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**ANNUAL REPORT**  
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**PASARI SPINNING MILLS LIMITED**

**TWENTY THIRD ANNUAL REPORT  
OF  
PASARI SPINNING MILLS LIMITED**

CIN : L85110KA1991PLC012537

**2013 – 2014**

**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. H G Balagopal</b>	Director

**AUDITORS:**

Murali & Venkat  
No 1605A, 28th Main Road, 29th Cross,  
BSK II Stage, Bangalore - 560070

**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,  
Yedyur, Jayanagar 6<sup>th</sup> Block,  
Bangalore – 560082.

**FACTORY PREMISES:**

# 54 & 55, KIADB Indl Area,  
1<sup>st</sup> Main III Cross,  
Nanjangud – 571301.

## PASARI SPINNING MILLS LIMITED

CIN : L85110KA1991PLC012537

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third Annual General Meeting of the shareholders of M/s Pasari Spinning Mills Limited to be held on Tuesday, 30<sup>th</sup> September, 2014 at 11.00 AM at Sri Krishna Mini hall, #589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560050 to transact the following businesses:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 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.C.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 order of the Board

Date: 31.07.2014  
Place: Bangalore

**G.S.GUPTA**  
Chairman  
DIN: 00003860

#### 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 Computer Share 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 30<sup>th</sup> September, 2014.
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

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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

Date: 31.07.2014  
Place: Bangalore

By order of the Board

**G.S.GUPTA**

Chairman

DIN: 00003860

**Address of the Registered Office:**

Pasari spinning mills limited  
No 18 IIIrd Floor, Anjaneya Temple Road,  
Yedyur, 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	K.C. GUPTA
Date of birth	12/08/1939
Date of Appointment	24/05/1995
Qualifications	B.Com
Expertise in specific functional area	Textile Industry
Directorships held in other Public Companies	NIL
Memberships/chairmanships of committees of other Public Companies	NIL
No. of Shares held in company	NIL

### DIRECTOR'S REPORT

Dear Members,

Your directors are pleased to present their Twenty Third Annual Report on the business and operations of your Company for the year ended 31<sup>st</sup> March 2014.

**1. Financial Results:**

Particulars	2013-14	2012-13
Profit/(Loss) before tax	11,34,272	(2,38,689)
Less: Prior period adjustment, provision for deferred tax	Nil	Nil
Profit (Loss) for the year	13,50,407	(2,38,689)

- 2. Performance:** For the year ended 31<sup>st</sup> March, 2014 the Company earned a total income of Rs. 59,55,106 (Rupees Fifty nine Lakhs fifty five thousand one hundred and six only) and earned a Profit of Rs. 13,50,407 (Rupees Thirteen Lakhs fifty thousand four hundred and seven only) after depreciation and other adjustments.

- 3. BIFR status:** The Company has continued in its efforts to obtain the necessary reliefs/

## PASARI SPINNING MILLS LIMITED

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.
7. **Registrar & Share Transfer Agents:** With effect from July 2007, the Company has appointed M/s Karvy Computershares 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:
  - i. That in the preparation of accounts for the financial year ended 31<sup>st</sup> March, 2014; the applicable accounting standards have been followed along with proper explanation relating to material departure.
  - ii. 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.
  - iii. 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.
  - iv. That the directors have prepared the Annual Accounts for the year ended 31<sup>st</sup> March 2014 on a going concern basis.
9. **Cost Audit:** Since the company has closed its production activities, the Company has requested, the Ministry of Corporate Affairs, to exempt the Company from filing the cost records with the ministry and to appoint the cost accountant.
10. **Fixed Deposits:** The Company has not accepted any deposits either from the public or from the shareholders during the year.
11. **Retire by rotation:** Mr. K.C. 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, 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.

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**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 under 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.

- f) No provision has been made for the Back billing demand raised by CESCO as the Company is following up the same with the higher authorities of CESCO, Bharti Airtel & Vodafone essar.

**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: 31.07.2014  
Place: Bangalore

**G.S.GUPTA**  
Chairman  
DIN: 00003860

## PASARI SPINNING MILLS LIMITED

### 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	:	.....
Total Amount	:	.....
Rate/unit	:	.....

###### 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
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3. FURNACE OIL	:	NIL
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4. OTHER/INTERNAL GENERATION	:	NIL
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#### II CONSUMPTION PER UNIT OF PRODUCTION:

Cotton:	:	.....
Electricity	:	.....
(Units consumed per kg. of yarn)		
Furnace oil	:	NIL
Coal	:	NIL
Others	:	NIL
Total production	:	.....

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### 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: : - N A -  
product improvement, cost reduction, production development, import substitution, etc.,
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) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action

#### III. FOREIGN EXCHANGE EARNING & OUTGO

1. Foreign Exchange Earnings Nil
2. CIF Value Imports: Nil
  - 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

Date: 31.07.2014  
Place: Bangalore

**G.S.GUPTA**  
Chairman  
DIN: 00003860

## PASARI SPINNING MILLS LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDUSTRY STRUCTURE & 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 29<sup>th</sup> 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.

#### RISK 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 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 focuses 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 has not employed workers and staff including factory and head office.

for and on behalf of the Board,

**G.S.GUPTA**

Chairman

DIN: 00003860

Date: 31.07.2014

Place: Bangalore

## 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 31<sup>st</sup> March, 2014 the Board consisted of 5 directors comprising 1 Executive Director and 4 Non executive out of which 2 directors are Independent Directors. Non executive Directors comprise more than 50% of the Board of Directors. The Directors possess many years of valuable experience. 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	4	4	YES	1	NIL
2	Mr. T.K. Gupta	Executive	4	4	YES	2	NIL
3	Mr. K.K. Gupta	Non Executive	4	4	YES	2	NIL
4	Mr. P K Sharma	Non Executive	4	0	No	NIL	NIL
5	Mr. K.C. Gupta	Non Executive	4	4	YES	NIL	NIL
6	Mr. H.G. Balagopal	Non Executive	4	4	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			
		30.04.2013	05.08.2013	15.11.2013	24.01.2014
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	Mr.H.G. Balagopal	✓	✓	✓	✓

## PASARI SPINNING MILLS LIMITED

### 1. 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 four times on 30 apr 2013, 5th Aug 2013, 15th Nov 2013 and 24th Jan 2014

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	4
3	Mr. P.K. Sharma	Member, Non Executive & Independent	0

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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](http://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:

Sl.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:

(Rs. in Lakhs)					
Name	Salary, commission	Perquisites	Sitting fees	Total	No of shares held
Mr. T.K.Gupta	6,00,000	-	-	6,00,000	39,700

As the company's financial position is not strong enough, 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,

## PASARI SPINNING MILLS LIMITED

### • 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 31<sup>st</sup> March 2010 have been processed by the Committee. The status of the complaints received from shareholders from 01.04.2013 to 31.03.2014 is as under:

Complaints received	Complaints resolved	Pending as on 31.03.2014
34	34	Nil

### 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
22nd	30.09.2013	11AM	Sri Krishna Mini hall, # 589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560050
21st	29.09.2012	11AM	
20th	30.09.2011	11AM	Woodlands hotel, # 5, Sampangi Tank Road, Sampangiramnagar, Bangalore – 560025

Details of Special Resolutions passed in the previous three AGMs

A G M	Particulars of Special Resolutions passed thereat
22nd	Re appointment of T K Gupta as Managing Director for a term of 5 years
21st	No Special Resolution was passed at this AGM
20th	No Special Resolution was passed at this AGM

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 third 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 31.03.2014	219.18

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No penalties or strictures 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 Result of 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)
- HOSADIGANTHA (Kannada)

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

#### General Shareholder information:

- **Annual General Meeting** : 30<sup>th</sup> September 2014
- **Venue** : Sri Krishna Mini hall, # 598, 15<sup>th</sup> Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560050.

**Financial year** : 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

**Date of book closure** : 30.09.2014

**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

**Sensex for the period** :

Month	High	Low
Apr 13	19,622.68	18,144.22
May 13	20,443.62	19,451.26
Jun 13	19,860.19	18,467.16
Jul 13	20,351.06	19,126.82
Aug 13	19,569.20	17,448.71
Sep 13	20,739.69	18,166.17
Oct 13	21,205.44	19,264.72
Nov 13	21,321.53	20,137.67
Dec 13	21,483.74	20,568.70
Jan 14	21,409.66	20,343.78
Feb 14	21,140.51	19,963.12
Mar 14	22,467.21	20,920.98

**Market price data** :

Month	High	Low
Apr 13	6.40	3.05
May 13	4.00	2.95
Jun 13	3.85	3.10
Jul 13	3.41	2.61
Aug 13	5.32	2.74
Sep 13	5.90	5.32
Oct 13	5.68	5.16
Nov 13	6.78	4.89

## PASARI SPINNING MILLS LIMITED

7.19	6.50
6.18	2.91
2.87	2.38
2.50	1.61

**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 31.03.2014:

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	1-5000	4253	50.763905%	731640	7316400	5.301739 %	2950	35.211269%	533408	5334080	3.865275 %
2	5001- 10000	145	1.730723 %	122900	1229000	0.890580 %	404	4.822153 %	353030	3530300	2.558188 %
3	10001- 20000	48	0.572929 %	73400	734000	0.531884 %	207	2.470757 %	336471	3364710	2.438196 %
4	20001- 30000	16	0.190976 %	44100	441000	0.319565 %	89	1.062306 %	229068	2290680	1.659913 %
5	30001- 40000	3	0.035808 %	10900	109000	0.078986 %	37	0.441633 %	133781	1337810	0.969428 %
6	40001- 50000	3	0.035808 %	15000	150000	0.108696 %	36	0.429697 %	169529	1695290	1.228471 %
7	50001- 100000	8	0.095488 %	74400	744000	0.539130 %	76	0.907138 %	552307	5523070	4.002225 %
8	100001& Above	2	0.023872 %	1815800	18158000	13.157971 %	101	1.205538 %	8604266	86042660	62.349754 %
Total		4478	53.45 %	2888140	28881400	20.93 %	3900	46.55 %	10911860	109118600	79.07 %

### DEMATERIALISATION OF SHARES & LIQUIDITY:

As on 31<sup>st</sup> March 2014 shares comprising approximately 79.07% 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, 1<sup>st</sup> Main, 3<sup>rd</sup> Cross Nanjangud – 571 301.

Address of Registered Office of the Company:

### PASARI SPINNING MILLS LIMITED

#18, (old No 16) III Floor, Anjaneya Temple Road, Yediyur, 6<sup>th</sup> Block, Jayanagar, Bangalore – 560082

Shareholders correspondence may be sent to the 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 31<sup>st</sup> July, 2014.

for and on behalf of the board

Date: 31.07.2014

Place: Bangalore

**(G S Gupta)**

Chairman

DIN: 00003860

**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 31<sup>st</sup> March 2014 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 31<sup>st</sup> March, 2014, 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

**(JAYANTH A)**

Partner

M.NO. 231549

Date: 31.07.2014

Place: Bangalore

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying Financial Statements of **M/s PASARI SPINNING MILLS LIMITED**, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with general circular

15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## PASARI SPINNING MILLS LIMITED

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion:

In our opinion and to the best of our information and according to the explanations given to us subject to the following:

- a. **Non confirmation of balances in respect of Sundry Debtors, Creditors and Loans & Advances.**
- b. **Non disclosure under provisions of the Micro, Small and Medium Enterprises Development Act 2006 in the absence of details received from suppliers, vide point no.5 in other disclosures.**
- c. **Non provision towards sales tax arrears including penalty aggregating to Rs.1,80,18,068 of the earlier years, vide point no.2 in other disclosures.**
- d. **Non provision of Employee benefits as per AS-15 issued by the 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.**
- f. **Non provision towards Back billing demand raised by CESCO aggregating to Rs.28,43,845/- of the earlier years, vide point no.9 in other disclosures.**

The said Financial Statements read with notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the **PROFIT** for the year ended on that date; and

- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, We give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, We report that:
  - (a) 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;
  - (b) 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;
  - (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement, dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of the Section 133 of the Companies Act, 2013; and
  - (e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For MURALI & VENKAT  
Chartered Accountants**

Firm's Registration Number: 02162S

Place: Bangalore.  
Date: 31<sup>st</sup> July 2014

**JAYANTHA.**  
Partner  
Membership Number: 231549

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of M/s PASARI SPINNING MILLS LIMITED ('the Company') for the year ended 31<sup>st</sup> March, 2014, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) The Fixed 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 not disposed off /sold a substantial portion of its Fixed Assets during the year.
2. (a) The 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 proper records of inventory. In our opinion and according to the information and explanations given to us, we have not come across any material discrepancies between the physical stocks and inventory records.
3. (a) The Company has taken unsecured interest free loans from the Directors of the Company and the company in which the Directors of the company are the Directors of that company and except the same, there are no other Loans, secured or unsecured from companies, firms or other parties, taken by the Company which are listed in the Register maintained under section 301 of the Companies Act, 1956.
- (b) 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, there are adequate Internal Control System commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
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 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and as per The Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an in house Internal Audit System, commensurate with the size and nature of its business.
8. The Maintenance of Cost records as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of the activities of the Company does apply to the Company, as per the directions of the Central Government. However the company has stopped its operation from June 2010 and all the workers are given one time settlement. The above records are verified and have been maintained as per act.
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 in respect of ESI Fund, Investor Education and Protection Fund, Income-tax, Service Tax , Sales Tax, Cess or any other applicable taxes, Duties or Levies applicable to the Company and its business which have remained outstanding as at 31<sup>st</sup> March 2014, for a period of more than six months from the date they became payable.

## PASARI SPINNING MILLS LIMITED

Name of the Statute	Nature of the dues	Amount due	Year
ESIC	ESIC	7,0,3115	2010-11
Income tax act	TDS	36,654	Various years
Karnataka Tax on profession, trade, calling and Employment Act	Professional Tax	64,000	08-09 to 11-12
Karnataka Sales tax Act	Cess on sales	84,760	06-07 to 07-08

(b) There are disputed liabilities with regard to Sales Tax, as on 31.03.2014

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
		321,0,915	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
<b>Total</b>		<b>18,016,068</b>	

10. The Company has accumulated losses as at the yearend which is more than 50% of its Net worth and has not incurred cash losses during the financial year covered by our audit.
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 31.03.2014. 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, Debentures and other Investments 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 banks or financial institutions for the purpose mentioned.
16. In our opinion, the Company has applied the Term Loans for the purpose for which they were obtained. However, during the year the Company has not obtained any Term Loan.

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 Investments/purposes.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Parties and Companies covered in the register to be maintained under section 301 of the Act.
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**  
Firm's Registration Number: 02162S

**JAYANTHA A.**  
Partner

Place: Bangalore  
Date: 31<sup>st</sup> July 2014      Membership Number: 231549

## ANNUAL REPORT 2013 – 2014

### BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

Amount in ₹

PARTICULARS	Note No.	AS AT 31 <sup>st</sup> MARCH, 2014	AS AT 31 <sup>st</sup> MARCH, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	138,000,000	138,000,000
(b) Reserves and Surplus	2	(116,389,235)	(117,739,642)
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	38,904,314	37,510,216
(b) Other Long term liabilities	4	-	-
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	490,000	490,000
(b) Trade payables		-	504,053
(c) Other current liabilities	6	4,964,548	8,179,646
(d) Short-term provisions	7	411,073	419,073
<b>Total</b>		<b>66,380,701</b>	<b>67,363,346</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) <i>Fixed assets</i>		12,372,560	13,341,838
(i) Tangible assets	8	-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(c) Other non-current Investments		38,887,617	38,887,617
(d) Deferred tax assets (net)		11,824,829	11,874,829
(b) Long term loans and advances	9	1,498,356	871,129
(c) Other non-current assets	10		
<b>(2) Current assets</b>		194,117	233,812
(a) Current investments	11	949,245	949,245
(b) Inventories	12	564,893	224,746
(c) Trade receivables	13	89,085	980,131
(d) Cash and Bank balances	14	-	-
(e) Short-term loans and advances		-	-
(f) Other current assets	15		
<b>Significant Accounting Policies and Other Disclosures</b>	25		
<b>Total</b>		<b>66,380,701</b>	<b>67,363,346</b>

The notes forming part of these financial statements

As per our Report of even date  
For **MURALI & VENKAT**  
CHARTERED ACCOUNTANTS

**G S GUPTA**  
CHAIRMAN  
PLACE : BANGALORE  
DATE : 31.07.2014

**T K GUPTA**  
MANAGING DIRECTOR  
**K K GUPTA**  
DIRECTOR

**JAYANTH A**  
PARTNER  
MEMBERSHIP NO: 231549  
FIRM REG NO: 002162S

## PASARI SPINNING MILLS LIMITED

### PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

PARTICULARS	Note No	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
I. Revenue From Operations	16	-	321,314
II. Other Income	17	5,955,106	6,578,580
<b>III. Total Revenue (I +II)</b>		<b>5,955,106</b>	<b>6,899,894</b>
<b>IV. Expenses:</b>			
Cost of Raw Materials Consumed	18	-	298,669
Manufacturing and other Operating Expenses	19	76,130	224,891
Changes in inventories of finished goods & work-in-progress	20	-	-
Employee benefit expenses	21	598,050	1,914,796
Financial costs	22	2,551,328	1,417,350
Depreciation and amortization expense		1,019,278	1,001,401
Other expenses	23	570,542	951,227
<b>Total Expenses</b>		<b>4,815,328</b>	<b>5,808,334</b>
<b>V. Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>1,139,778</b>	<b>1,091,560</b>
<b>VI. Exceptional Items</b>	24	(5,506)	(1,330,249)
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>1,134,272</b>	<b>(238,689)</b>
VIII. Extraordinary Items			
<b>IX. Profit/(Loss) before tax (VII - VIII)</b>		<b>1,134,272</b>	<b>(238,689)</b>
<b>X. Tax expense:</b>			
Less : Provision for Income Tax		-	-
Add : MAT Credit Entitlement for the year		(216,135)	-
Less : Deferred tax Liability / (Asset)		-	-
Tax in respect of earlier years		-	-
		(216,135)	-
<b>XI. Net Profit for the year from continuing operations (IX - X)</b>		<b>1,350,407</b>	<b>(238,689)</b>
<b>XII. Profit/(Loss) from Discontinuing operations</b>		-	-
<b>XIII Net profit for the year ( XI + XII)</b>		<b>1,350,407</b>	<b>(238,689)</b>
<b>XIV. Earning per equity share:</b>			
(1) Basic		0.10	(0.02)
(2) Diluted		0.10	(0.02)
Significant Accounting Policies and Other Disclosures	25		

The notes forming part of these financial statements

**G S GUPTA**  
CHAIRMAN  
PLACE : BANGALORE  
DATE : 31.07.2014

**T K GUPTA**  
MANAGING DIRECTOR  
**K K GUPTA**  
DIRECTOR

Asper our Report of even date  
For **MURALI & VENKAT**  
CHARTERED ACCOUNTANTS

**JAYANTHA A**  
PARTNER  
MEMBERSHIP NO: 231549  
FIRM REG NO: 002162S

## ANNUAL REPORT 2013 – 2014

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st, MARCH, 2014

PARTICULARS	AMOUNT ₹.	AMOUNT ₹.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/(-) Loss before Tax</b>	1,350,407	
Add: Transfer to Reserves	-	
Deferred Tax Asset	-	
<b>Net Profit before taxation and Extraordinary Items</b>	1,350,407	
Add:		
Depreciation	1,019,278	
Loss on Futures and Options	-	
Loss on Sale of P&M	-	
Loss on Sale of Shares	5,506	
	1,024,784	
Less:		
Profit on Sale of Mutual Funds	-	
Profit on Future Trading	-	
Interest on Fixed Deposits	4,590	
Rental & Other Income	4,028,504	
Dividend income	5,046	
Creditors written off	1,703,716	
	<b>5,741,856</b>	
<b>Operating profit /(-) Loss before working capital changes</b>	(3,366,665)	
Adjustments for:		
Decrease/(increase) in inventories	-	
Decrease/(increase) in Trade Receivables	(340,146)	
Decrease/(increase) in loans and advances	50,000	
Decrease/(increase) in other current assets	-	
Decrease/(increase) in other non current assets	(627,227)	
Increase/(Decrease) in trade payables	(504,053)	
Increase/(Decrease) in other current liabilities	(3,215,098)	
Increase/(Decrease) in short term provisions	(7,995)	
Increase/(Decrease) in Other Long Term liabilities	-	
	(8,011,185)	
<b>Cash generated from operations</b>	-	
Less: Direct tax paid	(8,011,185)	
<b>Net cash flow from operating activities</b>		<b>(8,011,185)</b>

## PASARI SPINNING MILLS LIMITED

### B. CASH FLOW FROM INVESTING ACTIVITIES

(Increase)/Decrease in Investments	39,695	
Interest on Fixed Deposits	4,590	
Loss on Sale of Investment	(5,506)	
Profit on sale of Investments	-	
Rental & Other Income on Assets	4,028,504	
Dividend income	5,046	
<b>Net cash flow from investing activities</b>		<b>4,072,329</b>

### C. CASH FLOW FROM FINANCING ACTIVITIES

Increase/(Decrease) in Share Capital		
Increase/(Decrease) in Unsecured loans	-	
Increase/(Decrease) in Secured loans	1,394,098	
Interest paid		
<b>Net cash flow from financing activities</b>		<b>1,394,098</b>

### NET INCREASE IN CASH & CASH EQUIVALENTS

<b>Opening cash &amp; cash equivalents as at 01.04.2013</b>	980,131	<b>(2,544,757)</b>
<b>Closing cash &amp; cash equivalents as at 31.03.2014</b>	89,085	<b>(891,046)</b>

On behalf of the Board

G.S.GUPTA  
Chairman

T.K.GUPTA  
Managing Director

K. K. GUPTA  
Director

Place: Bangalore

### 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, 2014 and found the same to be drawn in therewith and also with requirements of Clause 32 of the listing agreement with Stock Exchange.

**Asper our Report of even date**

**For MURALI & VENKAT**  
CHARTERED ACCOUNTANTS

**JAYANTHA.**  
Partner  
Membership No: 231549

## ANNUAL REPORT 2013 – 2014

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹	AS AT 31st MARCH, 2013 ₹.
Note 1 - Share Capital:		
<b>Authorised Share capital</b>		
1,40,00,000 Equity Shares of Rs.10 each	140,000,000	140,000,000
<b>Issued</b>		
1,38,00,000 Equity Shares of Rs.10 each	138,000,000	138,000,000
<b>Subscribed &amp; Paid up</b>		
1,38,00,000 Equity Shares of Rs.10 each	138,000,000	138,000,000
<b>Total</b>	<b>138,000,000</b>	<b>138,000,000</b>

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, 2014		As at 31st March, 2013	
	No of shares Held	% of Holding	No of shares Held	% of Holding
Pasari Exports Ltd	6983802	50.6	6983802	50.6

### Note 2 - Reserves and Surplus

#### Capital Reserve

##### CAPITAL SUBSIDY

Opening Balance		750,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	-	750,000

##### General Reserve

Opening Balance		
(+) Current Year Transfer	-	292,000
(-) Written Back in Current Year	-	
Closing Balance	-	292,000

##### Surplus:

Opening Balance		
Add/(Less) : Opening Balance- Net Deficit in Profit & Loss A/c	-	1,415,591
Add/(Less) : Net Loss for the year - transfer from Profit & Loss A/c	(117,739,642)	(119,958,544)
	1,350,407	(238,689)
Closing Balance	<b>(116,389,235)</b>	<b>(118,781,642)</b>
<b>Total</b>	<b>(116,389,235)</b>	<b>(117,739,642)</b>

## PASARI SPINNING MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
<b>Note 3 - Long Term Borrowings:</b>		
<b>Secured</b>		
Term Loan- Syndicate Bank:-00039 (Personal Guarantee of Directors and term deposits worth Rs 35Lcs and @ 13% floating rate of interest)	16,985,651	16,747,907
Vehicle Loan		
Kotak Mahindra Bank Loan A/c (secured against Car)	-	-
<b>Unsecured</b>		
<b>Loans and advances from related parties</b>		
PASARI EXPORTS LTD **	21,918,664	20,762,309
<b>Total</b>	<b>38,904,314</b>	<b>37,510,216</b>
**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 2,08,26,309/-		
<b>Note 4 - Other Long Term liabilities:</b>		
Advance from Customers	-	-
[Madanapalli Spinning Mills Ltd]		
<b>Total</b>	<b>-</b>	<b>-</b>
** 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		
<b>Note 5 - Short Term Borrowings:</b>		
Secured	490,000	490,000
Loan from Directors		
<b>Total</b>	<b>490,000</b>	<b>490,000</b>
<b>Note 6 - Other Current Liabilities</b>		
Current Maturities of Long term Debts	2,538,086	3,743,982
Remuneration Payable	16,327	16,327
Statutory Liabilities	844,842	1,609,058
<i>Sundry Creditors - For</i>		
Consumables	839,392	983,873
Capital goods	-	158,873
Expenses	635,901	1,577,533
<i>Deposits</i>		
Hutch - Deposit	40,000	40,000
JTM - Deposit	50,000	50,000
<b>Total</b>	<b>4,964,548</b>	<b>8,179,646</b>

## ANNUAL REPORT 2013 – 2014

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
<b>Note 7 - Short Term Provisions</b>		
<b>(a) Provision for employee benefits</b>		
Salary & Reimbursements		-
Director Remuneration	411,073	411,073
<b>(b) Others</b>		
Consultancy Charges	-	8,000
Electricity Charges		-
Rent		-
Telephone Charges		-
Worker Settlement - Factory closure		-
<b>Total</b>	<b>411,073</b>	<b>419,073</b>
<b>Note 9 - Long Term Loans and Advances</b>		
<i>Unsecured considered good</i>		
<b>Loans and advances to related parties</b>		
T.K.R.Textile Pvt Ltd.,	-	-
Other Advances & Deposits		
Others Advances**- (is in Arbitration with CCI )	6,390,000	6,390,000
K E B - Deposit	5,325,243	5,325,243
Telephone Deposit	33,086	33,086
Water Deposit	25,000	25,000
Excise Duty - Deposit	50,000	50,000
Sales Tax Deposit	1,500	1,500
Advance for Solar power System	-	50,000
<b>Total</b>	<b>11,824,829</b>	<b>11,874,829</b>
<b>Note 10 - Other non-current assets</b>		
<b>Unsecured, considered good</b>		
Sales Tax 05-06 to 09-10	282,105	282,105
TDS Receivable	999,366	588,274
Indra Vikas Patra	750	750
Interest Receivable	-	-
MAT Credit Entitlement for the Year	216,135	-
<b>Total</b>	<b>1,498,356</b>	<b>871,129</b>
<b>Note 11 - Current Investments</b>		
Investment in Equity instruments*	43,593	83,288
Investments in Mutual Funds*	150,524	150,524
	194,117	233,812
Less : Provision for dimunition in the value of Investments	-	-
<b>Total</b>	<b>194,117</b>	<b>233,812</b>

\* For the year ending 31st March, 2014 Market value of Equity shares Rs.65,560/-

# PASARI SPINNING MILLS LIMITED

## NOTE : 8 - TANGIBLE ASSETS

PASARI SPINNING MILLS LTD., Regd Office :NO 18 IIIRD FLOOR,ANJANEYA TEMPLE ROAD, YEDIYUR,JAYANAGAR 6TH BLOCKBangalore - 560082 DEPRECIATION UNDER SLM METHOD AS PER COMPANIES ACT, 1956 NOTE : 8 - TANGIBLE ASSETS										
Fixed Assets	Gross Block			Accumulated Depreciation			Depreci ation %	Net Block		Balance as at 31st March 2014
	Balance as at 1st April 2013	Additions	(Disposals)	(Impair ments)	Balance as at 31st March 2014	Balance as at 1st April 2013	Depreciation charge for the year	Disposals	Balance as at 31st March 2014	Balance as at 1st April 2013
<b>TANGIBLE ASSETS</b>										
1) Land	25,57,455	-	-		25,57,455	-	-		-	25,57,455
2) Buildings	2,43,24,017	-	-		2,43,24,017	1,49,27,478	8,12,422		1,57,39,900	93,96,539
3) Plant and Equipment *	-	-	-		-	-	-	-	-	-
4) Furniture and Fixtures	3,41,521	-	-		3,41,521	3,38,683	2,838		3,41,521	2,838
5) Vehicles	19,63,894	-	-		19,63,894	6,04,460	1,86,570	-	7,91,030	13,59,434
6) Office equipment *	2,25,631	50,000	-		2,75,631	2,00,059	17,447		2,17,506	25,572
7) Computer	4,74,082				4,74,082	4,74,082	-		4,74,082	-
<b>Total</b>	<b>2,98,86,600</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>2,99,36,600</b>	<b>1,65,44,762</b>	<b>10,19,278</b>	<b>-</b>	<b>1,75,64,040</b>	<b>1,33,41,838</b>
<b>Total</b>	<b>2,98,86,600</b>				<b>2,99,36,600</b>	<b>1,65,44,762</b>	<b>10,19,278</b>		<b>1,75,64,040</b>	<b>1,33,41,838</b>
<b>Previous Year's Total</b>	<b>3,20,59,535</b>		<b>21,72,935</b>	<b>-</b>	<b>2,98,86,600</b>	<b>1,64,67,638</b>	<b>10,01,401</b>	<b>9,24,278</b>	<b>1,65,44,761</b>	<b>1,55,91,897</b>
										<b>1,23,72,560</b>

## ANNUAL REPORT 2013 – 2014

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
<b>Note 12 - Inventories</b>		
Raw Cotton	-	-
Work-in-progress	-	-
Finished goods	-	-
Stores and spares	949,245	949,245
<b>Total</b>	<b>949,245</b>	<b>949,245</b>
<b>Note 13 - Trade Receivables:</b>		
<b>a) Outstanding for a period exceeding six months from the date they are due for payment</b>		
(Unsecured, considered good)		
Domestic Receivables	224,746	224,746
<b>Total (A)</b>	<b>224,746</b>	<b>224,746</b>
<b>b) Outstanding for a period not exceeding six months from the date they are due for payment</b>		
(Unsecured, considered good)		
Domestic Receivables	340,147	-
<b>Total (B)</b>	<b>340,147</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>564,893</b>	<b>224,746</b>
<b>Note 14 - Cash and Bank Balances:</b>		
<b>a) Cash and Cash Equivalents</b>		
i. Cash on hand	1,228	36,073
ii. Balance with Scheduled Banks		
SYND.BK.OD A/c04001250000750	-	-
ICICI A/C 01520500602-N'GUD	8,091	792
SYN.BK.G.NAGR 04003030000022	25,207	26,590
Syndicate Bank A/C#970	-	7,312
Syndicate Bank A/C#15439	4,261	5,444
<b>Total (A)</b>	<b>38,786</b>	<b>76,211</b>
<b>b) Other Bank Balances</b>		
Bank deposits in Auto Sweep	50,298	49,330
F.D. With Syndicate Bank (Secured against Term Loan)	-	854,590
<b>Total (B)</b>	<b>50,298</b>	<b>903,920</b>
<b>Total (A)+(B)</b>	<b>89,085</b>	<b>980,131</b>

## PASARI SPINNING MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
<b>Note 15 - Other Current Assets:</b>		
(Unsecured, Considered Good)		
Pre Paid Insurance		-
Rental Advance		-
Salary Advance		-
Tower Charges Receivable		-
Rent Receivable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 16 - Revenue from Operations:</b>		
<b>Manufacturing Activities</b>		
Sales - Cotton Yarn		-
Sales Raw Cotton		-
Sales of Cotton Waste - Interstate		-
Sales of Cotton Waste - Local		-
Bora Charges		-
Sale of Scrap		-
Sale of services - Labour charges		-
<b>Total (A)</b>	<b>-</b>	<b>-</b>
<b>Trading Activities</b>	<b>-</b>	<b>321,314</b>
Sales of Handloom silk fabrics		-
Sales of Thrown Silk Yarn	-	<b>321,314</b>
<b>Total (B)</b>	<b>-</b>	<b>321,314</b>
<b>Total (A + B)</b>		
<b>Note 17 - Other Income:</b>		
<b>a) Interest Income</b>		
Interest on Fixed Deposits	4,590	51,525
Dividend Income	5,046	1,860
<b>b) Other non-operating income</b>		
Godown Rent	3,987,653	2,892,622
Tower Rent	40,851	229,851
Creditors Write - off	1,703,716	1,928,855
Miscellaneous Income	213,250	81,677
Sale of Scrap	-	1,392,190
<b>Total</b>	<b>5,955,106</b>	<b>6,578,580</b>

## ANNUAL REPORT 2013 – 2014

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
<b>Note 18 - Cost of Raw Materials Consumed:</b>		
Opening Stock of raw materials & Stores	949,245	949,245
Add : Purchases of Materials, stores & consumables:	-	298,669
	949,245	1,247,914
Less: Closing Stock of raw materials and Stores	949,245	949,245
<b>Total</b>	<b>-</b>	<b>298,669</b>
<b>Note 19 - Manufacturing and other Operating Expenses:</b>		
Water Charges	9,000	8,188
Power and fuel	-	5,640
Loading & Unloading Charges	-	-
Repairs to machinery & Factory	67,130	211,063
Service Charges	-	-
<b>Total</b>	<b>76,130</b>	<b>224,891</b>
<b>Note 20 - Changes in inventories of finished goods &amp; work-in-progress</b>		
<b>a) Opening Stock</b>	-	-
Finished Goods	-	-
Work in Progress	-	-
<b>b) Closing Stock</b>	-	-
Finished Goods	-	-
Work in Progress	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 21- Employee Benefit Expenses:</b>		
Salaries and incentives	-	-
Contributions to - PF and ESI	-	-
Ex-Gratia & Gratuity Expenses	40,539	255,329
Interest on ESI & PF	557,511	1,659,466
Staff welfare expenses	-	-
Remuneration to Directors	-	-
<b>Total</b>	<b>598,050</b>	<b>1,914,795</b>
<b>Note 22- Financial costs:</b>		
Bank Charges	13,283	22,289
Loan Processing and Renewal Charges	-	168,540
Interest on OD	-	-
Interest on Term Loan	2,508,730	1,152,744
Interest on Car Loan	29,315	73,777
<b>Total</b>	<b>2,551,328</b>	<b>1,417,350</b>

## PASARI SPINNING MILLS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

	AS AT 31st MARCH, 2014 ₹.	AS AT 31st MARCH, 2013 ₹.
<b>Note 23 - Other Expenses:</b>	-	57,750
Rent	4,016	44,674
Insurance	14,970	94,470
Rates and taxes, excluding, taxes on income		
Payments to the auditor as	56,180	67,416
Audit Fees	1,245	103
Miscellaneous expenses,	8,175	26,253
Advertisement	116,500	296,911
Professional & other Consultancy Charges	-	1,870
Conveyance	6,881	21,559
Courier, Postage & Telegram	14,173	-
General Expenses	18,462	20,183
Printing & Stationery	-	8,000
Guest House Maintenance Expenses	-	42,789
Meeting Expenses	120,314	36,428
Share Transfer agent expenses	-	5,635
Telephone & Trunkcalls	64,739	2,000
Travelling expenses	-	44,387
Vehicle Maintenance	-	1,433
Office Maintainance	-	46,947
Security Charges	112,360	112,834
Listing Fee	32,527	-
Write off of old shares	-	-
Selling Expenses	-	198
Commission on Sales	-	19,387
Business Promotion Expenses		
	<b>570,542</b>	<b>951,227</b>
<b>Total</b>		
<b>Note 24 - Exceptional Items</b>		
Profit/ (Loss) on Sale of Shares	(5,506)	(31,680)
Profit on Sale of Mutual Funds	-	10,485
Loss on Futures and Options	-	(86,984)
Profit on Future & Options Trading	-	26,587
Long Term Capital Loss on MF	-	-
Loss on Sale of Car	-	-
Loss on Sale of Electrical Equipments	-	-
Profit on Sale of Machineries	-	-
Loss on Sale of Machineries	-	(1,248,657)
Worker Settlement - Factory closure	-	-
	<b>(5,506)</b>	<b>(1,330,249)</b>
<b>Total</b>		

**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:**

Generally 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. The Company has not made any sales during the current year.

**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 ₹ 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) Contributions 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. This is not applicable to the Company.

## PASARI SPINNING MILLS LIMITED

### 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 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 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 & 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. 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 : '180 Lakhs pertaining to earlier years.  
Price difference and interest on purchase of cotton aggregating to '180 Lakhs is disputed by the Company and the matter is before arbitration pertaining to earlier years.
3. Loans and Advances of '50,38,879/- paid to cotton suppliers is in dispute pertaining to earlier years.
4. In the absence of details received from suppliers, no disclosures have been made under the provisions of Micro, Small and Medium Enterprises Development Act, 2006.
5. The Commercial Tax Authorities have raised a demand including interest and penalty thereon for an amount of '1,80,16,068/- payable in 5 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. This matter is pertaining to earlier years.
6. 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).
7. No provision has been made in the accounts towards depletion in the market value of Investment. This matter is pertaining to earlier years
8. The Company has received notice from CESCOT for an amount of '28,43,845/- as back billing for which no provision is created in the Books, since the Company is disputing the same with the CESCOT authorities. This matter is pertaining to earlier years

## ANNUAL REPORT 2013 – 2014

### 9. DETAILS OF CLOSING STOCK:

Class of Goods	2013-14			2012-2013		
	Unit	Qty	Amount	Unit	Qty	Amount
Cotton	Kgs	—	—	Kgs	—	—
Cotton Yarn	Kgs	—	—	Kgs	—	—
W.I.P	Kgs	—	—	Kgs	—	—
Cotton Waste	Kgs	—	—	Kgs	—	—
Silk Yarn	Kgs	—	—	Kgs	—	—
Handloom Silk Fabric	Mtrs	Nil	Nil		Nil	Nil
Stores & Spares	—	—	9,49,245		—	9,49,245
<b>TOTAL</b>		<b>—</b>	<b>9,49,245</b>		<b>—</b>	<b>9,49,245</b>

### 10. LICENSED, INSTALLED CAPACITY & PRODUCTION:

Company has stopped its production and all the Plant and machinery are sold by the company.

### 11. 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
Remuneration	NIL	NIL
Conveyance	NIL	NIL

- 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.

### 12. AUDITOR'S REMUNERATION:

Auditor's remuneration includes:

a. As Auditors	'50,000/-
b. For Expenses	—
c. Service Tax	'6,180/-
<b>Total</b>	<b><u>56,180</u></b>

### 13. RELATED PARTY DISCLOSURE AS PER AS – 18:

- a) Name : PASARI EXPORTS LTD  
b) Description of Relationship : Common Directors and major share holder  
c) Description and Nature of Transaction : Financial Assistance Received.

## PASARI SPINNING MILLS LIMITED

- d) Volume of Transaction :
- i) Unsecured Loan Received during Current Year : '11,71,186 /-
- ii) Unsecured Loan Paid during Current Year : ' 14,832 /-
- 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.,

### 14. 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:

	2013-14		2012-13	
PARTICULARS	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between Book & Tax depreciation Carried forward loss and unabsorbed depreciation	—	—	—	—
<b>Total</b>	—	—	—	—
Net deferred tax asset	—	—	—	—

We have not recognized any deferred tax for the current year.

15. 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.

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

As per our report of even date  
For **MURALI AND VENKAT**  
Chartered Accountants

**G.S.GUPTA**  
Chairman

**T.K.GUPTA**  
Managing Director

**K.K.GUPTA**  
Director

**JAYANTH A.**  
Partner  
Membership No. 231549  
ICAI Firm registration No. 002162S

## PASARI SPINNING MILLS LIMITED

CIN : L85110KA1991PLC012537

Registered Office :#18, (Old # 16) III Floor Anjaneya Temple Street, Yediyur, Jayanagar 6<sup>th</sup> Block Bangalore - 560082

Folio No

### PROXY FORM

We .....of.....  
.....in the District of  
.....Being a member/s of  
PASARI SPINNING MILLS LIMITED hereby appoint, .....  
In the district of ..... failing  
him..... of  
..... in the District of ..... as my representative/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, 15<sup>th</sup> Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560050  
on Tuesday, the 30<sup>th</sup> September, 2014 at 11.00 A M and any adjournment thereof.

Signed this .....day of.....2014

Signature

Re. 1  
Revenue  
Stamp



## PASARI SPINNING MILLS LIMITED

CIN : L85110KA1991PLC012537

Registered Office :#18, (Old # 16) III Floor Anjaneya Temple Street, Yediyur, Jayanagar 6<sup>th</sup> Block Bangalore - 560082

### 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):.....

MembersFolio No:.....

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 23<sup>rd</sup> Annual General Meeting at Sri Krishna Mini hall, #589,  
15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore – 560050.

.....  
(member/s Proxy signature)

**BOOK -POST**

If Undeliverd please return to :

**PASARI SPINNING MILLS LIMITED.**

#18, (Old #16) III Floor  
Anjaneya Temple Street  
Yediur, Jayanagar 6<sup>th</sup> Block  
Bangalore – 560082