
ANNUAL REPORT

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PASARI SPINNING MILLS LIMITED

TWENTY FOURTH ANNUAL REPORT OF PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

2014-15

Board of Directors

Mr. G S Gupta – Chairman
Mr. T K Gupta – Managing Director
Mr. K K Gupta – Director
Mr. K C Gupta – Director
Mrs. K D Gupta - Additional Director

Auditors:

M/s. 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. T.K.Gupta	Member
Mr. K.K.Gupta	Member

Nomination & Remuneration Committee

Mr. K C Gupta	Chairman
Mr. G.S. Gupta	Member
Mr. K.K.Gupta	Member

Stakeholders Relationship Committee

Mr. K C Gupta	Chairman
Mr. K.K.Gupta	Member
Mr. K.D.Gupta	Member

Registered Office

#18, (Old # 16) III Floor
Anjaneya Temple Street,
Yediyur, Jayanagar 6th Block
Bangalore - 560082

Factory

#54 & 55, KIADB INDL AREA
1st Main III Cross,
Nanjangud - 571301

PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of M/s Pasari Spinning Mills Limited will be held on Wednesday, 30th Day of September 2015, at 11.00 AM, at Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Board's Report and Auditor's Report thereon.
2. To appoint a director in place of Mr. Krishna Kumar Gupta who retires by rotation and being eligible, offers himself for re appointment.
3. To appoint the M/s Murali & Venkat, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

"RESOLVED THAT pursuant to provisions of Section 139, 142(1) and other applicable provisions, if any, of the

Companies Act, 2013, read with the rules framed thereunder, as amended from time to time, M/s Murali & Venkat, Chartered Accountants, Bangalore (Firm registration No. 002162S), as the Statutory Auditors of the Company be and is hereby appointed by the members of the Company from the conclusion of this Annual General Meeting until the Conclusion of next Annual general Meeting on such remuneration as may be mutually determined between the Board of Directors of the Company and the said Auditors."

4. To regularize the appointment of Mrs. Kamala Devi Gupta, Additional Director as a Director.

By the Order of the Board
Pasari Spinning Mills Limited

Date: 19th August, 2015
Place: Bangalore

Gauri Shankar 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 person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. A member entitled to attend and vote at the meeting is also entitled to appoint 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.
3. 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.
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. The Register of members and the share transfer books of the company will remain closed on Wednesday i.e. 30th September 2015.
8. As per provisions of the Companies Act, 2013 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 Computer share private limited in physical form.
9. 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.
10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all the communication including Annual Report, Notices, Circulars, etc., from the Company electronically.
11. 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

12. (I) Pursuant to the provision of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management Administration) Rules, 2014 and in Compliance with the Clause 35B of the Listing Agreement the Company is pleased to provide members facility to exercise their votes at the 24th AGM by electronic means through e voting service provided by Karvy Computer share Private Limited (KCPL) and the Business may be transacted through e-voting as per instruction below:
 - a) Date and time of Commencement of voting through electronic mean date 24th September 2015 (9.00 A.M).
 - b) Date and time of the end of voting through electronic means beyond which voting will not be allowed : 29th September, 2015 (5.00PM)
 - c) Details of website: '<https://www.evoting.karvy.com>'.
 - d) For any further clarification contact the toll free No. 1-800-34-54-001 or email us at evoting@karvy.com.
 - e) Details of Scrutinizer: Mr. Vinay B L, Practicing Company Secretary, Bangalore.
 - f) The Instructions for e-voting are as under:
 - i. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'.
 - ii. Enter the login credentials which will be sent separately by email or post.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (09) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
 - vii. If you are holding shares in Demat form and have logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your existing login id and password are to be used.
- viii. On the voting page, you will see Resolution Description and against the same the option 'FOR/ AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'.
- ix. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- x. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xi. Corporate / Institutional Members (Corporate / Fls / FIs / Trust / Mutual Funds / Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to vinay@vinaybl.com with copy to evoting@karvy.com and investor@wepsol.in. The file scanned image of the Board Resolution should be in the naming format "Corporate Name.Event no.
- xii. The e-voting module shall be disabled for voting on 29th September, 2015 at 5-00 p.m. Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change subsequently. The voting rights of the Shareholders shall be in proportion of their shares in the paid-up equity share capital of the Company as on the book closure date.
- xiii. In case of any queries, member may contact rajeev.kr@karvy.com
- xiv. Mr. Vinay B L, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against , if any, forthwith to the Chairman. The results shall be declared after the AGM.
- xv. The results declared along with the Scrutinizer's Report shall be placed on the Company's

PASARI SPINNING MILLS LIMITED

website (www.pasariexports.com) and on the website of the Karvy Computershare Private Limited (www.evoting.karvy.com) within two days of the AGM of the Company and communicated to the BSE, where the shares of the Company are listed.

By the Order of the Board
Pasari Spinning Mills Limited

Date: 19th August, 2015
Place: Bangalore

G.S. Gupta
Chairman.
DIN: 00003860

(II) Facility for members not having access to electronic voting

- As provided in Clause 35B of Listing agreement, to enable those members who may not have access to electronic voting facility to exercise their vote, a physical ballot form is being send along with the Notice of Annual General Meeting.
- The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through Physical Ballot to declare the results of the resolutions forming part of Notice of the Annual General Meeting.
- A member can opt for only one mode of voting, i.e either by physical ballot or by electronic voting. In case member casting votes in both modes, the votes made through electronic voting shall prevail.

Annexure to notice

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

Particulars

Name	Krishna Kumar Gupta
Date of Birth	24/09/1970
Date of appointment	25/05/1995
Qualifications	B.Com.,
Expertise in specific functional area	Textile Industry
Directorship held in other Public Companies	Pasari Exports Limited-Whole Time Director
Memberships/Chairmanships of Committees of other Public Companies	NIL
No of shares held in Company	40,600 Individually & 8,400 Jointly

BOARD'S REPORT

CIN: L85110KA1991PLC012537

To,
The Members,

Your Directors have pleasure in presenting their Twenty Fourth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2015.

1. Financial summary or highlights/ Performance of the Company.

Particulars	2014-15	2013-14
Turnover	NIL	NIL
Profit/(Loss) before tax	(14,67,806)	11,34,272
Less: Prior period adjustment, provision for deferred tax, MAT Credit entitlement	(2,24,429)	(2,16,135)
Profit (Loss) for the year	(12,43,377)	13,50,407
Add : Balance B/F from the previous year	(116,389,235)	(117,739,642)
Balance Profit / (Loss) C/F to the next year	117,632,612	116,389,235

2. Performance Of The Company

For the year ended 31st March, 2015 the Company earned a total income of **Rs. 23,75,100/-**(Twenty three Lakh seventy five thousand and hundred only) and incurred a loss of **Rs. 12,43,377** (Twelve Lakh forty three

thousand three hundred and seventy seven only) 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. Dividend

Since there was no profit, the Company did not declare any dividend to its members.

5. Reserves

Since the Company did not earn any profit, there was no transfer made to reserves.

6. Brief description of the Company's working during the year/State of Company's affair.

The Company has discontinued its production operations from the financial year 2010-11. The Company has no intention to continue the production operations henceforth and has decided to lease out the Factory premises. The Company has not made any sales during the current year.

7. Change in the nature of business, if any

There was no change in the nature in the business during the financial year.

8. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

9. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

There were no significant and material orders passed by the Regulators or the Courts or Tribunals impacting the going concern status and Company's operation in the future.

10. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its Business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of the reliable financial disclosures.

11. Details of Subsidiary/Joint Ventures/ Associate Companies

The Company does not have any subsidiary/Joint venture/Associate Companies.

12. Performance and financial position of each of the subsidiaries, associate and joint venture companies included in the consolidated financial statement.

Since the Company does not have any subsidiary/Joint venture/Associate Companies the requirement of the same is not applicable.

13. Deposits

The Company did not accept deposits from the public or members as per the provisions of Section 73 to 76 of Companies Act, 2013 or any other rules framed thereunder.

14. Auditors:

Statutory Auditors

At the Annual General Meeting held on 30th September, 2014 members of the Company appointed Statutory Auditors, M/s. Murali & Venkat, Chartered Accountants, Bengaluru, who have confirmed their eligibility and willingness to accept office. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed before the Annual General Meeting and your directors recommend their appointment

Secretarial Auditor

CS, R.C Venkatesh Rao., Practicing Company Secretary, was appointed to conduct the Secretarial Audit of the company for the Financial Year 2014-15 as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The Secretarial Audit Report for the FY 2014-15 forms part of the Annual Report as **Annexure-1** to the Board's Report.

The Board noted the reports given by Statutory and

Secretarial Auditor and made the following explanations.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS.

1. The Accounting Standards AS-13 on Accounting for Investments, AS-15 on employee benefits, fixed asset details to show full particulars including quantitative details and situation of all fixed assets, will be examined in detail and necessary action will be taken during the next financial year.
2. 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.
3. The difference in Debtors balance is because of non-confirmation of balance from the concerned debtors.
4. 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.
5. 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.
6. During the year, the Company has involved in buying and selling of other company's shares through stock market. As per the other objects of the Memorandum of Association investing in the shares of other company is covered in the object incidental or ancillary to the main objects. In view of the above investing in the shares of other company is in order.
7. 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.
8. Since the Company does not have any revenue it has not paid the Listing Fees to the Stock Exchange. The promoters are planning to do some profitable venturing. The Company will settle the dues of the stock exchange at the earliest.
9. The Company has made an application for obtaining the in principle approval of the Bombay Stock Exchange in the year 2012 and the fees as prescribed by the Stock Exchange is also paid by the Company. Company is following up with the stock exchange for obtaining the approval of the Bombay Stock Exchange.
10. The details about the constitution of the Board will be examined in detail and the necessary corrective action shall be taken during the next financial year.

15. Share Capital

The Company has a paid up capital of Rs. 13,80,00,000 (Thirteen Crore Eighty Lakhs Only) divided into 1,38,00,000 (One Crore thirty eight lakhs only) Equity

PASARI SPINNING MILLS LIMITED

shares of Rs. 10/-(Ten Only) each. The Authorized Capital of the Company is Rs. 14,00,00,000 (Fourteen Crores Only) divided into 1,40,00,000 (One Crore forty lakhs only) Equity shares of Rs.10/- (Ten only) each.

Further the Company has not bought up back any of its securities, has not issued any Sweat Equity Shares, bonus shares and has not provided any Stock Option Scheme to its employees, during the year under review.

16. Extract of the Annual return

In accordance with the Provisions of Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual return in prescribed format is appended as **Annexure-2** to the Board's report.

17. Conservation of energy, technology absorption and foreign exchange earnings and outgo

Since the Company did not have any production activities the same is not applicable.

A) Conservation of energy:

Since the Company did not have any production activities the same is not applicable.

(B) Technology absorption:

Since the Company did not have any production activities the same is not applicable.

(C) Foreign exchange earnings and Outgo:

The Company had neither Foreign Exchange Earnings nor outgo during the financial year.

18. Corporate Social Responsibility (CSR)

The Company did not have the prescribed thresholds as provided under Section 135(1) for constituting CSR committee and hence the same is not applicable.

19. Directors:

A) Changes in Directors and Key Managerial Personnel:

The Board of Directors, at their meeting held on 23rd September, 2014 took note of resignation of Mr. H C Balagopal. Also the Board of Directors, at their meeting held on 25th March, 2015, appointed Mrs. Kamala Devi Gupta as Additional Director.

B) Declaration by an Independent Director(s) and re-appointment, if any

All Independent Directors have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

C) Formal Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Audit, Nomination and Remuneration Committee.

20. Number of meetings of the Board of Directors.

The Board of Directors duly met 7(Seven) the details which are given in the Corporate Governance Report that forms part of this Annual report. The intervening gap between any two meetings was within prescribed period as per the Companies Act, 2013 and Clause 49 of the

Listing Agreement.

21. Committees of the Board

Detail discussion is made under the heading "Corporate Governance Report".

22. Policies of the Company:

Vigil Mechanism/Whistle Blower Policy for Directors and employees:

The Company is in the process of formulating Vigil Mechanism /Whistle Blower policy and the same will be implemented at the earliest.

Research and Development

Since the Company does not have any production activities, the policy for the same is not applicable.

Internal Control System and Their Adequacy.

Detailed discussion is made under the head "Management Discussion and Analysis Report", which forms part of Annual report.

Anti-Sexual Harassment Policy

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention., prohibition and redressal of sexual harassment of women at workplace and to provide a platform for redressal of Complaints and grievances against sexual harassment. During the Financial Year 2014-15, Company has not received any complaint on sexual harassment.

23. Particulars of loans, guarantees or investments under section 186

Loans, Guarantees or Investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements provided in the Annual Report.

24. Particulars of contracts or arrangements with related parties:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto is disclosed in Form No. **AOC -2** as per **Annexure-3**.

25. Managerial Remuneration:

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended to the Corporate Governance Report.

26. Corporate Governance Certificate

Pasari recognizes good Corporate Governance and is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit of its stakeholders and for long-term success. We adhere to standards set by SEBI Corporate Governance practices and a Certificate on Corporate Governance pursuant to Clause 49 of the Listing Agreement forms part of this report in **Annexure-4**.

27. Risk management policy

Detail discussion is made under the heading Management Discussion and Analysis.

28. Directors' Responsibility Statement

To the best of our knowledge and belief, and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, except AS - 13 and AS - 15;
- (b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently. Judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- (c) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) that the annual financial statements have been prepared on a going concern basis; and
- (e) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively.
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and adequate operating effectively.

29. Acknowledgements

The Directors place on record their appreciation of cooperation and continued support extended by customers, shareholders, investors, partners, vendors, bankers, the Government, and statutory authorities for the Company's growth. We thank employees at all levels across the Group for their valuable contribution in our progress and look forward to their continued support.

for and behalf of the Board of Directors

Date: 19th August, 2015
Place: Bangalore

G.S. Gupta
Chairman
DIN:00003860

T.K. Gupta
Managing Director
DIN:00054549

ANNEXURE 1 FORM NO. MR-3

Secretarial Audit Report

for the financial year ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

PASARI SPINNING MILLS LIMITED.

NO. 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR,
JAYANAGAR 6TH BLOCK, BANGALORE-560082

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pasari Spinning Mills Limited (hereinafter called 'the Company') CIN- L85110KA1991PLC012537. Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (a statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books papers, minutes books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors report on Financial Statements and their certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement and also the information provided by the Company its officers, agents and authorised during the conduct of secretarial audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the Company has during the audit period covering the financial year ended on 31.03.2015 complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Pasari Spinning Mills Limited for the financial year ended on 31.03.2015 according to the applicable provisions of:

PASARI SPINNING MILLS LIMITED

1. The Companies Act, 2013(the Act) and the rules made thereunder;
2. The Securities Contract (Regulation)Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 to the extent applicable to the Company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - d. The Securities and Exchange Board of India(Registrars to an Issue and Share Transfer Agents) Regulations,1993- Karvy Computer share Pvt Ltd as a Share Transfer Agent, provides share registration and related services.
6. The company has closed its manufacturing operations since Nov. 2012 and has obtained the permission to close undertaking from Govt. of Karnataka.

The Managing Director has confirmed that all the dues to the workmen have been settled in accordance with the settlement. I confirm that I have gone thorough the above documents.

I have also examined compliance with the applicable clauses of the following;

The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited. The company is due in payment of listing fee to Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

The Application for permission to demat from promoters Quota is pending since 2012 with the Bombay stock Exchange to the extent of Rs 1.8 crores.

I further report that:

1. The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors for the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system are in place for seeking and obtaining further information and clarifications on the agenda items for meaningful participation at the meeting.
3. The company needs to appoint a qualified Company Secretary in terms of section 203 based on paid up Capital.
4. The notes on accounts by statutory Auditors suggest existence of claims and counter claims which has effect on revenue and is not commented on by me. The company has not complied with Listing Agreement re: Publication of financials with stock Exchange. The Company may have to pay heavy penalties if levied.
5. The Company has violated Clause 54 of the Listing agreement as no "Website" has been created.
6. There is a need to reconcile the paid up share capital.

I further report that there are adequate systems and processes in the Company commensurate with the size to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had no other Specific events.

Place: Bangalore
Date: 19/08/2015

R.C.Venkatesh Rao
Practicing Company Secretary
CP No. 2733
Membership No. 2282

ANNEXURE 2**FORM NO. MGT.9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March,2015****[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

Sl.No.	Particulars	Details
1	CIN	L85110KA1991PLC012537
2	Registration Date	25/11/1991
3	Name of the Company	Pasari Spinning Mills Limited
4	Category / Sub-Category of the Company	Indian Non-Government Company
5	Address of the Registered office and contact details	No 18 Illrd Floor, Anjaneya Temple Road, Yedyur, Jayanagar 6th Block, Bangalore, 560082
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computer Share Private Limited Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad-500 081. Telephone: 040-44655000, Fax: 040-23420814

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-**

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the services company
1	Manufacturing of Cotton Yarn	17111	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	-	-	-	-	-
2	-	-	-	-	-

IV. SHARE HOLDING PATTERN**(Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	221200	21800	243000	1.76	221200	21800	243000	1.76	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

PASARI SPINNING MILLS LIMITED

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	5280342	1800000	7080342	51.31	5280342	1800000	7080342	51.31	NIL
e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other..	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1)	5501542	1821800	7323342	53.07	5501542	1821800	7323342	53.07	NIL
(2) Foreign									
a) NRIs Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) =	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(A)(1)+(A) (2)	5501542	1821800	7323342	53.07	5501542	1821800	7323342	53.07	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	100	-	100	0	100	-	100	0	0
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	100	-	100	0	100	-	100	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1107296	13000	1120296	8.12	966801	13000	979801	7.1	-12.54
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual									

ANNUAL REPORT 2014 - 2015

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
shareholders holding nominal share capital upto Rs.1 lakh	2116789	929340	3046129	22.07	2126393	923549	3049942	22.10	0.13
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1942046	15800	1957846	14.19	2072203	15800	2088003	15.13	6.65
c) Others (specify)									
i) Directors and their relatives	154886	61900	216786	1.57	157386	61900	219286	1.59	1.15
ii) Non residents	847014	6300	131001	0.95	93075	46300	139375	1.01	6.39
iii) Clearing Members	4500	NIL	4500	0.03	151	NIL	151	0	-96.64
Sub-total (B)(2):-	5410218	1066340	6476558	46.93	5416009	1060549	6476558	46.93	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	5410318	1066340	6476658	46.93	5416109	1060549	6476658	46.93	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	10911860	2888140	13800000	100	10917651	2882349	13800000	100	NIL

(ii) Shareholding of Promoters:

Sl. No.	Share-holder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Pasari Exports Limited	7080342	51.3	NIL	7080342	51.3	NIL	1.38
2.	Gauri Shankar Gupta	221200	1.6	NIL	221200	1.6	NIL	NIL
3.	Shyam Bihari	3000	0.02	NIL	3000	0.02	NIL	NIL
4.	Shyam Gupta	3000	0.02	NIL	3000	0.02	NIL	NIL
5.	Shyam Sundar Gupta	15800	0.13	NIL	15800	0.13	NIL	NIL
	Total	7323342	53.07	0	7323342	53.07	0	NIL

PASARI SPINNING MILLS LIMITED

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7323342	53.07	7323342	53.07
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	7323342	53.07	7323342	53.07

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	763426	5.53	763426	5.53
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	763426	5.53	763426	5.53

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,24,000	3.78%	3,24,000	3.78%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	3,24,000	3.78%	3,24,000	3.78%

ANNUAL REPORT 2014 - 2015

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/
accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	1,69,85,651	21,91,8664	NIL	1,69,85,651
Total (i+ii+iii)	1,69,85,651	21,91,8664	NIL	1,69,85,651
Change in Indebtedness during the financial year				
• Addition	8,28,125		NIL	
• Reduction		25,70,111		-17,41,986
Net Change	8,28,125	-25,70,111	NIL	-17,41,986
Indebtedness at the end of the financial year				
i) Principal Amount	1,61,57,526	1,93,48,553	NIL	3,55,06,079
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1,61,57,526	1,93,48,553	NIL	3,55,06,079

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL*

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		T.K.Gupta, Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL

* Since the company is in loss the directors have waived their salaries.

PASARI SPINNING MILLS LIMITED

B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
	3. Independent Directors	H.C. Balagopal*	K.C. Gupta		
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	NIL	NIL		NIL
	Total (1)	NIL	NIL		NIL
	4. Other Non-Executive Directors	G.S.Gupta	K.K.Gupta	K.D.Gupta**	
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B) = (1 + 2)	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL

*H.C.Balagopal ceased to be Director w.e.f 23rd September,2014;

**Mrs. K.D. Gupta was appointed to the Board on 25th March,2015.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- others, specify...				
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

ANNUAL REPORT 2014 - 2015

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

ANNEXURE-3

PARTICULARS OF CONTRACTS/ARRANGEMENTS MADE WITH THE RELATED PARTIES (AOC-2)

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis.

There were no contracts or arrangements or transactions entered during the year ended March 31, 2015, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis.

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows :

Name(s) of the related party	Nature of relation-ship	Nature of contracts/ arrangements/ transactions	(d) Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
(a)	(b)	(c)	(d)	(e)	(f)	(g)
M/s Pasari Exports Limited	Holding	Interest free loan	NA	Interest free loan	NA	2,10,46,553
M/s Pasari Exports Limited	Holding	Expenses of the Company paid by the Holding Company	NA	Expenses of the Company paid by the Holding Company	NA	4,62,889

PASARI SPINNING MILLS LIMITED

Annexure-4

AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members,
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 2015 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, except composition of the Board and other committees.

We state that in respect of investor grievance received during the year ended 31st March, 2015, 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

CH. Ranga Rao
Partner
MNo: 222091

Date: 19th August, 2015
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.

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

ANNUAL REPORT 2014 - 2015

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 not employed workers and staff including the factory and head office.

for and on behalf of the Board,

Date: 19th August, 2015
Place: Bangalore

G S Gupta
Chairman
DIN: 00003860

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, 2015 the Board consisted of 5 directors comprising 1 Executive director and 4 Non executive out of which 1 director is Independent Director. 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	7	7	YES	1	NIL
2	Mr. T.K. Gupta	Executive	7	7	YES	2	NIL
3	Mr. K.K. Gupta	Non Executive	7	7	YES	2	NIL
4	Mr. K.C. Gupta	Non Executive	7	7	YES	NIL	NIL
5	H.G. Balagopal	Non Executive	7	4	YES	NIL	NIL
6	Kamala Devi Gupta	Non Executive	7	1	YES	1	NIL

PASARI SPINNING MILLS LIMITED

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						
		28 April, 2014	30 July, 2014	31 July, 2014	23 Sep, 2014	15 Nov, 2014	30 Jan, 2015	25 March, 2015
1	Mr. G. S. Gupta	✓	✓	✓	✓	✓	✓	✓
2	Mr. T.K. Gupta	✓	✓	✓	✓	✓	✓	✓
3	Mr. K.K. Gupta	✓	✓	✓	✓	✓	✓	✓
4	Mr. K.C. Gupta	✓	✓	✓	✓	✓	✓	✓
5	Mr. H.G. Balagopal	✓	✓	✓	✓	-	-	-
6	Kamala Devi Gupta	-	-	-	-	-	-	✓

3. Audit committee:

The Company's Board has constituted an Audit Committee pursuant to the provisions of the Companies Act, 2013 which has all the necessary features as required by the Listing Agreement.

(a) Composition:

Mr. K. C. Gupta, Chairman, Non Executive & Independent;

Mr. T.K.Gupta, Member, Executive Director

Mr. K.K.Gupta, Member, Non executive Director.

(b) Powers: Powers of the Audit Committee include:

- To investigate any activity within its responsibilities.
- To have independent back office support and other resources from the company.
- To have access to information contained in the records of the Company or from any employee.
- To obtain legal or professional advice from external sources.
- To have the facility of separate discussions with both internal and external auditors as well as the management.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

(c) Roles and Responsibilities:

- Recommend the appointment, re-appointment and removal of external auditor and internal auditor, approve terms of engagement, including fixation of audit fee, and also approve the payment for any other services. The Committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- Review the financial reporting process and the disclosure of financial information of the Company, as well as subsidiaries, to ensure that

the financial statement is correct, sufficient and credible. Also, monitor the integrity of the financial statements of the Company.

- Review, with management, the quarterly and annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices and reasons for the same.
- Major accounting entries based on exercise of judgment by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Management Discussion and Analysis of financial conditions and results of operations.
- Directors' Responsibility Statement.

- Review the adequacy of internal control systems and review internal audit reports, management letters relating to internal control weaknesses, if any.

- Review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion, review and follow up on the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, including management override of internal controls and financial irregularities involving management team members.

ANNUAL REPORT 2014 - 2015

- (vii) Discussions with external auditors before the audit commences about the nature and scope of the audit, and have post-audit discussions to ascertain any areas of concern.
 - (viii) Review the Company's financial and risk management policies and systems. Assist executive management to identify the risk impacting the Company's business and document the process of risk identification, risk minimization and risk optimization as a part of risk management policy.
 - (ix) Look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, and monitor utilization of funds raised through public and preferential issues.
 - (x) Review the functioning of the Whistle Blower mechanism established in the Company.
 - (xi) Monitor and approve all Related Party Transactions including any modification/amendment with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large.
 - (xii) Any other matter referred to the Audit committee by the Board of Directors of the Company
- (d) Meetings:** During the year Audit committee met Four times on 30th July, 2014, 31st July, 2014, 15th Nov, 2014, 30th Jan, 2015:

Attendance record in Audit Committee is as follows:

Sl. No.	Members	Category	No of meetings attended
1	Mr. K. C. Gupta	Chairman, Non Executive & Independent	4
2	Mr. T.K.Gupta,	Member, Executive Director	4
3	Mr. K.K.Gupta,	Member, Non executive Director	4

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. Nomination and Remuneration committee:

(a) Composition:

- Mr. K.C. Gupta, Chairman,
Non executive and Independent
- Mr. G.S. Gupta, Member,
Non executive Director
- Mr. K.K. Gupta, Member,
Non executive Director

(b) Powers / Roles : The terms of reference of the Nomination and Remuneration Committee include the following:

- To decide on all matters relating to the Company's stock option/share purchase schemes including the grant of options/shares to the Directors and employees of the Company and/or of its subsidiaries.
- To determine and make suitable recommendations to the Board in all matters relating to qualification, appointment, evaluation and remuneration of the Independent Directors of the Board, Executive Directors of the Company and its managerial personnel under the Companies Act, 2013 and Clause 49 of the Listing Agreement.
- To review performance and determine the remuneration payable to Executive Directors.
- Establishment and administration of employee compensation and benefit plans. (v) To decide and make suitable recommendations to the Board on any other matter that the Board may entrust the Committee with or as may be required by any statutes / regulations / guidelines / listing agreements, etc.

During the year, the Remuneration Committee met twice on 23rd September, 2015 and 25th March, 2015. Composition, Category and attendance of the Remuneration Committee is as under:

Sl.No	Members	Category	No of Meetings Attended
1	Mr. K.C. Gupta	Non Executive & Independent	2
2	Mr. G.S.Gupta	Non executive	2
3.	Mr. K.K. Gupta	Non executive	2

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

PASARI SPINNING MILLS LIMITED

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	Perqui- sites	Sitting fees	Total	No of shares held
Mr. T.K. Gupta	NIL	NIL	NIL	NIL	39,700

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

6. Stakeholders Relationship Committee:

a) Composition

1. Mr. K.C. Gupta, Non Executive & Independent
2. Mr. K.K. Gupta, Non executive
3. Mrs. K.D. Gupta, Non executive

b) Powers/Roles:

Powers/Roles: The Stakeholders Relationship Committee approves the transfer of shares, issue of split and duplicate share certificates, etc. The Committee also oversees redressal of the shareholders' grievances / complaints and compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 and 2015.

c) Meetings:

The Committee met once during the year on 25th March, 2015.

Attendance Record in Stakeholders Relationship Committee Meetings held during the year is as follows:

Sl. No.	Members	Category	No of Meetings Attended	
			Held	Attended
1	Mr. K.C. Gupta,	Non Executive & Independent Director	1	1
2	Mr. K.K. Gupta	Member & Non executive Director	1	1
3	Mrs. K.D. Gupta	Member & Non executive Director	1	1

Report of Investor Complaints received and disposed of during year ended March 31, 2015:

Particulars	No. of cases outstanding as on April 01, 2014	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2015
No. of Investor issues	NIL	28	28	NIL
No. of legal cases	NIL	NIL	NIL	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
23rd	30/09/2014	11.00 A M	Sri Krishna Mini hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050
22nd	30/09/2013	11.00 A M	
21st	29/09/2012	11.00 A M	

Details of Special Resolutions passed in the previous three AGMs

A G M Particulars of Special Resolutions passed thereat	
23rd	No Special Resolution was passed at this AGM.
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.

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 Fourth 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	2,10,46,553

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.

ANNUAL REPORT 2014 - 2015

General Shareholder information:

- Annual General Meeting 30th September, 2015
- Venue Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050

Financial year: 1st April 2014 to 31st March 2015.

Date of book closure: 30th September, 2015

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	Low
Apr 14	1.90	1.55
May 14	2.56	1.63
Jun 14	3.69	2.49
Jul 14	3.36	2.63
Aug 14	2.73	1.76
Sep 14	3.61	1.68
Oct 14	3.69	3.42
Nov 14	3.70	2.85
Dec 14	3.18	2.41
Jan 15	3.33	1.92
Feb 15	2.12	1.50
Mar 15	1.84	1.47

Sensex for the period:

Month	High	Low
Apr 14	22,939.31	22,197.51
May 14	25,375.63	22,277.04
Jun 14	25,725.12	24,270.20
Jul 14	26,300.17	24,892.00
Aug 14	26,674.38	25,232.82
Sep 14	27,354.99	26,220.49
Oct 14	27,894.32	25,910.77
Nov 14	28,822.37	27,739.56
Dec 14	28,809.64	26,469.42
Jan 15	29,844.16	26,776.12
Feb 15	29,560.32	28,044.49
Mar 15	30,024.74	27,248.45

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 31.03.2015

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	4254	51.111378 %	729849	7298490	5.288761 %	2891	34.735073 %	519502	5195020	3.764507 %
2	5001- 10000	145	1.742160 %	122900	1229000	0.890580 %	400	4.805959 %	349899	3498990	2.535500 %
3	10001- 20000	46	0.552685 %	69400	694000	0.502899 %	206	2.475069 %	335278	3352780	2.429551 %
4	20001- 30000	16	0.192238 %	44100	441000	0.319565 %	93	1.117386 %	240042	2400420	1.739435 %
5	30001- 40000	3	0.036045 %	10900	109000	0.078986 %	36	0.432536 %	131489	1314890	0.952819 %
6	40001- 50000	3	0.036045 %	15000	150000	0.108696 %	39	0.468581 %	183098	1830980	1.326797 %
7	50001- 100000	8	0.096119 %	74400	744000	0.539130 %	78	0.937162 %	576940	5769400	4.180725 %
8	100001 & Above	2	0.024030 %	1815800	18158000	13.157971 %	103	1.237535 %	8581403	85814030	62.184080 %
	Total	4477	53.79 %	2882349	28823490	20.89 %	3846	46.21 %	10917651	109176510	79.11 %

PASARI SPINNING MILLS LIMITED

Dematerialisation of shares & liquidity:

As of the end of 31st March 2015 shares comprising approximately 79.11 % of shares of the company's Equity share capital have been dematerialised.

Shareholding pattern as at 31.03.2015

SI No.	Category of Shareholder	No of shareholder	Total No of Shares	Total shareholding as a percentage of total number of shares
(A)	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP			
	Individuals/HUF	82	2,43,000	1.76
	Bodies Corporate	2	7,08,0342	51.31
(A)	Total Promoter's Holding	84	73,23,342	53.07
(B)	PUBLIC SHAREHOLDING			
	I. INSTITUTIONS			
	Financial Institutions/Banks	1	100	0.00
	II. NON INSTITUTIONS			
	Bodies Corporate	132	9,71,054	7.04
	Individuals			
	Individuals Holding Nominal shareholding upto 1 Lakh	7,749	30,60,789	22.18
	Individuals holding nominal shareholding excess of 1 lakh	78	2,08,7754	15.13
	Directors and Relatives	147	2,16,786	1.57
	Non Resident Indians	144	1,39,375	1.01
	Clearing Members	3	800	0.01
(B)	Total Public Shareholding	8,254	64,76,658	46.93
	(A)+(B)	8,338	13,80,0000	100

Plant location:

Company's factory is located at:

#54 & 55,
KIADB Industrial Area,
1st Main, 3rd 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, 6th 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 19th August, 2015.

for and on behalf of the board

Date: 19th August, 2015
Place: Bangalore

(G S Gupta)
Chairman
DIN: 00003860

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. 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, 2015, 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:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("The Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion, whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Emphasis on the Matters:

We draw attention to the following matters in the Notes to the financial statements:

- a) Notes-2 of Notes to Account: The Company has discontinued its production operations from the end of June 2011. The Company has no intention to continue the production operations henceforth and has decided to lease out the Factory premises. The Company has not made any sales during the current year.
- b) Note-3: Notes to Account: During the year, the company involved in buying and selling of shares of other companies through share market which is not the main objects of the business of the Company for which it was incorporated.
- c) Notes-8 of Notes to Account: Non disclosure under provisions of the Micro, Small and Medium Enterprises Development Act 2006 in the absence of details received from suppliers.
- d) Notes-10 of Notes to Account: No provision of Employee benefits has been made which need to be made as per AS-15 issued by the Institute of Chartered Accountants of India, non quantifiable.
- e) Notes-11 of Notes to Account: No provision is made for depletion in Market value of Investments in

PASARI SPINNING MILLS LIMITED

shares, securities and mutual funds.

- f) Non confirmation of balances in respect of Sundry Debtors, Creditors and Loans & Advances.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements 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, of the state of affairs of the Company as at 31 March 2015 and its Profit & Loss a/c and its 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, 2015 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, We give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, We report that:
 - (a) We have sought and 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 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the Directors as on March 31, 2015, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2015, from being appointed as a Director in terms of section 164(2) of the Companies Act, 2013.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our

information and according to the explanation given to us:

- (a) The company does not have any pending litigations to disclose in the financial statements.
- (b) There are no material foreseeable losses assessed during the year and hence no provision is required to be made at the reporting date by the Company, as required under the applicable Law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

With respect to the above two points, we draw attention to the following matters in the Notes to the financial statements:

- i. Notes-4 of Notes to Accounts: Wherein, the Company has raised a demand on Cotton Corporation of India for Rs. 180 Lacs with respect to Price variation for purchase of Cotton from the Cotton Corporation of India. The same has been denied by the Cotton Corporation of India and the dispute is under Arbitration for settlement. This dispute pertains to the earlier years.
- ii. Notes-5 of Notes to Accounts: The Loans and Advances of Rs.50,38,879/- paid to cotton suppliers which is in dispute and pertaining to earlier years.
- iii. Notes-9 of Notes to Accounts: No provision is made towards sales tax arrears including penalty aggregating to Rs.1,80,18,068 of the earlier years.
- iv. Notes-12 of Notes to Accounts: No provision is made towards Back billing demand raised by CESCOT aggregating to Rs.28,43,845/- of the earlier years.
- (c) The company does not have any amounts to be transferred to Investor Education and Protection Fund.

For MURALI & VENKAT

Chartered Accountants

CH. RANGA RAO, Partner

Membership Number: 222091

Firm's Registration Number: 002162S.

Date: 19th August. 2015

Place: Bangalore.

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of M/s. PASARI SPINNING MILLS LIMITED ('the Company') for the year ended 31st March, 2015, we report that:

1. (a) The Company has not maintained proper records to show full particulars including quantitative details and situation of all Fixed Assets.
- (b) The Fixed Assets of the Company have not been physically verified by the Management during the year at reasonable intervals.
2. The company does not have any trading inventory, hence no physical verification has been carried out. However, the Company has the opening Stores and Spares for which no physical verification report is made available with respect to quantitative details.

3. In respect of the loans, secured or unsecured, granted by the company to companies, firm or other parties, covered under Register maintained under section 189 of the companies Act, 2013:

We draw your attention to Notes-6 of Notes to Accounts, wherein, during the year, the Company has given an amount of Rs. 30,34,000/- to M/s. Pasari Exports Limited. The transactions have been covered under related parties and M/s. Pasari Exports Limited holds more than 50% of the shareholding of M/s. Pasari Spinning Mills.

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 inventory, Fixed Assets and for the Sale of goods and Services. However, since the Company has discontinued its commercial operation in 2010-11, the company has not effected any purchases of inventory, Fixed Assets and for the Sale of goods and Services During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. The company has not accepted any deposit from the public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
6. The Maintenance of Cost records as prescribed by the Central Government under section 148 (1) of the Companies Act, 2013 in respect of the activities of the Company does not 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.
7. (a) The Company is not regular in depositing the undisputed Statutory Dues with Appropriate Authorities and there are certain disputed 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 31st March 2015, for a period of more than six months from the date they became payable. The

following are the details of disputed amounts;

Name of the Statute	Nature of the dues	Amount due	Year
ESIC	ESIC	7,03,115	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 31.03.2015

Name of the Statute	Nature of the Dues	Amount (Rs.)	For the Year
Central Sales Tax Act	CST	4,45,496	1999-00
		5,80,226	2000-01
		8,83,692	2001-02
Karnataka Entry Tax Act	KVAT	46,593	1999-00
		98,290	2000-01
		4,35,196	1999-00
		46,57,137	2000-01
		32,10,915	2001-02
Penalty	CST and KVAT	5,000	1999-00
		2,50,000	2000-01
		18,35,296	2001-02
Interest	CST and KVAT	3,11,968	1999-00
		33,37,878	2000-01
		19,18,381	2001-02
Total		1,80,16,068	

8. The Company is in existence for more than 5 years and has accumulated losses as at the year end; and has also incurred a cash losses during the financial year.
9. In our opinion and according to the information and explanation given to us, the Company has defaulted in repayment of principal dues in respect of Term Loan borrowed from Syndicate Bank as on 31.03.2015. There are no debenture holders with the Company.
10. The Company has not given any guarantee for loans taken by others from the Banks or Financial Institutions.
11. In our opinion and according to the information and explanation given to us, the Company has borrowed Term Loans from Syndicate Bank in 2012 for the purpose of settlement to labour.
12. 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

CH. RANGA RAO

Partner
Membership Number: 222091
Firm's Registration Number: 002162S
Place: Bangalore
Date: 19th August, 2015

PASARI SPINNING MILLS LIMITED

M/S. PASARI SPINNING MILLS LIMITED

Regd Office : NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082.

BALANCE SHEET AS AT 31st MARCH, 2015

PARTICULARS	Note No.	AS AT 31st MARCH, 2015	AS AT 31st MARCH, 2014
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	13,80,00,000	13,80,00,000
(b) Reserves and Surplus	2	(11,76,32,612)	(11,63,89,235)
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	3,59,96,079	3,89,04,314
(b) Deferred tax liability (Net)			
(b) Other Long term liabilities	4	25,00,000	-
(4) Current Liabilities			
(a) Short-term borrowings	5	12,08,000	4,90,000
(b) Trade payables	6	14,24,900	14,75,293
(c) Other current liabilities	7	34,40,395	34,89,255
(d) Short-term provisions	8	1,55,676	4,11,073
Total		6,50,92,438	6,63,80,701
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	1,13,15,807	1,23,72,560
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development			
(c) Other non-current Investments			
(d) Deferred tax assets (net)	10	3,91,12,046	3,88,87,617
(b) Long term loans and advances	11	1,18,24,829	1,18,24,829
(c) Other non-current assets	12	13,78,952	14,98,356
(2) Current assets			
(a) Current investments	13	2,05,297	1,94,116
(b) Inventories	14	9,49,245	9,49,245
(c) Trade receivables	15	2,24,746	5,64,893
(d) Cash and Bank balances	16	81,515	89,085
(e) Short-term loans and advances		-	-
(f) Other current assets		-	-
Significant Accounting Policies and Other Disclosures	24		
Total		6,50,92,438	6,63,80,701

The notes forming part of these financial statements

As per our Report of even date

For MURALI & VENKAT

CHARTERED ACCOUNTANTS

For M/s. PASARI SPINNING MILLS LTD.,

CH. RANGA RAO

PARTNER

Membership No: 222091

Firm Regn. No: 002162S

Place: Bangalore

Date : 19-08-2015

G S GUPTA

CHAIRMAN

T K GUPTA

MANAGING DIRECTOR

K K GUPTA

DIRECTOR

ANNUAL REPORT 2014 - 2015

M/S. PASARI SPINNING MILLS LIMITED

Regd Office :NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

PARTICULARS	As on 31 st March 2015		As on 31 st March 2014	
	₹	₹	₹	₹
1. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extra ordinary items		(14,67,806)		11,34,272
Add Adjustments for:				
Depreciation	10,56,752		10,19,278	
Interest & Finance Charges	24,25,894		25,51,328	
		34,82,646		35,70,606
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		20,14,840		47,04,878
Adjustments for:				
(Increase)/Decrease in Trade Receivables	3,40,147		(3,40,147)	
(Increase)/Decrease in Other Non current Assets	1,19,403		(6,27,226)	
(Increase)/Decrease Long Term Loans & Advances	-		50,000	
(Increase)/Decrease in Inventories	-		-	
(Increase)/Decrease in Short-term Loans & Advances	-		-	
Increase/(Decrease) in Trade Payables	(50,393)		(5,04,053)	
Increase/(Decrease) Short term Borrowings	7,18,000		-	
Increase/(Decrease) in Other Current Liabilities	(48,860)		(32,15,098)	
Increase/(Decrease) in Short term provisions	(2,55,397)	8,22,901	(8,000)	(46,44,524)
Cash Generated From Operations		28,37,740		60,354
Cash Flow before extra ordinary items		-		-
Income Tax Paid		-		-
MAT Credit				2,16,135
Extra ordinary items		-		-
NET CASH FROM OPERATING ACTIVITIES (A)		28,37,740		2,76,489
2. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	-		(50,000)	
Sale of Fixed Assets	-		-	
Advances for Fixed Assets	-		-	
Current investments	(11,181)		39,695	
NET CASH FROM INVESTING ACTIVITIES (B)		(11,181)		(10,305)
3. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds of Shares Issued during the Year	-		-	
Receipt / Repayment of Secured loans	(29,08,236)		13,94,098	
Receipt / Repayment of Unsecured loans	25,00,000		-	
Interest & Finance Charges	(24,25,894)		(25,51,328)	
NET CASH FROM FINANCING ACTIVITIES (C)		(28,34,129)		(11,57,230)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(7,570)		(8,91,046)
Add : Cash & Cash Equivalents at the Beginning of the Year		89,085		9,80,131
		81,515		89,085
Cash & Cash Equivalents at the End of the Year		81,515		89,085

Notes :

1. Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per **Note:16**
2. The Cash Flow Statement has been prepared under the "Indirect method " as set out in the Accounting Standard (AS -3), "Cash Flow Statement".
3. The Figures in bracket represent the Cash Outflow and the figures having no bracket represents the Cash Inflow.

This is the Cash Flow Statement we have referred to, in our Report of even date

For **MURALI & VENKAT**
CHARTERED ACCOUNTANTS

For **M/s. PASARI SPINNING MILLS LTD.,**

CH. RANGA RAO
PARTNER
Membership Number : 222091
Firm Registration No: 002162S
Date : 19.08.2015

G S GUPTA
CHAIRMAN

T K GUPTA
MANAGING DIRECTOR

K K GUPTA
DIRECTOR

PASARI SPINNING MILLS LIMITED

M/S. PASARI SPINNING MILLS LIMITED

Regd Office : NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

PARTICULARS	Note No	AS AT 31st MARCH, 2015 ₹	AS AT 31st MARCH, 2014 ₹
I. Revenue From Operations		-	-
II. Other Income	17	23,75,100	59,55,106
III. Total Revenue (I +II)		23,75,100	59,55,106
IV. Expenses:			
Cost of Raw Materials Consumed	18	-	-
Manufacturing and other Operating Expenses	19	11,600	76,130
Changes in inventories of finished goods & work-in-progress		-	-
Employee benefit expenses	20	-	5,98,050
Financial costs	21	24,25,894	25,51,328
Depreciation and amortization expense		10,56,752	10,19,278
Other expenses	22	3,14,773	5,70,542
Total Expenses		38,09,019	48,15,328
V. Profit before exceptional and extraordinary items and tax (III - IV)		(14,33,919)	11,39,778
VI. Exceptional Items	23	(33,887)	(5,506)
VII. Profit before extraordinary items and tax (V - VI)		(14,67,806)	11,34,272
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		(14,67,806)	11,34,272
X. Tax expense:			
Less : Provision for Income Tax		-	-
Add : MAT Credit Entitlement for the year		-	(2,16,135)
Less : Deferred tax Liability / (Asset)		(2,24,429)	-
Tax in respect of earlier years		-	-
		(2,24,429)	(2,16,135)
XI. Net Profit for the year from continuing operations (IX - X)		(12,43,377)	13,50,407
XII. Profit/(Loss) from Discontinuing operations		-	-
XIII Net profit for the year (XI + XII)		(12,43,377)	13,50,407
XIV. Earning per equity share:			
(1) Basic		(0.09)	0.10
(2) Diluted		(0.09)	0.10
Significant Accounting Policies and Other Disclosures	24		

The Notes forming part of these financial statements

As per our Report of even date

For **MURALI & VENKAT**
CHARTERED ACCOUNTANTS

For M/s. PASARI SPINNING MILLS LTD.,

CH. RANGA RAO
PARTNER

G S GUPTA
CHAIRMAN

T K GUPTA
MANAGING DIRECTOR

K K GUPTA
DIRECTOR

Membership No: 222091
Firm Regn. No: 002162S

Place: Bangalore
Date : 19.08.2015

ANNUAL REPORT 2014 - 2015

M/S. PASARI SPINNING MILLS LIMITED

Regd Office : NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082

NOTES TO THE FINANCIAL STATEMENTS		AS AT 31st MARCH, 2015	AS AT 31st MARCH, 2014	
		₹	₹	
Note 1 - Share Capital:				
Authorized Share capital				
1,40,00,000 Equity Shares of Rs.10 each		14,00,00,000	14,00,00,000	
Issued				
1,38,00,000 Equity Shares of Rs.10 each		13,80,00,000	13,80,00,000	
Subscribed & Paid up				
1,38,00,000 Equity Shares of Rs.10 each		13,80,00,000	13,80,00,000	
Total		13,80,00,000	13,80,00,000	
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 2015		As at 31st March 2014	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pasari Exports Ltd.	7080342	51.31	6983802	50.6
Note 2 - Reserves and Surplus				
Capital Reserve		-	-	
CAPITAL SUBSIDY		-	-	
Opening Balance		-	-	
(+) Current Year Transfer		-	-	
(-) Written Back in Current Year		-	-	
Closing Balance		-	-	
General Reserve		-	-	
Opening Balance		-	-	
(+) Current Year Transfer		-	-	
(-) Written Back in Current Year		-	-	
Closing Balance		-	-	
Surplus:				
Opening Balance		-	-	
Add/(Less) : Opening Balance- Net Deficit in Profit & Loss A/c		(11,63,89,235)	(11,77,39,642)	
Add/(Less) : Net Loss for the year - transfer from Profit & Loss A/c		(1,24,33,77)	13,50,407	
Closing Balance		(11,76,32,612)	(11,63,89,235)	
Total		(11,76,32,612)	(11,63,89,235)	
Note 3 - Long Term Borrowings:				
Secured				
Term Loan- Syndicate Bank:-00039		1,61,57,526	1,69,85,651	
“(Personal Guarantee of Directors and term deposits worth Rs 35Lcs and @ 13% floating rate of interest)”				
Loans from Directors				
Loan from Directors		4,90,000	4,90,000	
Unsecured				
Loans and advances from related parties				
PASARI EXPORTS LTD **		1,93,48,553	2,19,18,664	
Total		3,59,96,079	3,93,94,315	

PASARI SPINNING MILLS LIMITED

**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 2,10,46,553/-

Note 4 - Other Long Term liabilities:		
Advance from Customers [JAIVEER BIO GAS PVT. LTD.,]	25,00,000	-
Total	25,00,000	-
Note 5 - Short Term Borrowings:		
Unsecured		
Loans from Directors		
Loan From MR.GS Gupta	5,00,000	-
Loan From MRS.Kamaladevi Gupta	5,00,000	-
Loan From MR.TK Gupta	2,08,000	-
Total	12,08,000	-
Note 6 - Trade Payables		
Consumables	8,39,392	8,39,392
Expenses	5,85,508	6,35,901
	14,24,900	14,75,293
Note 7 - Other Current Liabilities		
Current Maturities of Long term Debts	25,38,086	25,38,086
Remuneration Payable	16,327	16,327
Statutory Liabilities	7,95,982	8,44,842
Deposits		
Hutch - Deposit	40,000	40,000
JTM - Deposit	50,000	50,000
Total	34,40,395	34,89,255
Note 8 - Short Term Provisions		
(a) Provision for employee benefits		
Salary & Reimbursements		-
Director Remuneration	95,676	4,11,073
(b) Others		
Consultancy Charges	8,000	-
Audit fees	52,000	-
Total	1,55,676	4,11,073
Note 9 - Fixed Assets	Enclosed	
Note 10 - Deferred Tax Asset		
Opening Balance	3,88,87,617	3,88,87,617
Add: Deferred tax Liability/(Asset) for the year	2,24,429	-
Total	3,91,12,046	3,88,87,617
Note 11 - Long Term Loans and Advances		
Unsecured considered good		
Loans and advances to related parties		
T.K.R.Textile Pvt Ltd.,	-	-
Other Advances & Deposits		
Others Advances- (is in Arbitration with CCI)	63,90,000	63,90,000
K E B - Deposit	53,25,243	53,25,243
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
Total	1,18,24,829	1,18,24,829

ANNUAL REPORT 2014 - 2015

Note 12 - Other non-current assets		
Unsecured, considered good		
Sales Tax 05-06 to 09-10	2,82,104	2,82,105
TDS Receivable	8,79,963	9,99,366
Indra Vikas Patra	750	750
MAT Credit Entitlement	2,16,135	2,16,135
Total	13,78,952	14,98,356
Note 13- Current Investments		
Investment in Equity instruments*	54,773	43,593
Investments in Mutual Funds*	1,50,524	1,50,524
	2,05,297	1,94,117
Less : Provision for diminution in the value of Investments	-	-
Total	2,05,297	1,94,117
* For the year ending 31st March, 2015 Market value of Equity shares Rs.45,351/-		
Note 14 - Inventories		
Stores and spares	9,49,245	9,49,245
Total	9,49,245	9,49,245
Note 15 - 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	2,24,746
Total (A)	2,24,746	2,24,746
b) Outstanding for a period not exceeding six months from the date they are due for payment		
(Unsecured, considered good)		
Domestic Receivables	-	3,40,147
Total (B)	-	3,40,147
Total (A)+(B)	2,24,746	5,64,893
Note 16- Cash and Cash Equivalents:		
a) Cash Balances:		
i. Cash on hand	854	1,227
ii. Bank balance:		
ICICI - CA A/C 01520500602-Nanjangudu	420	8,091
SYN.BK.G.NAGR - CA A/C 04003030000022	25,000	25,207
Syndicate Bank A/C#15439	4,943	4,261
Total (A)	31,217	38,786
b) Other Bank Balances		
Bank Deposits in Auto Sweep	50,298	50,298
Total (B)	50,298	50,298
Total (A)+(B)	81,515	89,084
Note 17 - Other Income:		
a) Interest Income		
Interest on Fixed Deposits	-	4,590
Dividend Income	613	5,046

PASARI SPINNING MILLS LIMITED

b) Other non-operating income		
Godown Rent	23,26,132	39,87,653
Tower Rent	-	40,851
Creditors Write - off	-	17,03,716
Miscellaneous Income	-	2,13,250
Other Income	48,355	-
Total	23,75,100	59,55,106
Note 18- Cost of Raw Materials Consumed:		
Opening Stock of raw materials & Stores	9,49,245	9,49,245
Add : Purchases of Materials, stores & consumables:	-	-
	9,49,245	9,49,245
Less: Closing Stock of raw materials and Stores	9,49,245	9,49,245
Total	-	-
Note 19 - Manufacturing and other Operating Expenses:		
Water Charges	-	9,000
Repairs to machinery & Factory	11,600	67,130
Total	11,600	76,130
Note 20- Employee Benefit Expenses:		
Ex-Gratia & Gratuity Expenses	-	40,539
Interest on ESI & PF	-	5,57,511
Total	-	5,98,050
Note 21- Financial costs:		
Bank Charges	9,988	13,283
Interest on Term Loan	24,15,906	25,08,730
Interest on Car Loan	-	29,315
Total	24,25,894	25,51,328
Note 22 - Other Expenses:		
Insurance	-	4,016
Rates and taxes, excluding, taxes on income	8,415	14,970
Statutory Audit Fees	50,000	56,180
Miscellaneous expenses,	-	1,245
Advertisement	2,400	8,175
Professional & other Consultancy Charges	1,54,700	1,16,500
Courier, Postage & Telegram	5,533	6,881
General Expenses	1,000	14,173
Printing & Stationery	28,274	18,462
Meeting Expenses	24,012	-
Share Transfer agent expenses	29,550	1,20,314
Travelling expenses	8,000	64,739
Brokerage on Shares	2,889	-
Listing Fee	-	1,12,360
Write off of old shares	-	32,527
Total	3,14,773	5,70,542
Note 23 - Exceptional Items		
Profit/ (Loss) on Sale of Shares	(33,887)	(5,506)
Total	(33,887)	(5,506)

Regd Office :NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082

M/S. PASARI SPINNING MILLS LIMITED

DEPRECIATION UNDER SLM METHOD AS PER COMPANIES ACT, 2013

NOTE : 9 - TANGIBLE ASSETS

	Gross Block					Accumulated Depreciation			Net Block			
Fixed Assets	Balance as at 1st April 2014	Additions	Disposals	(Impairments)	Balance as at 31st Mar. 2015	Balance as at 1st April 2014	Depreciation for the year	Disposals	Balance as at 31st Mar. '15	Deprecia- tion rate	Balance as at 1st April '14	Balance as at 31st Mar. '15
TANGIBLE ASSETS												
1) Land	25,57,455	-	-	-	25,57,455	-	-	-	-	-	25,57,455	25,57,455
2) Buildings	2,43,24,017	-	-	-	2,43,24,017	1,57,39,900	7,71,071	-	1,65,10,972	3.17%	85,84,117	78,13,045
3) Plant and Equipment *	-	-	-	-	-	-	-	-	-	-	-	-
4) Furniture and Fixtures	3,41,521	-	-	-	3,41,521	3,41,521	-	-	3,41,521	9.50%	-	-
5) Vehicles	19,63,894	-	-	-	19,63,894	7,91,030	2,33,311	-	10,24,341	11.88%	11,72,864	9,39,553
6) Office equipment *	2,75,631	-	-	-	2,75,631	2,17,507	52,370	-	2,69,876	19.00%	58,124	5,755
7) Computer	4,74,082	-	-	-	4,74,082	4,74,082	-	-	4,74,082	31.67%	-	-
Total	2,99,36,600	-	-	-	2,99,36,600	1,75,64,040	10,56,752	-	1,86,20,792		1,23,72,560	1,13,15,807
Total	2,99,36,600	-	-	-	2,99,36,600	1,75,64,040	10,56,752	-	1,86,20,792		1,23,72,560	1,13,15,807
Previous Year's Total	2,98,86,600	50,000	-	-	2,99,36,600	1,65,44,762	10,19,278	-	1,75,64,040		1,33,41,838	1,23,72,560

PASARI SPINNING MILLS LIMITED

SCH-6 : Details of Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount		Basis of Valuation	
						2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a) Investment in Equity Instruments											
	COAL INDIA LTD	Others		100	Quoted	Fully Paid			-		- 40,105
	IDBI	Others		100	Quoted	Fully Paid			-		- 9,785
	INDIAN OVERSEAS BANK	Others		200	Quoted	Fully Paid			-		- 15,670
	INFOSYS TECH	Others	5		Quoted	Fully Paid			14,509	11,092	14,509 -
	ONGC	Others	50		Quoted	Fully Paid			19,851	15,318	19,851 -
	RELIANCE INDUSTRIES - SHARES	Others	10		Quoted	Fully Paid			9,281	8,260	9,281 -
	STATE BANK	Others	40		Quoted	Fully Paid			11,132	10,682	11,132 -
Total			105	400					54,773	45,351	54,773 65,560
(b) Investments in Mutual Funds											
	RELIANCE MUTUAL FUND	Others							1,50,524	1,50,524	- -
									1,50,524	1,50,524	- -
Total									2,05,297	1,95,875	54,773 65,560

ANNUAL REPORT 2014 - 2015

Deferred Tax Statement as on 31.03.2015

Particulars	Amount	Amount
	₹	₹
Deferred Tax Assets as at 1.4.2014		3,88,87,617
Carried Forward Loss & Unabsorbed Depreciation		
Tax Expense There on @ 32.45%		-
Depreciation:		
As per Income Tax	3,30,445	
As per Companies Act	10,56,752	
Difference in Depreciation due to rate & Method of Accounting Effect	7,26,307	
Tax Expense There on @ 30.90%		2,24,429
Deferred Tax Assets For the Year		2,24,429
Closing balance as on 31.03.2015		3,91,12,046
Entries :		
1) Deferred Tax Asset - Dr	2,24,429	
To Profit & Loss A/c		2,24,429

Name of Shareholder	As at 31st March,2015		As at 31st March,2014	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Pasari Exports Ltd		7080342	51.31	698380250.6

PASARI SPINNING MILLS LIMITED

M/S. PASARI SPINNING MILLS LIMITED

Regd. Office : NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR,
JAYANAGAR 6TH BLOCK, Bangalore - 560082

NOTE - 24: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

- a) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, including the Accounting Standards specified (Except AS-15) under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements are prepared as per Schedule III of The Companies Act 2013 in consensus with section 129 of the Act.
- 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:

Sale of goods is recognized when the risk and reward of ownership are passed on to the customers. Sales are disclosed net of sales tax after deducting the applicable trade discount and rejections if any.

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 II of the Companies Act, 2013.

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.

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 or 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) NOTES TO ACCOUNT:

1. The Company was incorporated on 25th November 1991, vide CIN: L85110KA1991PLC012537, to carry on the business of Textile, Spinning, Weaving, Dyeing and Printing factories, conventional or modern using cotton, silk, wool, polyester fiber.
2. The Company has discontinued its production operations from the financial year 2010-11. The Company has no intention to continue the production operations henceforth and has decided to lease out the Factory premises. The Company has not made any sales during the current year.
3. During the year, the company involved in buying and selling of shares of other companies through share market which is not the main objects of the business of the Company for which it was incorporated.
4. Claims against the Company not acknowledged as debts:

The Company purchased Cotton from the Cotton Corporation of India and paid an advance for the same but Cotton Corporation supplied poor quality of material due to which, the Company has raised a demand `180 for the price difference which was litigated by Cotton Corporation and the matter is under arbitration.

5. The Loans and Advances of Rs.50,38,879/- paid to cotton suppliers is in dispute pertaining to earlier years.
6. During the year, the Company has given an amount of Rs. 30,34,000/- and M/s. Pasari Exports Limited has paid certain expenses for Rs. 4,62,889/- on behalf of M/s. Pasari Spinning Mills Limited. The transactions have been covered under related parties and M/s. Pasari Exports Limited holds more than 50% of the shareholding of M/s. Pasari Spinning Mills.
7. The Company has taken interest free unsecured loans from M/s. Pasari Exports Limited a company under the same management and the amount outstanding as on the date of reporting is Rs

2,10,46,553/- which has been classified under Current and Non-current in the financials based on the nature of the transactions.

8. 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.
9. 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 pertaining to earlier years which is pending for 8 years.
10. 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).
11. No provision has been made in the accounts towards depletion in the market value of Investment. This matter is pertaining to earlier years.
12. 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.
13. Details of Closing Stock:

Class of Goods	2014-15			2013-2014		
	Unit	Qty	Amount	Unit	Qty	Amount
Stores & Spares	---	---	9,49,245	---	---	9,49,245
TOTAL	---	---	9,49,245	---	---	9,49,245

14. Licensed, Installed Capacity & Production:

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

15. Managerial Remuneration:

- a. Remuneration paid to the Whole time Director according to Schedule V of the Companies Act, 2013 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 134 of the Companies Act, 2013.

PASARI SPINNING MILLS LIMITED

16. Auditor's Remuneration:

Auditor's remuneration includes:	2014-15	2013-14
a. As Auditors	₹ 50,000/-	₹ 50,000/-

17. Related Party Transaction:

- a) Name : Pasari Exports Ltd
b) Name : TKR Textiles Pvt Ltd

Description of Relationship : Two of the Directors of the Company are also the Directors of TKR Textiles Pvt. Ltd

18. Deferred Taxation:

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

PARTICULARS	2014-15		2013-14	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between Book & Tax depreciation				
Carried forward loss and unabsorbed depreciation	10,56,752	---	---	---
	3,30,445	---	---	---
Total	7,26,307	---	---	---
Net deferred tax asset	2,24,429		---	

19. 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.

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

21. Contingent Liabilities as on 31.03.2015: Nil

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

CH. RANGA RAO
PARTNER
Membership No. 222091
Firm's registration No.002162S

ANNUAL REPORT 2014 - 2015

FORM NO. MGT.11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L85110KA1991PLC012537

Name of the company: **Pasari Spinning Mills Limited**

Registered office: No 18 IIIrd Floor, Anjaneya Temple Road,
Yedyur, Jayanagar 6th Block, Bangalore - 560082

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We,of In the district ofbeing the member/members of M/s Pasari Spinning Mills Limited, hereby appoint Mr./Mrs.of in the district of or failing him/her, Mr./Mrs..... ofin the district of.....as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY FOURTH Annual general meeting, to be held on the day of At a.m./p.m. at (place) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	(Please mention no. of shares)	For	Against
ORDINARY BUSINESS				
1	Adoption of Financial statements of the Company for the year ended 31st March, 2015, including the audited balance sheet, the statement of profit and loss account and the Board's and Auditors report thereon			
2	Appointment of Mr. K.K. Gupta, who retires by rotation and being eligible, seeks re appointment			
3	To appoint the M/s Murali & Venkat, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.			
4	To regularize the appointment of Mrs. Kamala Devi Gupta, Additional Director as a Director.			

Affix
Revenue
Stamp

Signed this day of 2015

Signature of shareholder.....

Signature of Proxy holder(s).....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

PASARI SPINNING MILLS LIMITED

PASARI SPINNING MILLS LIMITED

(CIN: L85110KA1991PLC012537)

Registered office: No 18 Illrd Floor, Anjaneya Temple Road,
Yedyur, Jayanagar 6th Block, Bangalore-560082

FORM NO. MGT.12

Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the
Companies (Management and Administration) Rules, 2014]

Reg. Folio/Client ID No : _____

DP ID No. : _____

Class of shares : _____

No of shares : _____

I hereby exercise my vote in respect of Ordinary/Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Resolu- tion No.	Resolution	No. of shares held by me	I dissent from the resolution	I assent to the resolution
	Ordinary Business:			
1	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Board's Report and Auditor's Report thereon			
2	To appoint the M/s Murali & Venkat, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration			
3	To appoint a director in place of Mr. Krishna Kumar Gupta who retires by rotation and being eligible, offers himself for re-appointment			
4	To regularize the appointment of Mrs. Kamala Devi Gupta, Additional Director as a Director			

Place:

Date:

(Signature of the shareholder)

PASARI SPINNING MILLS LIMITED

CIN : L85110KA1991PLC012537

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

ATTENDANCE SLIP

Please complete this attendance slip in all respects and hand it over at the entrance of the meeting hall. Members Folio 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 24th Annual General Meeting at Sri Krishna Mini Hall, # 589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore - 560 050.

.....

Shareholders email- id

.....

(member/s Proxy signature)

Note: A Proxy attending on behalf of the Member(s) shall write the name of the Member(s) from whom he holds Proxy.

PASARI SPINNING MILLS LIMITED

NOTES

[illegible]

ANNUAL REPORT 2014 - 2015

NOTES

[illegible]

BOOK -POST

If Undeliverd please return to :

PASARI SPINNING MILLS LIMITED.

#18, (Old #16) III Floor

Anjaneya Temple Street

Yediyur, Jayanagar 6th Block

Bangalore – 560082