees.

Labour relations have been cordial for over 17 years now with no interruption to manufacturing activities.

### CAUTIONARY STATEMENT :

Certain Statement made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates etc may constitute "for looking statements" within the meaning of applicable laws and regulations.

Actual results may differ from such expectations, projections, etc. whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities etc over which the Company does not have any direct control.

For and on behalf of the Board,

Date : 19-08-2009

Place : Bangalore

(G.S. GUPTA)

Chairman

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

The Company's shares are listed on the Mumbai Stock Exchange. Accordingly, the report on Corporate Governance is prepared pursuant to Clause 49 of Listing agreement entered into with the Stock Exchange and forms a part of the report of the Board of Directors.

### MANDATORY REQUIREMENTS :

#### 1. A BRIEF STATEMENT ON THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Your Company's Corporate Governance policy is based on principles of integrity, fairness, equity, transparency, accountability and commitment to values. Your Company looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long-term shareholder value creation. Your Company believes that corporate performance is correlated to Corporate Governance and that well governed companies mitigate all risks better.

#### 2. BOARD OF DIRECTORS :

- A. As on 31st March, 2009, the Board consisted of 6 Directors, comprising 1 Executive Director, 5 Non-Executive Directors.
- B. During the year, Six Board meetings were held on 30th April, 2008, 31st July, 2008, 21st August, 2008, 31st October, 2008, 30th January, 2009 and 11th February, 2009.
- C. **Constitution of Board of Directors and related information :**

Name of the Director	Category	No. of Board Meetings		Attendance at the Last AGM	No. of Directorships in other Companies	No. of Committee positions held in other Companies
		Held	Attended			
Mr. G.S. Gupta	Non-Executive	6	6	Yes	1	Nil
Mr. T.K. Gupta	Executive	6	6	Yes	2	Nil
Mr. K.K. Gupta	Non-Executive	6	6	Yes	2	Nil
Mr. K.C. Gupta	Non-Executive	6	6	Yes	Nil	Nil
Mr. P.K. Sharma	Non-Executive	6	6	Yes	Nil	Nil
Mr. H.G. Balagopal	Non-Executive	6	6	Yes	Nil	Nil

#### 3. AUDIT COMMITTEE :

The constitution of Audit Committee is in confirmation with the requirements of Section 292A of the Companies Act, 1956 and also as per the requirements of Clause 49 (II) (A) of the listing Agreement.

##### **Powers of the Audit Committee :**

- to investigate any activity within its terms of reference.
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

During the period the Audit Committee met Four times on 30th April, 2008, 31st July, 2008 31st October, 2008 and 28th March, 2009.

##### **Composition, name of members and Chairperson**

- Mr. K.C. Gupta - Chairman, Non-Executive & Independent
- Mr. H.G. Balagopal - Member, Non-Executive & Independent
- Mr. P.K. Sharma - Member, Non-Executive & Independent

**Meetings and attendance during the year :**

During the year, the Audit Committee met 4 times including the one before the finalisation of annual accounts. Attendance in the Audit Committee was as under :

Sl. No.	Name	No. of the Meetings attended
1.	Mr. K.C. Gupta	4
2	Mr. H.G. Balagopal	4
3.	Mr. P.K. Sharma	4

**4. REMUNERATION COMMITTEE :****A. Brief description of terms of reference :**

To formulate a remuneration policy and approve the remuneration or revision in the remuneration payable to the whole-time Directors.

**B. Composition, Name of Members :**

- i) Mr. H.G. Balagopal
- ii) Mr. K.C. Gupta
- iii) Mr. P.K. Sharma

**C. Attendance during the year :**

During the year, the Remuneration Committee met one time. Attendance in the Remuneration Committee was as under :

Committee Member	No. of meetings attended
Mr. K.C. Gupta	1
Mr. H.G. Balagopal	1
Mr. P.K. Sharma	1

**5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :****A. Scope of the Committee :**

The Committee looks into matters relating to Transfer & Transmission of shares, Demat & Remat of Shares, Issue of duplicate share certificates in case of loss of share certificates resolving of shareholders complaints and such other investors' complaints.

**B. Composition of the Committee :**

The Committee consists of Mr. G.S. Gupta - NED, Mr. P.K. Sharma - NED & Mr. T.K. Gupta - Executive Director, with Mr. G.S. Gupta, being a Non-Executive Director, as its Chairman.

**C. Meetings of the Committee :**

During the Financial Year 2008-09, a meeting of the Shareholders' Grievance Committee was held on 28th March, 2009. All the members were present at the Meeting.

**6. DISCLOSURES :**

- A.** Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large.

Name of the Party	Nature of Transaction	Amount (Rs. in Lakhs)
Pasari Exports Limited	Financial Assistance	73.34
	Job Work	3.63
	Sale of Silk fabrics	42.36

**B. Secretarial Audit :**

A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**7. MEANS OF COMMUNICATION :**

- A. The Annual, half Yearly and Quarterly results are regularly submitted to the Stock Exchange(s) in accordance with Listing Agreement and the same are normally published in Financial Express and Sanjevani (Kannada) newspaper.
- B. No presentations were made to institutional investors or analysts.
- C. Management Discussion and Analysis forms part of the Annual Report.

**8. PARTICULARS OF THE PAST THREE ANNUAL GENERAL MEETINGS :**

The last three Annual General Meetings of the Company were held on the following dates as shown in the table below :

Date and Time of Annual General Meeting	No. of Special Resolutions Passed	Place of Annual General Meeting
29th September, 2008 @ 11.00 A.M.	One	Woodlands Hotel, # 5, Sampangi Tank Road, Sampangiramnagar, Bangalore.
24th September, 2007 @ 11.00 A.M.	One	_____ do _____
25th September, 2006 @ 11.00 A.M.	One	_____ do _____

All the resolutions including the Special Resolutions set out in the respective notices were passed by the shareholders. No postal ballots were used / invited for voting at these meetings.

**9. GENERAL SHAREHOLDERS INFORMATION :**
**A. Investor Grievances :**

As mentioned above, the Company has a duly constituted a Shareholder's / Investor Grievance Committee for redressing shareholders / investors complaints. The status of the Compliance is reported to the Board periodically.

**B. Share Transfer System :**

The Company has an in-house share transfer facility. Share transfers are registered and returned within a period of 15 to 20 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialization of shares are processed and confirmed to the respective depositories i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Company's shares are in compulsory demat mode and are transferable through depository system. Both Demat and physical share transfers are handled by M/s. Karvy Computershare (P) Ltd .

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

**C. Dematerialisation of Shares :**

About 89.70% of the Company's paid-up equity share capital has been dematerialised up to 31st March, 2009.

**10. ADDITIONAL SHAREHOLDER INFORMATION :**
**A. Annual General Meeting :**

Date and time of AGM : Monday, the 30th September, 2009 @ 11.00 A.M.

Venue : The Woodlands Hotel, # 5, Sampangi Tank Road, Sampangiramnagar, Bangalore - 560 025.

- B. Financial Calendar** : 1st April, 2008 to 31st March, 2009
- C. Date of Book Closure** : The date of book closure : 30th September, 2009
- D. Dividend Date** : Not Applicable as the Board has not recommended any dividend.
- E. Listing on Stock Exchange(s)** : The Company's Shares are listed on the following Stock Exchanges.
- Name and address of the Stock Exchange : The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street,  
MUMBAI - 400 001
- F. Outstanding GDRs / ADRs / Warrants or Convertible Instruments** : Not Applicable
- G. Financial Calendar Period (tentative)** : Board Meeting to approve quarterly financial results  
- End July 2009  
- End October 2009  
- End January 2010  
- April / May 2010
- H. Registrar and Share Transfer Agents** : M/s. Karvy Computershare Private Limited  
# 17-24, Vithalrao Nagar  
Madhapur, Hyderabad - 500 081  
Email : shyamsingh@karvy.com

**I. Market Price Data - Bombay Stock Exchange Ltd.**

Month	SHARE PRICE (Rs.)		
	HIGH	LOW	CLOSE
April, 2008	14.45	9.30	12.98
May, 2008	14.30	10.36	12.43
June, 2008	12.43	6.52	6.58
July, 2008	6.64	5.28	6.15
August, 2008	6.98	5.29	5.44
September, 2008	5.58	3.17	3.60

Month	SHARE PRICE (Rs.)		
	HIGH	LOW	CLOSE
October, 2008	4.35	2.52	2.57
November, 2008	3.50	2.51	2.98
December, 2008	3.30	2.64	2.76
January, 2009	3.26	2.00	2.38
February, 2009	3.11	2.20	2.39
March, 2009	3.72	1.86	3.72

**J. Distribution of Shares according to Size, Class and Categories of Shareholders as on 31st March, 2009 :**

Sl. No.	CATEGORY	No. of HOLDERS	% of HOLDERS	No. of SHARES	%
	From - To				
1.	1 - 5000	8575	84.4	1663807	13.87
2.	5001 - 10000	857	8.44	757142	6.31
3.	10001 - 20000	390	3.84	632819	5.27
4.	20001 - 30000	121	1.19	317141	2.64
5.	30001 - 40000	42	0.41	150048	1.25
6.	40001 - 50000	51	0.5	245030	2.04
7.	50001 - 100000	55	0.54	428187	3.57
8.	100001 & Above	69	0.68	7805826	65.05
<b>TOTAL</b>		<b>10160</b>	<b>100</b>	<b>12000000</b>	<b>100.00</b>

**K. Categories of Shareholding as on 31st March, 2009 :**

Sl.No.	DESCRIPTION	No. of HOLDERS	SHARES	% TO EQT
1	Banks	1	100	0.00%
2	Clearing Members	8	6456	0.05%
3	Directors and their Relatives	153	475421	3.96%
4	H U F	81	107428	0.89%
5	Bodies Corporates	192	1256995	10.47%
6	Non Resident Indians	159	93244	0.77%
7	Promoter Companies	1	5396250	44.96%
8	Promoter & Directors	83	264708	2.20%
9	Resident Individuals	9482	4399398	36.66%
<b>TOTAL</b>		<b>10160</b>	<b>12000000</b>	<b>100.00%</b>

**L. The Company's Top 10 Shareholders as on 31st March, 2009 :**

Sl.No.	NAME / JOINT NAME(S)	HOLDING	% TO EQT
1	Pasari Exports Ltd.	5396250	44.97%
2	Gauri Shankar Gupta	221200	1.84%
3	Subhlabh Traders Pvt. Ltd.	190100	1.58%
4	Angel Broking Limited	128551	1.07%
5	Nirmal Kumar Jalan		
	Sudha Jalan	110000	0.92%
6	Ekta Saraogi	104573	0.87%
7	Sneha Gupta	99268	0.83%
8	TKR Textiles Private Limited	84074	0.70%
9	Religare Securities Ltd.	61745	0.51%
10	Poonam Gupta	59929	0.50%
<b>TOTAL</b>		<b>6455690</b>	<b>53.80%</b>

**M. STOCK CODE :**

Equity Shares-physical form - Bombay Stock Exchange Ltd. : 521080  
Equity Shares-demat form - NSDL / CDSL

**N. Plant Location**

: # 54 & 55, KIADB Industrial Area  
1st Main, 3rd Cross, Nanjangud-571 301

**O. Address for Communications**

: **M/s. PASARI SPINNING MILLS LIMITED**  
# 746/10, 7th Cross, 12th Main Road,  
Hanumanthanagar, Bangalore - 560 019.

Shareholders correspondence may be sent to the above address and shares held in demat mode may be referred to the concerned depository participant.

The above report was approved by the Board of Directors at their meeting held on 19th August, 2009.

For and on behalf of the Board,

Date : 19-08-2009  
Place : Bangalore

**(G.S. GUPTA)**  
Chairman

**AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE**

**TO THE MEMBERS OF PASARI SPINNING MILLS LIMITED,**

We have examined the compliance of conditions of Corporate Governance by **Pasari Spinning Mills Ltd.**, for the Year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievance received during the year ended 31st March, 2009, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BADARI, MADHUSUDHAN & SRINIVASAN**

Chartered Accountants

Date : 19-08-2009

Place : Bangalore

**(H.D. KRISHNASWAMY)**

Partner



## **AUDITORS' REPORT**

### **TO THE MEMBERS OF PASARI SPINNING MILLS LIMITED**

1. We have audited the attached Balance Sheet of Pasari Spinning Mills Limited, as at 31st March, 2009 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, obtaining sufficient and appropriate audit evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order to the extent applicable.
  4. Further to our comments in Annexure referred to above, we report that :
    - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    - (iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
    - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, except for AS-15 on employee benefit and AS-2 on finished stock valuation.
    - (v) On the basis of written representation received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956; and
    - (vi) In our opinion and to the best of our information and according to the explanations given to us, subject to :
      - a) non confirmation of balances in respect of sundry debtors, creditors and loans & advances as referred to in Note No. 3 of the notes on account;
      - b) non disclosure under provisions of the Micro, Small and Medium Enterprises Development Act, 2006 in the absence of details received from the suppliers vide Note No. 5.
      - c) non provision towards sales tax arrears including penalty aggregating to Rs. 1,59,14,324 of earlier years, as referred to in Note No.6 of the notes on account;
      - d) non provision of employee benefits as per AS-15 issued by Institute of Chartered Accountants of India, not quantifiable vide Note No.7 of the notes on account;
      - e) non provision for depletion in market value of Investments vide Note No.8 of the notes on accounts.
- the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
  - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

**For BADARI, MADHUSUDHAN & SRINIVASAN**  
Chartered Accountants

**(H.D. KRISHNASWAMY)**  
Partner

Date : 19-08-2009  
Place : Bangalore

**ANNEXURE TO THE AUDITORS' REPORT**

(Annexure referred to in our report to the members of

Pasari Spinning Mills Ltd. on the financial statements for the year ended 31st March, 2009)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details without details of situation of fixed assets in the computer system.
- b) The Management has reported that physical verification of Fixed Assets has been conducted during the year. However the evidence of carrying out such physical verification is not made available to us, In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of fixed assets. We are informed that no discrepancies are noticed on such verification compared with fixed assets records.
- c) In our opinion and according to the information and explanations given to us, there is no disposal of substantial part of the fixed assets during the year.
- ii) a) According to the information and explanations given to us, the management is reported to have conducted physical verification of inventory at reasonable intervals during the year. However the evidence of carrying out such physical verification is not made available to us.
- b) In our opinion, and according to the information provided to us, the procedures followed by the Management towards physical verification of inventory are reasonable and adequate in relation to size of the Company and nature of its business.
- c) In our opinion, the Company has maintained the proper records of inventories during the year *except for raw-cotton, and silk / cotton fabrics. However the same needs improvement.* According to the information given to us, discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
- iii) a) According to the information and explanation given to us, the Company has taken interest free unsecured loan from a Company under the same management, covered in the register maintained u/s 301 of the Act and the balance outstanding as at the end of the year is Rs. 1,68,25,082/-. There was no stipulation as to repayment of principal amount and payment of interest during the year under audit.
- b) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Act. As such, the provisions of Paragraph 4(iii)(b), (c), & (d) of the order are not applicable.
- iv) *In our opinion and according to the information and explanation give to us, the Company needs to strengthen its internal control procedure having regard to the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods & services.*
- v) a) According to information and explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered in to a register in pursuance of Section 301 of the Companies Act, 1956.
- b) In our opinion and according to the information and explanations given to us, in respect of the transactions made pursuant to contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five hundred thousand for the year under report, the rates at which such services are rendered, are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public to which directives issued by Reserve bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
- vii) *In our opinion, the Company needs to strengthen the internal audit system commensurate with the size and nature of its business.*
- viii) *The Central Government has prescribed the maintenance of cost records. The Management has represented that the cost records are maintained at the factory. We have not verified the cost records,*

- ix) a) According to the information and examination of the records, the Company has not been regular in depositing undisputed statutory dues including withholding tax, PF, ESI, sales tax and any other statutory dues with the appropriate authorities. The details of arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable is as follow :

Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates
Karnataka Entry Tax Act	EntryTax	130193	93-94
Karnataka Entry Tax Act	Penalty	54682	93-94
Karnataka Sales Tax Act	Karnataka Sales Tax	43494	95-96
Central Sales Tax Act	Central Sales Tax	1500	95-96
	Penalty	3599	95-96
Karnataka Sales Tax Act	Karnataka Sales Tax	17332	96-97
Central Sales Tax Act	Central Sales Tax	61420	96-97
	Penalty	2362	96-97
Karnataka Sales Tax Act	Karnataka Sales Tax	20604	97-98
Central Sales Tax Act	Central Sales Tax	128208	97-98
Karnataka Entry Tax Act	EntryTax	81205	97-98
Karnataka Sales Tax Act	Karnataka Sales Tax	294261	98-99
Central Sales Tax Act	Central Sales Tax	171569	98-99
Karnataka Entry Tax Act	EntryTax	115252	98-99
Karnataka Sales Tax Act	Karnataka Sales Tax	435196	99-00
Central Sales Tax Act	Central Sales Tax	445496	99-00
Karnataka Entry Tax Act	Karnataka Sales Tax	4657137	00-01
Central Sales Tax Act	Central Sales Tax	580226	00-01
Karnataka Sales Tax Act	Karnataka Sales Tax	1880970	01-02
Central Sales Tax Act	Central Sales Tax	883692	01-02
Karnataka Sales Tax Act	Penalty	1835296	01-02
Karnataka Sales Tax Act	Karnataka Sales Tax	698	03-04
Karnataka Sales Tax Act	Penalty	472334	99-00
Karnataka Sales Tax Act	Penalty	3592728	00-01
Karnataka Sales Tax Act	Karnataka Sales Tax	604	02-03
Central Sales Tax Act	Central Sales Tax	4266	02-03
Provident Fund & Miscellaneous Provisions Act	Provident Fund	1442211	From October 2007 to March 2008
		1301185	From April to Sept. 2008
Employees State Insurance Contribution Act	ESIC	380353	08-09
<b>TOTAL</b>		<b>19038078</b>	

- b) There are no undisputed statutory dues.

- x) The accumulated loss of the company as at the end of the financial year is more than 50% of its net worth. The company has incurred cash loss during the financial year and also has incurred cash loss in the preceding financial year.

- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank in respect of its borrowings as at the end of financial year.
- xii) According to the information and explanations given to us and based on the documents and records made available to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Nidhi / Mutual benefit fund / society; accordingly, the provisions of Clause (xiii) of Paragraph 4 of the order are not applicable.
- xiv) The Company is trading in shares and investing in mutual funds. Company has maintained proper records.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The term loan availed in the earlier years has been applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised which has been used for long term investment of the Company.
- xviii) The Company has not made preferential allotment of shares during the year.
- xix) As no debentures have been issued by the Company the question of creation of security or charge does not arise.
- xx) The Company has not made any public issue during the year; accordingly, the provisions of Clause (xx) of Paragraph 4 of the order are not applicable.
- xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year under audit.

For **BADARI, MADHUSUDHAN & SRINIVASAN,**  
Chartered Accountants

**(H.D. KRISHNASWAMY)**  
Partner

Date : 19-08-2009  
Place : Bangalore

**BALANCE SHEET AS AT 31st MARCH, 2009**

Amount in Rupees

PARTICULARS	SCHEDULE No.	As at 31-03-2009	As at 31-03-2008
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS :</b>			
a. Share Capital	1	120000000	120000000
b. Reserves and Surplus	2	2457591	2457591
<b>LOAN FUNDS :</b>			
a. Secured Loans	3	22782597	22625700
b. Unsecured Loans	4	16825181	9491209
<b>TOTAL</b>		<b>162065369</b>	<b>154574500</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
a. Gross Block	5	142812420	146481409
b. Less : Depreciation		117268085	116953178
c. Net Block		25544335	29528231
<b>INVESTMENTS</b>	6	2819327	3813162
<b>CURRENT ASSETS LOANS &amp; ADVANCES :</b>			
a. Inventories	7	18601962	15233599
b. Sundry Debtors	8	18214033	28253923
c. Cash & Bank Balance	9	2925314	2590909
d. Loans & Advance	10	13131536	13064731
		52872845	59143162
<b>Less : Current Liabilities &amp; Provisions</b>	11	13146528	22034635
<b>Net Current Assets</b>		<b>39726317</b>	<b>37108527</b>
<b>Deferred Revenue Expenditure</b>	12	<b>737946</b>	<b>1475892</b>
<b>Deferred Tax (Net)</b>		<b>8578846</b>	<b>6365039</b>
<b>Profit &amp; Loss Account</b>		<b>84658598</b>	<b>76283650</b>
<b>TOTAL</b>		<b>162065369</b>	<b>154574500</b>
<b>Significant Accounting policies &amp; Notes on accounts</b>	23		

The schedules referred to above and notes thereon form an integral part of accounts.

**G.S. GUPTA**  
Chairman

**T.K. GUPTA**  
Managing Director

 As per our report of even date  
for **BADARI, MADHUSUDHAN & SRINIVASAN**  
Chartered Accountants

 Date : 19-08-2009  
Place : Bangalore

**K.K. GUPTA**  
Director

**(H.D. KRISHNASWAMY)**  
Partner

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

Amount in Rupees

PARTICULARS	SCHEDULE No.	For the year ended 31-03-2009	For the year ended 31-03-2008
<b>INCOME</b>			
Sales	13	<b>65040844</b>	180929912
Processing Charges - Receipts		<b>371517</b>	631692
Other Income	14	<b>951721</b>	933886
Profit on sale of Fixed Assets		<b>294576</b>	—
Profit on sale of Investments		<b>305147</b>	186254
Increase in Stock	15	<b>3368363</b>	3233572
<b>TOTAL</b>		<b>70332168</b>	182681744
<b>EXPENDITURE</b>			
Purchases	16	<b>42155068</b>	143903275
Manufacturing Expenses	17	<b>11772110</b>	25435913
Personnel Expenses	18	<b>14601839</b>	18004400
Administrative Expenses	19	<b>1826798</b>	2005579
Rent, Rate and Taxes	20	<b>784972</b>	243210
Selling Expenses	21	<b>731576</b>	2264369
Interest and Bank Charges	22	<b>3344721</b>	3060993
Depreciation		<b>3678958</b>	4018566
Loss on sale of Investments		<b>576761</b>	20693
Loss on sale of Fixed Assets		<b>95729</b>	—
Deferred expenditure written off		<b>737946</b>	737946
<b>TOTAL</b>		<b>80306478</b>	199694944
<b>Net Profit / (Loss)</b>		<b>(9974310)</b>	(17013200)
<b>Add : Prior period Adjustments</b>		<b>595302</b>	—
<b>Net (Loss) / Profit before Tax</b>		<b>(10569612)</b>	(17013200)
<b>Provision for Deferred Tax</b>		<b>2213807</b>	4226302
<b>Provision for Fringe Benefit Tax</b>		<b>19144</b>	32747
<b>Net (Loss) / Profit for the Year</b>		<b>(8374949)</b>	(9586078)
<b>Add : Brought forward Loss</b>		<b>(76283649)</b>	(66697576)
<b>Loss Transferred to Balance Sheet</b>		<b>(84658598)</b>	(76283649)
<b>Significant Accounting policies &amp; Notes on accounts</b>	23		

The schedules referred to above and notes thereon form an integral part of accounts.

G.S. GUPTA  
ChairmanT.K. GUPTA  
Managing DirectorAs per our report of even date  
for **BADARI, MADHUSUDHAN & SRINIVASAN**  
Chartered AccountantsDate: 19-08-2009  
Place: BangaloreK.K. GUPTA  
Director(H.D. KRISHNASWAMY)  
Partner

## CASH FLOW STATEMENT FOR THE YEAR ENDING 31st MARCH, 2009

Amount in Rs.

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (-) Loss before Tax	(10569612)	
Adjustments for :		
Depreciation	3678958	
Deferred expenditure written off	737946	
Profit on sale of fixed assets	(294576)	
Profit on sale of Investments	(305147)	
Interest on secured loan	3327455	
Dividend income	(37691)	
Loss on sale of Investments	576761	
Loss on sale of fixed assets	95729	
<b>Operating profit before working capital changes</b>	<b>7779435</b>	
Adjustments for :		
Decrease / (Increase) in inventories	(3368363)	
Decrease / (Increase) in sundry debtors	10039890	
Decrease / (Increase) in loans and advances	(66805)	
Increase / (Decrease) in current liabilities	(8888107)	
<b>Cash generated from operations</b>	<b>(2283385)</b>	
<b>LESS : Provision for FBT</b>	<b>19144</b>	
	<b>(2302529)</b>	
<b>Net Cash from operating activities</b>		<b>(5092706)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in Mutual funds and shares		
Sale of investments	722221	
Purchase of fixed assets	(373616)	
Sale of fixed assets	877401	
Dividend income	37691	
<b>Net cash used in investing activities</b>		<b>1263697</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Unsecured loans	7333972	
Increase / (Decrease) in Secured loans	156897	
Interest paid	(3327455)	
<b>Net cash from financing activities</b>		<b>4163414</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>334405</b>
<b>Opening Cash &amp; Cash equivalents as at 01-04-2008</b>		<b>2590909</b>
<b>Closing Cash &amp; Cash equivalents as at 31-03-2009</b>		<b>2925314</b>

On behalf of the Board

**G.S. GUPTA**  
Chairman

**T.K. GUPTA**  
Managing Director

Date : 19-08-2009  
Place : Bangalore

**K.K. GUPTA**  
Director

### AUDITOR'S CERTIFICATE

We have verified the above cash flow statement of Pasari Spinning Mills Ltd., derived from the audited annual financial statement for the year ended 31st March, 2009 and found the same to be drawn in accordance therewith and also with requirements of Clause 32 of the listing agreements with Stock Exchange.

For **BADARI, MADHUSUDHAN & SRINIVASAN**  
Chartered Accountants

**H.D. KRISHNASWAMY**  
Partner

## SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET

PARTICULARS	As at 31-03-2009	As at 31-03-2008
	Rupees	Rupees
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
1,20,00,000 Equity Shares of Rs. 10/- Each	120000000	120000000
<b>ISSUED, SUBSCRIBED &amp; PAIDUP:</b>		
1,20,00,000 Shares of Rs. 10/- each	120000000	120000000
<b>TOTAL</b>	<b>120000000</b>	<b>120000000</b>
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
(Central Subsidy)		
As per last Balance Sheet	2457591	2457591
<b>TOTAL</b>	<b>2457591</b>	<b>2457591</b>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
Loan from Bank - Overdraft	20100212	18506603
(Secured against hypothecation of stock in trade, receivables & book debts and personal guarantee of Directors & Corporate guarantee of a Company under the same Management)		
Term Loan from a Bank	2682385	4119097
(Hypothecation of Plant & Machinery, personal guarantee of Directors & collateral security of land & building)		
<b>TOTAL</b>	<b>22782597</b>	<b>22625700</b>
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
Short term Loans & Advances from		
a) Pasari Exports Limited	16825082	9491209
(a Company under same Management)		
b) Temporary O.D. in Current Account with Syndicate Bank	99	—
<b>TOTAL</b>	<b>16825181</b>	<b>9491209</b>



**SCHEDULE - 5 : FIXED ASSETS**

PARTICULARS	COST			DEPRECIATION			NET BLOCK		
	As On 31-03-2008 Rs.	Additions (Deletions)	As On 31-03-2009 Rs.	As On 31-03-2008 Rs.	For the Year	Adjustments	As On 31-03-2009 Rs.	As On 31-03-2009 Rs.	As On 31-03-2008 Rs.
LAND	2183839	373616	2557455	—	—	—	—	2557455	2183839
BUILDING	24324017	—	24324017	10865368	812422	—	11677790	12646227	13458649
PLANT & MACHINERY	107270675	(3422927)	103847748	95414701	2322535	(2891709)	94845527	9002221	11855974
ELECTRICAL EQUIPMENT	10418369	—	10418369	9072039	427447	—	9499486	918883	1346330
<b>OFFICE EQUIPMENT :</b>									
COMPUTER	474082	—	474082	434081	13225	—	447306	26776	40001
OFFICE EQUIPMENT	225631	—	225631	148723	14282	—	163005	62626	76908
FURNITURE & FIXTURES	341521	—	341521	286918	21618	—	308536	32985	54603
VEHICLE	1243275	(619677)	623598	731348	67429	(472343)	326434	297164	511927
<b>TOTAL</b>	<b>146481409</b>	<b>373616</b> <b>(4042604)</b>	<b>142812420</b>	<b>116953178</b>	<b>3678958</b>	<b>(3364052)</b>	<b>117268085</b>	<b>25544335</b>	<b>29528231</b>
PREVIOUS YEAR	138206920	8274489	146481409	112934612	4018566	—	116953178	29528231	25272308

PARTICULARS	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>SCHEDULE - 6 : INVESTMENTS</b>		
Investment in Mutual fund at cost (Market Value - Rs. 984087)	1267403	1651802
Investment in shares at cost (Market Value - Rs. 964583)	1551924	2161360
<b>TOTAL</b>	<b>2819327</b>	<b>3813162</b>
<b>CURRENT ASSETS &amp; LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS:</b>		
<b>SCHEDULE - 7 : INVENTORIES</b> (Value as certified by the Management)		
a) Raw Cotton	10400524	8120357
b) Work-in-Progress	3736192	2300627
c) Finished Goods	3516001	3681368
d) Stores & Spares	949245	1131247
<b>TOTAL</b>	<b>18601962</b>	<b>15233599</b>
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
Debts outstanding for a period less than six months considered good	16944046	28253923
Debts outstanding for a period more than six months considered good	1269987	—
<b>TOTAL</b>	<b>18214033</b>	<b>28253923</b>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES</b>		
a) Cash in hand	2133735	319909
b) Balance in Current Account with scheduled banks	642250	842628
c) Balance in Fixed Deposit with a bank	149329	1428372
<b>TOTAL</b>	<b>2925314</b>	<b>2590909</b>
<b>SCHEDULE - 10 : LOANS &amp; ADVANCES</b> (Unsecured considered Good)		
a) Advance recoverable in cash or in kind or for value to be received	7323256	7348170
b) Advance to suppliers	—	42498
c) Deposit with Govt. Institutions	5430543	5435793
d) Advance tax	93867	69247
e) TDS	98626	82266
f) Prepaid Expenses	—	42355
g) Income accrued & due	181510	40668
h) Interest receivable	3734	3734
<b>TOTAL</b>	<b>13131536</b>	<b>13064731</b>

PARTICULARS	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>SCHEDULE - 11 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
1. CURRENT LIABILITIES		
a) Sundry Creditors	4063080	17055055
b) Other Liabilities	5160148	2150769
c) Advance received from Customer	108758	311540
2. PROVISIONS		
a) Outstanding liabilities for expenses	3719790	2441663
b) Provision for FBT	94752	75608
<b>TOTAL</b>	<b>13146528</b>	<b>22034635</b>

**SCHEDULE - 12 : DEFERRED REVENUE EXPENDITURE**

To the extent not written off

737946	1475892
<b>737946</b>	<b>1475892</b>

**TOTAL**
**SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT**

PARTICULARS	For the year ended 31-03-2009 Rupees	For the year ended 31-03-2008 Rupees
<b>SCHEDULE - 13 : SALES</b>		
Domestic	65040844	180929912
<b>TOTAL</b>	<b>65040844</b>	<b>180929912</b>
<b>SCHEDULE - 14 : OTHER INCOME</b>		
Miscellaneous Income	951721	933886
<b>TOTAL</b>	<b>951721</b>	<b>933886</b>
<b>SCHEDULE - 15 : DECREASE / INCREASE IN STOCK</b>		
Opening Stock	15233599	12000027
Closing Stock	18601962	15233599
<b>TOTAL</b>	<b>3368363</b>	<b>3233572</b>
<b>SCHEDULE - 16 : PURCHASES</b>		
Raw Cotton	29801037	62157770
Silk, Cotton fabric & others	12354031	81745505
<b>TOTAL</b>	<b>42155068</b>	<b>143903275</b>

PARTICULARS	For the year ended 31-03-2009 Rupees	For the year ended 31-03-2008 Rupees
<b>SCHEDULE - 17 : MANUFACTURING EXPENSES</b>		
Power & Fuel	10456281	20160980
Water Charges	50804	439294
Consumable Stores	693730	2032267
Insurance	74956	59837
Repairs & Maintenance	99850	388255
Processing charges	323131	1198980
Loading and Unloading	73358	976300
Transportation Charges	—	180000
<b>TOTAL</b>	<b>11772110</b>	<b>25435913</b>
<b>SCHEDULE - 18 : PERSONNEL EXPENSES</b>		
Salaries	12414402	13904033
Directors Remuneration	360000	540000
Conveyance to Directors	—	30000
Staff Welfare	99794	427086
Contribution to ESIC	646393	620922
Contribution to Provident Fund	922889	1333929
Provident Fund Administration Charges	123800	179351
Bonus	2269	765827
Gratuity	32292	203252
<b>TOTAL</b>	<b>14601839</b>	<b>18004400</b>
<b>SCHEDULE - 19 : ADMINISTRATIVE EXPENSES</b>		
Advertisement	49908	82431
Auditors remuneration	107958	97700
Conveyance	15542	99024
Postage	25649	38381
General Expenses	238551	223580
Printing & Stationery	64734	33289
Travelling Expenses	12864	12640
Professional & Service charges	264439	220393
Vehicle Maintenance	57464	65274
Office Maintenance	56367	91033
Meeting expenses	27353	27093
Subscription	500	4405
Telephone & Trunkcalls	59508	136156
Guest house maintenance charges	50435	59835
Service tax	31310	83434
Share Transfer Agents Expenses	116374	72378
Security Service Charges	647842	658533
<b>TOTAL</b>	<b>1826798</b>	<b>2005579</b>

PARTICULARS	For the year ended 31-03-2009 Rupees	For the year ended 31-03-2008 Rupees
<b>SCHEDULE - 20 : RENT RATES &amp; TAXES</b>		
Rates & Taxes	600509	187389
Rent	112200	54000
Security transaction tax	72263	1821
<b>TOTAL</b>	<b>784972</b>	243210
<b>SCHEDULE - 21 : SELLING EXPENSES</b>		
Carriage Outwards	113819	940454
Commission on Sales	376542	910027
Consignment Expenditure	241215	413888
<b>TOTAL</b>	<b>731576</b>	2264369
<b>SCHEDULE - 22 : INTEREST &amp; BANK CHARGES</b>		
Bank Charges	17266	199552
Interest	3327455	2861441
<b>TOTAL</b>	<b>3344721</b>	3060993

**SCHEDULE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2009****SCHEDULE - 23****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****I. SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING :**

- a) The financial statements are prepared on the historical cost in accordance with the generally accepted accounting principles and presentation requirements as per Schedule VI of the Companies Act, 1956 and the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 except for AS-15.
- b) The accounts are maintained on accrual basis, except for certain employee benefits like Gratuity, leave encashment and income on investment which are accounted on actual basis.

**2. USE OF ESTIMATES :**

The preparation of financial statements, in conformity with the Generally Accepted Accounting Practices (GAAP) in India, requires the management to make estimates and assumptions that effect the reported amounts of assets, liabilities as on the date of the financial statements. Actual result may differ from the estimates.

**3. REVENUE RECOGNITION :**

Revenue on sale is recognized on dispatch of goods from the factory. In respect of consignment sales, revenue is recognised at the time of receipt of confirmation of sale from the Consignee. Conversion income is accounted on completion of the conversion process & raising of the invoices.

Dividend income is recognized on actual receipt basis.

**4. a) Fixed Assets :**

Fixed assets are carried out at cost of acquisition or construction including all the acquisition and installation related expenses less accumulated depreciation. Individual assets costing less than Rs. 5000 are depreciated at the rate of 100%.

**b) Depreciation :**

Depreciation is provided on straight line method, at the rates and manner prescribed under Schedule XIV of the Companies Act, 1956.

**5. INVENTORIES :**

Raw materials, Consumable stores and spares are valued at lower of cost or market value after providing for obsolescence and depletion in value wherever applicable. However, finished goods are valued at market value.

**6. RETIREMENT BENEFITS :**

- a) Contribution to PF / EPF are accounted on accrual basis.
- b) Gratuity and leave encashment are accounted on cash basis.

**7. FOREIGN CURRENCY TRANSACTION :**

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. The exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise, except in case of the liabilities for the acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of fixed assets.

**8. INVESTMENT :**

Long term investments are stated at cost, less provisions for other than temporary diminutions in value. Current investments comprising investments in mutual fund and shares are stated at the lower of cost and market value, determined on portfolio basis.

**9. TAXES ON INCOME :**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax asset in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

**10. IMPAIRMENT OF ASSETS :**

As at each Balance Sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exist, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is higher of an asset's net selling price and value in use. Reversal of impairment of loss is recognized immediately as income in the profit and loss account.

**II. NOTES ON ACCOUNTS :****1. CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBTS :**

The Cotton Corporation of India : Rs. 180 lakhs Price difference and interest on purchase of cotton aggregating to Rs.180 lakhs is disputed by the Company and the matter is before Arbitration.

**2. KIADB :**

Fixed Assets include the value of land of Rs. 2557455 which is acquired on lease cum sale basis from KIADB. On expiry of lease period, the Company has paid the balance of Rs. 3,73,616/- to KIADB towards final price and sale deed was executed in favour of the Company during the Financial Year.

**3. CONFIRMATION OF BALANCES :**

The confirmation in respect of Sundry creditors, Deposits received from contractors and others, customers & sundry debtors have not been obtained.

**4. Loans and advances include Rs. 50,38,879 paid to the cotton supplier which is under dispute.****5. In the absence of details received from the suppliers, no disclosures have been made under the provisions of Micro, Small and Medium Enterprises Development Act, 2006.****6. Against the aggregate demand of Rs. 1,75,47,888 raised by the Commercial Tax Authorities for the years 1993-94 to 2003-04 the Company has so far paid Rs. 13,29,945. The Commercial Tax Authorities have waived Interest aggregating to Rs. 3,30,607. No provision has been made for the balance of Rs. 1,59,14,324 towards the demand.**

7. No Provision has been made in the accounts for employee benefits as per AS-15 issued by the Institute of Chartered Accountants of India. (ICAI)
8. No Provision has been made in the accounts towards depletion in the market value of investments.

**9. DETAILS OF SALES :**

Class of Goods	2008 - 2009			2007 - 2008		
	Unit	Qty.	Amount (Rs.)	Unit	Qty.	Amount (Rs.)
Cotton Yarn	Kgs.	352977	60619276	Kgs.	936500	97068481
Cotton Waste	Kgs.	20943	143518	Kgs.	118398	382204
Scrap Sales	Kgs.	5261	51656	Kgs.	14283	114548
Polyster Yarn				Kgs.	3608	26039604
Silk, Cotton & Others	Mtrs.	10750	4226394	Mtrs.	466452	57325075
<b>TOTAL</b>			<b>65040844</b>			<b>180929912</b>

**10. RAW MATERIAL CONSUMPTION :**

Class of Goods	2008 - 2009			2007 - 2008		
	Unit	Qty.	Value	Unit	Qty.	Value
Raw Cotton	Kgs.	396941	27532767	Kgs.	980559	60767573

**11. DETAILS OF CLOSING STOCK :**

Class of Goods	2008 - 2009			2007 - 2008		
	Unit	Qty.	Amount (Rs.)	Unit	Qty.	Amount (Rs.)
Cotton	Kgs.	174564	10400524	Kgs.	125897	8120357
Cotton Yarn	Kgs.	32641	3465821	Kgs.	14305	1601465
W.I.P	Kgs.	41671	3736191	Kgs.	23727	2300627
Cotton Waste	Kgs.	10036	50180	Kgs.	14433	72165
Polyster Yarn, etc.				Mtrs.		2007738
Stores & Spares			949246			1131247
<b>TOTAL</b>			<b>18601962</b>			<b>15233599</b>

**12. DETAILS OF PURCHASES :**

Class of Goods	2008 - 2009			2007 - 2008		
	Unit	Qty.	Amount (Rs.)	Unit	Qty.	Amount (Rs.)
Cotton	Kgs.	445608	29812934	Kgs.	986446	62157770
Yarn	Kgs.	63777	3684230	Kgs.	Nil	Nil
Polyster Yarn, etc.				Kgs.	3857	27515844
Silk, Cotton Fabric & Others	Mtrs.	12335	8669500	Mtrs.	467687	54229661
<b>TOTAL</b>			<b>42166664</b>			<b>143903275</b>



**13. LICENSED, INSTALLED CAPACITY & PRODUCTION :**

Class of Goods	Licensed Capacity	Installed Capacity	Production in Kgs.
Cotton Yarn	N.A.	17472 Spindles	426587

**14. MANAGERIAL REMUNERATION :**

- a) Remuneration paid to Whole-time Director according to Schedule XIII of the Companies Act, 1956 is as follows :

	Current year	Previous year
	Rs.	Rs.
Remuneration	360000	540000
Conveyance	—	30000

- b) No employee was in receipt of remuneration beyond the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**15. AUDITOR'S REMUNERATION :**

Auditor's remuneration includes :

- |                 |                    |
|-----------------|--------------------|
| a) As Auditors  | : Rs. 91000        |
| b) For expenses | : Rs. 5000         |
| <b>Total</b>    | <b>: Rs. 96000</b> |

**16. RELATED PARTY DISCLOSURE AS PER AS-18 :**

- a) Name : PASARI EXPORTS LIMITED
  - b) Description of Relationship : Common Directors and major share holder
  - c) Description and Nature of Transaction :
    - i) Financial Assistance
    - ii) Job Work
    - iii) Sale of Cotton, Silk Fabrics, Nylon net printed fabric
  - d) Volume of transaction :
    - i) Unsecured Loan : Rs. 73.34 lakhs
    - ii) Job Work : Rs. 3.63 lakhs
    - iii) Sales : Rs. 42.36 lakhs
  - e) Amount written off or written back : NIL
- a) Name : TKR TEXTILES PVT. LTD.
  - b) Description of Relationship : Two of the Directors of the Company are also the Directors of TKR Textiles Pvt. Ltd.
  - c) Description and Nature of Transaction : NIL
  - d) Amount written off or written back : NIL

**17. DISCLOSURE UNDER AS-20 EARNING PER SHARE :**

- |  |   |                          |
|--|---|--------------------------|
| i) No. of Shares                               | : | 120,00,000 Equity Shares |
| ii) Weighted Average No. of Shares             | : | 120,00,000               |
| iii) Profit (Loss) available for share holders | : | (Rs. 83,74,929)          |
| iii) Basic earning (Loss) per share            | : | (Rs. 0.70)               |

**18. DEFERRED TAXATION:**

In accordance with Accounting Standard-22, "Accounting for Taxes on Income" and the pronouncement issued by the institute of Chartered Accountants of India, the Company has accounted for deferred tax during the year. Major components of deferred tax Assets / (Liabilities) are detailed below :

PARTICULARS	2008 - 2009		2007 - 2008	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between Book & Tax depreciation		12164748		12369423
Carried forward loss and unabsorbed depreciation	20743594		18734461	
<b>Total</b>	<b>20743594</b>	<b>12164748</b>	<b>18734461</b>	<b>12369423</b>
Net deferred tax asset	8578846		6365039	

19. Previous year figures have been re-grouped / re-arranged where ever considered necessary to make them comparable with the current year figures.

19. Figures have been rounded off to the nearest rupee.

**G.S. GUPTA**

Chairman

**T.K. GUPTA**

Managing Director

As per our report of even date  
for **BADARI, MADHUSUDHAN & SRINIVASAN**  
Chartered Accountants

Date : 19-08-2009

Place : Bangalore

**K.K. GUPTA**

Director

**(H.D. KRISHNASWAMY)**

Partner

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration No.</b>	12537
State Code	8
Balance Sheet Date	31st March, 2009
<b>II. Capital raised during the year</b>	Rs. in thousands
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
Preferential Allotment (BIFR)	NIL
<b>III. Position of Mobilisation and Deployment of funds</b>	
Total Liabilities	162065
Total Assets	162065
<b>Source of funds</b>	
Share Capital	120000
Reserves & Surplus	2457
Secured Loans	22783
Unsecured Loans	16825
<b>Application of funds</b>	
Net Fixed Assets	25545
Investments	2819
Net Current Assets	39726
Deferred Revenue Expenditure	737
Deferred Tax Asset	8579
Accumulated Losses	84659
<b>IV. Performance of Company</b>	
Turnover	70332
Total Expenditure	80306
Loss before tax	9974
Loss after tax	NIL
Earning per Share in Rs.	(0.70)
Dividend rate %	NIL
<b>V. General Names of Principal Products / Services of Company (as per monetary terms)</b>	
Item Code No. (ITC CODE)	520500
Product Description	COTTON YARN

On behalf of the board

**G.S. GUPTA**  
Chairman

**T.K. GUPTA**  
Managing Director

Date : 19-08-2009  
Place : Bangalore

**K.K. GUPTA**  
Director

# PASARI SPINNING MILLS LIMITED

Regd. Office : # 746/10, 12TH MAIN, 7TH CROSS, HANUMANTHANAGAR, BANGALORE - 560 019

Folio No.

## PROXY FORM

We ..... of .....

..... in the district of .....

..... being a member / members

of PASARI SPINNING MILLS LIMITED hereby appoint .....

in the District of ..... failing him.....

..... of .....

..... in the district of ..... as my / our proxy,

to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held

at Woodlands Hotel, # 5, Sampangi Tank Road, Sampangiramnagar, Bangalore - 560 025, on Wednesday,

the 30th September, 2009 at 11 A.M. and at any adjournment thereof

Signed this ..... day of ..... 2009

Signature

Re. 1  
Revenue  
Stamp

# PASARI SPINNING MILLS LIMITED

Regd. Office : # 746/10, 12TH MAIN, 7TH CROSS, HANUMANTHANAGAR, BANGALORE - 560 019

## ATTENDANCE SLIP

THIS ATTENDANCE SLIP DULY FILLED IN MUST BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Name of the member (in Block Letters) .....

Member's Folio number .....

Name of the proxy (in Block Letters) to be filled in if the Proxy attends instead of the Member/s .....

No. of Shares held .....

I hereby record my presence of the Eighteenth Annual General Meeting at Woodlands Hotel, # 5, Sampangi Tank Road, Sampangiramnagar, Bangalore - 560 025, on Wednesday, the 30th September, 2009.

.....  
Member / Proxy's Signature

*If Undelivered please return to :*

**PASARI SPINNING MILLS LTD.**

# 746 / 10, 7th cross, 12th Main Road  
Hanumanthanagar, Bangalore - 560 019.