



ANNUAL REPORT
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PASARI SPINNING MILLS LIMITED

**TWENTY FIRST ANNUAL REPORT
OF
PASARI SPINNING MILLS LIMITED
2011 - 2012**

BOARD OF DIRECTORS

Mr. G S Gupta	Chairman
Mr. T K Gupta	Managing Director
Mr. K K Gupta	Director
Mr. K C Gupta	Director
Mr. H G Balagopal	Director
Mr. P K Sharma	Director

AUDITORS:

Murali & Venkat
Chartered Accountants
15, First Floor,
Church Road, Basavanagudi,
Bangalore - 560 004

BANKERS:

Syndicate Bank
Bangalore

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:

#18, (Old # 16) III Floor
Anjaneya Temple Street,
Yediyur, Jayanagar 6th Block
Bangalore - 560 082.

FACTORY :

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty first Annual General Meeting of the shareholders of M/s Pasari Spinning Mills Limited to be held on Saturday 29th September 2012 at 11.00 A M at Sri Krishna Mini hall, #589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore- 560050 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 Mr. K.K. Gupta who retires by rotation and offers himself for reappointment.
3. To appoint M/s. Murali and Venkat, Chartered accountants as Statutory Auditors of the company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed between the auditors and the Board of Directors of the Company.

By the order of the Board

Date: 18.08.2012

Place: Bangalore

(G.S. GUPTA)

Chairman

NOTES:

1. 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 should not speak but can vote on poll. Proxies submitted on behalf

of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

2. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Karvy computershare private limited, regarding changes, if any in their registered addresses along with the PIN code number.
3. The Register of members and the share transfer books of the company will remain closed on 29th September 2012.
4. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.
5. Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
6. 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.
7. 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 private limited in physical form.
8. 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.
9. Members are requested to address all correspondences including those for Remat/Demat, nomination requests, share transfers, change of address/mandates for physical holdings etc., at least 10 days before 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: 18.08.2012
Place: Bangalore

(G.S. GUPTA)
Chairman

Address of the Registered Office:

Pasari spinning mills limited
No.18, 111rd Floor, Anjaneya Temple Road,
Yediyur, Jayanagar 6th Block,
Bangalore 560082

ANNEXURE TO NOTICE

Pursuant to the revised clause 49 of the Listing Agreement, the particulars who is/are to be re-appointed are given below :

PARTICULARS	
Name	Mr. K. K. Gupta
Date of birth	24.09.1970
Date of Appointment	25/05/1995
Qualifications	B.com
Expertise in specific functional area	Textile Industry
Directorships held in other Public Companies	Pasari Exports Limited
Memberships/ chairmanships of committees of other Public Companies	NIL
No. of Shares held in company	40,600 Individually & 8,400 Jointly

DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present their Twenty first Annual Report on the business and operations of your Company for the year ended 31st March 2012.

1. FINANCIAL RESULTS:

(Amount in Rupees)

Particulars	2011-12	2010-11
Profit/(Loss) before tax	(4,68,56,562)	(1,01,07,929)
Less : Prior period adjustment, provision for deferred tax	(1,73,36,663)	(36,91,671)
Profit (Loss) for the year	(2,95,19,899)	(64,16,256)

2. PERFORMANCE:

For the year ended 31st March, 2012 the Company earned a total income of Rs. 26,79,04,280 And incurred a loss of 2,95,19,899 after depreciation and other adjustments.

3. BIFR STATUS:

The company has continued in its efforts to obtain the necessary reliefs/concessions from Government 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 OF BUSINESS PERFORMANCE

A detailed review of operations, performance and future outlook of the Company is given



separately under the head "Management's Discussion & Analysis of Business performance"

6. LISTING:

The Equity shares of the Company continue to remain listed with, The Stock Exchange, Mumbai. The company has paid the listing fees to the Stock Exchange upto date.

7. REGISTRAR & SHARE TRANSFER 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:

- a. That in the preparation of accounts for the financial year ended 31st March, 2012; the applicable accounting standards have been followed along with proper explanation relating to material departure.
- b. That the Directors have selected the accounting policies and applied them consistently and made judgements 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.
- c. 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.
- d. That the directors have prepared the Annual Accounts for the year ended 31st March 2012 on a going concern basis.

9. 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, 2012 in compliance with the directives of the Central Government in this regard.

10. FIXED DEPOSITS:

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

11. DIRECTORS:

Mr. K.K. Gupta, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

12. AUDITORS:

M/s Murali & Venkat, chartered accountants, Statutory Auditors retire at the conclusion of ensuing annual general meeting and, being eligible, offer themselves for reappointment as statutory auditors.

13. 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.

14. 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.

15. 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 Accounting Standards AS-13 on Accounting for Investments, AS-15 on employee benefits will be examined in detail and necessary action will be taken during the next financial year.
- 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) The difference in Debtors balance is because of non-confirmation of balance from the concerned debtors.
- d) The company has addressed letters to all sundry debtors, sundry creditors and loans, & advances to confirm the balances as no one has responded, the company will follow with the reminder.
- e) No provision has been made for the sales tax arrears as the Company is entitled to reliefs and concessions from Government of Karnataka as per BIFR order. The company is still following up both with BIFR and the State Government.

16. PARTICULARS OF THE 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.

17. 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.

For and on behalf of the Board

Date: 18.08.2012
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	: 5,59,368
Total Amount	: 31,86,459
Rate/unit	: 5.70

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 :	: 2,13,008 kgs
Electricity (Units consumed per kg.)	: 0.38
Furnace oil	: NIL
Coal	: NIL
Others	: NIL
Total production	:

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 | : There has been no absorption, or innovation of any new technology |
| 2. Benefits derived as a result of the above
Eg: 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 thereof and future plans of action | |

III. FOREIGN EXCHANGE EARNING & OUTGO

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

For and on behalf of the Board

(G.S. GUPTA)
Chairman

Date: 18.08.2012
Place: Bangalore

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The cotton textile industry in India had to contend with major challenges during the year. The impact of the severe economic downturn in the economies of the developed countries, notably the USA and Western Europe, was acutely felt in India too. Issues relating to power shortage and fuel prices continue to affect the textile sector. Excess capacities and significant erosion in margins due to severe competition have also had a negative impact on the profitability of the industry.

OPPORTUNITIES AND THREATS:

The promoters of your company are planning for entering into retail industries, currently the retail market is in boom, and thereby have the hope of recovering from the present financial crisis.

SEGMENT WISE PERFORMANCE AND COMPANY OUTLOOK:

Due to

- ◆ Increase in cost of raw material
- ◆ No substantial increase in the selling price of finished product (Cotton Yarn)
- ◆ Regular absenteeism of the workmen
- ◆ Frequent interruption in the power supply
- ◆ Increase in the cost of electricity
- ◆ Non favorable market conditions to the textile industry.

Company was unable to run the factory, and the production was stopped from the end of July 2011, and the promoters, requested the Hon'ble Labour Department to grant the permission for closure of the factory. The Hon'ble labour department has granted the permission to close the factory located at Nanjangud vide its order No Ka.Ee 114 LMW 2007 dated 29th November 2011.

PASARI SPINNING MILLS LIMITED was undertaking manufacture of Cotton Yarn at its Unit located at KIADB Industrial Area, Nanjangud, Mysore District with spindle capacity of 17,472.

RISKS AND CONCERNS:

RISKS:

GENERAL ECONOMIC CONDITIONS:

Any slowdown in the global and/or Indian economy could adversely affect our business. Textile business in general is sensitive to fluctuations in the economy. The textile sector may be unfavorably affected by changes in global and

domestic economies, changes in local market conditions, government policies and Regulations. Since demand for textiles is affected by world economic growth, a global recession could lead to a downturn in the Textile Industry.

SOCIO-POLITICAL RISKS:

In addition to economic risks, the Company faces risks from the socio-political environment, internationally as well as within the country and is affected by events like political instability extreme weather conditions and natural calamities etc.,

CONCERNS:

The Promoters of your Company, taken the permission for closure of the Factory from the Hon'ble labour department, Government of Karnataka, which stopped the further losses of the Company

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Company has reviewed internal controls and its effectiveness through the internal audit process. Internal audits were undertaken for every operational unit and all major corporate functions under the direction of the Audit committee.

The focus of these reviews are as follows:

- ◆ Identify weakness and areas of improvement
- ◆ Safeguarding of tangible and intangible assets
- ◆ Management of business and operational risks
- ◆ Compliance with applicable statutes
- ◆ Compliance with the Pasari "Code Of Conduct"

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance reports submitted to them.

Discussion on financial performance with respect to operational performance:

The Company could not achieve the targeted results because of Closure of the factory.

Material developments in Human Resources / Industrial Relations front, including number of people employed:

Your Company had employed 229 (Two hundred and twenty nine only) workers and staff including factory and head office. Due to closure of the factory all of them were removed.

CORPORATE GOVERNANCE REPORT

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate governance is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy its stakeholders – including shareholders, creditors, employees, customers and suppliers

Corporate Governance has indeed been an integral part of the way we have done business for several years. This emanates from our strong belief that strong governance is integral to creation and is an upward moving target.

The company has complied with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which deals with the compliance of Corporate Governance requirements as detailed below:

2. THE BOARD OF DIRECTORS:

The Board of Directors comprises Executive, Non Executive and as well as Independent Directors. As on 31st March, 2010 the Board consisted of 6 directors comprising 1 Executive director and 5 Non executive out of which 3 directors are Independent Directors. Non executive Directors comprise more than 50% of the Board of Directors. The Directors possess many years of experience in textile industry. They actively contribute in the deliberations of the Board covering all strategic policy matters and strategic decision.

The details of the composition, names of Members and Chairman as well as the number of meetings held and Directors' attendance thereat during the year are as under:

Sl. No	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			
1	Mr. G. S. Gupta	Non Executive chairman	10	10	YES	1	NIL
2	Mr. T.K. Gupta	Executive	10	10	YES	2	NIL
3	Mr. K.K. Gupta	Non Executive	10	10	YES	2	NIL
4	Mr. K.C. Gupta	Non Executive	10	10	YES	NIL	NIL
5	Mr. P.K. Sharma	Non Executive	10	0	YES	NIL	NIL
6	Mr.H.G. Balagopal	Non Executive	10	9	YES	NIL	NIL

Number of Board Meetings held with date and Directors' attendance thereat during the year are as under:

Sl No	Names of Directors	Attendance at board meetings held on									
		30.04.11	20.06.11	30.07.11	26.08.11	29.09.11	29.10.11	30.07.2011	08.11.11	30.01.12	31.03.12
1	Mr. G. S. Gupta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Mr. T.K. Gupta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mr. K.K. Gupta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr. K.C. Gupta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Mr. P.K. Sharma	-	-	-	-	-	-	-	-	-	-
6	H.G. Balagopa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

3. AUDIT COMMITTEE:

The company's Audit Committee comprises entirely of Independent Directors. Each member of the committee has the relevant experience in the field of finance, banking and accounting. The committee has interalia, the following terms of reference:

- I. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- II. Recommending the appointment and removal of statutory auditors, fixation of audit fee and also approval of payment for any other services.
- III. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
 - ❖ Matters required to be included in the Board's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
 - ❖ Any changes in accounting policies and policies and practices and reasons thereof.
 - ❖ Major accounting entries based on the exercise of judgement by the Management.
 - ❖ Qualifications in the draft audit report.
 - ❖ Significant adjustments made in the financial statements, arising out of audit findings.
 - ❖ The going concern assumption.
 - ❖ Compliance with accounting standards.
 - ❖ Compliance with listing and other legal requirements relating to financial statements.
 - ❖ Any related party transactions i.e. transactions of the company of material nature, with promoters the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
- IV. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- V. Reviewing with the management, performance of statutory auditors and the adequacy of internal control systems.
- VI. Discussion with statutory auditors before the audit commences, nature and scope of audit, as well as having post audit discussion to ascertain any area of concern.
- VII. Reviewing the Company's financial and risk management policies.

The details of the Composition, names of members and chairman as well as the number of meetings held and Directors' attendance thereat during the year are as under:

AUDIT COMMITTEE MEETINGS:

During the year Audit committee met five times on 30th April 2011, 30th July 2011, 29th October 2011, 30th January 2012 and 31st March 2012.

Sl. No	Members	Category	No of meetings attended
1	Mr. K. C. Gupta	Chairman, Non Executive & Independent	4
2	Mr. H.G. Balagopal	Member, Non Executive & Independent	3
3	Mr. P.K. Sharma	Member, Non Executive & Independent	0

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, all necessary information was placed before the Board from time to time.

The company has adopted code of ethics for Board of Directors and Senior Executives which is available at the company's website www.pasariexports.com and all Directors and all Senior Executives have affirmed compliance with the said code of conduct.

Other than transactions entered into in the normal course of business, the Company has not entered into any materially significant related party transactions during the year, which could have potential conflict of interest between the Company and its Promoters, Directors, Management and/or relatives.

4. REMUNERATION COMMITTEE:

The listing agreement with the Stock Exchange provides that a Company may appoint a committee for recommending managerial remuneration payable to the Directors. The Company has in place has a Remuneration Committee for the said purpose. The main function of the said Committee is to determine the remuneration payable to the Whole – time directors.

The chairman of the Remuneration Committee was present at the last Annual General Meeting of the Company. During the year, the Remuneration Committee met once. Composition, Category and attendance of the Remuneration Committee is as under:

SI.No	Members	Category	No of Meetings Attended
1	Mr. H.G. Balagopal	Chairman	1
2	Mr. K.C. Gupta	Member	1
3	Mr. P.K. Sharma	Member	0

5. REMUNERATION POLICY:

The remuneration of the whole–time Director(s) is recommended by the Remuneration Committee based on the factors such as industry benchmarks, the company's performance vis-à-vis the industry, performance and track record of the Director(s) etc, which is decided by the Board of Directors.

The commission payable to Non Executive Directors is decided by the Board and is distributed based on a number of factors, including number of Board and Committee meetings and attended, individual contribution thereat etc,

The details in respect of remuneration paid/payable to the Directors of the Company for the year is given below:

Name	Salary, commission	Perquisites	Sitting fees	Total	No of shares held singly
Mr. T.K.Gupta	6,00,000	-	-	6,00,000	39,700

(Rs. in Lakhs)

As the company is in loss the non executive directors have waived their remuneration.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

- Scope of the committee:**

The committee has the required powers to carry out the handling of shareholders/investor grievances. The brief terms of reference of the Committee include redressing shareholder and investor complaints like transfer of shares, non receipt of Annual Reports, Demat & Remat of shares, Issue of duplicate share certificates in case of loss of share certificates etc.,

• **Composition of the committee:**

Sl.No	Members	Category	No of Meetings Attended
1	Mr.G.S. Gupta	Chairman, Non executive & Independent	1
2	P.K. Sharma	Non Executive Director	0
3	T.K. Gupta	Non Executive Director	1

• **Details of Compliance Officer**

- ❖ Name : Mr. T K Gupta
- ❖ Designation : Managing Director.

Share transfers are processed weekly and approved by the Committee. Investor grievances are placed before the committee. There were no pending investor complaints which remained unresolved. All share transfers lodged upto 31st March 2012 have been processed by the Committee. The status of the complaints received from shareholders from 01.04.2011 to 31.03.2012 is as under:

Complaints received	Complaints resolved	Pending as on 31.03.2012
23	23	0

DETAILS ON GENERAL MEETINGS:

Location, date and time of the General Meetings held in the last 3 years are as under:

A G M	Date	Time	Venue
20th	30/09/2011	11.00 A M	Woodlands Hotel
19th	30/09/2010	11.00 A M	#5, Sampangiramnagar
18th	30/09/2009	11.00 A M	Bangalore - 560025

Details of Special Resolutions passed in the previous three AGMs

AGM	Particulars of Special Resolutions passed thereat
20th	No Special Resolution was passed at this AGM
19th	Preferential allotment to Promoters
18th	Re appointment of T K Gupta as Managing Director for a term of 5 years

All special resolutions passed in the previous three Annual General Meetings of the Company were unanimously passed by show of hands by the Members of the Company present and voting at the said meetings.

None of the businesses required to be transacted at the twenty first AGM, is proposed to be passed by postal ballot.

DISCLOSURES:

Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.

		(Rs. in lakhs)
Name of the party	Nature of transaction	Amount
Pasari Exports Limited	Financial Assistance as on 31.03.2012	187.16

No penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

MEANS OF COMMUNICATION:

QUARTERLY/ANNUAL RESULTS:

The Quarterly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board in accordance with the Listing Agreement.

The quarterly and Annual Results of the Company are published in the prescribed Performa within 48 hours of the conclusion of the meeting of the Board in which they are considered, in the following newspapers.

- FINANCIAL EXPRESS (English)
- Sanje Vani (Kannada)

During the year the Company has not made any presentations to analysts.

General Shareholder information:

- Annual General Meeting : 29th September 2012
- Venue : Sri Krishna Mini Hall, #589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560 050

Financial year

: 1st April 2011 to 31st March 2012.

Date of book closure

: 29.09.2012

Listing

: The shares of the Company are listed on the following stock exchange
Bombay stock exchange
P J Towers, Dalal Street, Mumbai – 400 001

STOCK CODE

: 521080

ISIN : (Equity)

: INE 604F01010

Market price data

Month	High Price	Low Price
Apr 11	37.15	19.75
May 11	30.05	17.40
Jun 11	28.50	18.00
Jul 11	25.00	18.80
Aug 11	20.85	12.40
Sep 11	13.80	9.79
Oct 11	12.48	8.68
Nov 11	12.60	8.87
Dec 11	10.60	7.95
Jan 12	11.52	8.00
Feb 12	12.00	8.00
Mar 12	12.20	7.25

Sensex for the period

Month	High	Low
Apr 11	19,811.14	18,976.19
May 11	19,253.87	17,786.13
Jun 11	18,873.39	17,314.38

Jul 11	19,131.70	18,131.86
Aug 11	18,440.07	15,765.53
Sep 11	17,211.80	15,801.01
Oct 11	17,908.13	15,745.43
Nov 11	17,702.26	15,478.69
Dec 11	17,003.71	15,135.86
Jan 12	17,258.97	15,358.02
Feb 12	18,523.78	17,061.55
Mar 12	18,040.69	16,920.61

Registrars and Share transfer Agents

: KARVY COMPUTERSHARE PVT LTD
 Plot No. 17-24, Vithal Rao Nagar, Madhapur,
 Hyderabad - 500081
 Tel: 040-44655000 Fax: 040-23420814

Share transfer system :

All shares have been transferred and returned within 21 days from the date of lodgement, provided the necessary documents were in order.

Distribution of shareholding as on 31.03.2012 :

S.No	Category	PHYSICAL					ELECTRONIC				
		No. of Cases	% of Cases	Total Shares	Amount	% of Amount	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1	1 to 5000	4287	51.060028 %	737965	7379650	5.347572 %	2973	35.409718 %	546158	5461580	3.957667 %
2	5001 to 10000	147	1.750834 %	124900	1249000	0.905072 %	382	4.549786 %	335753	3357530	2.432993 %
3	10001- 20000	47	0.559790 %	71400	714000	0.517391 %	193	2.298714 %	311605	3116050	2.258007 %
4	20001- 30000	17	0.202477 %	46400	464000	0.336232 %	77	0.917103 %	199407	1994070	1.444978 %
5	30001- 40000	3	0.035731 %	10900	109000	0.078986 %	35	0.416865 %	127242	1272420	0.922043 %
6	40001- 50000	4	0.047642 %	20000	200000	0.144928 %	44	0.524059 %	205052	2050520	1.485884 %
7	50001- 100000	8	0.095283 %	74400	744000	0.539130 %	78	0.929014 %	568800	5688000	4.121739 %
8	100001& Above	2	0.023821 %	1815800	18158000	13.157971 %	99	1.179133 %	8604218	86042180	62.349406 %
Total		4515	53.78 %	2901765	29017650	21.03 %	3881	46.22 %	10898235	108982350	78.97 %

Dematerialisation of shares & liquidity:

As of the end of 31st March 2012 shares comprising approximately 78.97 % of shares of the company's Equity share capital have been dematerialised.

PLANT LOCATION:

Company's factory is located at:

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

ADDRESS FOR CORRESPONDENCE:

PASARI SPINNING MILLS LIMITED

#18, (old No 16), III Floor, Anjaneya Temple Road, Yedyur, 6th Block, Jayanagar, Bangalore - 560082.

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 limited for the year ended 31st March 2012 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, 2012, 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 to future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MURALI & VENKAT
Chartered Accountants

(G SATISH CHANDRA)
Partner
M.NO. 27372

Date: 18.08.2012
Place: Bangalore

AUDITORS' REPORT

TO THE MEMBERS OF PASARI SPINNING MILLS LIMITED.

- (I) We have audited the attached Balance Sheet as at 31st March 2012, the Profit & Loss Account and also the Cash Flow Statement of PASARI SPINNING MILLS LTD., for the year ended on that date. 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.
- (II) We have conducted our audit in accordance with the 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, evidence supporting the amounts and the 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
- (III) We report, further in terms of the provisions of section 227 of the Companies Act, 1956 that:
1. As required by the **Companies (Auditors' Report) Order, 2003 (as amended by the Amendment Order, 2004)** issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give our comments on the matters specified in paragraphs 4 and 5 of the said order to the extent as applicable to the Company in the Annexure to this report.
 2. 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.
 3. 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.
 4. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 5. In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except for the following:
 - a) **AS-13 Accounting for Investments – Non-recognition of diminution in value of Investments in Shares, Securities and Mutual Funds.**
 - b) **AS-15 Employee Benefits, which are accounted on cash basis with regard to gratuity and E.L encashment.(Refer Accounting Policy for Retirement Benefits).**
6. On the Basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of The Companies Act, 1956.
 7. 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 and Advances.**
 - 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 point no. 5 in other disclosures.**
 - c) **Non provision towards Sales Tax arrears including penalty aggregating to Rs. 1,80,16,068 of the earlier years, vide point no. 2 in other disclosures.**
 - d) **Non provision of Employee Benefits as per AS-15 issued by Institute of Chartered Accountants of India, non quantifiable vide point no 7 in other disclosures.**
 - e) **Non provision for depletion in Market Value of Investments in shares, securities and mutual funds, vide point no 8 in other disclosures.**
- the said accounts read with the significant accounting policies and notes on accounts give the information required by the Companies Act, 1956, in the manners 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 2012.
 - ii) In the case of the Profit & Loss Account, of the **Loss (after Deferred Tax adjustments)** of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For MURALI & VENKAT
Chartered Accountants

(G. SATISHCHANDRA)
Partner

Membership No. 27372

ICAI Firm Registration No: 0021625

Place : Bangalore
Date : 18th August, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of all Fixed Assets.
- b) The assets of the Company have been physically verified by the Management during the year at reasonable intervals and no discrepancies between the book records and physical verification were noticed on such verification.
- c) The Company has sold a substantial portion of its Fixed Assets comprising Plant and Machineries, other Electrical Equipments and certain Vehicles during the year. Based on the information and explanation given to us by the management, we report that, the company has decided to completely stop the manufacturing activity and the same shall have a bearing on the going concern status of the company. However, the company continues its trading operations and has leased out the factory premises.
2. a) Inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining records of inventory and **in our opinion the Company has to improve upon the disclosure of proper details of inventory identification with respect to the nature of different quality aspects.** In our opinion and accordingly to the information and explanations given to us, we have not come across any material discrepancies between the physical stocks and inventory records.
3. In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firm or other parties covered Register maintained under section 301 of the companies Act, 1956. We report:
 - a) The Company has taken interest free unsecured loans from a company under the same management and the maximum amount outstanding at any time during the year is Rs 1,87,16,140/- and the year-end balance is Rs 1,87,16,140/-. As per the information and explanations given to us, there is no stipulation mentioned as part of the terms and conditions of the loan for the repayment of the principal amount.
 - b) In our opinion and according to the information and explanation given to us, the interest free loan, as per the terms and conditions, are not prima facie prejudicial to the interest of the Company.
 - c) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Act, 1956.
4. In our opinion and according to the information and explanations given to us, the Company needs to strengthen its Internal Control System commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, Fixed Assets and for the Sale of goods.
5. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
 - b) According to the information and explanations given to us, each of the transactions in pursuance of such contracts/arrangements in excess of Rs 5 Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, where such prices are available.
6. In our Opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of provisions of Section 58 A, 58 AA or any other relevant provisions of the Companies Act, 1956 and The Companies (Acceptance of Deposits) Rule, 1975.

7. In our opinion, the company has Internal Audit System commensurate with the size and nature of its business and the same needs to be strengthened with regard to the Verification of Inventories.
8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the company in this connection and are of opinion, that the prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
9. a) The company is generally not regular in depositing the undisputed Statutory Dues with Appropriate Authorities and there are undisputed and outstanding amounts payable (as listed below) in respect of Provident Fund, ESI Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess or any other applicable taxes, Duties or Levies applicable to the Company and its business which have remained outstanding as at 31st March 2012, for a period of more than six months from the date they became payable.

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which amount relates
Provident Fund and Miscellaneous Provisions Act	Provident Fund	1,593,216	2011-12
Employee State Insurance Contribution Act	ESIC	467,648	2011-12
Income Tax Act	TDS	11,879	2007-08
Karnataka Tax on Profession, Trade, Callings, and Employment Act	Professional Tax	30,290	2008-09
		9,760	2009-10
		13,850	2010-11
		10,100	2011-12
Total		2,136,743	

- b) According to the information and explanation given to us and records of the company examined by us, the particulars of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	For the Year
Central Sales Tax Act	Central Sales Tax	4,45,496	1999-00
		5,80,226	2000-01
		8,83,692	2001-02
Karnataka Entry Tax Act	Karnataka Sales Tax	46,593	1999-00
		98,290	2000-01
Karnataka Sales Tax Act	Karnataka Sales Tax	4,35,196	1999-00
		46,57,137	2000-01
		32,10,915	2001-02
Penalty		5,000	1999-00
		2,50,000	2000-01
		18,35,296	2001-02
Interest @ ½%		3,11,968	1999-00
		33,37,878	2000-01
		19,18,381	2001-02
Total		18,016,068	

10. The company has accumulated losses as at the year end which is more than 50% of its Net Worth and has incurred cash losses during the financial year covered by our audit and also in the preceding financial year.
11. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of principal dues in respect of loans borrowed from Bank as on 31.03.2012. There are no debenture holders with the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.
14. The Company is dealing or trading in Shares, Securities, and other Investments and in our opinion the Company has maintained proper records.
15. In our opinion, the Company has not given any Guarantee for Loans taken by others from bank or financial institutions for the purpose mentioned.
16. In our opinion, the Company has not obtained any Term Loan during the year.
17. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, We report that the funds raised on short-term basis have not been used for long-term investment.
18. The company has not made any preferential allotment made during the reporting period.
19. The Company has no Debentures and hence reporting does not arise in respect of creation of securities thereof.
20. The Company has not raised any monies by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For MURALI & VENKAT
Chartered Accountants

(G. SATISHCHANDRA)

Partner

Membership No. 27372

ICAI Firm Registration No: 0021625

Place : Bangalore

Date : 18th August, 2012

BALANCE SHEET AS AT 31st MARCH, 2012

Amount in ₹

PARTICULARS	NOTE No.	As At 31st MARCH 2012	As At 31st MARCH 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	13,80,00,000	13,80,00,000
(b) Reserves and Surplus	2	(11,75,00,953)	(8,79,81,054)
(2) Share application money pending allotment			
		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	1,91,97,225	1,30,99,913
(b) Other Long term liabilities	4	19,28,851	29,61,831
(4) Current Liabilities			
(a) Short-term borrowings	5	-	81,73,890
(b) Trade payables		5,04,053	1,27,47,935
(c) Other current liabilities	6	62,59,708	71,81,816
(d) Short-term provisions	7	2,07,42,482	18,10,073
Total		6,91,31,366	9,59,94,404
II. ASSETS			
(1) Non-current assets			
<i>(a) Fixed assets</i>			
(i) Tangible assets	8	1,55,91,897	2,12,54,773
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(b) Long term loans and advances	9	1,18,34,093	1,26,83,093
(c) Other non-current assets	10	5,93,702	6,20,756
(d) Deferred tax assets (net)		3,88,87,617	2,15,25,576
(2) Current assets			
(a) Current investments	11	2,99,091	9,99,932
(b) Inventories	12	9,49,245	2,78,34,573
(c) Trade receivables	13	6,19,746	98,09,673
(d) Cash and Bank balances	14	97,870	11,48,534
(e) Short-term loans and advances		-	-
(f) Other current assets	15	2,58,105	1,17,494
Significant Accounting Policies and Other Disclosures	25		
Total		6,91,31,366	9,59,94,404

The notes forming part of these financial statements

G.S.GUPTA
Chairman
Place: Bangalore
Date : 18.08.2012

T.K.GUPTA
Managing Director
K.K.GUPTA
Director

As per our report of even date
for **MURALI AND VENKAT**
Chartered Accountants
G. SATISHCHANDRA
Partner

MEMBERSHIP NO: 27372
ICAI FIRM Registration No : 002162S

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

Amount in ₹

PARTICULARS	NOTE No.	AS AT	For the year
		31st March, 2012	31st March, 2011
I. Revenue From Operations	16	11,71,48,932	26,62,22,429
II. Other Income	17	50,14,287	16,81,851
III. Total Revenue (I +II)		12,21,63,219	26,79,04,280
IV. Expenses:			
Cost of Raw Materials Consumed	18	10,48,69,746	22,68,28,186
Manufacturing and other Operating Expenses	19	51,36,461	2,36,76,662
Changes in inventories of finished goods & work-in-progress	20	1,60,53,528	(56,08,224)
Employee benefit expenses	21	1,41,03,472	2,29,32,674
Financial costs	22	17,46,713	25,64,677
Depreciation and amortization expense		15,94,168	30,23,157
Other expenses	23	38,53,124	40,60,337
Total Expenses		14,73,57,212	27,74,77,469
V. Profit before exceptional and extraordinary items and tax (III - IV)		(2,51,93,993)	(95,73,189)
VI. Exceptional Items	24	(2,16,62,569)	(5,34,740)
VII. Profit before extraordinary items and tax (V - VI)		(4,68,56,562)	(1,01,07,929)
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		(4,68,56,562)	(1,01,07,929)
X. Tax expense:			
Less : Provision for Income Tax			
Add : MAT Credit Entitlement for the year			
Less : Deferred tax Liability / (Asset)		(1,73,62,041)	(36,91,673)
Tax in respect of earlier years		25,378	-
		(1,73,36,663)	(36,91,673)
XI. Net Profit for the year from continuing operations (IX - X)		(2,95,19,899)	(64,16,256)
XII. Profit/(Loss) from Discontinuing operations		-	-
XIII Net profit for the year (XI + XII)		(2,95,19,899)	(64,16,256)
XIV. Earning per equity share:			
(1) Basic		(2.14)	(0.46)
(2) Diluted		(2.14)	(0.46)
Significant Accounting Policies and Other Disclosures	25		

The Notes forming part of these financial statements

G.S.GUPTA

Chairman

Place: Bangalore

Date : 26th Aug 2011

T.K.GUPTA

Managing Director

K.K.GUPTA

Director

As per our report of even date

for **MURALI AND VENKAT**

Chartered Accountants

G. SATISHCHANDRA

Partner

MEMBERSHIP NO: 27372

FIRM'S ICAI Regn No: 002162S

CASH FLOW STATEMENT FOR THE YEAR ENDING 31st MARCH, 2012

Amount in ₹

A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(-) Loss before Tax	(2,95,19,899)	
<i>Add: Transfer to Reserves</i>	-	
Deferred Tax Asset	(1,73,62,041)	
Net Profit before taxation and Extraordinary Items	(4,68,81,940)	
<i>Add:</i>		
Depreciation	15,94,168	
Loss on Sale of Shares	35,474	
Loss on Futures and Options	4,75,265	
Long Term Capital Loss on MF	63,946	
Loss on Sale of Car	5,274	
Loss on Sale of Electrical Equipments	5,81,518	
Interest on OD	14,86,646	
	42,42,291	
<i>Less:</i>		
Profit on Sale of Mutual Funds	1,12,982	
Profit on Future Trading	2,42,118	
Profit on Sale Machineries	1,80,98,272	
Interest on Fixed Deposits	24,382	
Interest on IT Refund	9,804	
Rental & Other Income	16,64,914	
Dividend income	8,297	
	2,01,60,769	
Operating profit /(-) Loss before working capital changes	(6,28,00,418)	
<i>Adjustments for:</i>		
Decrease/(increase) in inventories	2,68,85,328	
Decrease/(increase) in Trade Receivables	91,89,927	
Decrease/(increase) in loans and advances	8,49,000	
Decrease/(increase) in other current assets	(1,40,611)	
Decrease/(increase) in other non current assets	27,054	
Increase/(Decrease) in trade payables	(1,22,43,882)	
Increase/(Decrease) in other current liabilities	(9,22,108)	
Increase/(Decrease) in short term provisions	1,89,32,409	
Increase/(Decrease) in Other Long Term liabilities	(10,32,980)	
Cash generated from operations	(2,12,56,281)	
<i>Less: Direct tax paid</i>	-	
	(2,12,56,281)	
Net cash flow from operating activities		(2,12,56,281)

Amount in ₹

B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Investments	7,00,841	
Sale of fixed assets	2,15,80,188	
Interest on Fixed Deposits	24,382	
Interest on IT Refund	9,804	
Loss on Sale of Investment	(5,74,685)	
Profit on sale of Investments	3,55,100	
Rental & Other Income on Assets	16,64,914	
Dividend income	8,297	
Net cash flow from investing activities		2,37,68,840
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Share Capital		
Increase/(Decrease) in Unsecured loans	60,97,312	
Increase/(Decrease) in Secured loans	(81,73,890)	
Interest paid	(14,86,646)	
Net cash flow from financing activities		(35,63,224)
NET INCREASE IN CASH & CASH EQUIVALENTS		(10,50,664)
Opening cash & cash equivalents as at 01.04.2011	11,48,534	
Closing cash & cash equivalents as at 31.03.2012	97,870	(10,50,664)

G.S.GUPTA
Chairman

Place: Bangalore
Date : 18.08.2012

On behalf of the Board

T.K.GUPTA
Managing Director

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 March 31st, 2012 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 **MURALI AND VENKAT**
Chartered Accountants
G. SATISHCHANDRA
Partner

NOTES TO THE FINANCIAL STATEMENTS

As at 31st MARCH, 2012	As at 31st MARCH, 2011
₹	₹

Note 1 - Share Capital:
Authorised Share capital

1,40,00,000 Equity Shares of Rs.10 each	14,00,00,000	14,00,00,000
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Issued

1,38,00,000 Equity Shares of Rs.10 each	13,80,00,000	13,80,00,000
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Subscribed & Paid up

1,38,00,000 Equity Shares of Rs.10 each	13,80,00,000	13,80,00,000
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Total

	13,80,00,000	13,80,00,000
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The Company has only one class of equity shares having a par value of Rs. 10 per share. Each Shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

* Details of shares held by Shareholders holding more than 5% of the aggregate shares in the company

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding held	No. of Shares	% of Holding
Pasari Exports Ltd.,	6983802	50.607	7,376,802	53.455
	6983802	50.607	7,376,802	53.455

Note 2 - Reserves and Surplus
Capital Reserve
CAPITAL SUBSIDY

Opening Balance	7,50,000	7,50,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	7,50,000	7,50,000

General Reserve

Opening Balance	2,92,000	2,92,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	2,92,000	2,92,000

Surplus:

Opening Balance	14,15,591	14,15,591
Add/(Less) : Opening Balance- Net Deficit in Profit & Loss A/c	(9,04,38,645)	(8,40,22,389)
Add/(Less) : Net Loss for the year - transfer from Profit & Loss A/c	(2,95,19,899)	(64,16,256)
Closing Balance	(11,85,42,953)	(8,90,23,054)

Total

	(11,75,00,953)	(8,79,81,054)
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NOTES TO THE FINANCIAL STATEMENTS	As at 31st MARCH, 2012 ₹	As at 31st MARCH, 2011 ₹
Note 3 - Long Term Borrowings:		
Secured		
Vehicle Loan		
Kotak Mahindra Bank Loan A/c (secured against Car)	4,81,085	8,86,529
Unsecured		
Loans and advances from related parties		
PASARI EXPORTS LTD **	1,87,16,140	1,22,13,384
Total	1,91,97,225	1,30,99,913
**The Company has taken interest free unsecured loans from a company under the same management and the maximum amount outstanding at any time during the year is Rs 1,87,16,140/-		
Note 4 - Other Long Term liabilities:		
Advance from Customers [Madanapalli Spining Mills Ltd]	19,28,851	29,61,831
Total	19,28,851	29,61,831
** Advance received from customer is adjusted against sales of Cotton Yarn and the Balance Amount is considered as Interest free advance from the Party, as the Company has stopped the business Operations during the year		
Note 5 - Short Term Borrowings:		
Secured		
Syndicate Bank OD A/c 04001250000750*	-	81,73,890
Total	-	81,73,890
* Secured against hypothecation of stock in trade, receivables, & book debts and personal guarantee of Directors and corporate guarantee of a Company under the same management.		
Note 6 - Other Current Liabilities		
Remuneration Payable	18,327	16,327
Statutory Liabilities	26,12,559	18,36,043
Sundry Creditors - For		
Consumables	9,83,873	12,67,029
Capital goods	1,58,873	74,026
Expenses	19,90,632	15,64,783
Deposits		
Hutch - Deposit	40,000	40,000
JTM - Deposit	50,000	50,000
Vehicle Loans		
Kotak Mahindra Bank Loan A/c	4,05,444	4,05,444
SYN.BK.G.NAGR 04003030000022	-	19,28,164
Total	62,59,708	71,81,816

NOTES TO THE FINANCIAL STATEMENTS

As at 31st MARCH, 2012 ₹	As at 31st MARCH, 2011 ₹
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Note 7 - Short Term Provisions

(a) Provision for employee benefits		
Salary & Reimbursements	30,686	12,36,746
Director Remuneration	4,14,887	5,62,827
(b) Others		
Consultancy Charges	20,000	-
Electricity Charges	3,904	-
Rent	10,500	10,500
Telephone Charges	3,582	-
Worker Settlement - Factory closure	2,02,58,923	-
Total	2,07,42,482	18,10,073

Note 9 - Long Term Loans and Advances

Unsecured considered good

Loans and advances to related parties

T.K.R.Textile Pvt Ltd.,	60,000	9,09,000
Other Advances & Deposits -		
Others Advances**	63,90,000	63,90,000
K E B - Deposit	53,25,243	53,25,243
Telephone Deposit	33,850	33,850
Water Deposit	25,000	25,000
Total	1,18,34,093	1,26,83,093

Note 10 - Other non-current assets

Unsecured, considered good		
Sales Tax 05-06 to 09-10	2,82,105	2,82,105
Fringe Benefit Tax A.Y.08-09	-	24,620
Excise Duty - Deposit	50,000	50,000
Sales Tax Deposit	1,500	1,500
Advance Tax - FBT	-	758
TDS Receivable	2,55,613	2,57,289
Indra Vikas Patra	750	750
Interest Receivable	3,734	3,734
Total	5,93,702	6,20,756

Note 11 - Current Investments

Investment in Equity instruments*	76,771	2,25,238
Investments in Mutual Funds*	2,22,320	7,74,694
	2,99,091	9,99,932
Less : Provision for diminution in the value of Investments	-	-
Total	2,99,091	9,99,932

* For the year ending 31st March, 2012 Market value of Equity shares Rs,42,784 and Mutual Funds is Rs, 49,395.

NOTE : 8 - TANGIBLE ASSETS

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block		
	Balance as at 1st April 2011	Additions	(Disposals)	(Impairments)	Balance as at 31st March 2012	Balance as at 1st April 2011	Depreciated on charge for the year	Disposals	Balance as at 31st March 2012	Balance as at 1st April 2011	Balance as at 31st March 2012
TANGIBLE ASSETS											
1) Land	2,557,455	-	-	-	2,557,455				-	2,557,455	2,557,455
2) Buildings	24,324,017	-	-	-	24,324,017	13,302,634	812,422		14,115,056	11,021,383	10,208,961
3) Plant and Equipment *	103,952,807	-	101,779,872	-	2,172,935	98,880,030	507,203	98,462,956	924,278	5,072,777	1,248,657
4) Furniture and Fixtures	341,521	-	-	-	341,521	335,923	1,542		337,465	5,598	4,056
5) Vehicles	2,524,909	-	561,015	-	1,963,894	613,652	200,921	390,741	423,832	1,911,257	1,540,062
6) Office equipment *	225,631	-	-	-	225,631	186,625	8,130		194,755	39,006	30,876
7) Others											
a) Electrical Equipment*	10,418,369		10,418,369		-	9,776,467	60,384	9,836,851	-	641,902	-
b) Computer	474,082				474,082	468,687	3,564		472,251	5,395	1,831
Total	144,818,791	-	112,759,256	-	32,059,535	123,564,018	1,594,168	108,690,548	16,467,638	21,254,773	15,591,897
Total	144,818,791		112,759,256		32,059,535	123,564,018	1,594,168	108,690,548	16,467,638	21,254,773	15,591,897
Previous Year's Total	142,812,420		2,006,371		144,818,791	120,540,861	3,023,157	-	123,564,018	21,254,773	22,271,559
* Assets Retired from active use	10,985,521		10,418,369		567,152	10,299,015	70,057	9,836,851	532,221	686,506	34,931

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st MARCH, 2012 ₹	As at 31st MARCH, 2011 ₹
Note 12 - Inventories		
Raw Cotton	-	1,08,38,350
Work-in-progress	-	1,04,37,071
Finished goods	-	56,16,457
Stores and spares	9,49,245	9,42,695
Total	9,49,245	2,78,34,573
Note 13 - Trade Receivables:		
a) Outstanding for a period exceeding six months from the date they are due for payment (Unsecured, considered good) Domestic Receivables	2,24,746	12,86,253
Total (A)	2,24,746	12,86,253
b) Outstanding for a period not exceeding six months from the date they are due for payment (Unsecured, considered good) Domestic Receivables	3,95,000	85,23,420
Total (B)	3,95,000	85,23,420
Total (A)+(B)	6,19,746	98,09,673
Note 14 - Cash and Bank Balances:		
a) Cash and Cash Equivalents		
i. Cash on hand	8,206	6,07,981
ii. Balance with Scheduled Banks		
SYND.BK.OD A/c04001250000750	873	-
ICICI A/C 01520500602-N'GUD	7,150	26,061
SYN.BK.G.NAGR 04003030000022	25,000	-
Syndicate Bank A/C#970	7,312	7,597
S B I C urrent A/c 48085	-	89,154
STD Chartered Cal - 21667	-	44,116
Syndicate Bank - 00048	-	2,01,900
Syndicate Bank - 285	-	22,120
Tamilnad Mercantail Bank	-	1,00,276
Total (A)	48,541	10,99,205
b) Other Bank Balances		
Bank deposits in Auto Sweep	49,330	49,329
Total (B)	49,330	49,329
Total (A)+(B)	97,870	11,48,534

NOTES TO THE FINANCIAL STATEMENTS

As at 31st MARCH, 2012 ₹	As at 31st MARCH, 2011 ₹
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Note 15 - Other Current Assets:

(Unsecured, Considered Good)		
Pre Paid Insurance	44,674	44,674
Renatal Advavnce	40,000	40,000
Salary Advance	53,500	29,000
Tower Charges Receivable	9,200	-
Income Accrued & Due	-	3,820
Rent Receivable	1,10,731	-
Total	2,58,105	1,17,494

Note 16 - Revenue from Operations:

Manufacturing Activities		
Sales - Cotton Yarn	2,32,20,958	16,39,53,342
Sales Raw Cotton	60,62,972	1,63,24,080
Sales of Cotton Waste - Interstate	2,35,926	12,33,861
Sales of Cotton Waste - Local	11,290	6,96,780
Bora Charges	-	5,189
Sale of Scrap	-	94,178
Sale of services - Labour charges	27,502	54,827
Total (A)	2,95,58,648	18,23,62,257
Trading Activities		
Sales of Handloom silk fabrics	4,13,32,630	1,48,85,590
Sales of Thrown Silk Yarn	4,62,57,654	6,89,74,582
Total (B)	8,75,90,284	8,38,60,172
Total (A + B)	11,71,48,932	26,62,22,429

Note 17 - Other Income:

a) Interest Income		
Interest on Fixed Deposits	24,382	-
Interest on IT Refund	9,804	-
Dividend Income	8,297	27,185
b) Other non-operating income		
Godown Rent	10,94,494	9,21,862
Power Charges	1,23,562	-
Tower Rent	4,46,858	7,23,295
Creditors Write - off	33,06,360	-
Miscllaneous Income	530	9,509
Total	50,14,287	16,81,851

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st MARCH, 2012 ₹	As at 31st MARCH, 2011 ₹
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Note 18 - Cost of Raw Materials Consumed:

Opening Stock of raw materials & Stores	1,17,81,045	1,38,71,955
Add : Purchases of Materials, stores & consumables:	9,40,37,946	22,47,37,276
	10,58,18,991	23,86,09,231
Less: Closing Stock of raw materials and Stores	9,49,245	1,17,81,045
Total	10,48,69,746	22,68,28,186

Note 19 - Manufacturing and other Operating Expenses:

Water Charges	61,349	83,169
Power and fuel.	43,74,636	2,00,71,545
Loading & Unloading Charges	5,85,353	21,95,863
Repairs to machinery.	1,13,413	12,22,821
Service Charges	1,710	98,974
Cotton Purchase Expenses	-	4,290
Total	51,36,461	2,36,76,662

Note 20 - Changes in inventories of finished goods & work-in-progress

a) Opening Stock		
Finished Goods	56,16,457	18,80,314
Work in Progress	1,04,37,071	85,64,990
	1,60,53,528	1,04,45,304
b) Closing Stock		
Finished Goods	-	56,16,457
Work in Progress	-	1,04,37,071
	-	1,60,53,528
Total	1,60,53,528	(56,08,224)

Note 21- Employee Benefit Expenses:

Salaries and incentives	1,09,18,232	1,71,75,961
Contributions to - PF and ESI	18,93,646	25,26,515
Ex-Gratia & Gratuity Expenses	6,88,721	21,175
Bonus	-	13,56,234
Staff welfare expenses	2,873	12,52,789
Remuneration to Directors	6,00,000	6,00,000
Total	1,41,03,472	2,29,32,674

Note 22- Financial costs:

Bank Charges	33,322	1,82,294
Loan Processing and Renewal Charges	1,15,815	-
Interest on OD	14,86,646	23,82,383
Interest on Car Loan	1,10,930	-
Total	17,46,713	25,64,677

NOTES TO THE FINANCIAL STATEMENTS	As at 31st MARCH, 2012 ₹	As at 31st MARCH, 2011 ₹
Note 23 - Other Expenses:		
Rent	1,26,000	1,69,750
Insurance	1,840	35,808
Rates and taxes, excluding, taxes on income.	37,661	6,04,519
Payments to the auditor as		
Audit Fees	1,07,865	1,05,888
Miscellaneous expenses,	11,481	-
Advertisement	80,900	71,183
Professional & other Consultancy Charges	4,56,780	2,93,416
Conveyance	14,160	32,976
Cost Audit fees	20,000	-
Courier, Postage & Telegram	1,54,582	51,403
Garden Maintenance	10,000	-
General Expenses	54,879	1,72,174
Printing & Stationery	1,10,297	88,328
Guest House Maintenance Expenses	9,600	48,557
Meeting Expenses	66,594	38,385
Subscription	-	5,000
Share Transfer agent expenses	1,00,765	90,738
Telephone & Trunkcalls	1,73,035	2,76,907
Travelling expenses	36,938	32,921
Vehicle Maintenance	2,60,200	2,43,088
Office Maintainance	2,395	1,21,824
Interest	11,118	-
Security Cahrges	6,94,896	6,59,095
Listing Fee	1,11,508	1,00,926
Service Tax	13,396	57,873
Security Transaction Tax	-	930
Selling Expenses		
Commission on Sales	43,148	3,69,923
Business Promotion Expenses	2,91,517	3,88,725
Brokerage Paid	4,464	-
Bad Debts written - off	8,47,104	-
Total	38,53,124	40,60,337
Note 24 - Exceptional Items		
Profit on Sale of Shares	35,474	(1,11,537)
Profit on Sale of Mutual Funds	1,12,982	(4,23,203)
Loss on Futures and Options	(4,75,265)	-
Profit on Future & Options Trading	2,42,118	-
Long Term Capital Loss on MF	(63,946)	-
Loss on Sale of Car	(5,274)	-
Loss on Sale of Electrical Equipments	(5,81,518)	-
Profiton Sale of Machineries	1,80,98,272	-
Worker Settlement - Factory closure	(3,90,25,412)	-
Total	(2,16,62,569)	(5,34,740)

NOTE: 25 SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) 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 requirement 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, required the management to make estimates and assumptions that affect 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 sales is recognized on dispatch of goods from the factory. In respect of consignment sales, revenue is recognized at the time of receipt of confirmation of sale from the Consignee.

4. a) FIXED ASSETS:

Fixed assets are stated at cost of acquisition or construction including all the acquisition and installation related expenses. 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.

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:

Transactions 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 diminution 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 incomes 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 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 exists, 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.

(B) OTHER DISCLOSURES :

1. The Company has discontinued its production operations from the end of June, 2011, during the year and sold the entire machineries and Electrical Equipments except two machineries pending for sale. The company has no intention to continue the production operations henceforth and has decided to lease out the factory premises. However, the company continues its trading activities.
2. Claims against the company not acknowledged as debts:
The Cotton Corporation of India: T180 lakhs
Price difference and interest on purchase of cotton aggregating to T180 lakhs is disputed by the company and the matter is before Arbitration.
3. Loans and advances T50,38,879 paid to the cotton suppliers which is in dispute.
4. Advance received from Madanapalli Spinning Ltd., is adjusted against sales of Cotton Yarn and the Balance Amount T19,28,851/- is considered as Interest free advance from the Party, as the Company has stopped the business Operations during the year.
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. The Commercial Tax Authorities have raised a demand including interest and penalty thereon for an amount of T1, 80, 16,068/- payable in five installments of six months each, as per the payment schedule prescribed in the order. The Company has not paid any of the said installments as demanded and went in appeal with Hon'ble BIFR for setting off the same. The matter is pending.
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 Investment.

**9. DETAILS OF SALES:**

Class of Goods	2011-12			2010-2011		
	Unit	Qty	Amount	Unit	Qty	Amount
Cotton Yarn	Kgs	1,25,144	₹2,32,20,958	Kgs	9,03,611	₹16,39,53,342
Cotton Waste CST	Kgs	34,973	₹2,35,926	Kgs	1,81,707	₹1,990,657
Cotton Waste Local	Kgs	5,645	₹11,290		---	---
Scrap Sales	Kgs			Kgs	11,191	₹94,178
Raw Cotton CST and Local(respectively)	Kgs	56,295	₹60,62,972	Kgs	297,428	₹1,63,24,080
Silk Yarn – Trading	Kgs	20,839.79	₹4,62,57,654	Kgs	37,896	₹68,974,582
Silk Fabric - Trading	Mtrs	1,33,589.40	₹4,13,32,630	Kgs	74,505	₹14,885,590
TOTAL			₹11,71,24,430			₹26,62,22,429

10. RAW MATERIAL CONSUMPTION

Class of Goods	2011-2012			2010-2011		
	Unit	Qty	Amount	Unit	Qty	Amount
Raw Cotton	Kgs	1,95,438	₹3,03,87,511	Kgs	13,68,618	₹13,54,71,828

11. DETAILS OF CLOSING STOCK:

Class of Goods	2011-12			2010-11		
	Unit	Qty	Amount	Unit	Qty	Amount
Cotton	Kgs	---	---	Kgs	63,755	₹1,08,38,350
Cotton Yarn	Kgs	---	---	Kgs	5,865	₹15,83,550
W.I.P	Kgs	---	---	Kgs	51,073	₹10,437,071
Cotton Waste	Kgs	---	---	Kgs	15,362	₹1,53,620
Silk Yarn	Kgs	---	---	Kgs	2,296	₹2,923,071
Handloom Silk Fabric	Mtrs	Nil	Nil		6,003	₹956,216
Stores & Spares	---	---	₹9,49,245		---	₹9,42,695
TOTAL		---	₹9,49,245			₹27,834,573

12. DETAILS OF PURCHASES:

Class of Goods	2011-12			2010-11		
	Unit	Qty	Amount	Unit	Qty	Amount
Cotton	Kgs	80,560	₹91,12,090	Kgs	1,263,448	₹133,412,754
Thrown Silk Yarn	Kgs	20,839.79	₹4,52,95,579	Kgs	40,192	₹6,89,73,937
Handloom Silk Fabric	Mtrs	1,27,586.40	₹3,93,93,483	Mtrs	80,508	₹1,51,37,315
TOTAL			₹9,38,01,152			₹217,524,006

13. LICENSED, INSTALLED CAPACITY & PRODUCTION:

Class of Goods	Licensed Capacity	Installed Capacity	Production in kgs
Cotton yarn	N.A	17472 Spindles	1,19,279

14. MANAGERIAL REMUNERATION:

- a. Remuneration paid to Wholetime Director according to Schedule XIII of the Companies Act, 1956 is as follows:

	Current Year	Previous Year
Remuneration	₹ 6,00,000	₹ 6,00,000
Conveyance	---	---

- 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 | : | ₹ 91,000 |
| b. For expenses | : | ₹ 5,000 |
| c. Service Tax | : | ₹ 11,865 |
| Total | : | ₹ 1,07,865 |

16. RELATED PARTY DISCLOSURE AS PER AS- 18

1.
 - a) Name : PASARI EXPORTS LTD
 - b) Description of Relationship : Common Directors and major share holder
 - c) Description and Nature of Transaction :
 - i) Financial Assistance Received.
 - d) Volume of transaction:
 - i) Unsecured Loan Received during Current Year : ₹ 2,39,40,388/-
 - ii) Unsecured Loan Paid during Current Year : ₹ 96,74,000/-
2.
 - 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 : Loans and Advances to TKR Textile Pvt Ltd.,
 - d) Volume of the transaction:
 - Loans and Advances : ₹ 15,000
 - e) Amount written off or written back : ₹ 8,64,000/-

17. 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	2011-12		2010-11	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between Book & Tax depreciation	---	₹25,54,153	---	₹2,781,265
Carried forward loss and unabsorbed depreciation	₹4,14,41,770	---	₹24,306,841	---
Total	₹4,14,41,770	₹25,54,153	₹24,306,841	₹2,781,265
Net deferred tax asset	₹3,88,87,617		₹21,525,576	

18. The Revised Schedule VI notified under Companies Act 1956 has become applicable to the Company for the year ended 31st March 2012 for preparation and presentation of its Financial Statements. The Adoption of the revision does not impact recognition and measurement principles followed by the company in preparing the Financials. The Company has also reclassified /regrouped the previous year figures in accordance with the requirements applicable to the Current year data for the purpose of comparison.

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

G.S.GUPTA
Chairman
Place: Bangalore
Date : 18.08.2012

T.K.GUPTA
Managing Director
K.K.GUPTA
Director

As per our report of even date
for **MURALI AND VENKAT**
Chartered Accountants
G. SATISHCHANDRA
Partner
MEMBERSHIP NO: 27372
ICAI FIRM Registration No : 0021625

Annexure to Note - 6**Annexure to Sundry Creditors and Trade Payables**

SUMMARY OF CREDITORS	Amount (Rs.)		Amount (Rs.)	
	2011-12		2010-11	
	DR	CR	DR	CR
A FOR CAPITAL ITEMS	-	1,58,873	84,847	1,58,873
B FOR CONSUMABLES	-	9,83,873	18,113	12,85,142
C FOR COTTON	3,879	5,07,932	3,879	53,97,308
FOR SILK	-	-	-	12,190
D FOR EXPENSES	6,023	19,38,790	6,023	15,70,806
YOGESH TRADING COMPANY	-	-	-	42,75,268
SRI GURU RAGAVENDRA COTTON GINNING & FRESSING	-	-	-	30,67,048
TOTAL Rs.	9,902	35,89,468	1,12,862	1,57,66,635

STATUTORY LIABILITIES	2011-12		2010-11	
	DR	CR	DR	CR
CESS ON SALES 06-07	-	59,705	-	59,705
CESS ON SALES 06-07-KOL	-	4,187	-	4,187
CESS ON SALES 07-08	-	18,459	-	18,459
CESS ON SALES 07-08 KOL	-	2,409	-	2,409
EMPLOYEES CONTRIBUTION-EPF	-	7,41,620	-	-
EMPLOYEES CONTRIBUTION-ESIC	-	1,26,758	-	2,41,427
CST - @ 2% - MACHINERY	-	29,700	-	-
T D S - PAYABLE	-	1,26,936	-	1,83,722
ESIC	-	5,76,357	-	3,92,937
PROVIDENT FUND A/C	-	6,53,945	-	7,83,358
PROFESSIONAL TAX	-	64,000	-	53,900
PSML-UNION FUND	-	5,779	-	5,779
PROVIDENT FUND A/C-PAYABLE	-	6,948	-	-
SALES TAX 2011-2012	-	1,78,555	-	90,160
Service Tax Collected	-	17,201	-	-
Total	-	26,12,559	-	18,36,043

Annexure to Note - 7
FIXED ASSETS

Name of the Asset	Gross Value as on 01.04.11	Additions/deletions during the year	Total	Cum Depreciation up 31.03.11	Dep for the Year	Adjustment on Disposals	Cum Depreciation up 31.3.12	Net Book value
I. PLANT & MACHINERY					10.34%			
Blow Room Machinery	17,22,886		17,22,886	17,22,885	0		17,22,885	1
Air Compressor	54,279		54,279	54,278	0		54,278	1
Cards - Cardcans	2,54,334		2,54,334	2,54,333	0		2,54,333	1
Cards - DK740	58,32,337		58,32,337	58,32,337	0		58,32,337	1
Compressed Air Dryer	32,125		32,125	32,124	0		32,124	1
Cylinder Grinder	76,869		76,869	76,869	0		76,869	1
Transverse Wheel Grinder	50,028		50,028	50,027	0		50,027	1
Universal Rolling Machine	39,105		39,105	39,104	0		39,104	1
Wire Mounting Equipment	1,36,313		1,36,313	1,36,312	0		1,36,312	1
Overhead Cleaner	8,57,951		8,57,951	8,57,950	0		8,57,951	1
Ring Frame Tube	1,40,630		1,40,630	1,40,629	0		1,40,629	1
Ring Frame Motors	5,01,938		5,01,938	5,01,937	0		5,01,938	1
Ring Frame- DJ50	1,24,29,924		1,24,29,924	1,24,29,923	0		1,24,29,924	1
Speed Frame Bobbins	1,57,108		1,57,108	1,57,107	0		1,57,107	1
Speed Frame	43,32,677		43,32,677	43,32,676	0		43,32,676	1
Cone Winding Machine	14,55,029		14,55,029	14,55,028	0		14,55,028	1
Draw Frame	15,32,522		15,32,522	15,32,521	0		15,32,521	1
Pnuemafil unit (Priya Textile Unit)	3,94,570		3,94,570	3,94,569	0		3,94,569	1
Trolleys	36,213		36,213	36,212	0		36,212	1
Weighing Scales	83,101		83,101	83,100	0		83,100	1
Weighing Scales	2,29,608		2,29,608	2,29,607	0		2,29,607	1
Trolley	51,587		51,587	51,586	0		51,586	1
Trash Separator	1,46,869		1,46,869	1,46,868	0		1,46,868	1
Testing Equipment	15,424		15,424	15,423	0		15,423	1
Speed Frame	41,38,792		41,38,792	41,38,791	0		41,38,791	1
Ring Frame	1,80,40,306		1,80,40,306	1,80,40,305	0		1,80,40,305	1
Pnuemafil unit (Priya Textile Unit)	5,73,980		5,73,980	5,73,979	0		5,73,979	1
Plant & machinery	45,078		45,078	45,077	0		45,077	1
Overhead Cleaner	10,13,092		10,13,092	10,13,091	0		10,13,091	1
Humidification Plant	2,34,555		2,34,555	2,34,554	0		2,34,554	1
Grinding m/c	3,33,408		3,33,408	3,33,407	0		3,33,407	1
Fire fighting equipment	29,245		29,245	29,244	0		29,244	1
Electronic Yarn Cleaner	7,63,666		7,63,666	7,63,665	0		7,63,665	1

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Name of the Asset	Gross Value as on 01.04.11	Additions/deletions during the year	Total	Cum Depreciation up 31.03.11	Dep for the Year	Adjustment on Disposals	Cum Depreciation up 31.3.12	Net Book value
Cone Winding M/c	7,77,209		7,77,209	7,77,208	0		7,77,208	1
Canteen equipments	11,837		11,837	11,836	0		11,836	1
Blow room m/c	39,12,653		39,12,653	39,12,652	0		39,12,652	1
Auto coner	1,20,22,667		1,20,22,667	1,20,22,666	0		1,20,22,666	1
Crates	99,701		99,701	99,700	0		99,700	1
Cards	88,78,387		88,78,387	88,78,386	0		88,78,386	1
Card Cans	1,10,152		1,10,152	1,10,151	0		1,10,151	1
Bobbins	5,07,980		5,07,980	5,07,979	0		5,07,979	1
Cone Winding Machine	38,076		38,076	38,075	0		38,075	1
Cone Winding Machine	14,560		14,560	14,559	0		14,559	1
Cone Winding Machine	5,95,416		5,95,416	5,95,415	0		5,95,415	1
Generator	-		-	-	-	-	-	-
Generator	-		-	-	-	-	-	-
Generator	-		-	-	-	-	-	-
Generator	-		-	-	-	-	-	-
Weighing Scales	11,693		11,693	11,693	(0)		11,693	(0)
Cards	16,00,992		16,00,992	16,00,991	0		16,00,991	1
Cards	35,206		35,206	35,205	0		35,205	1
Blow Room Machinery	4,16,240		4,16,240	4,16,239	0		4,16,239	1
Compressor	2,10,402		2,10,402	2,10,401	0		2,10,401	1
Air Compressor	7,030		7,030	6,716	314		7,030	(0)
Cone Winding Machine	2,055		2,055	2,054	0		2,054	1
Draw Frame	18,32,992		18,32,992	18,32,991	0		18,32,991	1
Overhead Cleaner	3,18,677		3,18,677	3,18,676	0		3,18,676	1
Plant & Machinery	17,58,087		17,58,087	17,58,086	0		17,58,086	1
Ring Frame	51,96,788		51,96,788	51,96,787	0		51,96,787	0
Speed Frame	16,74,449		16,74,449	16,74,448	0		16,74,448	1
Weighing Scales	12,000		12,000	8,089	741		8,830	3,170
Weighing Scales	12,436		12,436	8,368	768		9,136	3,300
Crates	16,576		16,576	10,359	1,024		11,383	5,193
Cone pulley drive	35,272		35,272	20,993	2,178		23,171	12,101
Pnuemafil fan (for Spg)	22,631		22,631	13,553	1,398		14,951	7,680
Draw frame Stop motion	14,378		14,378	8,452	1,377		9,828	4,550
Draw frame Stop motion	28,755		28,755	16,968	2,753		19,722	9,033
Cone pulley drive	33,214		33,214	15,967	2,051		18,019	15,195
Cone pulley drive	33,214		33,214	14,979	2,051		17,031	16,183

Name of the Asset	Gross Value as on 01.04.11	Additions/deletions during the year	Total	Cum Depreciation up 31.03.11	Dep for the Year	Adjustment on Disposals	Cum Depreciation up 31.3.12	Net Book value
High Speed Insert Comp.	32,620		32,620	14,250	2,015		16,264	16,356
Weighing Scale	16,560		16,560	7,107	1,023		8,130	8,430
Simplex Bobbins	45,500		45,500	16,769	2,810		19,579	25,921
Crates	10,798		10,798	4,032	667		4,698	6,100
Card Cans	54,379		54,379	18,563	3,358		21,921	32,458
BlowRoom Machinery	3,56,324		3,56,324	1,36,070	22,005		1,58,075	1,98,249
Carding Machine	2067879		20,67,879	7,89,665	1,27,705		9,17,370	11,50,509
Overhead Cleaner	195558		1,95,558	73,293	12,077		85,370	1,10,188
Ring Tubes	30743		30,743	11,470	1,899		13,368	17,375
Suction Arm Assembly	35535		35,535	12,261	2,195		14,456	21,079
Spindles for R/F	43075		43,075	14,863	2,660		17,523	25,552
Ring Frame	2450117		24,50,117	9,35,630	1,51,311		10,86,941	13,63,176
Ring Frame	2450120		24,50,120	9,34,243	1,51,311		10,85,555	13,64,565
Machinery Erection	81269		81,269	25,232	5,019		30,251	51,018
Bale Pressing Machine	105060		1,05,060	419	6,488		6,907	98,153
Total	10,39,52,811	-	10,39,52,811	9,88,80,030	5,07,203	-	9,93,87,233	45,65,578
II. BUILDING				(0)	3.34%			
Building- Factory	1,86,93,354		1,86,93,354	1,08,22,196	6,24,358		1,14,46,554	72,46,800
Building- Factory	28,38,682		28,38,682	15,03,795	94,812		15,98,607	12,40,075
Building -	5,200		5,200	2,617	174		2,791	2,409
Civil work capitalised	4,28,759		4,28,759	2,00,532	14,321		2,14,853	2,13,907
WIP capitalized	9,425		9,425	4,095	315		4,410	5,015
CWP Capitalised	38,250		38,250	12,677	1,278		13,955	24,295
Civil work capitalised	20,65,947		20,65,947	6,84,546	69,003		7,53,549	13,12,398
Building- Factory	2,44,400		2,44,400	72,176	8,163		80,339	1,64,061
Total	2,43,24,017	-	2,43,24,017	1,33,02,634	8,12,422		1,41,15,056	1,02,08,961
III. ELECTRICAL EQUIPMENT					7.07%			
Electrical Fittings/Cables	11,05,217		11,05,217	11,05,217	(0)		11,05,217	(0)
E.Fittings/Copper Strips	1,62,628		1,62,628	1,62,627	0		1,62,627	1
Electrical Fittings	23,29,217		23,29,217	23,29,216	0		23,29,216	1
Transformer	5,97,357		5,97,357	5,97,356	0		5,97,356	1
Electrical fittings	33,25,568		33,25,568	33,25,568	(0)		33,25,568	(0)
Vaccum cleaner	63,146		63,146	63,146	(0)		63,146	(0)
Cable (trfd. To electrical equipment)	11,43,796		11,43,796	11,43,796	-		11,43,796	-
Cable	9,332		9,332	9,332	-		9,332	-

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Name of the Asset	Gross Value as on 01.04.11	Additions/deletions during the year	Total	Cum Depreciation up 31.03.11	Dep for the Year	Adjustment on Dispos-als	Cum Depreciation up 31.3.12	Net Book value
Electrical equipments	8,658		8,658	8,658	-		8,658	-
Electrical equipments	5,177		5,177	5,177	-		5,177	-
Dual speed control panel	71,305		71,305	71,306	(0)		71,306	(1)
Electrical equipments	91,159		91,159	91,159	0		91,159	0
Electrical equipments	7,850		7,850	7,850	-		7,850	-
Electrical equipments	66,207		66,207	66,207	-		66,207	-
Electrical equipments	1,739		1,739	1,739	-		1,739	-
CWP Capitalised	7,750		7,750	5,436	327		5,763	1,987
CWP Capitalised	2,88,945		2,88,945	2,02,658	12,201		2,14,859	74,086
CWP Capitalised	4,84,099		4,84,099	3,39,539	20,442		3,59,981	1,24,118
Electrical equipments	1,96,021		1,96,021	1,37,488	8,277		1,45,765	50,256
Electrical equipments	1,35,000		1,35,000	31,170	5,701		36,870	98,130
FT Panel	2,70,000		2,70,000	60,770	11,401		72,171	1,97,829
Heavy duty capacitor	48,195		48,195	11,052	2,035		13,087	35,108
Total	1,04,18,366	-	1,04,18,366	97,76,467	60,384		98,36,851	5,81,514
IV. OFFICE EQUIPMENT	34,22,923							
COMPUTER					16.21%			
Computer	58,000		58,000	57,999	-		57,999	1
Computer	61,000		61,000	60,999	-		60,999	1
Computer	58,981		58,981	58,980	-		58,980	1
Computer	15,900		15,900	15,899	-		15,899	1
Computer	81900		81,900	81,899	-		81,899	1
Computer Upgradation	9,600		9,600	9,599	-		9,599	1
PC	54,000		54,000	53,999	-		53,999	1
Printer	8875		8,875	8,874	-		8,874	1
Computer	44240		44,240	44,239	-		44,239	1
Computer	24000		24,000	23,999	-		23,999	1
Printer	4160		4,160	4,159	-		4,159	1
Scanner	2010		2,010	2,009	-		2,009	1
Colour Monitor	16900		16,900	16,899	-		16,899	1
UPS	12528		12,528	12,527	-		12,527	1
HP Laser Jet Printer	21988		21,988	16,607	3,564		20,171	1,817
Total	4,74,082	-	4,74,082	4,68,687	3,564		4,72,251	1,831
V. OFFICE EQUIPMENT					6.33%			
Time Recorder	26,324	-	26,324	26,324	-		26,324	-

Name of the Asset	Gross Value as on 01.04.11	Additions/deletions during the year	Total	Cum Depreciation up 31.03.11	Dep for the Year	Adjustment on Dispos-als	Cum Depreciation up 31.3.12	Net Book value
Voltage Regulator	21,450	0	21,450	22,808	-		22,808	(1,358)
Time Recorder	14,560	0	14,560	14,560	-		14,560	-
calculator, equipments	7,577	-	7,577	7,577	-		7,577	-
mouse	1,685	-	1,685	1,684	1		1,685	-
Computer upgradation equipments	7,700	-	7,700	7,699	1		7,700	(0)
Air Cooler	14,000	-	14,000	13,999	1		14,000	(0)
U4 Key Telephone system	3,000	-	3,000	2,999	1		3,000	0
Typewriter	38000	-	38,000	35,655	2,344		37,999	1
Mobile Phone	9650	-	9,650	8,833	611		9,444	206
Mobile Phone	17045	-	17,045	14,961	1,079		16,040	1,005
Mobile Phone	16500	-	16,500	12,672	1,044		13,716	2,784
Colour T.V	6700	-	6,700	2,968	424		3,392	3,308
Water filter - Aqua quard	6490	-	6,490	2,876	411		3,287	3,203
Telephone-Coin box	4150	-	4,150	1,445	263		1,708	2,442
Mobile Phone	2800	-	2,800	781	177		958	1,842
Air Conditioner	28000	-	28,000	8,784	1,772		10,556	17,444
Total	2,25,631	-	2,25,631	1,86,625	8,130		1,94,755	30,876
VI. FURNITURE					6.33%			
Furniture & Fixtures	46,196	-	46,196	46,196	-		46,196	-
Furniture & Fixtures	9,750	0	9,750	9,750	-		9,750	-
Furniture & Fixtures	11,137	0	11,137	11,136	1		11,137	-
Furniture & Fixtures	23,000	-	23,000	22,764	235		22,999	1
Furniture & Fixtures	1,925	-	1,925	1,924	1		1,925	-
Furniture & Fixtures	9,718	-	9,718	9,717	1		9,718	-
Furniture & Fixtures	15,826	-	15,826	15,825	1		15,826	-
Furniture & Fixtures	8,760	0	8,760	8,759	1		8,760	-
Furniture & Fixtures	25,030	-	25,030	25,029	1		25,030	-
Furniture & Fixtures	7,850	-	7,850	7,850	-		7,850	-
Furniture & Fixtures	94,360	-	94,360	94,359	1		94,360	-
Furniture & Fixtures	2,100	-	2,100	2,099	1		2,100	-
Furniture & Fixtures	49,322	-	49,322	49,322	-		49,322	-
Furniture & Fixtures	10,997	-	10,997	10,663	334		10,997	(0)
Sofa Set	8,000	-	8,000	7,904	96		8,000	(0)
Computer Table	4,800	-	4,800	4,329	62		4,391	409
Computer Table	4800	-	4,800	3,856	304		4,160	640
Computer Table	4,700	-	4,700	3,098	298		3,396	1,304

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Name of the Asset	Gross Value as on 01.04.11	Additions/ deletions during the year	Total	Cum Depreciation up 31.03.11	Dep for the Year	Adjustment on Disposals	Cum Depreciation up 31.3.12	Net Book value
Computer Table	3,250	-	3,250	1,343	206		1,549	1,701
Total	3,41,521		3,41,521	3,35,923	1,542		3,37,465	4,056
VII. VEHICLE					9.50%			
Others	13,438	-	13,438	13437	0		13,437	1
Vehicle	47,300	-	47,300	47299	0		47,299	1
Cycle	1,845	-	1,845	1844	0		1,844	1
Ford Ikon	-	-	-	0	-	-	-	-
Indigo Car	561015	(5,61,015.00)	-	370445	20,296	3,90,741	0	-
Maruti Kizashi MT	19,01,311	-	19,01,311	180628	1,80,625		3,61,253	15,40,058
Total	25,24,909	-	19,63,894	613653	2,00,921	3,90,741	4,23,833	15,40,061
VIII. LAND								
Land & Land Devt.	25,57,455	-	25,57,455					25,57,455
Total	25,57,455		25,57,455					25,57,455
Grand total	14,48,18,791		14,42,57,776	12,35,64,018	15,94,168	3,90,741	12,47,67,445	1,94,90,331

**DEPRECIATION AS PER INCOME TAX ACT, 1961
ASSESSMENT YEAR - 2012-13
(PREVIOUS YEAR ENDED 31.03.2012)**

ANNEXURE - 9

Assets	Rate	W.D.V As On 1.4.11	Additions During The Year		Sales During The Year	Total	Depreciation For The Year	W.D.V As On 31.03.12
			More Than 180 Days	Less Than 180 Days				
BLOCK OF ASSETS								
LAND	-	25,57,455	-	-	-	25,57,455	25,57,455	
BLOCK - II								
BUILDING	10%	44,13,244	-	-	-	44,13,244	4,41,324	39,71,919
Total		44,13,244	-	-	-	44,13,244	4,41,324	39,71,919
BLOCK - IV								
FURNITURE & FIXTURES	10%	57,884	-	-	-	57,884	5,788	52,096
Total		57,884	-	-	-	57,884	5,788	52,096
BLOCK - V **								
PLANT & MACHINERY	15%	66,85,678	-	-	2,05,44,986	(1,38,59,308)	-	-
ELECTRICAL EQUIPMENTS	15%	8,70,202	-	-	8,70,202	-	-	-
VEHICLES	15%	19,25,024	-	-	1,65,000	17,60,024	-	-
OFFICE EQUIPMENTS	15%	34,358	-	-	-	34,358	-	-
Total		95,15,263	-	-	2,15,80,188	(1,20,64,926)	-	-
BLOCK - X								
COMPUTER	60%	100	-	-	-	100	60	40
TOTAL		3,05,30,336	-	-	4,31,60,376	(1,26,30,040)	8,94,286	1,06,05,525

** Sale proceeds from Machineries and Electrical Equipments which is more than the WDV of Block V. Therefore Block V was cease to exist which includes two machineries and one Car.

PASARI SPINNING MILLS LIMITED

Regd.Office : #18, (Old # 16) III Floor Anjaneya Temple Street, Yediyur, Jayanagar 6th Block Bangalore - 560 082

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 Sri Krishna Mini Hall, #589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560 050 on
Saturday, the 29th September, 2012 at 11.00 A M and any adjournment thereof.
Signed this day of 2012

Signature

Re. 1
Revenue
Stamp



PASARI SPINNING MILLS LIMITED

Regd.Office : #18, (Old # 16) III Floor Anjaneya Temple Street, Yediyur, Jayanagar 6th Block Bangalore - 560 082

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 for the 21st Annual General Meeting at Sri Krishna Mini Hall,
#589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560 050.

.....
Member / Proxy's Signature

BOOK POST

If Undelivered please return to :

PASARI SPINNING MILLS LTD.

#18, (Old # 16) III Floor, Anjaneya Temple Street
Yediyur, Jayanagar 6th Block, Bangalore - 560 082.