
ANNUAL REPORT

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PASARI SPINNING MILLS LIMITED

TWENTY SEVENTH ANNUAL REPORT OF PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

2017-18

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 6th Block
Bangalore - 560082

Factory Premises:

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

PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

NOTICE

Notice is hereby given for that the TWENTY SEVENTH Annual General Meeting of the Members of Pasari Spinning Mills Limited will be held on Friday, 28th September, 2018 at 11.00 A.M at Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore 560050 to transact the following business:-

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited balance sheet as at 31st March, 2018, the Profit & Loss Account and Cash Flow Statement together with the Board's report and Auditors report thereon as circulated to the shareholders;
2. To appoint a Director in place of Ms. Kamala Devi Gupta (00004712), who retires by rotation and being eligible offers herself for re appointment.
3. To ratify the appointment of M/s. Murali & Venkat, Chartered Accountants, Bangalore as Statutory Auditors and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) and 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 until the conclusion of the next Annual General Meeting of the company to be held in the year 2019."

SPECIAL BUSINESS:-

1. To consider and if thought fit, to pass with or without modification, the following resolution as special resolution: "RESOLVED THAT pursuant to the provisions of Section, 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies

Act, 2013 (including any statutory modification or reenactment thereof, for the time being in force), subject to the approval of the Central Government, if required, appointment of Mr. Tarun Kumar Gupta (00054549), be and is hereby approved on the terms and conditions mentioned below:

- A. **Period of Appointment:** From 1st July, 2018 to 30th June, 2023
- B. **Key Managerial Position:** Managing Director
- C. **Details of Remuneration:** at a consolidated remuneration not exceeding Rs. 6 lakhs Per Annum
- D. **Overall Remuneration:**
The aggregate of the remuneration as aforesaid in any financial year shall not exceed the limit prescribed from time to time under section 196, 203 read with Schedule V and or other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re enactment thereof, for the time being in force) or otherwise as may be permissible by law.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorised to sign such documents or papers as may be necessary, file such applications, forms and do all such acts, deeds and things as it may in its sole discretion, deem necessary, proper, desirable to give effect to the above resolution"

By the Order of the Board
Pasari Spinning Mills Limited

Date: 30th May, 2018
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 aggregate not more than ten percent of the total share capital of the Company carrying voting rights. 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 28th September, 2018 (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 2017-18 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 2017-18 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 —

Karvy Computershare Private Limited,
#17/24, Vithalrao Nagar, Madhapur, Hyderabad-
500081. Email: 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 27th Annual General Meeting by electronic means through e voting service provided by Karvy Computer share Private Limited (KCPL) and the Business may be transacted through e-voting as per instruction below:
 - a) Date and time of Commencement of voting through electronic means: 24th September, 2018.
 - b) Date and time of the end of voting through electronic means beyond which voting will not be allowed: 27th September, 2018 at 5.00 PM.
 - c) Details of website: <https://evoting.karvy.com/>
 - d) For any further clarification relating to evoting contact our toll free No. 1-800-34-54-001 or email us at evoting@karvy.com.
 - e) Details of Scrutinizer: Mr. Vinay B L, Practicing Company Secretary, Bangalore.
 - f) The Instructions for E-voting are as under:
 - i. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com/>'.

Enter the user ID.

- For members holding shares in Demat form:
 - i. 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
 - ii. After entering these details appropriately, click on "LOGIN".
 - iii. 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.

- iv. You need to login again with the new credentials.
- v. On successful login, system will prompt to select the 'Event i.e., 'Company Name'.
- vi. If you are holding shares in Demat form and have logged on to "<https://evoting.karvy.com/>" and casted your vote earlier for any company, then your existing login id and password are to be used.
- vii. 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'.
- viii. 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.
- ix. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- x. Corporate / Institutional Members (Corporate / F Is / FI Is / Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to vinay@vinaybl.com with copy to evoting@karvy.com and admin@pasariexports.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name. Event no
- xi. The e-voting module shall be disabled for voting on 27th September, 2018 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.
- xii. 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/>.
- xiii. 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

PASARI SPINNING MILLS LIMITED

Chairman. The results shall be declared after the Annual General Meeting.

- xiv. The results declared along with the Scrutinizer's Report shall be placed on the Company's website (www.pasariexports.com) and on the website of the Karvy Computershare Private Limited (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.

- (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, 2018
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	Kamala Devi Gupta	
Date of Birth	08/10/1944	
Date of appointment	25/03/2015	
Qualifications	SSLC	
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	20,000 Individually	

BOARD'S REPORT

CIN: L85110KA1991PLC012537

To,
The Members,
Your Directors have pleasure in presenting their Twenty Seventh Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2018.

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

Particulars	2017-18	2016-17
Total Revenue	72,00,714	31,42,820
Profit before tax	29,84,594	(93,66,205)
Tax Expenses:		
a) Current tax		
b) MAT Credit entitlement		
c) Deferred tax(Liability)/Asset	(2,02,801)	(23,59,18)
Profit (Loss) for the year	31,87,395	(91,30,287)

2. Performance of The Company

For the year ended 31st March, 2018 the Company has earned a profit of Rs. 31,87,395 (Rupees Thirty one lakh eighty seven thousand three hundred and ninety five only) as compared with the previous year's loss of Rs. 91,30,287 (Rupees ninety one lakh thirty thousand two hundred and eighty seven 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

During the year under review, the Company did not declare any dividend to its members.

5. Transfer Of Unclaimed Dividend To Investor Education and Protection Fund:

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

6. Reserves

During the year under review the Company has earned a profit of Rs. 31,87,395 (Rupees Thirty one lakh eighty seven thousand three hundred and ninety five only) and the same has been transferred to the Reserves and Surplus Account.

7. State of Company's Affairs :

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.

8. Change in nature of business, if any

The Company has not changed its business objectives and nature of business during the year under review.

9. Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report:

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

10. 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.

11. Statement in respect of adequacy of internal financial control 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.

12. Subsidiaries, joint Ventures and Associate Companies:

The Company does not have any Subsidiary, Joint venture or associate Companies.

13. Deposits

During the year under review the Company has not accepted/renewed any deposits.

14. Particulars of Employees:

As required by Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, there were no employees employed during the year who were in receipt of remuneration which is not less than Rs.8,50,000/- (Eight lakhs fifty thousand only) per month or Rs. 1,02,00,000/- (One crore two lakhs only) per annum.

15. 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 2019 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 2017-18 as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report for the FY 2017-18 forms part of the Annual Report as Annexure-1 to the Board's Report.

16. Extract of the Annual return

Pursuant to the provisions of section 134(3)(a), the extract of Annual Return as provided under Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure 2 and is attached to this Report and the same forms part of this Board's Report.

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

Significant measures are taken to reduce the energy consumption by using energy- efficient equipments. Conservation of energy is always on the "To Do" list at all levels of operations. Efforts are made in this direction on a continuous basis. The company has taken the following adequate measures to conserve the energy:

- Localized lighting in place of community lighting.
- Employees are habituated to switch off fans, lights during the lunch break and at close of office hours.
- The Company has started using LED lights which saves the energy considerably.

Foreign exchange

Particulars	Current Year	Previous Year
1. Earnings in Foreign Currency	Nil	NIL
2. Expenditure in Foreign Currency	Nil	NIL

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.

PASARI SPINNING MILLS LIMITED

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 board meetings conducted during the year under review:

The Board of Directors duly met 5 (five) times, during the year under review. 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. The details of the same areas under:

Sl. No	Date of Meeting	No of directors on the Board	No. of Directors Present
1.	12-May-17	5	5
2.	30-May-17	5	5
3.	11-Aug-17	5	5
4.	10-Nov-17	5	5
5.	08-Feb-18	5	5

21. Committees of the Board and its Meetings

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 2017-18, Company has not received any complaint on sexual harassment.

23. Particulars of loans, guarantees or investments made under section 186 of the companies act, 2013:

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. Statement concerning development and implementation of risk management policy of the company:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on continues basis.

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

27. Directors Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 your directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit/loss of the company for that period;
- the directors had taken 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;
- The directors had prepared the annual accounts on a going concern basis; and
- That proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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28. Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors and the practicing company secretary in their reports:

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

SI No	Qualification/observation/Adverse remarks/Disclaimer	Reply by the Board																																												
1	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 provision of Section 177 of the Act, has not been followed by the Company with regard to related party transactions.	The Directors of the Company are in the process of identifying and appointing the independent directors on the Board of the Company. But the Directors are not able to find the suitable independent Directors. The Directors shall continue their efforts and will appoint the requisite number of independent directors as soon as possible.																																												
2	<div>There are disputed liabilities with regard to Sales Tax, as on 31.03.2018</div> <table><thead><tr><th>Name of the Statute</th><th>Nature of the Dues</th><th>Amount (Rs)</th><th>For the year</th></tr></thead><tbody><tr><td rowspan="3">Central Sales Tax Act</td><td rowspan="3">CST</td><td>4,45,496</td><td>1999-00</td></tr><tr><td>5,80,226</td><td>2000-01</td></tr><tr><td>8,83,692</td><td>2001-02</td></tr><tr><td rowspan="5">Karnataka Entry Tax Act</td><td rowspan="5">KVAT</td><td>46,593</td><td>1999-00</td></tr><tr><td>98,290</td><td>2000-01</td></tr><tr><td>4,35,196</td><td>1999-00</td></tr><tr><td>46,57,137</td><td>2000-01</td></tr><tr><td>32,10,915</td><td>2001-02</td></tr><tr><td rowspan="3">KVAT & CST</td><td rowspan="3">Penalty</td><td>5,000</td><td>1999-00</td></tr><tr><td>2,50,000</td><td>2000-01</td></tr><tr><td>18,35,296</td><td>2001-02</td></tr><tr><td rowspan="3">CST And KVAT</td><td rowspan="3">Interest</td><td>3,11,968</td><td>1999-00</td></tr><tr><td>33,37,878</td><td>2000-01</td></tr><tr><td>19,18,381</td><td>2001-02</td></tr><tr><td colspan="2">Total</td><td colspan="2">1,80,16,068</td></tr></tbody></table>	Name of the Statute	Nature of the Dues	Amount (Rs)	For the year	Central Sales Tax Act	CST	4,45,496	1999-00	5,80,226	2000-01	8,83,692	2001-02	Karnataka Entry Tax Act	KVAT	46,593	1999-00	98,290	2000-01	4,35,196	1999-00	46,57,137	2000-01	32,10,915	2001-02	KVAT & CST	Penalty	5,000	1999-00	2,50,000	2000-01	18,35,296	2001-02	CST And KVAT	Interest	3,11,968	1999-00	33,37,878	2000-01	19,18,381	2001-02	Total		1,80,16,068		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.
Name of the Statute	Nature of the Dues	Amount (Rs)	For the year																																											
Central Sales Tax Act	CST	4,45,496	1999-00																																											
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Total		1,80,16,068																																												
3	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.	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.																																												
4	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,	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 as soon as possible.																																												
5	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	The Company has made a separate tab in the website www.pasariexports.com, various policies as may be applicable to the Company shall be displayed as soon																																												

PASARI SPINNING MILLS LIMITED

SI No	Qualification/observation/Adverse remarks/Disclaimer	Reply by the Board
	Obligations And Disclosure Requirements) Regulations, 2015	as possible under the said tab, which is created exclusively for M/s Pasari Spinning Mills Limited.
6	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	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.
7	Company has not appointed the Chief Financial Officer as required by Section 203 of the Companies Act, 2013	The Company, will continue its efforts in finding the suitable Candidate 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
8	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	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
9	<p>i). 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</p> <p>ii). 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,</p>	The Directors of the Company are in the process of identifying and appointing the independent directors on the Board of the Company. But the Directors are not able to find the suitable independent Directors. The Directors shall continue their efforts and will appoint the requisite number of independent directors as soon as possible.
	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	The necessary corrective action shall be initiated as soon as possible
	<p>i). 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</p> <p>ii). 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</p>	The necessary corrective action shall be initiated as soon as possible

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29. FRAUD REPORTING:

Pursuant to the provisions of section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Board.

30. Voluntary revision of financial statements or Board's Report:

The Company has not made any application to the Authorities for revision of Financial Statements or Boards Report during the year under review.

31. SHARES

SHARE CAPITAL

A. Authorised Capital

The Authorized Capital of the Company is Rs. 14,00,00,000/- (Rupees fourteen crore only) divided into 1,40,00,000 (once crore forty lakh only) equity shares of Rs. 10/- each.

B. Paid up Capital

The Paid up capital of the Company is Rs. 13,80,00,000/- (Rupees thirteen crore eighty lakh only) divided into 1,38,00,000 (once crore thirty eight lakh only) equity shares of Rs. 10/- each.

C. Changes in Share Capital, If any

There is no change in both the Authorised and paid up capital of the Company during the year under review.

Buy back of Securities

The Company has not bought back any of its securities during the year under review.

Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

Bonus Shares

No Bonus Shares were issued during the year under review.

Employees Stock Option Plan

During the year under review the Company has not provided any Stock Option Scheme to the employees.

Issue of Equity Shares with Differential Rights

No equity shares with differential rights were issued during the year under review.

32. Acknowledgements:

The Directors place on record their appreciation for 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.

Gupta Tarun Kumar

DIN: 00054549

Managing Director

Address: #28, Flat No 6, Panchavati Apts,
Wellington Street, Richmond Town,
Bangalore North, Museum Road,
Bangalore 560025

Gauri Shankar Gupta

DIN: 00003860

Director

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

Date: 30th May, 2018

Place: Bangalore

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

PASARI SPINNING MILLS LIMITED

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 31.03.2018 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 31.03.2018 according to the applicable provisions of:

1. The Companies Act, 2013(the Act) and the rules made thereunder;
2. The Securities Contract (Regulation)Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 to the extent applicable to the Company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (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 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
- iv). 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
- v). 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,
- vi). Company has not appointed the Chief Financial Officer as required by Section 203 of the Companies Act, 2013
- vii). 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,
- viii). The company has violated Regulation 23 of Securities and Exchange Board of India (Listing Obligations And

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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

- ix). 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
- x). 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

Observations:

- i). There is a Discrepancy in 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.
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 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, 2018

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

Annexure A

The Members,
Pasari Spinning Mills Limited,
L85110KA1991PLC012537
No. 18 IIIrd Floor, Anjaneya Temple Road,
Yediyur, 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, 2018
Place: Bangalore

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

PASARI SPINNING MILLS LIMITED

ANNEXURE - 2

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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 Ilrd 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	261800	21800	283600	2.06	0.29
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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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.	5523342	1800000	7323342	53.07	5280342	1800000	7080342	51.31	-1.76
e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other..	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1)	5744542	1821800	7566342	54.83	5542142	1821800	7363942	53.36	-1.47
(2) Foreign									
a) NRIs Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) =	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(A)(1)+(A)(2)	5744542	1821800	7566342	54.83	5542142	1821800	7363942	53.36	-1.47
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	100	-	100	0	100	-	100	0	0
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	100	-	100	0	100	-	100	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	245832	12500	258332	1.87	474835	12,500	4,87,335	3.53	1.66
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		2194828	909249	3104077	22.49	2195283	903549	3098832	22.46	-0.04
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh		2616304	15800	2632104	19.07	2635086	15800	2650886	19.21	0.14
c) Others (specify)										
i)Directors and their relatives		87968	61900	149868	1.09	47368	61900	109268	0.79	(0.29)
ii) Non residents		43177	45400	88577	0.64	44437	45200	89637	0.65	0.01
iii) Clearing Members		4500	NIL	4500	0.03	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-		5188709	1044849	6233558	45.17	5397009	1038949	6435958	46.64	1.47
Total Public Shareholding (B) = (B)(1) + (B)(2)		5188809	1044849	6233658	45.17	5397109	1038949	6436058	46.64	1.47
C. Shares held by Custodian for GDRs & ADRs		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)		10933351	2866649	13800000	100	10939251	2860749	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	7323342	53.07	Nil	7080342	51.3	NIL	-1.76		
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	75,66,342	54.84	Nil	7323342	53.07	Nil	-1.76		

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(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	75,66,342	54.84	75,66,342	54.84
	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):	2,43,000	1.76	2,43,000	1.76
	At the End of the year	73,23,342	53.07	73,23,342	53.07

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

Sl. No.	Shareholder'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.	Subh Labh Traders Pvt Ltd	165100	1.20	NIL	165100	1.20	NIL	NIL
2	Najmuddin Gulamhusein Kheraj	141659	1.03	NIL	141659	1.03	NIL	NIL
3	Prafulla Ramesh Patel	115000	0.83	NIL	115000	0.83	NIL	NIL
4	Kirtikumar Mangal das Shah	146422	1.06	NIL	111949	0.81	NIL	-0.25
5	Tejbain Kaur	92515	0.67	NIL	90000	0.65	NIL	-0.02
6	Dhiraj Valji Khaniya	71576	0.52	NIL	71576	0.52	NIL	NIL
7	Kiranben R Desai	68207	0.49	NIL	68207	0.49	NIL	NIL
8	Vimal Anantrai Mehta	65488	0.47	NIL	65488	0.47	NIL	NIL
9	Mukesh K Bhanushali	61451	0.45	NIL	61451	0.45	NIL	NIL
10	Lingutla Venkata Ramana	61000	0.44	NIL	61000	0.44	NIL	NIL
	Total	988418	7.16	NIL	951430	6.89	NIL	0.27

(v) Shareholding of Directors and Key Managerial Personnel:

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
1	Gauri Shankar Gupta	221200	1.6	221200	1.6
2	Krishna Kumar Gupta	40600	0.29	40600	0.29

PASARI SPINNING MILLS LIMITED

3	Kamala Devi Gupta	20000	0.14	20000	0.14
4	Gupta Tarun Kumar	39700	0.29	39700	0.29
5	Kailash Chandra Gupta	300	0.00	300	0.00
	Total	321800	2.32	321800	2.32

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	1,40,21,112	2,61,71,021	NIL	4,01,92,133
Total (i+ii+iii)	1,40,21,112	2,61,71,021	NIL	4,01,92,133
Change in Indebtedness during the financial year				
• Addition	NIL	26,88,648	NIL	26,88,648
• Reduction	9,89,823	NIL	NIL	9,89,823
Net Change	9,89,823	26,88,648	NIL	16,98,825
Indebtedness at the end of the financial year	1,30,31,289	2,88,59,669	NIL	4,18,90,958
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1,30,31,289	2,88,59,669	NIL	4,18,90,958

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL*

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

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

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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.

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"> Fee for attending board committee meetings Commission Others, please specify 				
	Total (1)				
	4. Other Non-Executive Directors	G.S.Gupta	K.K.Gupta	K.D.Gupta**	
	<ul style="list-style-type: none"> Fee for attending board committee meetings Commission Others, please specify 	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B) = (1 + 2)	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL

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

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

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)
		A. COMPANY			
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
		B. DIRECTORS			
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Committees of the Board Annexure 2A

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

Composition:

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

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

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

(a) 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.

(b) 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.
 - 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
- (c) **Meetings:** During the year Audit committee met 5 times on 12th May, 2017, 30th May, 2017, 11th August, 2017, 10th November, 2017 and 8th February, 2018.

PASARI SPINNING MILLS LIMITED

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	5
2	Mr. T.K.Gupta,	Member, Executive Director	5
3	Mr. K.K.Gupta,	Member, Non executive Director	5

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 30th May, 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, 2018:

Particulars	No. of cases outstanding as on April 01, 2017	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2018
No. of Investor issues	NIL	2	2	NIL
No. of legal cases	NIL	NIL	NIL	NIL

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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
26th	30/09/2017	11.00 AM	Sri Krishna Mini hall, No 589, 15th Main,
25th	30/09/2016	11.00 AM	Maruthi Circle, Hanumanthanagar,
24th	30/09/2015	11.00 AM	Bangalore-560050

Details of Special Resolutions passed in the previous three AGMs

A G M Particulars of Special Resolutions passed thereat	
26th	No Special Resolution was passed at this AGM.
25th	No Special Resolution was passed at this AGM.
24th	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 Seventh 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	Borrowings	2,40,82,298
T K R Textiles Private Ltd	Borrowings	6,17,935

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 28th September, 2018
- Venue Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050

Financial year:

1st April 2017 to 31st March 2018.

Date of book closure:

28th September, 2018

Listing:

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

STOCK CODE:

521080

ISIN: (Equity)

INE 604F01010

Market price data:

Month	High Price	Low Price
Apr-17	2.84	2.23
May-17	2.83	2.61
Jun-17	2.8	2.8
Jul-17	2.94	2.9
Aug-17	2.76	2.68
Sep-17	2.95	2.81
Oct-17	3.23	2.67
Nov-17	3.36	2.46
Dec-17	2.5	2.4
Jan-18	2.9	2.35
Feb-18	2.62	2.5
Mar-18	2.54	2.53

Sensex for the period:

Month	High	Low
Apr-17	30184.22	29241.48
May-17	31255.28	29804.12
Jun-17	31522.87	30680.66
Jul-17	32672.66	31017.11
Aug-17	32686.48	31128.02
Sep-17	32524.11	31081.83
Oct-17	33340.17	31440.48
Nov-17	33865.95	32683.59
Dec-17	34137.97	32565.16
Jan-18	36443.98	33703.37
Feb-18	36256.83	33482.81
Mar-18	34278.63	32483.84

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.

PASARI SPINNING MILLS LIMITED

PASARI SPINNING MILLS LIMITED

Distribution Schedule as on 31 March 2018 (Consolidated)

Category (Amount)	Phy Cases	Phy Cases %	Phy Shares	Phy Amount	Phy Amount %	Ele Cases	Ele Cases %	Ele Shares	Ele Amount	Ele Amount %	Total Cases	Total Cases %	Total Shares	Total Amount	Total Amount %
1-5000	4200	51.0204	719549	7195490	5.2141	2876	34.9368	511401	5114010	3.7058	7076	85.9572	1230950	12309500	8.9199
5001- 10000	135	1.6399	113500	1135000	0.8225	401	4.8712	347812	3478120	2.5204	536	6.5112	461312	4613120	3.3428
10001- 20000	45	0.5466	67500	675000	0.4891	195	2.3688	310779	3107790	2.252	240	2.9155	378279	3782790	2.7412
20001- 30000	16	0.1944	44100	441000	0.3196	89	1.0811	229913	2299130	1.666	105	1.2755	274013	2740130	1.9856
30001- 40000	3	0.0364	10900	109000	0.079	43	0.5224	157022	1570220	1.1378	46	0.5588	167922	1679220	1.2168
40001- 50000	3	0.0364	15000	150000	0.1087	36	0.4373	171209	1712090	1.2406	39	0.4738	186209	1862090	1.3493
50001- 100000	8	0.0972	74400	744000	0.5391	78	0.9475	573175	5731750	4.1534	86	1.0447	647575	6475750	4.6926
100001 & Above	2	0.0243	1815800	18158000	13.158	102	1.2391	8637940	86379400	62.5938	104	1.2634	10453740	104537400	75.7517
Total	4412	53.5955	2860749	28607490	20.7301	3820	46.4042	10939251	109392510	79.2698	8232	100.0001	13800000	138000000	100.000

Dematerialisation of shares & liquidity:

As of the end of 31st March 2018 shares comprising approximately 79.27 % of shares of the company's Equity share capital have been dematerialized.
Shareholding pattern as at 31.03.2018

Sl No.	Category of Shareholder	No of shareholder	Total No of Shares	Total shareholding as a percentage of total number of shares
(A)	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP			
	Individuals/HUF	4	2,43,000	1.76
	Bodies Corporate	1	70,80,342	51.31
(A)	Total Promoter's Holding	5	73,23,342	53.07
(B)	PUBLIC SHAREHOLDING			
	I. INSTITUTIONS			
	Financial Institutions/Banks	1	100	0.00
	II. NON INSTITUTIONS			
	Individuals:-			
	Individuals Shareholders Holding Nominal shareholding up to Rs.2 lakhs	7,717	36,64,198	26.55
	Individuals holding nominal share holding excess of Rs.2 lakhs	46	22,35,388	16.19
	Others	214	5,76,972	4.18
(B)	Total Public Shareholding	7,978	64,76,658	46.93
	(A)+(B)	7983	13,80,0000	100

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Plant location:

Company's factory is located at:

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

Address of Registered Office of the Company:

PASARI SPINNING MILLS LIMITED

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

The above report was approved by the Board of Directors at their meeting held on 30th May, 2018

for and on behalf of the board

Date: 30th May, 2018

Place: Bangalore

(G S Gupta)

Chairman

DIN: 00003860

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

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, 2018, 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, 2018 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	2,40,82,298.00
G.S. Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	7,43,163.00
Kamala Devi Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	5,79,345.00
T.K. Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	10,29,282.00
Mrs. Poonam Gupta	Relative of Director	Unsecured Loan	NA	Unsecured Loan	NA	6,40,422.00
Mrs. Sneha Gupta	Relative of Director	Unsecured Loan	NA	Unsecured Loan	NA	6,48,220.00
Mr. K.K Gupta	Director	Unsecured Loan	NA	Unsecured Loan	NA	5,19,004.00
TKR Textiles	Common Director	Unsecured Loan	NA	Unsecured Loan	NA	6,17,935.00

PASARI SPINNING MILLS LIMITED

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, 2018
Place: Bangalore

G S Gupta
Chairman
DIN: 00003860

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

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, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

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.

In conducting 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 and the Order issued under section 143(11) of the Act.

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, 2018;
- (b) In the case of the Statement of Profit and Loss, its PROFIT and total Comprehensive Income for the year ended on that date;
- (c) In case of the Statement of Changes in Equity, the movement and the changes in equity for the period ended on that date; and,
- (d) 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

PASARI SPINNING MILLS LIMITED

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 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 including other comprehensive income, Statement of Changes in Equity 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 including other comprehensive income, Statement of Changes in Equity and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018, 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 (ii) and (iii) of (C) - Other Disclosures in Note Number 21 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.

For MURALI & VENKAT
Chartered Accountants

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

Place: Bangalore.
Date: 30th May 2018

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

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

- 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 generally regular in depositing the undisputed Statutory dues with Appropriate Authorities and there are no undisputed 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 no remained outstanding dues of Statutory Payments as on 31st March 2018, for a period of more than six months from the date they became payable.
- b) There are disputed liabilities with regard to Sales Tax, as on 31.03.2018.

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

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 31.03.2018. 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.

PASARI SPINNING MILLS LIMITED

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

- 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, 2018

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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

	PARTICULARS	Note No.	31st March, 2018	31st March, 2017	1st April, 2016
			Rs.	Rs.	Rs.
A	Assets				
1	Non-current assets				
	Property, plant and equipment	3	239,621	472,932	706,243
	Investment properties	4	8,057,287	8,828,358	9,599,429
	Financial assets				
	(i) Loans		-	-	-
	(ii) Other financial assets	5(ii)	385,721	404,440	-
	Deferred tax assets	6	39,771,000	39,568,199	39,332,281
	Other non-current assets	7	8,223,400	7,915,834	12,765,273
	Total non-current assets		56,677,029	57,189,763	62,403,226
2	Current assets				
	Inventories	8	-	-	949,245
	Financial assets				
	(i) Investments	5(iii)	40,876	215,915	199,421
	(ii) Trade receivables	5(iv)	-	3,879	224,746
	(iii) Cash and cash equivalents	5(v)	49,928	88,630	80,981
	Other current assets		-	-	-
	Total current assets		90,804	308,424	1,454,393
	Total assets (1+2)		56,767,833	57,498,187	63,857,619
B	Equity and Liabilities				
1	Equity				
	Equity share capital	9	138,000,000	138,000,000	138,000,000
	Other equity				
	(i) Reserves and surplus	10	(126,843,605)	(130,031,000)	(120,900,713)
	(ii) Other reserves		-	-	-
	Total equity		11,156,395	7,969,000	17,099,287
2	Liabilities				
	Non-current liabilities				
	Financial liabilities				
	(i) Borrowings	11(i)	37,113,587	35,414,762	34,924,119
	(ii) Other financial liabilities		-	-	-
	Other non-current liabilities	12	-	2,500,000	2,500,000
	Provisions		-	-	-
	Total non-current liabilities		37,113,587	37,914,762	37,424,119

PASARI SPINNING MILLS LIMITED

PARTICULARS	Note No.	31st March, 2018	31st March, 2017	1st April, 2016
		Rs.	Rs.	Rs.
Current liabilities				
Financial liabilities				
(i) Trade payables	13	-	-	839,392
(ii) Borrowings	11(ii)	4,777,371	4,777,371	4,036,083
(ii) Other financial liabilities	11(iii)	3,638,223	5,955,162	3,562,600
Provisions	14	-	-	95,676
Current tax liabilities		-	-	-
Other current liabilities	15	82,257	881,892	800,462
Total current liabilities		8,497,851	11,614,425	9,334,213
Total liabilities		45,611,438	49,529,187	46,758,332
Total equity and liabilities (1+2)		56,767,833	57,498,187	63,857,619
Notes to the financial statement 21				
Notes on first time adoption of Ind AS 22				

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For **MURALI & VENKAT**

Chartered Accountants

For **PASARI SPINNING MILLS LIMITED**

G. SATISHCHANDRA

Partner

Membership No. 027372

Firm Registration No. 002162S

Place: Bengaluru

Date: 30th May, 2018

G. S. GUPTA

Chairman

T. K. GUPTA

Managing Director

K. K. GUPTA

Director

ANNUAL REPORT 2017 - 2018

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

PARTICULARS	Note No.	31st MARCH, 2018	31st MARCH, 2017
		Rs.	Rs.
Continuing operations			
Revenue from operations		-	-
Other operating income	16	6,640,648	3,120,488
Other income	17	560,066	22,332
Total income		7,200,714	3,142,820
Expenses :			
Cost of materials consumed	18	-	16,653
Manufacturing and other Operating Expenses		-	-
Changes in inventories of finished goods & work-in-progress		-	-
Employee benefit expenses		-	-
Finance costs	19	2,029,936	2,185,501
Depreciation and amortisation expense	3	1,004,382	1,004,382
Other expenses	20	1,181,802	9,302,489
Total expenses		4,216,120	12,509,025
Profit before tax from continuing operations		2,984,594	(9,366,205)
Income tax expense :			
Current tax			
(i) for the year		-	-
(ii) relating to earlier years		-	-
MAT Credit Entitlement for the year		-	-
Deferred tax charge/ (credit)		(202,801)	(235,918)
Profit from continuing operations		3,187,395	(9,130,287)
Profit/(Loss) from Discontinuing operations		-	-
Profit for the year		3,187,395	(9,130,287)
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year (Net of tax)		-	-
Total comprehensive income for the year		3,187,395	(9,130,287)
Earning per equity share:			
(1) Basic		0.23	(0.66)
(2) Diluted		0.23	(0.66)
Significant Accounting Policies and Other Disclosures	21		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For **MURALI & VENKAT**

Chartered Accountants

For **PASARI SPINNING MILLS LIMITED**

G. SATISHCHANDRA

Partner

Membership No. 027372

Firm Registration No. 002162S

G. S. GUPTA

Chairman

T. K. GUPTA

Managing Director

K. K. GUPTA

Director

Place: Bengaluru

Date: 30th May, 2018

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

PARTICULARS	31st MARCH, 2018	31st MARCH, 2017
	Rs.	Rs.
A. Cash flow from operating activities		
Profit before tax from continuing operations	2,984,594	(9,366,205)
Profit before tax from discontinued operation	-	-
Adjustments for :		
Depreciation and amortisation expense	1,004,382	1,004,382
Bad debts written off	-	224,746
Net (gain)/loss on financial assets measured at FVTPL	175,549	(21,951)
Dividend received	(1,265)	(381)
Interest received	(58,801)	-
Finance cost	2,029,936	2,185,501
Operating profit before working capital changes	6,134,395	(5,973,908)
Changes in working capital:		
(Increase)/Decrease in inventories	-	949,245
(Increase)/Decrease in trade receivables	3,879	(3,879)
(Increase)/Decrease in other financial assets	18,719	(404,440)
(Increase)/Decrease in other non-current assets	(307,566)	4,849,439
Increase/(Decrease) in trade payables	-	(839,392)
Increase/(Decrease) short term borrowings	-	741,288
Increase/(Decrease) other financial liabilities	(2,316,903)	2,402,511
Increase/(Decrease) other non-current liabilities	(2,500,000)	-
Increase/(Decrease) in other current liabilities	(799,635)	81,430
Increase/(Decrease) in short term provisions	-	(95,676)
Net Cash generated from operations	232,889	1,706,618
Income taxes paid (net of refunds)	-	-
Net cash from/ (used in) operating activities	232,889	1,706,618
B. Cash flow from investing activities		
Purchase of investments	(10,460)	(32,527)
Proceeds from sale of investments	9,914	28,035
Dividend received	1,265	381
Interest Received	58,801	-
Net cash from/ (used in) investing activities	59,520	(4,111)
C. Cash flow from financing activities		
Unsecured loan from related parties	2,688,648	1,643,816
Repayment of Secured loans	(989,823)	(1,153,173)
Interest paid	(2,029,936)	(2,185,501)
Net cash from/ (used in) financing activities	(331,111)	(1,694,858)
Net cash flows during the year (A+B+C)	(38,702)	7,649
Cash and cash equivalents (Opening balance)	88,630	80,981
Cash and cash equivalents (Closing balance)	49,928	88,630

Note:

- Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per **Note 6 (v)**
- Above cash flow statement has been prepared under indirect method in accordance with the Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flows".
- 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 **PASARI SPINNING MILLS LIMITED**

G. SATISHCHANDRA
Partner
Membership No. 027372
Firm Registration No. 002162S
Place: Bengaluru
Date: 30th May, 2018

G. S. GUPTA **T. K. GUPTA** **K. K. GUPTA**
Chairman Managing Director Director

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M/S. PASARI SPINNING MILLS LIMITED

Regd Office: NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560 082

STATEMENT OF CHANGES IN EQUITY

For the period ended 31.03.2018

A. Equity Share Capital - Note 9

Particulars	Amount
Balance as at 01.04.2016	13,800,000
Changes in Equity Share Capital (2016-17)	-
Balance as at end 31.03.2017	13,800,000
Changes in Equity Share Capital (2017-18)	-
Balance as at end 31.03.2018	13,800,000

B. Other Equity - Note 10

	Share Application Money pending Allotment	Equity Component of Compound Financial Instrument	Reserves & Surplus				Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash flow hedges	Revaluation Surplus	Exchange differences on translating the Financial Statement of a Foreign Operation	Other Items of other Comprehensive Income (Specify Nature)	Money Received against Share Warrants	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (Specify Nature)	Retained Earnings								
Balance as at 01.04.2016	-	-	-	-	-	(120,900,713)	-	-	-	-	-	-	-	(120,900,713)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	-	-	(9,130,287)	-	-	-	-	-	-	-	(9,130,287)
Any other changes (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.03.2017	-	-	-	-	-	(130,031,000)	-	-	-	-	-	-	-	(130,031,000)
Balance as at 31.03.2017	-	-	-	-	-	(130,031,000)	-	-	-	-	-	-	-	(130,031,000)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	-	-	3,187,395	-	-	-	-	-	-	-	3,187,395
Any other changes (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of reporting period	-	-	-	-	-	(126,843,605)	-	-	-	-	-	-	-	(126,843,605)

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 3: Property, plant and equipment

		Gross Block			Accumulated Depreciation			Net Block		
	Depreciation Rate	As at 1st Apr 2017	Additions	Disposals	As at 31st Mar 2018	As at 1st Apr 2017	Depreciation for the year	Disposals	As at 31st Mar 2018	As at 31st Mar 2017
Fixed Assets										
TANGIBLE ASSETS										
Furniture and Fixtures	9.50%	341,521			341,521	341,521	-		-	-
Vehicles	11.88%	1,963,894			1,963,894	1,490,963	233,311		239,620	472,931
Office equipment *	19.00%	275,631			275,631	275,630	-		1	1
Computer	31.67%	474,082			474,082	474,082	-		-	-
Total		3,055,128	-	-	3,055,128	2,582,196	233,311	-	239,621	472,932
Previous Year's Total		3,055,128	-	-	3,055,128	2,348,885	233,311	-	472,932	706,243

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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 for the year ended March 31, 2018

Note 4 : Investment Properties

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Gross carrying amount			
Opening gross carrying amount/ Deemed cost(April 1, 2016)	26,881,472	26,881,472	-
Transfer from property, plant and equipments	-	-	26,881,472
Additions	-	-	-
Closing gross carrying amount	26,881,472	26,881,472	26,881,472
Accumulated depreciation			
Opening accumulated depreciation	18,053,114	17,282,043	-
Transfer from property, plant and equipments	-	-	16,510,972
Depreciation charge	771,071	771,071	771,071
Closing accumulated depreciation	18,824,185	18,053,114	17,282,043
Closing Capital work-in-progress			
	8,057,287	8,828,358	9,599,429

(i) Amounts recognised in statement of profit and loss for investment properties

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rental income	5,476,215	2,946,792
Direct operating expenses from property that generated rental income	-	-
Profit from investment properties before depreciation	5,476,215	2,946,792
Depreciation charge	771,071	771,071
Profit from investment properties	6,247,286	3,717,863

(ii) Fair value of investment properties:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Land	127,141,000	118,824,000	111,050,000
Building	49,828,000	48,377,000	46,968,000
	176,969,000	167,201,000	158,018,000

Note 5 : Financial assets

(i) Loans

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	-	-	-

PASARI SPINNING MILLS LIMITED

(ii) Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rent receivable	385,721	404,440	-
	385,721	404,440	-

(iii) Current investments

(valued at FVTPL)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Quoted investment in equity instruments	40,177	65,391	48,897
Quoted investment in mutual funds	699	150,524	150,524
	40,876	215,915	199,421

(iv) Trade receivables

(Unsecured, considered good)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables			
- Related parties	-	-	-
- Others	-	3,879	224,746
Less: Allowance for doubtful debts	-	-	-
	-	3,879	224,746

(v) Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks			
- in current accounts	49,841	38,245	30,596
- deposit accounts with original maturity of less than 3 months	-	50,298	50,298
Cash on hand	87	87	87
	49,928	88,630	80,981

Note 6 : Deferred tax asset

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
On account of Depreciation between books and Income tax written down value (WDV) of depreciable Property, Plant and equipment	39,771,000	39,568,199	39,332,281
Other timing differences	-	-	-
	39,771,000	39,568,199	39,332,281

Movement in deferred tax assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening Balance	39,568,199	39,332,281	39,112,046
(Charged)/ Credited to statement of profit and loss	202,801	235,918	220,235
	39,771,000	39,568,199	39,332,281

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Note 7 : Other non-current assets

(Unsecured considered good)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
TDS Receivable	1,257,910	950,344	441,454
Sales Tax 05-06 to 09-10	282,105	282,105	282,105
MAT Credit Entitlement	216,135	216,135	216,135
Indira Vikas Patra	750	750	750
Water Deposit	25,000	25,000	25,000
Excise Duty - Deposit	50,000	50,000	50,000
Sales Tax Deposit	1,500	1,500	1,500
K E B - Deposit	-	-	5,325,243
Telephone Deposit	-	-	33,086
Others Advances- (under Arbitration with CCI)	6,390,000	6,390,000	6,390,000
	8,223,400	7,915,834	12,765,273

Note 8 : Inventories

(at lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Stores and spares	-	-	949,245
	-	-	949,245

Note 9 : Equity share capital

Authorised equity share capital

Particulars	No of shares	Amount
As at April 1, 2016	14,000,000	140,000,000
Increase/ (decrease) during the year	-	-
As at March 31, 2017	14,000,000	140,000,000
Increase/ (decrease) during the year	-	-
As at March 31, 2018	14,000,000	140,000,000

(i) Movements in equity share capital (issued, subscribed and fully paid up)

Particulars	No of shares	Amount
As at April 1, 2016	13,800,000	138,000,000
Increase/ (decrease) during the year	-	-
As at March 31, 2017	13,800,000	138,000,000
Increase/ (decrease) during the year	-	-
As at March 31, 2018	13,800,000	138,000,000

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

PASARI SPINNING MILLS LIMITED

(ii) Equity shares held by the Group Company

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Pasari Exports Ltd.	7,080,342	70,803,420	7,080,342	70,803,420	7,080,342	70,803,420

(iii) Details of Equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company:

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No of shares	Shareholding (%)	No of shares	Shareholding (%)	No of shares	Shareholding (%)
Pasari Exports Ltd.	7,080,342	51.31%	7,080,342	51.31%	7,080,342	51.31%

(iv) There are no shares reserved for issue under options and contracts/ commitments. Further, there are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares.

Note 10 : Reserves and surplus

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Retained earnings			
Opening balance	(130,031,000)	(120,900,713)	(117,638,488)
Net profit /(Net loss) for the year	3,187,395	(9,130,287)	(3,262,225)
Closing balance	(126,843,605)	(130,031,000)	(120,900,713)

Note 11 : Borrowings

(i) Non-current borrowings

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Term loan from Syndicate Bank [Refer note (a)]	13,031,289	14,021,112	15,174,285
Loan from related parties [Refer note (b)]	24,082,298	21,393,650	19,749,834
	37,113,587	35,414,762	34,924,119

a. Term loan from Syndicate Bank is taken on personal guarantee of directors and other collateral securities to be repaid in 144 monthly instalments without any moratorium period

b. Loan from related party pertains to unsecured interest free loan from Pasari Exports Limited, the Group Company only

(ii) Current borrowings

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Loans from directors			
Loan From Mr.GS Gupta	743,163	743,163	665,000
Loan From Mrs..Kamaladevi Gupta	579,345	579,345	500,000
Loan From Mr.TK Gupta	1,029,282	1,029,282	941,083
Loan From Mr. K K Gupta	519,004	519,004	430,000

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Loan From Mrs. Poonam Gupta	640,422	640,422	470,000
Loan From Mrs. Sneha Gupta	648,220	648,220	480,000
b. Loans from associated enterprise			
Loan from T.K.R.Textile Pvt Ltd	617,935	617,935	550,000
	4,777,371	4,777,371	4,036,083
(iii) : Other financial liabilities			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long term debt	1,581,495	2,000,000	2,400,000
Remuneration payable	-	-	16,327
Hutch deposit	40,000	40,000	40,000
JTM deposit	50,000	50,000	50,000
Rental deposit	1,812,492	3,372,492	400,000
ICICI Securities	-	4,381	5,347
Audit fee payable	100,000	50,000	-
Expenses payable	54,236	438,289	650,926
	3,638,223	5,955,162	3,562,600
Note 12 : Other non-current liabilities			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance Received for Land (Jaiveer Bio Gas Private Limited)	-	2,500,000	2,500,000
	-	2,500,000	2,500,000
Note 13 : Trade payables			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables			
- Dues of Micro Enterprises and Small Enterprises	-	-	-
- Related parties	-	-	-
- Others	-	-	839,392
	-	-	839,392
Note 14 : Provisions			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Director remuneration	-	-	95,676
Provision for Income Tax	-	-	-
	-	-	95,676
Note 15 : Other current liabilities			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory liabilities	82,257	881,892	800,462
	82,257	881,892	800,462

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Note 16 : Other operating income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rental income	5,476,215	2,946,792
Provision/ liabilities no longer required written back	1,164,433	173,696
	6,640,648	3,120,488

Note 17 : Other income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend income	1,265	381
Net gain on financial assets measured at FVTPL	-	21,951
Interest on fixed deposit	58,801	-
Forfeiture Money on cancellation of Sale of Land	500,000	-
	560,066	22,332

Note 18 : Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock of raw materials & Stores	-	949,245
Add : Purchases of Materials, stores & consumables (Returns)	-	(932,592)
	-	16,653
Less: Closing Stock of raw materials and Stores	-	-
	-	16,653

Note 19 : Finance Cost

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on term loan	1,799,053	2,041,887
Interest on provident fund	230,883	-
Interest paid on electricity charges	-	143,614
	2,029,936	2,185,501

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Note 20 : Other expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Advertisement	6,720	1,200
Bad debts written off	-	224,746
Bank Charges	39,051	6,974
Courier, postage & telegram	12,850	13,140
Electricity Charges (related to previous years)	-	8,169,088
General expenses	-	7,261
Guest house maintenance	40,600	-
Listing fee	300,081	569,364
Meeting expenses	-	11,050
Net loss on financial assets measured at FVTPL	175,549	-
Printing & stationery	34,720	30,067
Professional & other consultancy charges	12,000	120,500
Rates and taxes, excluding, taxes on income	458,711	4,665
Share transfer agent expenses	42,032	47,848
Statutory audit fees	50,000	50,000
Telephone expenses	-	33,086
Travelling expenses	-	8,500
Vehicle insurance	9,488	-
Water charges	-	5,000
	1,181,802	9,302,489

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M/S. PASARI SPINNING MILLS LIMITED

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

Note 21 : NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

A. General Information

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.

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 carried out any commercial operations during the current year.

B. Summary of Significant Accounting Policies

This note provides a list of the Significant Accounting Policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

i. Basis of preparation:

(a) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendments Rules, 2016] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2017 which were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act, have now been reinstated as per Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Reconciliation of the effect of transition on the Company's financial position, financial performance and cash flows from previous GAAP to Ind AS has been summarised in Note 21.

(b) Historical cost convention

The financial statement has been prepared on a historical cost basis, except for:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value.

(c) The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

ii. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as mentioned below:

- (a) Sale of products is recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer which is based on the agreed terms. Revenue is based on price agreed with the customers. Amounts disclosed as revenue are net of returns, trade discounts, cash discounts, sales incentives, sales tax, etc.
- (b) Rental income arising from operating lease of investment properties is accounted on accrual basis, based on contractual terms with the lessee and is disclosed under "Other Operating Revenue" in statement of profit and loss.

iii. Investments and other financial assets:

(a) Classification

The Company classifies its financial assets under the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL), those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Initial recognition and measurement

All financial assets are recognised initially at its fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(c) Subsequent measurement

Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVOCI. All equity investments are measured at fair value through other comprehensive income, except for investments in subsidiary/ associate which is measured at cost. Changes in the fair value of financial assets are recognised in statement of other comprehensive income. In those cases, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss.

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on such financial assets that are subsequently measured at FVTPL and is recognised and presented net in the statement of profit and loss within other income in the period in which it arises.

(d) Impairment of financial assets

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Company assesses the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the company determines whether there has been a significant increase in credit risk. The losses arising from impairment are recognised in the profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(e) Derecognition of financial assets

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire or it transfers substantially all risk and rewards of ownership of the financial asset. A gain or loss on such financial assets that are subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised.

(f) Income recognition

Interest income

Interest income from financial assets measured at amortised cost is recognised using the effective interest rate method and are disclosed in statement of profit and loss.

Dividends

Dividends from equity instruments are recognised as other income in statement of profit and loss only when the right to receive payment is established.

iv. Property, plant and equipment:

Freehold land is carried at historical cost and other items of property, plant and equipment including capital spares are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income or expense.

Depreciation on property, plant and equipments is provided using the straight line method. As required under Schedule II to the Companies Act 2013, the Company periodically assesses the estimated useful life of its tangible assets based on the technical evaluation considering anticipated technological changes and actual usage of the assets. The estimated useful life is either equal to or lower than those prescribed under Part C of Schedule II to the Companies Act, 2013.

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The estimated useful life for various property, plant and equipments is given below:

Assets	Useful life (Yrs)	Depreciation Rate
Buildings	30	3.17%
Furniture and Fixtures	10	9.50%
Vehicles	8	11.88%
Office equipment	5	19.00%
Computer	3	31.67%

Low value assets not exceeding INR 5,000/- per unit are depreciated at 100%

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

v. Investment properties:

Property that is held for rental income and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is carried at cost less accumulated depreciation. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated using the written down value method over their estimated useful lives as mentioned in 2(iv) above.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its investment properties recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as deemed cost of investment properties.

vi. 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.

vii. Retirement benefits:

(a) Contributions to PF/EPF are accounted on accrual basis.

(b) Gratuity and leave encashment are accounted on cash basis.

viii. Foreign currency transactions:

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.

ix. Leases:

As a lessee

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Cost of leasehold land (other than those which will be converted to freehold after a certain period upon satisfying prescribed conditions) is amortised over the lease term.

Leases in which the Company doesn't have substantial portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to statement of profit and loss on a straight line basis.

As a lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return of the net investment outstanding in respect of the leases.

Lease income from operating leases where the Company is a lessor is recognised as income on a straight line basis. The respective leased assets are disclosed as investment properties.

x. 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.

xi. Impairment of assets:

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level of which that are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

xii. Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per payment terms. They are recognised initially at their fair value and subsequently measured at amortised cost.

xiii. Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using effective interest method.

xiv. Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

xv. Cash and cash equivalents:

Cash and cash equivalents includes cash and cheques on hand, current accounts and fixed deposit accounts with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

xvi. Earning per share (basic and diluted):

Earning per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of equity shares outstanding during the financial year.

(C) Other Disclosures

- I. 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 2180 for the price difference which was litigated by Cotton Corporation and the matter is under arbitration.
- II. The Loans and Advances to Cotton Corporation of Rs.63,90,000/- is in dispute pertaining to earlier years.

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III. Contingent Liability:

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 BIER for setting off the same. The matter is pertaining to earlier years, which is pending for 10 years.

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 2018

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 for the year ended March 31, 2018

Note 22 : First-time adoption of Ind AS

The Company has prepared the financial statements in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment properties covered by Ind AS 40 Investment Properties. Accordingly, the Company has elected to measure all its property, plant and equipment and investment properties at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

The Company's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVPL; and
- Impairment of financial assets based on expected credit loss method.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in equity instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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B. Reconciliation between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliation from previous GAAP to Ind AS.

Reconciliation of balance sheet as at date of transition (April 1, 2016)

PARTICULARS		Previous GAAP*	Adjustments	Ind AS
		Rs.	Rs.	Rs.
A Assets				
1 Non-current assets				
Property, plant and equipment		706,243	-	706,243
Investment properties		9,599,429	-	9,599,429
Financial assets				
(i) Loans		-	-	-
(ii) Other financial assets		-	-	-
Deferred tax assets		39,332,281	-	39,332,281
Other non-current assets		12,765,273	-	12,765,273
Total non-current assets		62,403,226	-	62,403,226
2 Current assets				
Inventories		949,245	-	949,245
Financial assets				
(i) Investments		205,297	(5,876)	199,421
(ii) Trade receivables		224,746	-	224,746
(iii) Cash and cash equivalents		80,981	-	80,981
Other current assets		-	-	-
Total current assets		1,460,269	(5,876)	1,454,393
Total assets (1+2)		63,863,495	(5,876)	63,857,619
B Equity and Liabilities				
1 Equity				
Equity share capital		138,000,000	-	138,000,000
Other equity				
(i) Reserves and surplus		(120,894,837)	(5,876)	(120,900,713)
(ii) Other reserves		-	-	-
Total equity		17,105,163	(5,876)	17,099,287
2 Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings		34,924,119	-	34,924,119
(ii) Other financial liabilities		-	-	-
Other non-current liabilities		2,500,000	-	2,500,000
Provisions		-	-	-
Total non-current liabilities		37,424,119	-	37,424,119
Current liabilities				
Financial liabilities				
(i) Trade payables		839,392	-	839,392
(ii) Borrowings		4,036,083	-	4,036,083
(ii) Other financial liabilities		3,562,600	-	3,562,600
Provisions		95,676	-	95,676
Current tax liabilities		-	-	-
Other current liabilities		800,462	-	800,462
Total current liabilities		9,334,213	-	9,334,213
Total liabilities		46,758,332	-	46,758,332
Total equity and liabilities (1+2)		63,863,495	(5,876)	63,857,619

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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Reconciliation of balance sheet as at date of transition (March 31, 2017)

PARTICULARS		Previous GAAP*	Adjustments	Ind AS
		Rs.	Rs.	Rs.
A Assets				
1 Non-current assets				
Property, plant and equipment		472,932	-	472,932
Investment properties		8,828,358	-	8,828,358
Financial assets				
(i) Loans		-	-	-
(ii) Other financial assets		404,440	-	404,440
Deferred tax assets		39,568,199	-	39,568,199
Other non-current assets		7,915,834	-	7,915,834
Total non-current assets		57,189,763	-	57,189,763
2 Current assets				
Inventories		-	-	-
Financial assets				
(i) Investments		236,064	(20,149)	215,915
(ii) Trade receivables		3,879	-	3,879
(iii) Cash and cash equivalents		88,630	-	88,630
Other current assets		-	-	-
Total current assets		328,573	(20,149)	308,424
Total assets (1+2)		57,518,336	(20,149)	57,498,187
B Equity and Liabilities				
1 Equity				
Equity share capital		138,000,000	-	138,000,000
Other equity				
(i) Reserves and surplus		(130,010,851)	(20,149)	(130,031,000)
(ii) Other reserves		-	-	-
Total equity		7,989,149	(20,149)	7,969,000
2 Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings		35,414,762	-	35,414,762
(ii) Other financial liabilities		-	-	-
Other non-current liabilities		2,500,000	-	2,500,000
Provisions		-	-	-
Total non-current liabilities		37,914,762	-	37,914,762
Current liabilities				
Financial liabilities				
(i) Trade payables		-	-	-
(ii) Borrowings		4,777,371	-	4,777,371
(ii) Other financial liabilities		5,955,162	-	5,955,162
Provisions		-	-	-
Current tax liabilities		-	-	-
Other current liabilities		881,892	-	881,892
Total current liabilities		11,614,425	-	11,614,425
Total liabilities		49,529,187	-	49,529,187
Total equity and liabilities (1+2)		57,518,336	(20,149)	57,498,187

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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Reconciliation of total comprehensive income for the year ended March 31, 2017

PARTICULARS	Previous GAAP*	Adjustments	Ind AS
	Rs.	Rs.	Rs.
Continuing operations			
Revenue from operations	-	-	-
Other operating income	3,120,488	-	3,120,488
Other income	36,605	(14,273)	22,332
Total income	3,157,093	(14,273)	3,142,820
Expenses :			
Cost of materials consumed	16,653	-	16,653
Manufacturing and other Operating Expenses	-	-	-
Changes in inventories of finished goods & work-in-progress	-	-	-
Employee benefit expenses	-	-	-
Finance costs	2,185,501	-	2,185,501
Depreciation and amortisation expense	1,004,382	-	1,004,382
Other expenses	9,302,489	-	9,302,489
Total expenses	12,509,025	-	12,509,025
Profit before tax from continuing operations	(9,351,932)	(14,273)	(9,366,205)
Income tax expense :			
Current tax			
(i) for the year	-	-	-
(ii) relating to earlier years	-	-	-
MAT Credit Entitlement for the year	-	-	-
Deferred tax charge/ (credit)	(235,918)	-	(235,918)
Profit from continuing operations	(9,116,014)	(14,273)	(9,130,287)
Profit/(Loss) from Discontinuing operations	-	-	-
Profit for the year	(9,116,014)	(14,273)	(9,130,287)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss	-	-	-
Other comprehensive income for the year (Net of tax)	-	-	-
Total comprehensive income for the year	(9,116,014)	(14,273)	(9,130,287)

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

Particulars	As at March 31, 2017	As at March 31, 2016
Total equity (shareholder's funds) as per previous GAAP	7,989,149	17,105,163
Fair valuation loss on Investments	(20,149)	(5,876)
Total equity as per Ind AS	7,969,000	17,099,287

Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2017

There is no impact on cash flow from operating, investing and financing activities and also there are no changes in the value of cash and cash equivalents for the purposes of statement of cash flows under Ind AS

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Note: Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period. Investments were carried at cost less provision for other than temporary decline in the value of such instruments. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2017. This reduced the book value of investments and retained earnings by Rs. 20,149 as at March 31, 2017 (April 1, 2016 Rs. 5,876)

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

G. SATISHCHANDRA
Partner
Membership No. 027372
Firm Registration No. 002162S

Place: Bengaluru
Date: 30th May, 2018

For PASARI SPINNING MILLS LIMITED

G. S. GUPTA	T. K. GUPTA	K. K. GUPTA
Chairman	Managing Director	Director

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,
Yediyur, Jayanagar 6th Block, Bangalore - 560082

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We,of In the district ofbeing the member/members of Pasari Spinning Mills Limited, hereby appoint Mr./Mrs.of in the district of or failing him/her, Mr./Mrs..... ofin the district of.....as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY SEVENTH Annual general meeting, to be held on the 28th September, 2018 At 11.00 AM at Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumantha Nagar, Bangalore 560050 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	(Please mention no. of shares)	For	Against
ORDINARY BUSINESS				
1	To receive, consider and adopt the Audited Balance Sheet as at 31 st March, 2018, 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 Ms. Kamala Devi Gupta (00004712), who retires by rotation and being eligible offers herself 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"			
SPECIAL BUSINESS:				
1.	Reappointment of Mr. Tarun Kumar Gupta as Managing Director of the company for a further period of 5 years			

Signed this day of 2018

Signature of shareholder.....

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

Affix
Revenue
Stamp

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.

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PASARI SPINNING MILLS LIMITED

(CIN: L85110KA1991PLC012537)

Registered office: No 18 Illrd Floor, Anjaneya Temple Road,
Yediyur, 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:

Resolution No.	Resolution	No. of shares held by me	I dissent from the resolution	I assent to the resolution
Ordinary Business:				
1.	To receive, consider and adopt the Audited Balance Sheet as at 31 st March, 2018, 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 Ms. Kamala Devi Gupta (00004712), who retires by rotation and being eligible offers herself for re appointment.			
3.	To ratify appointment of M/s. Murali & Venkat, Chartered Accountants, Bangalore as Statutory Auditors			
Special business:				
1.	Reappointment of Mr. Tarun Kumar Gupta as Managing Director of the company for a further period of 5 years			

Place:

Date:

(Signature of the shareholder)

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FORMAT FOR FURNISHING THE PAN AND BANK DETAILS

To

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District, Nanakramguda,

Hyderabad – 500 032

Dear sir,

Unit: PASARI SPINNING MILLS LIMITED

I/ We furnish below our folio details along with PAN and Bank mandate details for updation and confirmation of doing the needful. **I/we are enclosing the self-attested copies of PAN cards of all the holders, original cancelled cheque leaf, Bank pass book and address proof viz., Aadhaar card as required for updation of the details:**

Folio No.	
Address of the 1st named shareholder as per the share certificate	
Mobile No	
E-Mail id	

<u>Bank Account Details : (for electronic credit of unpaid dividends and all future dividends)</u>												
Name of the Bank												
Name of the Branch												
Account Number (as appearing in your cheque book)												
Account Type (Saving / Current / Cash Credit)	<u>10 – Saving</u>			<u>11 – Current</u>			<u>13 – Cash Credit</u>					
9 Digit MICR Number (as appearing on the MICR cheque issued by the bank) Please enclose a photocopy of a cheque for verification												
11 Digit IFSC Code												

	PAN No	Name	Signature
First Holder :			
Joint Holder 1 :			
Joint Holder 2 :			

Date:

Place:

NB: The above details will not be updated if the supporting documents are not attached and not duly signed by all the shareholders.

PASARI SPINNING MILLS LIMITED

Pasari Spinning Mills Limited
CIN: L85110KA1991PLC012537

Regd. Office: #18(old no. 16) III Floor, Anjaneya Temple Street, Yedyur, Jayanagar 6th Block,
Bangalore-560082,

Phone + 91 80 2676 0125 | Mail - admin@pasariexports

IMPORTANT & URGENT FOR YOUR IMMEDIATE ACTION

Dear Shareholder(s),

**Sub: (1) Mandatory updation of PAN and Bank details against your physical holding
(2) No physical transfers pursuant to SEBI- LODR notification**

The Securities and Exchange Board of India has by its circular SEBI/HO/DOP1/CIR/P/2018/73 dated 20th April, 20-18 mandated that the companies through their Registrar and Transfer Agents ("RTA") take special efforts for collecting copies of PAN and bank account details for the security of the holders holding securities in physical form.

Those security holders whose folio(s) do not have complete details relating to their PAN and Bank Account, or where there is any change in the bank account details provided earlier, have to compulsorily furnish the details to RTA/ Company for registration /updation.

As per the records available with us, your folio needs to be updated with the PAN/Bank Account details. You are therefore requested to submit the following to update the records immediately on receipt of the letter to enable us to update the records

ACTION REQUIRED FROM YOU

- Enclosed format duly filled in and signed by all the shareholders
- Self-attested copy of Pan Card of all the holders of the security
- Cancelled Cheque leaf with name (if name is not printed, self-attested copy of the pass book showing the name of the account holder) of the first holder
- Address proof (self-attested Aadhaar-card) of the first holder
- Any change in the name of the holders

Members may please be informed that, pursuant to SEBI LODR Amendment Regulations, effective 5th December, 2018, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository. Hence investors are encouraged to demat their physical holding for any further transfer

In case if you have any queries or need any assistance in this regard, please contact:

Pasari Spinning Mills Limited #18(old no. 16) III Floor, Anjaneya Temple Street, Yedyur, Jayanagar 6 th Block, Bangalore-560082, India Phone + 91 80 2676 0125 Mail - admin@pasariexports.com www.pasariexports.com	M/s Karvy Computershare Pvt. Ltd. Unit : Pasari Spinning Mills Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Toll Free No.: 1800-3454-001 Email : einward.ris@karvy.com
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Thanking you,

Yours faithfully,

For Pasari Spinning Mills Limited

Director

PASARI SPINNING MILLS LIMITED

CIN : L85110KA1991PLC012537

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

ATTENDANCE SLIP

Please complete this attendance slip in all respects and hand it over at the entrance of the meeting hall. Members Folio No:.....

Name of the Proxy (IN BLOCK LETTERS to be filled in if the proxy attends instead of the Member/s
.....No of shares held:.....

I hereby record my presence for the 27th 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 6th Block

Bangalore – 560082