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# **ANNUAL REPORT**

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**PASARI SPINNING MILLS LIMITED**



# TWENTY SIXTH ANNUAL REPORT OF PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

**2016-17**

## Board of Directors

**Mr. G S Gupta** – Chairman  
**Mr. T K Gupta** – Managing Director  
**Mr. K K Gupta** – Director  
**Mr. K C Gupta** – Director  
**Ms. K D Gupta** – 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

### 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 6<sup>th</sup> Block  
Bangalore - 560082

### Factory Premises:

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

# PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

## NOTICE

Notice is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the Members of Pasari Spinning Mills Limited will be held on Saturday, 30th September, 2017 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, 2017, the Profit & Loss Account and Cash Flow Statement together with the Board's Report and Auditor's Report thereon as circulated to the shareholders.
2. To appoint a director in place of Mr. Krishna Kumar Gupta (DIN 00003880) who retires by rotation and being eligible, offers himself for re appointment.
3. To ratify appointment of M/s. Murali & Venkat, Chartered Accountants, Bangalore as Statutory Auditors and in this regard to consider and if thought fit, pass the following resolution with or without modification as an "Ordinary Resolution": "RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the

Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of M/s Murali & Venkat, Chartered Accountants, Bangalore, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting of the Company to be held in the year 2018."

By the Order of the Board  
Pasari Spinning Mills Limited

Date: 30th May, 2017  
Place: Bangalore

**Gauri Shankar Gupta**  
Chairman  
DIN: 00003860  
Add: 746/10, 7th Crs,  
12th Mn Rd, Hanumanthnagar  
B'lore - 560019

### **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. A proxy should not speak but can vote on poll. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Karvy computer share private limited, regarding changes, if any in their registered addresses along with the PIN code number.
3. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.
4. Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
5. 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.
6. The Register of members and the share transfer books of the Company will remain closed on 30th September, 2017 (one day).

7. 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 Computershare private limited in physical form.
8. Brief profile and other required information about the Directors Proposed to be re-appointed, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice.
9. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Annual Report for the financial year 2016-17 and this Notice, inter alia indicating the process and manner of Remote e – voting along with attendance slip and proxy form are being sent by e – mail addresses which have been made available to the Company/Depository Participants unless the member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Annual Report for the financial year 2016-17 and this Notice inter-alia indicating the process and manner of Remote e-voting along with attendance slip and proxy form will be sent to them in the permitted mode.  
In support of the Green Initiative, the Company hereby request members who have not updated their email IDs to update the same with their respective Depository Participant(s) or Karvy Computershare Private Limited for receiving communications from the Company electronically.
10. 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: [rajeev.kr@karvy.com](mailto:rajeev.kr@karvy.com)

11. (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 Regulation 44(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their votes at the 26th Annual General Meeting by electronic means through e voting service provided by M/s Karvy Computer share Private Limited (KCPL) and the Business may be transacted through e-voting as per instruction below:
- Date and time of Commencement of voting through electronic means: 26th September, 2017.
  - Date and time of the end of voting through electronic means beyond which voting will not be allowed: 29th September, 2017 at 5.00 PM.
  - Details of website: <https://evoting.karvy.com/>
  - For any further clarification relating to evoting contact our toll free No. 1-800-34-54-001 or email us at [evoting@karvy.com](mailto:evoting@karvy.com).
  - Details of Scrutinizer: Mr. Vinay B L, Practicing Company Secretary, Bangalore.
  - The Instructions for e-voting are as under:
    - Open your web browser during the voting period and navigate to '<https://evoting.karvy.com/>'.

Enter the user ID.

- For members holding shares in Demat form:
  - For NSDL- 8 Character DP ID followed by 8 Digit Client ID. ii. For CDSL – 16 Digit beneficiary ID.
- For Members holding shares in Physical Form: Event number followed by Folio Number registered with the Company
  - After entering these details appropriately, click on "LOGIN".
- 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 (0-9) 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.
  - You need to login again with the new credentials.
  - On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
  - If you are holding shares in Demat form and have logged on to "[https:// evoting.karvy.com](https://evoting.karvy.com/)" and

casted your vote earlier for any company, then your existing login id and password are to be used.

- 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'.
- 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.
- Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- Corporate / Institutional Members (Corporate / FIs / FII's / 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](mailto:vinay@vinaybl.com) with copy to [evoting@karvy.com](mailto:evoting@karvy.com) and [admin@pasariexports.com](mailto:admin@pasariexports.com). The file scanned image of the Board Resolution should be in the naming format "Corporate Name. Event no.
- The e-voting module shall be disabled for voting on 29th September, 2017 at 5.00 PM. 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.
- In case of any queries, you may refer the 'Frequently Asked Questions' (FAQs) for members and e-voting user manual for members available at the downloads section of <https://evoting.karvy.com/>.
- 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 Annual General Meeting.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website ([www.pasariexports.com](http://www.pasariexports.com)) and on the website of the Karvy Computershare Private Limited ([www.evoting.karvy.com](http://www.evoting.karvy.com)) within two days of the Annual General Meeting of the Company and communicated to the BSE, where the shares of the Company are listed.

# PASARI SPINNING MILLS LIMITED

- (II) Facility for members not having access to electronic voting
- To enable those members who may not have access to electronic voting facility to exercise their vote, a physical ballot form is being sent 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.

By the Order of the Board  
Pasari Spinning Mills Limited

Date: 30th May, 2017  
Place: Bangalore

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

Venue for Annual General Meeting of the Company  
**Sri Krishna Mini Hall** No 589, 15th Main, Maruthi  
Circle, Hanumanthanagar Bangalore-560050

## Route map for the Annual General Meeting



### Annexure to notice

Additional information about the Director who retires by rotation pursuant to Regulation 36 of the Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015 are given below:

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	
Name of listed entities (other than the Company) in which he holds the Directorship and the membership of Committees of the Board	Directorships in Listed Companies:	None
	Membership of Committees in Listed Companies	None
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 Sixth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

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

Particulars	2016-17	2015-16
Profit/(Loss) before tax	(93,51,932)	(34,82,460)
Less: Prior period adjustment, provision for deferred tax	(2,35,918)	(2,20,235)
Profit (Loss) for the year	<b>(91,16,014)</b>	<b>(32,62,225)</b>
Add : Balance B/F from the previous year	(12,08,94,837)	(11,76,32,612)
Balance Profit / (Loss) C/F to the next year	<b>(13,00,10,851)</b>	<b>(12,08,94,837)</b>

### 2. Performance Of The Company

For the year ended 31st March, 2017 the Company has incurred a loss of Rs. 91,16,014 (Rupees Ninety one lakh sixteen thousand and fourteen only) as compared with the previous year's loss of Rs. 32,62,225 (Rupees Thirty two lakh sixty two thousand two hundred and twenty five only)

### 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

As 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

During the year under review the Company has not changed its nature of business.

### 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 statement relates to 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

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder M/s. Murali & Venkat, Chartered Accountants, Bangalore were appointed as statutory auditors of the Company to hold the office till the conclusion of the Annual General Meeting for the year ending on 2020 subject to ratification of the appointment at every Annual General Meeting.

As required under the provisions of Section 139, 141 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re enactments for the time being in force) the Company has obtained written confirmation from the M/s Murali and Venkat, Chartered Accountants, Bangalore that their appointment, if made, would be in conformity with the limits specified in the said section. The statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

#### Secretarial Auditor

The Board has appointed Mr. CS Vinay B L, Company Secretary in Practice, Bangalore as the Secretarial Auditor, to conduct the Secretarial Audit of the company for the Financial Year 2016-17 as required under Section 204 of the Companies Act, 2013 and Rules made

thereunder. The Secretarial Audit Report for the FY 2016-17 forms part of the Annual Report as **Annexure-1** to the Board's Report.

The Board noted the reports given by Statutory Auditors and Secretarial Auditor and made the following Explanations:

- a) 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,
- b) With respect to depositing of statutory dues, the Company will examine the same in detail and the necessary corrective action shall be taken at the earliest
- c) With respect to the disputed liabilities of sales tax, the Board would like to inform the members that 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,
- d) Though the Company has not paid the Listing fees to the stock exchange within the stipulated period the Company has paid the listing fees with interest for the delay in payment of listing fees.
- e) 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,
- f) The details about the constitution of the Board, various committees, formulation of various policies and displaying the same on the website of the Company, Grievance Redressal Mechanism, will be examined in detail and the necessary corrective action shall be taken during the next financial year,
- h) The Company has made a separate tab in the website [www.pasariexports.com](http://www.pasariexports.com), various policies as may be applicable to the Company shall be displayed as soon as possible under the said tab, which is created exclusively for M/s Pasari Spinning Mills Limited,
- i) The Company has issued the advertisement on the notice board of Institute of Company Secretaries of India, about the requirement of the Company Secretary in the Company. The Company has not found the suitable candidate. The Company, will continue its efforts in finding the suitable Candidate,
- j) The Company is seeking the Chartered Accountant, who can be appointed as the CFO of the Company, but the Company has not found the suitable candidate. The Company, will continue its efforts in finding the suitable Candidate,
- k) The quarterly results are directly sent to the Stock Exchange and the shareholders of the Company and other stakeholders can directly access the same in the website of Bombay Stock Exchange, wherein the shares of the Company is listed. l) Since the Company has closed the only revenue earning unit,



## PASARI SPINNING MILLS LIMITED

the Company is facing severe cash crunch. Because of the same Company was not able to make the payment for CDSL & NSDL in time. Hence e voting facility could not be provided to the shareholders for the Annual General Meeting which was held on 30th September, 2016. However the Company is taking the necessary measures to provide the e voting facility to the shareholders for the forthcoming Annual General Meeting, which shall be held on 30th September, 2017.

### 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 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.

### 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 during the period under review the same is not applicable.

#### A) Conservation of energy:

Since the Company did not have any production activities during the period under review the same is not applicable.

#### (B) Technology absorption:

Since the Company did not have any production activities during the period under review 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:

During the year under review there was no appointment of additional directors/alternate directors and there was no change in the Board Structure.

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

The Company has received necessary declarations of independence from the Independent Director under section 149(7) of the Companies Act, 2013, that he meets the criteria of independent director envisaged in section 149(6) of the Companies Act, 2013.

### 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 5 times on 16th May, 2016, 8th August, 2016, 13th August, 2016, 14th October, 2016 and 27th January, 2017. The intervening gap between any two meetings was within prescribed period as per the Companies Act, 2013 and Securities and Exchange Board of India Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 21. Committees of the Board Committees Meeting as per Annexure -2A

### 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 2016-17, 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:

Since the Company is not carrying on any profitable activities, the Directors of the Company have voluntarily waived off their remuneration. Hence no managerial remuneration is paid for the year under review.



## 26. Risk management policy

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

## 27. 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;
- (b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently. Judgment 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, 2017 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.

## 28. 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 associates and consultants for their valuable contribution in our progress and look forward to their continued support.

for and behalf of the Board of Directors  
for Pasari Spinning Mills Limited

Date: 30/05/2017  
Place: Bangalore

G.S. Gupta  
Chairman  
DIN:00003860

## ANNEXURE 1 FORM NO. MR-3

### Secretarial Audit Report

for the financial year ended 31st March, 2017

[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 relevant provisions of the SEBI (Listing Obligations and Disclosure Requirement) and also the information provided by the Company its officers, agents and authorised representatives 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 31.03.2017 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 31.03.2017 according to the applicable provisions of:

1. The Companies Act, 2013(the Act) and the rules made thereunder;

## PASARI SPINNING MILLS LIMITED

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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - i. Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015
  - j. Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

- i). Company has not created or maintained its own website thereby it's violating the provisions Regulation 46 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- ii). The Policies which are prescribed under Regulation 46(2) of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 are not displayed on the website of Company,
- iii). The Company has not paid the Listing fees to the stock exchange within the stipulated period and has violated Regulation 14 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015. However the Company has paid the listing fees with interest for the delay in payment of listing fees.
- iv). The Company has not appointed a whole time Company Secretary and thereby has violated the provisions of Section 203 of the Companies Act, 2013 and the rules made thereunder and has violated Regulation 6 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- v). The Company violated the provisions of Section 149 of the Companies Act, 2013 by not appointing the Independent directors as prescribed by the section and the rules made thereunder and also has violated Regulation 17 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- vi). The Company has violated the provisions of Section 177 and 178 of the Companies Act, 2013 by not having the proper composition of directors in committees of Board and also has violated Regulation 18 & 19 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015,
- vii). Company has not appointed the Chief Financial Officer as required by Section 203 of the Companies Act, 2013
- viii). The Quarterly Results are not published in the news papers, as required by Regulation 47 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015,
- ix). The company has violated Regulation 23 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as the company has not formulated the policy on materiality of related party transactions and on dealing with related party transactions
- x). The company has not formulated Policy on material subsidiary and thereby has violated Regulation 46 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- xi). The Company has not constituted the proper Grievance Redressal Mechanism and has thereby violated Regulation 96 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- xii). The Company has not provided the e voting facility for its members for the AGM held for year 2015 -16 and the voting results are not displayed in the website of the Company, which amounts to violation of Section 108 of the

## ANNUAL REPORT 2016 - 2017

Companies Act, and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Observations:

- i). There is a Discrepancy is Issued & Listed capital. The Company has not received the In Principle Approval, in respect of 18,00,000 Shares issued on preferential basis on 6 December, 2010. Company is still waiting for approval of the Bombay stock exchange. The delay is beyond the reasonable time
- ii). The company has not provided the shareholding details as on date. The details which are being provided by the Company as well as RTA is as on 22 August, 2014

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.
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. I further report that the Company has to develop adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company may have to pay heavy penalties because of various non compliances as reported above, if levied by the respective authorities.
4. Based on the information provided by the officials of the Company I report that during the period under review the company has not received any show cause notices and I further report there are no other Specific events, which requires reporting hereunder.

Place: Bangalore  
Date: 30th May, 2017

**Vinay B L**  
Practicing Company Secretary  
Membership No.F9159  
CP No. 10760

### Annexure A

The Members,  
Pasari Spinning Mills Limited,  
L85110KA1991PLC012537  
No. 18 IIIrd Floor, Anjaneya Temple Road,  
Yediur, Jayanagar 6th Block,  
Bangalore-560082

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provides a reasonable basis for my opinion expressed in the Report.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Date : 30th May, 2017  
Place: Bangalore

**Vinay B L**  
Company Secretary in Practice  
Membership No.F9159 CP No. 10760

# PASARI SPINNING MILLS LIMITED

## FORM NO. MGT.9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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 admin@pasariexports.com
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

# ANNUAL REPORT 2016 - 2017

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
<b>Sub-total (A) (1)</b>	<b>5501542</b>	<b>1821800</b>	<b>7323342</b>	<b>53.07</b>	<b>5501542</b>	<b>1821800</b>	<b>7323342</b>	<b>53.07</b>	<b>NIL</b>
(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
<b>Sub-total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) =</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>(A)(1)+(A)( 2)</b>	<b>5501542</b>	<b>1821800</b>	<b>7323342</b>	<b>53.07</b>	<b>5501542</b>	<b>1821800</b>	<b>7323342</b>	<b>53.07</b>	<b>NIL</b>
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
<b>Sub-total (B)(1):-</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>0</b>	<b>0</b>
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	966801	4253	971054	7.04	966801	4253	971054	7.04	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual									

## 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	
shareholders holding nominal share capital upto Rs.1 lakh	2116789	929340	3046129	22.07	2116789	929340	3046129	22.07	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1942046	15800	1957846	14.19	1942046	15800	1957846	14.19	NIL
c) Others (specify)									
i)Directors and their relatives	154886	61900	216786	1.57	154886	61900	216786	1.57	NIL
ii) Non residents	93075	46300	139375	1.01	93075	46300	139375	1.01	NIL
iii) Clearing Members	4500	NIL	4500	0.03	4500	NIL	4500	0.03	NIL
Sub-total (B)(2):-	5410218	1066340	6476558	46.93	5410218	1066340	6476558	46.93	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	5416109	1060549	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	10911860	2888140	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	NIL	
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	Nil	NIL	



## ANNUAL REPORT 2016 - 2017

### (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%

## PASARI SPINNING MILLS LIMITED

### 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	1,51,74,285	2,37,85,918	NIL	3,89,60,203
<b>Total (i+ii+iii)</b>	<b>1,51,74,285</b>	<b>2,37,85,918</b>	<b>NIL</b>	<b>3,89,60,203</b>
Change in Indebtedness during the financial year				
• Addition		23,85,103	NIL	23,85,103
• Reduction	11,53,173		NIL	11,53,173
<b>Net Change</b>	<b>11,53,173</b>	<b>23,85,103</b>	<b>NIL</b>	
Indebtedness at the end of the financial year				
i) Principal Amount	1,40,21,112	2,61,71,021	NIL	4,01,92,133
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>1,40,21,112</b>	<b>2,61,71,021</b>	<b>NIL</b>	<b>4,01,92,133</b>

### 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/WTM/ 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.

## ANNUAL REPORT 2016 - 2017

### B. REMUNERATION TO OTHER DIRECTORS:

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

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

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

## PASARI SPINNING MILLS LIMITED

### 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)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
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, 2017, 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, 2017 are as follows:

Name(s) of the related party	Nature of relationship	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	Common Directorship	Unsecured Loan (Expenses paid on behalf of Pasari Spinning Mills)	NA	Unsecured Loan (Expenses paid on behalf of Pasari Spinning Mills)	NA	16,43,815.00
K.K. Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	3,59,003.00
Mrs. Poonam Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	6,40,422.00
Mrs. Sneha Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	6,48,220.00
Mr. TK Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	8,64,281.00
TKR Textiles	Common Director	Unsecured Loan	NA	Unsecured Loan	NA	6,17,935.00

## 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 was acutely felt in India too. Issues relating to power shortage and shortage of skilled labour 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 lucrative when compared with manufacturing industries 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 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.

By order of the Board,  
for Pasari Spinning Mills Limited

Date: 30th May, 2017  
Place: Bangalore

**G S Gupta**  
Chairman  
DIN: 00003860

Address: 746/10, 7th Cross,  
12th Main Road, Hanumanth  
Nagar Bangalore - 560019

## Committees of the Board Annexure 2A

### 3. Audit committee:

1. Audit committee: The Company's Board has constituted an Audit Committee pursuant to the provisions of 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### (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:

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

#### (c) Roles and Responsibilities:

- (i) 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.
- (ii) 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.
- (iii) 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.

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

(v) 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.

(vi) 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.

(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 4 times on 16th May, 2016, 13th August, 2016, 14th October, 2016 and 27th January, 2017.



## ANNUAL REPORT 2014 - 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 Regulation 18 of (Listing Obligations and Disclosure Requirements) Regulations with the Stock Exchanges, all necessary information was placed before the Board from time to time.

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.

### 2. Nomination and Remuneration committee:

#### (a) Composition:

1. Mr. K.C. Gupta, Chairman, Non executive and Independent Director
2. Mr. G.S. Gupta, Member, Non executive Director
3. Mr. K.K. Gupta, Member, Non executive Director

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

- (i) 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.
- (ii) 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 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) To review performance and determine the remuneration payable to Executive Directors.
- (iv) 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 once. 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	1
2	Mr. G.S.Gupta	Non executive	1
3.	Mr. K.K. Gupta	Non executive	1

### 3. 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:

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

#### c) Meetings:

The Committee met 1 time during the year on 14th October, 2016.

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, 2017:

Particulars	No. of cases outstanding as on April 01, 2016	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2017
No. of Investor issues	NIL	28	28	NIL
No. of legal cases	NIL	NIL	NIL	NIL

# PASARI SPINNING MILLS LIMITED

## 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
25th	30/09/2016	11.00 A M	Sri Krishna Mini hall, No 589, 15th Main,
24th	30/09/2015	11.00 A M	Maruthi Circle, Hanumanthanagar,
23rd	30/09/2014	11.00 A M	Bangalore-560050

Details of Special Resolutions passed in the previous three AGMs

A G M Particulars of Special Resolutions passed thereat	
25th	No Special Resolution was passed at this AGM.
24th	No Special Resolution was passed at this AGM..
23rd	No Special Resolution was passed at this AGM.

No special resolutions were passed in the previous three Annual General Meetings of the Company.

None of the businesses required to be transacted at the Twenty Fifth Annual General Meeting, 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	1,97,49,834

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

## Means of communication:

### Quarterly/Annual Results:

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

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

## General Shareholder information:

- Annual General Meeting 30th September, 2017
- Venue Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050

## Financial year:

1st April 2016 to 31st March 2017.

## Date of book closure:

30th September, 2017

## 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 16	1.14	0.98
May 16	0.97	0.78
Jun 16	0.98	0.86
Jul 16	1.12	0.86
Aug 16	1.15	0.77
Sep 16	1.59	1.20
Oct 16	1.82	1.29
Nov 16	2.36	1.73
Dec 16	2.59	1.90
Jan 17	2.52	1.85
Feb 17	3.00	2.28
Mar 17	3.00	2.16

## Sensex for the period:

Month	High	Low
Apr-16	26100.54	24523.20
May-16	26837.2	25057.93
Jun-16	27105.41	25911.33
Jul-16	28240.2	27034.14
Aug-16	28532.25	27627.97
Sep-16	29077.28	27716.78
Oct-16	28477.65	27488.3
Nov-16	28029.8	25717.93
Dec-16	26803.76	25753.74
Jan-17	27980.39	26447.06
Feb-17	29065.31	27590.1
Mar-17	29824.62	28716.21

## 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.

## ANNUAL REPORT 2014 - 2015

### Distribution of shareholding as on 31.03.2017

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 %

#### Dematerialisation of shares & liquidity:

As of the end of 31st March 2017 shares comprising approximately 79.11 % of shares of the company's Equity share capital have been dematerialized.

Shareholding pattern as at 31.03.2017

SI No.	Category of Shareholder	No of shareholder	Total No of Shares	Total shareholding as a percentage of total number of shares
<b>(A)</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>			
	Individuals/HUF	82	2,43,000	1.76
	Bodies Corporate	2	7,08,0342	51.31
<b>(A)</b>	<b>Total Promoter's Holding</b>	<b>84</b>	<b>73,23,342</b>	<b>53.07</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>			
	<b>I. INSTITUTIONS</b>			
	Financial Institutions/Banks	1	100	0.00
	<b>II. NON INSTITUTIONS</b>			
	Bodies Corporate	132	9,71,054	7.04
	<b>Individuals</b>			
	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	1.01
<b>(B)</b>	<b>Total Public Shareholding</b>	<b>8,254</b>	<b>64,76,658</b>	<b>46.93</b>
	<b>(A)+(B)</b>	<b>8,338</b>	<b>13,80,0000</b>	<b>100</b>

## PASARI SPINNING MILLS LIMITED

### **Plant location:**

*Company's factory is located at:*

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

*Address of Registered Office of the Company:*

### **PASARI SPINNING MILLS LIMITED**

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

Shareholders correspondence may be sent to the address and shares held in demat mode may be referred to the concerned Depository Participant

The above report was approved by the Board of Directors at their meeting held on 30th May, 2017

for and on behalf of the board

Date: 30th May, 2017  
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, 2017, 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 and presentation 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 financial 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. 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.

### 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:

- (a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2017; (b) In the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and, (c) In the case of the Cash Flow Statement, the Cash Flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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, a statement on the matters specified in paragraphs 3 and 4 of the said 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

## PASARI SPINNING MILLS LIMITED

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 specified under 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, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of section 164(2) of the Act.
- f) Since the Company has stopped its Manufacturing Activities and also has not carried on any Commercial Operations in the Business of the Company, disclosure to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls does not exist and hence no disclosure to the same is being made.
- g) 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:
  - i. The company has disclosed its pending litigations and its Impact on the Financial Statements. Refer Point Number 3, 4, and 7 of Other Disclosures in Note Number 24 in the Financial Statement.
  - ii. 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.

iii. The company does not have any amounts to be transferred to Investor Education and Protection Fund.

iv. As per the Disclosure Requirement, the Company has provided requisite disclosures in its Financial Statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the Books of Account maintained by the Company. Refer Note 18 of Other Disclosures to the Financial Statements.

**For MURALI & VENKAT**  
Chartered Accountants

**G. SATISHCHANDRA**  
Partner  
Membership Number: 027372  
Firm's Registration Number: 002162S

Place: Bangalore.  
Date: 30th May 2017



## ANNEXURE-A TO THE COMPANIES AUDITOR'S REPORT ORDER, 2016

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:

- i. a) The Company has maintained proper records to show full particulars including quantitative details and situation of all Fixed Assets.
- b) The Fixed Assets of the Company have been physically verified by the Management during the year at reasonable intervals and no discrepancies between the book records and physical verification were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held by the Company in its name.
- ii. The company does not carry any inventory; hence no physical verification has been carried out. The Company has certain opening Stores and Spares for which no physical verification report are made available with respect to quantitative details. However, the closing Stores and Spares as on the end of the year is NIL.
- iii. In respect of the loans, secured or unsecured, granted by the company to companies, firms, limited liability partnerships or other parties, covered under Register maintained under section 189 of the Act, We report that:
  - a) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties listed in the Register maintained under section 189 of the Act.
  - b) Since the company has no loans granted, secured or unsecured, the reporting on terms and conditions for such Loans, repayment of Principal or Interest and any overdue thereon, does not arise.
- iv. In our opinion and according to information and explanations given to us, there are no Loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- v. The company has not accepted any deposit from the public, as per the provisions of section 73 to 76 or any other relevant provisions of the Act, and the rules framed there under.
- vi. According to information and explanations given to us, the Company has stopped its manufacturing operations from June 2010 and no other commercial

activities have also been carried out by the Company. Hence reporting on the maintenance of cost records as per Clause (vi) of the order does not arise.

- vii. a) The Company is not regular in depositing the undisputed Statutory dues with Appropriate Authorities and there are disputed and outstanding amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales tax, Duty of Customs, Duties of Excise, Value added tax, Cess and any other taxes, Duties or Levies applicable to the Company. The business has remained outstanding dues of Statutory Payments as on 31st March 2017, 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 31.03.2017.

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

However, there are no Disputed Liabilities in respect of Income Tax, Service Tax, Central Excise and Customs Duty.

- viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment principal dues of loans borrowed from Syndicate Bank as on 31.03.2017

## PASARI SPINNING MILLS LIMITED

### ANNEXURE-A TO THE COMPANIES AUDITOR'S REPORT ORDER, 2016

. There are no Loans from Financial Institutions nor from Government, borrowed by the Company and there are no debenture holders with the Company.

- ix. In our opinion, the Company has borrowed Term Loan from Syndicate Bank in 2012 for the purpose of settlement to labour. However during the year company has not obtained any term loan and no money was raised by way of public offer or further public offer by the Company and hence our reporting on the disclosure of the application of funds, initial public offer or further public offer is not made.
- x. According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to information and explanations given to us, the Company has not paid any remuneration to its Directors during the year by the Company. Hence, our reporting on the disclosure of Compliance with the provisions section 197 of the Act does not arise.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
- xiii. A) According to the information and explanation given to us and based on our examination of the records of the Company, transactions by the Company with the related parties are compliance with 188 of the Act, and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.  
B) According to information and explanations given by the management, the Company has not formed the Audit Committee as per provisions of section 177 of the Act, hence compliance with the provisions of the section 177 of the Act, has not been followed by the Company with regard to the related party transactions.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, so as to adhere to the provisions of Section 42 of the Act.
- xv. According to the information and explanation given to us and based on our examination of the

records of the Company, the Company has not entered into non- cash transactions with Directors or persons connected with him and accordingly our reporting on the disclosure of Compliance with the provisions of section 192 of the Act, does not arise.

- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For MURALI & VENKAT**

Chartered Accountants

**G. SATISHCHANDRA**

Partner

Membership Number: 027372

Firm's Registration Number: 002162S

Place: Bangalore.

Date: 30th May 2017

# ANNUAL REPORT 2016 - 2017

## 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, 2017

PARTICULARS	Note No.	AS AT 31st MARCH, 2017 ₹	AS AT 31st MARCH, 2016 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	138,000,000	138,000,000
(b) Reserves and Surplus	2	(130,010,851)	(120,894,837)
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	35,414,762	34,924,119
(b) Deferred tax liability (Net)			
(b) Other Long term liabilities	4	2,500,000	2,500,000
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	4,777,371	4,036,083
(b) Trade payables	6	-	839,392
(c) Other current liabilities	7	6,837,054	4,363,062
(d) Short-term provisions	8	-	95,676
<b>Total</b>		<b>57,518,336</b>	<b>63,863,495</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	9,301,290	10,305,672
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Other non-current Investments		-	-
(c) Deferred tax assets (net)	10	39,568,199	39,332,281
(d) Long term loans and advances	11	6,870,940	11,824,829
(e) Other non-current assets	12	1,449,334	940,444
<b>(2) Current assets</b>			
(a) Current investments	13	236,064	205,297
(b) Inventories	14	-	949,245
(c) Trade receivables	15	3,879	224,746
(d) Cash and Bank balances	16	88,630	80,981
(e) Short-term loans and advances		-	-
(f) Other current assets		-	-
<b>Significant Accounting Policies and Other Disclosures</b>	24		
<b>Total</b>		<b>57,518,336</b>	<b>63,863,495</b>

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.,**

**G. SATISHCHANDRA**

**PARTNER**

Membership No: 027372

Firm Regn. No: 002162S

Place: Bangalore

Date : 30th May 2017

**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

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

PARTICULARS	As on 31 st March 2017		As on 31 st March 2016	
	₹	₹	₹	₹
<b>1. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before tax and extra ordinary items		(1,182,844)		(3,482,460)
Add Adjustments for:				
Depreciation	1,004,382		1,010,136	
Interest & Finance Charges	2,048,861		2,313,405	
		3,053,243		3,323,541
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>1,870,399</b>		<b>(158,919)</b>
Adjustments for:				
(Increase)/Decrease in Trade Receivables	-		438,508	
(Increase)/Decrease in Other Non current Assets	-		-	
(Increase)/Decrease Long Term Loans & Advances	-		-	
(Increase)/Decrease in Inventories	-		-	
(Increase)/Decrease in Short-term Loans & Advances	-		-	
Increase/(Decrease) in Trade Payables	-		13,418	
Increase/(Decrease) Short term Borrowings	-		2,338,083	
Increase/(Decrease) in Other Current Liabilities	-		271,741	
Increase/(Decrease) in Short term provisions	-	-	(8,000)	3,053,750
Cash Generated From Operations		<b>1,870,399</b>		<b>2,894,831</b>
Cash Flow before extra ordinary items		-		-
Income Tax Paid		-		-
MAT Credit				
Extra ordinary items		8,169,088		-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>(6,298,689)</b>		<b>2,894,831</b>
<b>2. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Advances for Fixed Assets	-		-	
Current investments	-		-	
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>		<b>-</b>		<b>-</b>
<b>3. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds of Shares Issued during the Year	-		-	
Receipt / Repayment of Secured loans	(1)		(581,960)	
Receipt / Repayment of Unsecured loans	-		-	
Interest & Finance Charges	(2,048,861)		(2,313,405)	
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>		<b>(2,048,862)</b>		<b>(2,895,365)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(8,347,552)</b>		<b>(534)</b>
Add : Cash & Cash Equivalents at the Beginning of the Year		80,981		81,515
		<b>(8,266,570)</b>		<b>80,981</b>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>		<b>88,630</b>		<b>80,981</b>

#### 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.,**

**G. SATISHCHANDRA**  
PARTNER  
Membership Number : 027372  
Firm Registration No: 002162S  
Date : 30th May 2017

**G S GUPTA**  
CHAIRMAN

**T K GUPTA**  
MANAGING DIRECTOR

**K K GUPTA**  
DIRECTOR

# ANNUAL REPORT 2016 - 2017

## 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, 2017

PARTICULARS	Note No	AS AT 31st MARCH, 2017 ₹	AS AT 31st MARCH, 2016 ₹
I. Revenue From Operations		-	-
II. Other Income	17	3,120,869	230,722
<b>III. Total Revenue (I +II)</b>		<b>3,120,869</b>	<b>230,722</b>
<b>IV. Expenses:</b>			
Cost of Raw Materials Consumed	18	16,653	-
Manufacturing and other Operating Expenses	19	-	-
Changes in inventories of finished goods & work-in-progress		-	-
Employee benefit expenses	20	-	-
Financial costs	21	2,048,861	2,313,405
Depreciation and amortization expense		1,004,382	1,010,136
Other expenses	22	1,270,041	389,641
<b>Total Expenses</b>		<b>4,339,937</b>	<b>3,713,182</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(1,219,068)</b>	<b>(3,482,460)</b>
VI. Exceptional Items	23	36,224	-
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>(1,182,844)</b>	<b>(3,482,460)</b>
VIII. Extraordinary Items		8,169,088	-
<b>IX. Profit/(Loss) before tax (VII - VIII)</b>		<b>(9,351,932)</b>	<b>(3,482,460)</b>
X. Tax expense:			
Less : Provision for Income Tax		-	-
Add : MAT Credit Entitlement for the year		-	-
Less : Deferred tax Liability / (Asset)		(235,918)	(220,235)
Tax in respect of earlier years		-	-
		(235,918)	(220,235)
<b>XI. Net Profit for the year from continuing operations (IX - X)</b>		<b>(9,116,014)</b>	<b>(3,262,225)</b>
XII. Profit/(Loss) from Discontinuing operations		-	-
<b>XIII Net profit for the year ( XI + XII)</b>		<b>(9,116,014)</b>	<b>(3,262,225)</b>
XIV. Earning per equity share:			
(1) Basic		(0.66)	(0.24)
(2) Diluted		(0.66)	(0.24)
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.,

G. SATISHCHANDRA  
PARTNER  
Membership No: 027372  
Firm Regn. No: 002162S

**G S GUPTA**  
CHAIRMAN

**T K GUPTA**  
MANAGING DIRECTOR

**K K GUPTA**  
DIRECTOR

Place: Bangalore  
Date : 30th May 2017

# 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

NOTES TO THE FINANCIAL STATEMENTS		AS AT 31st MARCH, 2017	AS AT 31st MARCH, 2016	
		₹	₹	
<b>Note 1 - Share Capital:</b>				
<b>Authorized Share capital</b> 1,40,00,000 Equity Shares of Rs.10 each		14,00,00,000	14,00,00,000	
<b>Issued</b> 1,38,00,000 Equity Shares of Rs.10 each		13,80,00,000	13,80,00,000	
<b>Subscribed &amp; Paid up</b> 1,38,00,000 Equity Shares of Rs.10 each		13,80,00,000	13,80,00,000	
<b>Total</b>		<b>13,80,00,000</b>	<b>13,80,00,000</b>	
The Company has only one class of equity shares having a par value of Rs. 10 per share. Each Shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding. *				
Details of shares held by Shareholders holding more than 5% of the aggregate shares in the company				
Name of Shareholder	As at 31st March 2017		As at 31st March 2016	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pasari Exports Ltd.	70,80,342	51.31	70,80,342	50.6
<b>Note 2 - Reserves and Surplus</b>				
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		-	-	
<b>Surplus:</b>				
Opening Balance		-	-	
Add/(Less) : Opening Balance- Net Deficit in Profit & Loss A/c		(120,894,837)	(117,632,612)	
Add/(Less) : Net Loss for the year - transfer from Profit & Loss A/c		(9,116,014)	(3,262,225)	
Closing Balance		(130,010,851)	(120,894,837)	
<b>Total</b>		<b>(130,010,851)</b>	<b>(120,894,837)</b>	
<b>Note 3 - Long Term Borrowings:</b>				
<b>Secured</b>				
Term Loan- Syndicate Bank:-00039 ; 3922		14,021,112	15,174,285	

### DETAILS OF LONG TERM BORROWINGS

SL NO	LOAN BORROWINGS	AMOUNT OUTSTANDING		INTE REST RATE	SECURITY DETAILS	PURPOSE OF LOAN RAISED	REPAYMENT TERMS
		31.03.2017	31.03.2016				
1	Syndicate Bank A/c No 00039	1,38,21,112	1,73,74,285	13%	Personal Guarantee of Directors and other collateral securities.	To repay the Outstanding Sundry creditors Employee Benefits dues.	To be repaid in 144 months without any maratorium period.



## ANNUAL REPORT 2016 - 2017

<b>Unsecured</b> <b>Loans and advances from related parties</b> PASARI EXPORTS LTD **		
	21,393,650	19,749,835
<b>Total</b>	<b>35,414,762</b>	<b>34,924,120</b>
<b>Note 4 - Other Long Term liabilities:</b> Advance from Customers [JAIVEER BIO GAS PVT. LTD.,]	2,500,000	2,500,000
<b>Total</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Note 5 - Short Term Borrowings:</b> Unsecured <b>A) Loans from Directors</b> Opening Balance Add: Introduced during the year Loan From Mr.GS Gupta Loan From Mrs..Kamaladevi Gupta Loan From Mr.TK Gupta Loan From Mr. K K Gupta Loan From Mrs. Poonam Gupta Loan From Mrs. Sneha Gupta <b>B) Loans from associated enterprise</b> Loan from T.K.R.Textile Pvt Ltd.,	3,486,083   78,163 79,345 88,199 89,004 170,422 168,220  617,935	1,698,000   - - 568,083 270,000 470,000 480,000  550,00
<b>Total</b>	<b>4,777,371</b>	<b>4,036,083</b>
<b>Note 6 - Trade Payables</b> Consumables	-	839,392
	-	<b>839,392</b>
<b>Note 7 - Other Current Liabilities</b> Current Maturities of Long term Debts Remuneration Payable Statutory Liabilities Deposits Hutch - Deposit JTM - Deposit Rental Deposit ICICI Securities Audit Fee Payable Expenses Payable	2,000,000 - 881,892 - 40,000 50,000 3,372,492 4,381 50,000 438,289	2,400,000 16,327 800,462 - 40,000 50,000 400,000 5,347 - 650,926
<b>Total</b>	<b>6,837,054</b>	<b>4,363,062</b>
<b>Note 8 - Short Term Provisions</b> (a) <b>Provision for employee benefits</b> Salary & Reimbursements Director Remuneration (b) <b>Others</b> Consultancy Charges Audit fees	- - - - -	95,676 - - - -
<b>Total</b>	<b>-</b>	<b>95,676</b>
<b>Note 9 - Fixed Assets</b>	<b>Enclosed</b>	
<b>Note 10 - Deferred Tax Asset</b> Opening Balance Add: Deferred tax Liability/(Asset) for the year	39,332,281 235,918	39,112,046 220,235
<b>Total</b>	<b>39,568,199</b>	<b>39,332,281</b>

## PASARI SPINNING MILLS LIMITED

<b>Note 11 - Long Term Loans and Advances</b>		
Unsecured considered good		
Others Advances- (under Arbitration with CCI )	6,390,000	6,390,000
K E B - Deposit	-	5,325,243
Telephone Deposit	-	33,086
Rent Receivable	404,440	-
Water Deposit	25,000	25,000
Excise Duty - Deposit	50,000	50,000
Sales Tax Deposit	1,500	1,500
<b>Total</b>	<b>6,870,940</b>	<b>11,824,829</b>
<b>Note 12 - Other non-current assets</b>		
<b>Unsecured, considered good</b>		
Sales Tax 05-06 to 09-10	282,105	282,105
TDS Receivable	950,344	441,454
Indra Vikas Patra	750	750
MAT Credit Entitlement	216,135	216,135
<b>Total</b>	<b>1,449,334</b>	<b>940,444</b>
<b>Note 13- Current Investments</b>		
Investment in Equity instruments*	85,540	54,773
Investments in Mutual Funds*	150,524	150,524
	236,064	205,297
<b>Less : Provision for diminution in the value of Investments</b>	-	-
<b>Total</b>	<b>236,064</b>	<b>205,297</b>
* For the year ending 31st March, 2015 Market value of Equity shares Rs.45,351/-		
<b>Note 14 - Inventories</b>		
Stores and spares	-	949,245
<b>Total</b>	-	<b>949,245</b>
<b>Note 15 - Trade Receivables:</b>		
<b>a) Outstanding for a period exceeding six months from the date they are due for payment</b>		
(Unsecured, considered good)		
Domestic Receivables	-	224,746
<b>Total (A)</b>	-	<b>224,746</b>
<b>b) Outstanding for a period not exceeding six months from the date they are due for payment</b>		
(Unsecured, considered good)		
Domestic Receivables	3,879	-
<b>Total (B)</b>	<b>3,879</b>	-
<b>Total (A)+(B)</b>	<b>3,879</b>	<b>224,746</b>
<b>Note 16- Cash and Cash Equivalents:</b>		
<b>a) Cash Balances:</b>		
i. Cash on hand	87	87
ii. Bank balance:		
ICICI - CA A/C 01520500602-Nanjangudu	-	685
SYN.BK.G.NAGR - CA A/C 040030300000022	38,245	29,188
Syndicate Bank A/C#15439	-	723
<b>Total (A)</b>	<b>38,332</b>	<b>30,683</b>

## ANNUAL REPORT 2016 - 2017

<b>b) Other Bank Balances</b>		
Bank Deposits in Auto Sweep	50,298	50,298
<b>Total (B)</b>	<b>50,298</b>	<b>50,298</b>
<b>Total (A)+(B)</b>	<b>88,630</b>	<b>80,981</b>
<b>Note 17 - Other Income:</b>		
a) Interest Income		
Dividend Income	381	2,118
Profit on Sale of Shares	-	-
Interest on IT Refund	-	9,770
<b>b) Other non-operating income</b>	-	-
Rent Received	2,946,792	218,834
Other Income (Sundry Creditors Written off)	173,696	-
<b>Total</b>	<b>3,120,869</b>	<b>230,722</b>
<b>Note 18- Cost of Raw Materials Consumed:</b>		
Opening Stock of raw materials & Stores	949,245	949,245
Add : Purchases of Materials, stores & consumables:	-	-
	9,49,245	9,49,245
Less: Closing Stock of raw materials and Stores	-	9,49,245
<b>Total</b>	<b>16,653</b>	<b>-</b>
<b>Note 19 - Manufacturing and other Operating Expenses:</b>		
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 20- Employee Benefit Expenses:</b>		
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 21- Financial costs:</b>		
Bank Charges	6,974	13,287
Interest on Term Loan	2,041,887	2,300,118
<b>Total</b>	<b>2,048,861</b>	<b>2,313,405</b>
<b>Note 22 - Other Expenses:</b>		
Water Charges	5,000	24,643
Repairs & Maintenance of Factory	-	4,500
Insurance	-	5,621
Rates and taxes, excluding, taxes on income	4,665	6,744
Statutory Audit Fees	50,000	50,000
Advertisement	1,200	-
Professional & other Consultancy Charges	120,500	124,600
Courier, Postage & Telegram	13,140	10,717
General Expenses	7,261	-
Printing & Stationery	30,067	30,384
Meeting Expenses	11,050	22,200
Interest Paid on Electricity Charges	143,614	-
Share Transfer agent expenses	47,848	76,520
Travelling expenses	8,500	13,712
Brokerage on Shares	-	-
Security Charges	-	20,000
Telephone Expenses	33,086	-
Listing Fee	569,364	-
Bad Debts Written Off	224,746	-
<b>Total</b>	<b>1,270,041</b>	<b>389,641</b>
<b>Note 23 - Exceptional Items</b>		
Profit/ (Loss) on Sale of Shares	36,224	-
<b>Total</b>	<b>36,224</b>	<b>-</b>

# 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

## 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 2016	Additions	Disposals	(Impairments)	Balance as at 31st Mar. 2017	Balance as at 1st April 2016	Depreciation for the year	Disposals	Balance as at 31st Mar. '17	Depreciation rate	Balance as at 1st April '16	Balance as at 31st Mar. '17
TANGIBLE ASSETS												
1) Land	25,57,455	-	-	-	25,57,455	-	-	-	25,57,455	-	25,57,455	25,57,455
2) Buildings	24,324,017	-	-	-	24,324,017	17,282,043	771,071	-	18,053,114	3.17%	7,041,974	6,270,903
3) Plant and Equipment *	-	-	-	-	-	-	-	-	-	-	-	-
4) Furniture and Fixtures	3,41,521	-	-	-	3,41,521	3,41,521	-	-	3,41,521	9.50%	-	-
5) Vehicles	1,963,894	-	-	-	1,963,894	1,257,652	233,311	-	1,490,963	11.88%	706,242	472,931
6) Office equipment *	275,631	-	-	-	275,631	275,630	-	-	275,630	19.00%	1	1
7) Computer	4,74,082	-	-	-	4,74,082	4,74,082	-	-	4,74,082	31.67%	-	-
Total	29,936,600	-	-	-	29,936,600	19,630,928	1,004,382	-	20,635,310		10,305,672	9,301,290
Total	29,936,600	-	-	-	29,936,600	19,630,928	1,004,382	-	20,635,310		10,305,672	9,301,290
Previous Year's Total	29,936,600	-	-	-	29,936,600	18,620,792	1,010,136	-	19,630,928		12,372,560	10,305,672

## 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.

# PASARI SPINNING MILLS LIMITED

## 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, Dying 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. 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.

4. The Loans and Advances of Rs.63,90,000/- paid to cotton suppliers is in dispute pertaining to earlier years.

## 5. Related Party Transactions:

SL. NO	NAME	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	AMOUNT
1	Pasari Exports Limited,	Holding Company	Unsecured Loan (Expenses paid on behalf of Pasari Spinning Mills)	16,43,815
2	K. K. Gupta	Director	Unsecured Loan	3,59,003
3	Mrs. Poonam Gupta	Director	Unsecured Loan	6,40,422
4	Mrs. Sneha Gupta	Director	Unsecured Loan	6,48,220
5	Mr. T K Gupta	Director	Unsecured Loan	8,64,281
6	T K R Textiles	Common Director	Unsecured Loan	6,17,935

6. The Company has initiated the process of identifying those enterprises supplying goods and services, which qualify under the definition Micro, Small and Medium enterprises Development Act 2006. The

amount due to Micro and Small enterprises has not been determined to disclose the same as part of the trade payables. Further, there are no interest payables/ interest accrued but not paid/ interest claims on account of the referred enterprises by the Company during the year.

7. 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 9 years.

8. 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).

9. No provision has been made in the accounts towards depletion in the market value of Investment. This matter is pertaining to earlier years.

10. The company does not have any trading inventory; The Company has carried certain Stores and spares materials, which was returned back to the Suppliers and certain other balance materials Valued Rs 16,553 has been written off, as the Management has not realized any value on disposal of the same.

## 11. Licensed, Installed Capacity & Production:

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

## 12. 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.

## 13. Auditor's Remuneration:

Auditor's remuneration includes:	2016-17	2015-16
a. As Auditors	50,000/-	50,000/-

## ANNUAL REPORT 2014 - 2015

**14. Deferred Taxation:**

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

PARTICULARS	2016-17		2015-16	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between Book & Tax depreciation				
Carried forward loss and unabsorbed depreciation	10,04,382	---	10,04,382	---
	2,40,895	---	2,97,401	---
Total	7,63,487	---	7,12,736	
Net deferred tax asset	2,35,918		2,20,236	

15. The Company has also reclassified /regrouped the previous year figures in accordance with the requirements applicable to the Current year data for the purpose of comparison.

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

17. Contingent Liabilities as on 31.03.2017 is Rs. 1, 80, 18,068/-

SL.NO	NATURE OF LIABILITY	AMOUNT
1	Sales Tax Arrears (Pending for various years)	1,80,18,068
	TOTAL	1,80,18,068

18. During the year, the Company had no Specified Bank Notes (SBN's) but has other denomination notes as defined in the MCA Notification G.S.R. 308(E), dated March 31, 2017, to the tune of Rs.87 and since no SBN's were on hand, resulting in which no money was deposited into the Bank within the specified date i.e. from 8th November 2016 to 30th December 2016. Hence, no disclosure on the same is made.

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

for PASSARI SPINNING MILLS LIMITED

**G. SATISHCHANDRA**  
PARTNER  
M.NO: 027372

**G. S. GUPTA**  
Chairman

**T. K. GUPTA**  
Managing Director

**K. K. GUPTA**  
Director

PLACE: BANGALORE  
DATE: 30th May 2017





# PASARI SPINNING MILLS LIMITED

## 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 of .....being 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..... of .....in 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 SIXTH Annual general meeting, to be held on the 30th September, 2017 At 11.00 AM at No 18 IIIrd Floor, Anjaneya Temple Road, Yedyur, Jayanagar 6th Block, Bangalore – 560082 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	(Please mention no. of shares)	For	Against
	<b>ORDINARY BUSINESS</b>			
1	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017, the Profit & Loss Account and Cash Flow Statement together with the Board's Report and Auditor's Report thereon as circulated to the shareholders			
2	To appoint a director in place of Mr. Krishna Kumar Gupta (DIN 00003880) who retires by rotation and being eligible, offers himself for re appointment			
3	To ratify appointment of M/s. Murali & Venkat, Chartered Accountants, Bangalore as Statutory Auditors and in this regard to consider and if thought fit, pass the following resolution with or without modification as an "Ordinary Resolution"			

Affix  
Revenue  
Stamp

Signed this ..... day of ..... 2017

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.



## ANNUAL REPORT 2016 - 2017

### 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
	<b>Ordinary Business:</b>			
1	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2017, the Profit & Loss Account and Cash Flow Statement together with the Board's Report and Auditor's Report thereon as circulated to the shareholders.			
2	To appoint a director in place of Mr. Krishna Kumar Gupta (DIN 00003880) who retires by rotation and being eligible, offers himself for re appointment			
3	To ratify appointment of M/s. Murali & Venkat, Chartered Accountants, Bangalore as Statutory Auditors			

Place:

Date:

(Signature of the shareholder)



## PASARI SPINNING MILLS LIMITED

CIN : L85110KA1991PLC012537

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

### ATTENDANCE SLIP

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 26th 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.







## BOOK -POST

If Undeliverd please return to :

**PASARI SPINNING MILLS LIMITED.**

#18, (Old #16) III Floor

Anjaneya Temple Street

Yediyur, Jayanagar 6<sup>th</sup> Block

Bangalore – 560082