
ANNUAL REPORT
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PASARI SPINNING MILLS LIMITED

TWENTY FIFTH ANNUAL REPORT OF PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

2015-16

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

Nomination & Remuneration Committee

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

Stakeholders Relationship Committee

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

Registered Office

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

Factory

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

PASARI SPINNING MILLS LIMITED

CIN: L85110KA1991PLC012537

NOTICE

Notice is hereby given that the TWENTY FIFTH ANNUAL GENERAL MEETING of the Members of M/s Pasari Spinning Mills Limited will be held on 30th September, 2016, at 11.00 AM at the Sri Krishna Mini Hall No 589, 15th Main, Maruthi Circle, Hanumanthanagar Bangalore-560050 of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016, the Profit & Loss Account and Cash Flow Statement together with the Board's Report and Auditor's Report thereon as circulated to the shareholders.
2. To appoint a director in place of Mr. Gauri Shankar Gupta who retires by rotation and being eligible, offers himself for re appointed.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of

section 139 and other applicable provisions, if any, of the Companies Act 2013, read with the rules made there under, M/s Murali & Venkat, Chartered Accountants, Bangalore (Firm Registration No. 002162S) be and are hereby appointed as the auditors of the Company, to hold the office of the Auditors for the financial year 2016 -17 until the conclusion of Annual general meeting of the Company for the financial year 2020 - 21 (subject to the ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) on such remuneration as may be mutually determined between the company and the said Auditors exclusive of travelling and other out of pocket expenses."

By the Order of the Board
for Pasari Spinning Mills Limited

Date: 08th August, 2016
Place: Bangalore

Gauri Shankar Gupta
Chairman
DIN: 00003860

Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend instead of himself and the proxy need not be a member. The proxy in order to be effective should be duly stamped, completed and signed and the same should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the aforesaid meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. A proxy should not speak but can vote on poll. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Karvy computer share private limited, regarding changes, if any in their registered addresses along with the PIN code number.
3. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.
4. Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
5. Members desirous of getting any information about the accounts of the Company are requested to send their queries to the Registered Office of the Company at least 7 days prior to the date of the meeting so that the requisite information can be readily made available.
6. The Register of members and the share transfer books of the company will remain closed on 30th September, 2016 (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 2015 - 16 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 2015 - 16 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. 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 -

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M/s Karvy Computershare Private Limited,
#17/24, Vithalrao Nagar, Madhapur,
Hyderabad 500081.

Email: rajeev.kr@karvy.com

12. (I) Pursuant to the provision of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and 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 25th Annual General Meeting by electronic means through e voting service provided by M/s Karvy Computer share Private Limited (KCPL) and the Business may be transacted through e-voting as per instruction below:
- a) Date and time of Commencement of voting through electronic means: 24th September, 2016 at 9 AM.
 - b) Date and time of the end of voting through electronic means beyond which voting will not be allowed : Date & time 29th September, 2016 at 5 PM.
 - c) Details of website: '<https://www.evoting.karvy.com>'.
 - d) For any further clarification 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>'.
 - ii. Enter the login credentials which will be sent separately by email or post.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (09) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
 - vii. If you are holding shares in Demat form and have logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your existing login id and password are to be used.
- viii. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'.
 - ix. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - x. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - xi. Corporate / Institutional Members (Corporate/FIs/FIIs/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. The file scanned image of the Board Resolution should be in the naming format "Corporate Name. Event no.
 - xii. The e-voting module shall be disabled for voting Thursday 29th September, 2016 at 5 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.
 - xiii. In case of any queries, member may contact rajeev.kr@karvy.com
 - xiv. Mr. Vinay B L, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forward to the Chairman. The results shall be declared after the Annual General Meeting.
 - xv. 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.

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- (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
for Pasari Spinning Mills Limited

Date: 8th August, 2016
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	G S Gupta	
Date of Birth	08.11.1942	
Date of appointment	25/05/1995	
Qualifications	B.com	
Expertise in specific functional area	Textile Industry	
Name of listed entities (other than the Company) in which he holds the Directorship and the membership of Committees of the Board	Directorships in Listed Companies:	None
	Membership of Committees in Listed Companies	None
No of shares held in Company	2,21,200	

BOARD'S REPORT

CIN: L85110KA1991PLC012537

To,
The Members,

Your Directors have pleasure in presenting their Twenty Fifth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

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

Particulars	2015-16	2014-15
Turnover	NIL	NIL
Profit/(Loss) before tax	(34,82,460)	(14,67,806)
Less: Prior period adjustment, provision for deferred tax	(2,20,235)	(2,24,429)
Profit (Loss) for the year	(32,62,225)	(12,43,377)
Add : Balance B/F from the previous year	(11,76,32,612)	(11,63,89,235)
Balance Profit / (Loss) C/F to the next year	(12,08,94,837)	(11,76,32,612)

2. Performance Of The Company

For the year ended 31st March, 2016 the Company has incurred a loss of **Rs. 32,62,225** (Rupees Thirty two lakhs sixty two thousand two hundred and twenty five only) as compared with the previous year's loss of 12,43,377.

3. BIFR Status:

The Company has continued in its efforts to obtain the necessary reliefs/concessions from Government of Karnataka on matters relating to Sales Tax.

4. Dividend

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

5. Reserves

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

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

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

7. Change in the nature of business, if any

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

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

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

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

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

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

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

11 Details of Subsidiary/Joint Ventures/Associate Companies

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

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

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

13. Deposits

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

14. Auditors:

Statutory Auditors:

At the Annual General Meeting held on 30th September, 2015 members of the Company appointed M/s. Murali & Venkat, Chartered Accountants, Bengaluru as Statutory Auditors, who have confirmed their eligibility and willingness to accept office. The Company proposes to appoint the auditors for a term of 5 years until the conclusion of Annual General Meeting of the Company for the financial year 2020-21. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting.

Secretarial Auditor

The Board has appointed Mr. CS Vinay B L, Practicing Company Secretary, Bangalore as the Secretarial Auditor, to conduct the Secretarial Audit of the company for the Financial Year 2015-16 as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report for the FY 2015-16 forms part of the Annual Report as **Annexure-1** to the Board's Report.

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

- a. No provision has been made for the sales tax arrears as the Company is entitled to reliefs and concessions from Government of Karnataka as per BIFR order. The company is still following up both with BIFR and the State Government,
- b. "Company has provided the E voting facility, but due to miscommunication from the end of M/s Karvy Computershare Private Limited, who had to provide the technical support for the said the e voting facility, created the communication problem, because of which the e voting facility was not provided. But the option for voting was provided for the shareholders who have participated in AGM. The corrective action shall be taken for the AGM which shall be held on 30th September, 2016"
- c. With respect to depositing of statutory dues, the Company will examine the same in detail and the necessary corrective action shall be taken at the earliest,
- d. 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,
- e. Since the Company does not have any revenue it has not paid the Listing Fees to the Stock Exchange. The promoters are planning to do some profitable venturing. The Company will settle the dues of the stock exchange at the earliest,
- f. 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,
- g. The details about the constitution of the Board, various committees, formulation of various policies and displaying the same on the website of the Company, Grievance Redressal Mechanism, will be examined in detail and the necessary corrective action shall be taken during the next financial year,
- h. The Company has made a separate tab in the website www.pasariexports.com, various policies as may be applicable to the Company shall be displayed under the said tab, which is created exclusively for M/s Pasari Spinning Mills Limited,
- i. The Company has issued the advertisement on the notice board of Institute of Company Secretaries of India, about the requirement of the Company Secretary in the Company. The Company has not found the suitable candidate. The Company, will continue its efforts in finding the suitable Candidate,
- i. 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.

PASARI SPINNING MILLS LIMITED

The Company, will continue its efforts in finding the suitable Candidate,

- k. The quarterly results are directly sent to the Stock Exchange and the shareholders of the Company and other stakeholders can directly access the same in the website of Bombay Stock Exchange, wherein the shares of the Company is listed.

15. Share Capital

The Company has a paid up capital of Rs. 13,80,00,000 (Thirteen crore eighty lakhs only) divided into 1,38,00,000 (One crore thirty eight lakhs only) Equity shares of Rs. 10/-(Ten Only) each. The Authorized Capital of the Company is Rs.14,00,00,000 (Fourteen Crores Only) divided into 1,40,00,000 (One Crore forty lakhs only) Equity shares of Rs.10/- (Ten only) each.

16. Extract of the Annual return

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

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

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

A) Conservation of energy:

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

(B) Technology absorption:

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

(C) Foreign exchange earnings and Outgo:

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

18. Corporate Social Responsibility (CSR)

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

19. Directors:

A) Changes in Directors and Key Managerial Personnel:

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

B) Declaration by an 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/she meets the criteria of independent director envisaged in section 149(6) of the Companies Act, 2013.

C) Formal Annual Evaluation

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

20. Number of meetings of the Board of Directors.

The Board of Directors duly met 6(six) times on 30th

April, 2015, 30th July, 2015, 11th August, 2016, 19th August, 2015, 12th November, 2015 and 30th January, 2016 the details of which are given in the Corporate Governance Report which forms part of this Board's Report. The intervening gap between any two meetings was within prescribed period as per the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

21. Committees of the Board

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

22. Policies of the Company:

The Company is in the process of formulating various policies which are applicable to the Company as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the same will be implemented at the earliest.

23. Research and Development

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

24. Internal Control System and Their Adequacy.

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

25. 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 2015-16, Company has not received any complaint on sexual harassment.

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

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

27. 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**.

28. Managerial Remuneration:

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

29. Corporate Governance Certificate

Pasari recognizes good Corporate Governance and is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability, for the benefit of its stakeholders and for

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long-term success. We strive to adhere to standards set by SEBI Corporate Governance practices and a Certificate on Corporate Governance pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, forms part of this report in **Annexure-4**.

30. Risk management policy

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

31. Directors' Responsibility Statement

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

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently. Judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;

- (c) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis; and
- (e) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively.
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and adequate operating effectively.

32. Acknowledgements

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

By the order of the Board of Directors
for Pasari Spinning Mills Limited

Date: 08th August, 2016
Place: Bangalore

G.S. Gupta
Chairman
DIN:00003860

ANNEXURE 1 FORM NO. MR-3

Secretarial Audit Report

for the financial year ended 31st March, 2016

[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,
M/s PASARI SPINNING MILLS LIMITED.
L85110KA1991PLC012537
NO. 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR,
JAYANAGAR 6TH BLOCK, BANGALORE-560082

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

Based on my verification of the Company's books papers, minutes books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors report on Financial Statements and their certificate on compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement of the Company with the Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per relevant provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period December 01, 2015 to March 31, 2016 and also the information provided by the Company its officers, agents and authorised during the conduct of secretarial audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the Company has during the audit period covering the financial year ended on 31.03.2016 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 31.03.2016 according to the applicable provisions of:

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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 and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - i) Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Listing Agreements entered into by the Company with Bombay Stock Exchange for the period April 01, 2015 to November 30, 2015 and as per relevant provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period December 01, 2015 to March 31, 2016

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:

1. Company has not created and is maintaining 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
2. 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,
3. The Company has not paid the Listing fees to the stock exchange and has violated Regulation 14 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
4. 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
5. 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
6. 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,
7. Company has not appointed the Chief Financial Officer as required by Section 203 of the Companies Act, 2013
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,
9. 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
10. 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
11. The Company has not constituted the proper Grievance Redressal Mechanism and has thereby violated Regulation
12. The Company has not provided the e voting facility for its members for the AGM held for year 2014 -15 and the voting results are not displayed in the website of the Company, which amounts to violation of Section 108 of the Companies

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

Observations:

1. 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 6th December, 2010 Company is still waiting for approval of the Bombay stock exchange. The delay is beyond the reasonable time
2. The company has not provided the shareholding details as on date. The details which are being provided by the Company as well as RTA is as on 22nd August, 2014

I further report that:

1. The Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there were no changes in the composition of the Board 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: 08th August, 2016

Vinay B L

Company Secretary in Practice
Membership No. 26638, CP No. 10760

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

The Members,
M/s Pasari Spinning Mills Limited,
L85110KA1991PLC012537
No. 18 IIIrd Floor, Anjaneya Temple Road,
Yedyur, 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 provide 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. Whereever 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.

Place: Bangalore

Date: 08th August, 2016

Vinay B L

Company Secretary in Practice
Membership No. 26638, 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,2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl.No.	Particulars	Details
1	CIN	L85110KA1991PLC012537
2	Registration Date	25/11/1991
3	Name of the Company	Pasari Spinning Mills Limited
4	Category / Sub-Category of the Company	Indian Non-Government Company
5	Address of the Registered office and contact details	No 18 Illrd Floor, Anjaneya Temple Road, Yedyur, Jayanagar 6th Block, Bangalore, 560082 e-mail : 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 company
1	Manufacturing of Cotton Yarn	17111	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

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

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

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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.	5280342	1800000	7080342	51.31	5280342	1800000	7080342	51.31	NIL
e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other..	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1)	5501542	1821800	7323342	53.07	5501542	1821800	7323342	53.07	NIL
(2) Foreign									
a) NRIs Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	5501542	1821800	7323342	53.07	5501542	1821800	7323342	53.07	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	100	-	100	0	100	-	100	0	0
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	100	-	100	0	100	-	100	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	966801	4253	971054	7.04	966801	4253	971054	7.04	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual									

PASARI SPINNING MILLS LIMITED

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
shareholders holding nominal share capital upto Rs.1 lakh	2116789	929340	3046129	22.07	2116789	929340	3046129	22.07	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1942046	15800	1957846	14.19	1942046	15800	1957846	14.19	NIL
c) Others (specify)									
i) Directors and their relatives	154886	61900	216786	1.57	154886	61900	216786	1.57	NIL
ii) Non residents	93075	46300	139375	1.01	93075	46300	139375	1.01	NIL
iii) Clearing Members	4500	NIL	4500	0.03	4500	NIL	4500	0.03	NIL
Sub-total (B)(2):-	5410218	1066340	6476558	46.93	5410218	1066340	6476558	46.93	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	5416109	1060549	6476658	46.93	5416109	1060549	6476658	46.93	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	10911860	2888140	13800000	100	10911860	2888140	13800000	100	NIL

(ii) Shareholding of Promoters:

Sl. No.	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.	Pasari Exports Limited	7080342	51.3	NIL	7080342	51.3	NIL	
2.	Gauri Shankar Gupta	221200	1.6	NIL	221200	1.6	NIL	NIL
3.	Shyam Bihari	3000	0.02	Nil	3000	0.02	NIL	NIL
4.	Shyam Gupta	3000	0.02	Nil	3000	0.02	NIL	NIL
5.	Shyam Sundar Gupta	15800	0.13	NIL	15800	0.13	NIL	NIL
	Total	7323342	53.07	0	7323342	53.07	NIL	NIL

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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	7323342	53.07	7323342	53.07
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	7323342	53.07	7323342	53.07
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):					
Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	763426	5.53	763426	5.53
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	763426	5.53	763426	5.53
(v) Shareholding of Directors and Key Managerial Personnel:					
Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	324000	3.78	324000	3.78
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	324000	3.78	324000	3.78

PASARI SPINNING MILLS LIMITED

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/ accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16157526	19348553	NIL	35506079
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	16157526	19348553	NIL	35506079
Change in Indebtedness during the financial year				
Addition		401282	NIL	
Reduction	983241			
Net Change	983241	401282	NIL	581959
Indebtedness at the end of the financial year				
i) Principal Amount	15174285	19749835	NIL	34924119
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	15174285	19749835	NIL	34924119
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL*				
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:				
Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		T.K.Gupta, Managing Director		
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL		NIL
2.	Stock Option	NIL		NIL
3.	Sweat Equity	NIL		NIL
4.	Commission			
	- as % of profit			
	- others, specify...	NIL		NIL
5.	Others, please specify	NIL		NIL
	Total (A)	NIL		NIL

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

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B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
	3. Independent Directors	K.C. Gupta			
	<input type="checkbox"/> Fee for attending board committee meetings <input type="checkbox"/> Commission <input type="checkbox"/> Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL	NIL
	4. Other Non-Executive Directors	G.S.Gupta	K.K.Gupta	K.D.Gupta	
	<input type="checkbox"/> Fee for attending board committee meetings <input type="checkbox"/> Commission <input type="checkbox"/> 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

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 31st March, 2016, 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, 2016 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 Limited	Sister concern	Interest free loan	NA	NIL	NA	1,97,49,834

Annexure-4

AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members,
Pasari Spinning Mills Limited,

We have examined the compliance of conditions of Corporate Governance by Pasari Spinning Mills Limited (the 'Company'), for the year ended 31st March, 2016, as stipulated in:

- a. Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from 1st April, 2015 to 30th November, 2015.
- b. Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from 1st April, 2015 to 1st September, 2015.
- c. Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period from 1st December, 2015 to 31st March, 2016 and
- d. Regulations 17 to 27 [excluding regulation 23(4)] and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under first paragraph above, during the year ended 31st March, 2016 except the following:

1. Company has not created and is maintaining 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

2. 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,
3. The Company has not paid the Listing fees to the stock exchange and has violated Regulation 14 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
4. 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
5. 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
6. 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,
7. Company has not appointed the Chief Financial Officer as required by Section 203 of the Companies Act, 2013
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,
9. 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
10. 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
11. The Company has not constituted the proper Grievance Redressal Mechanism and has thereby

PASARI SPINNING MILLS LIMITED

violated Regulation 13 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

12. The Company has not provided the e voting facility for its members for the AGM held for year 2014 -15 and the voting results are not displayed in the website of the Company, which amounts to violation of Section 108 of the Companies Act, and the provisions of Securities and Exchange Board of India Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Observations:

1. 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 6th December, 2010 Company is still waiting for approval of the Bombay stock exchange. The delay is beyond the reasonable time
2. The company has not provided the shareholding details as on date. The details which are being

provided by the Company as well as RTA is as on 22nd August, 2014

We further report that the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there were no changes in the composition of the Board during the period under review

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For MURALI & VENKAT
Chartered Accountants

G. SATISHCHANDRA

Partner

Membership Number: 027372

Firm's Registration Number: 002162S

Place: Bangalore.

Date: 08th August 2016

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 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

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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 M/s Pasari Spinning Mills Limited

Date: 08th August, 2016
Place: Bangalore

G S Gupta
Chairman
DIN: 00003860

Corporate Governance Report

The detailed report on Corporate Governance for the financial year ended March 31, 2016, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per relevant provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2) of Listing Regulations for the period December 01, 2015 to March 31, 2016 is set out below:

1. Brief statement on company's philosophy on Corporate Governance:

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

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

The company is taking all the required measures to comply with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, which deals with the compliance of Corporate Governance requirements as detailed below:

2. The Board of Directors:

The Board of Directors comprises Executive, Non Executive and as well as Independent Directors. As on 31st March, 2016 the Board consisted of 5 directors comprising 1 Executive director and 4 Non executive out of which 1 director is an Independent Director. The Directors possess many years of valuable experience. They actively contribute in the deliberations of the Board covering all strategic policy matters and strategic decision.

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

Sl. No	Name of the Director	Category	No of Board Meetings		Attendance at the last AGM	No of Directorships in other companies	No of committee positions held in other companies
			Held	Attended			
1	Mr. G. S. Gupta	Non Executive chairman	6	6	YES	1	NIL
2	Mr. T.K. Gupta	Executive	6	6	YES	2	NIL
3	Mr. K.K. Gupta	Non Executive	6	6	YES	2	NIL
4	Mr. K.C. Gupta	Non Executive	6	6	YES	NIL	NIL
5	Kamala Devi Gupta	Non Executive	6	6	YES	1	NIL

PASARI SPINNING MILLS LIMITED

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

Sl No	Names of Directors	Attendance at Board meetings held on					
		30 April, 2015	30 July, 2015	11 Aug. 2016	19 Aug. 2015	12 Nov, 2015	30 Jan, 2016
1	Mr. G. S. Gupta	✓	✓	✓	✓	✓	✓
2	Mr. T.K. Gupta	✓	✓	✓	✓	✓	✓
3	Mr. K.K. Gupta	✓	✓	✓	✓	✓	✓
4	Mr. K.C. Gupta	✓	✓	✓	✓	✓	✓
5	Kamala Devi Gupta	✓	✓	✓	✓	✓	✓

3. Audit committee:

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

(a) Composition:

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

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

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

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

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

(c) Roles and Responsibilities:

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

credible. Also, monitor the integrity of the financial statements of the Company.

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

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

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

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

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

(vii) Discussions with external auditors before the audit commences about the nature and scope of the audit, and have post-audit discussions to ascertain any areas of concern.

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- (viii) Review the Company's financial and risk management policies and systems. Assist executive management to identify the risk impacting the Company's business and document the process of risk identification, risk minimization and risk optimization as a part of risk management policy.
 - (ix) Look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, and monitor utilization of funds raised through public and preferential issues.
 - (x) Review the functioning of the Whistle Blower mechanism established in the Company.
 - (xi) Monitor and approve all Related Party Transactions including any modification/amendment with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large.
 - (xii) Any other matter referred to the Audit committee by the Board of Directors of the Company
- (d) Meetings:** During the year Audit committee met five times on 30th April, 2015, 30th July, 2015, 19th August, 2015, 12th November, 2015 and 30th January, 2016 dates to be:

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

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

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

4. Nomination and Remuneration committee:

(a) Composition:

1. Mr. K.C. Gupta, Chairman, Non executive and Independent
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 section 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

5. Remuneration Policy:

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

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

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

PASARI SPINNING MILLS LIMITED

(Rs. in Lakhs)

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

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

6. Stakeholders Relationship Committee:

a) Composition

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

b) Powers/Roles:

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 one time during the year on 30th April, 2015

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

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

Report of Investor Complaints received and disposed of during year ended March 31, 2016:

Particulars	No. of cases outstanding as on April 01, 2015	No. of cases added during the year	No. of cases resolved during the year	No. of cases outstanding as on March 31, 2016
No. of Investor issues	NIL	29	29	NIL
No. of legal cases	NIL	NIL	NIL	NIL

Details on General meetings:

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

A G M	Date	Time	Venue
24th	30/09/2015	11.00 A M	Sri Krishna Mini hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050
23rd	30/09/2014	11.00 A M	
22nd	30/09/2013	11.00 A M	

Details of Special Resolutions passed in the previous three AGMs

A G M Particulars of Special Resolutions passed thereat	
24th	No Special Resolution was passed at this AGM.
23rd	No Special Resolution was passed at this AGM.
22nd	Re appointment of T K Gupta as Managing Director for a term of 5 years.

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

None of the businesses required to be transacted at the Twenty Fifth Annual General Meeting, is proposed to be passed by postal ballot.

Disclosures:

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

(Rs. in lakhs)

Name of the party	Nature of transaction	Amount
Pasari Exports Limited	Financial Assistance	1,97,49,834

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

Means of communication:

Quarterly/Annual Results:

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

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

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General Shareholder information:

- Annual General Meeting 30th September, 2016
- Venue Sri Krishna Mini Hall, No 589, 15th Main, Maruthi Circle, Hanumanthanagar, Bangalore-560050

Financial year: 1st April 2015 to 31st March 2016.

Date of book closure: 30th September, 2016

Listing: The shares of the Company are listed on the following stock exchange

Bombay stock exchange
P J Towers, Dalal Street,
Mumbai – 400 001

STOCK CODE: 521080

ISIN: (Equity) INE 604F01010

Market price data:

Month	High	Low
Apr 15	2.05	1.66
May 15	1.91	1.26
Jun 15	1.57	1.25
Jul 15	1.75	1.32
Aug 15	2.10	1.52
Sep 15	1.91	1.67
Oct 15	2.48	2.00
Nov 15	3.05	2.60
Dec 15	3.05	2.58
Jan 16	3.09	1.90
Feb 16	2.12	1.52
Mar 16	1.50	1.13

Sensex for the period:

Month	High	Low
Apr-15	29094.61	26897.54
May-15	28071.16	26423.99
Jun-15	27968.75	26307.07
Jul-15	28578.33	27416.39
Aug-15	28417.59	25298.42
Sep-15	26471.82	24833.54
Oct-15	27618.14	26168.71
Nov-15	26824.3	25451.42
Dec-15	26256.42	24867.73
Jan-16	26197.27	23839.76
Feb-16	25002.32	22494.61
Mar-16	25479.62	23133.18

Registrars and Share transfer Agents:

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

Share transfer system:

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

Distribution of shareholding as on 31.03.2015

S. No	Category	PHYSICAL					ELECTRONIC				
		No. of Cases	% of Cases	Total Shares	Amount	% of Amount	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1	1-5000	4254	51.111378 %	729849	7298490	5.288761 %	2891	34.735073 %	519502	5195020	3.764507 %
2	5001- 10000	145	1.742160 %	122900	1229000	0.890580 %	400	4.805959 %	349899	3498990	2.535500 %
3	10001- 20000	46	0.552685 %	69400	694000	0.502899 %	206	2.475069 %	335278	3352780	2.429551 %
4	20001- 30000	16	0.192238 %	44100	441000	0.319565 %	93	1.117386 %	240042	2400420	1.739435 %
5	30001- 40000	3	0.036045 %	10900	109000	0.078986 %	36	0.432536 %	131489	1314890	0.952819 %
6	40001- 50000	3	0.036045 %	15000	150000	0.108696 %	39	0.468581 %	183098	1830980	1.326797 %
7	50001- 100000	8	0.096119 %	74400	744000	0.539130 %	78	0.937162 %	576940	5769400	4.180725 %
8	100001 & Above	2	0.024030 %	1815800	18158000	13.157971 %	103	1.237535 %	8581403	85814030	62.184080 %
	Total	4477	53.79 %	2882349	28823490	20.89 %	3846	46.21 %	10917651	109176510	79.11 %

PASARI SPINNING MILLS LIMITED

Dematerialisation of shares & liquidity:

As of the end of 31st March 2016 shares comprising approximately 79.11 % of shares of the company's Equity share capital have been dematerialized.

Shareholding pattern as at 31.03.2016

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	82	2,43,000	1.76
	Bodies Corporate	2	7,08,0342	51.31
(A)	Total Promoter's Holding	84	73,23,342	53.07
(B)	PUBLIC SHAREHOLDING			
	I. INSTITUTIONS			
	Financial Institutions/Banks	1	100	0.00
	II. NON INSTITUTIONS			
	Bodies Corporate	132	9,71,054	7.04
	Individuals			
	Individuals Holding Nominal shareholding upto 1 Lakh	7,749	30,60,789	22.18
	Individuals holding nominal shareholding excess of 1 lakh	78	2,08,7754	15.13
	Directors and Relatives	147	2,16,786	1.57
	Non Resident Indians	144	1,39,375	1.01
	Clearing Members	3	800	0.01
(B)	Total Public Shareholding	8,254	64,76,658	46.93
	(A)+(B)	8,338	13,80,0000	100

Plant location:

Company's factory is located at:

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

Address of Registered Office of the Company:

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

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

The above report was approved by the Board of Directors at their meeting held on 08th August, 2016.

for and on behalf of the board

Date: 08th August, 2016
Place: Bangalore

(G S Gupta)
Chairman
DIN: 00003860

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. PASARI SPINNING MILLS LIMITED.,

Report on the Financial Statements

We have audited the accompanying Financial Statements of M/s PASARI SPINNING MILLS LIMITED, ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("The Act") with respect to preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2016;
- (b) In the case of the Statement of Profit and Loss, of the **LOSS** for the year ended on that date; and,
- (c) In the case of the Cash Flow Statement, the Cash Flows for the year ended on that date.

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central

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 and the Cash Flow Statement, dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016, from being appointed as a Director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 pending litigations and the same has been disclosed in Point Number 3, 4, 7,

and 10 of Other Disclosures in Note Number 24 in the Financial Statement.

- ii. There are no material foreseeable losses assessed during the year and hence no provision is required to be made at the reporting date by the Company, as required under the applicable Law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. The company does not have any amounts to be transferred to Investor Education and Protection Fund.

For MURALI & VENKAT
Chartered Accountants

G. SATISHCHANDRA
Partner
Membership Number: 027372
Firm's Registration Number: 002162S
Place: Bangalore. Date: 08th August 2016

Date: 08th August. 2016
Place: Bangalore.

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ANNEXURE TO THE AUDITOR'S REPORT

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

- 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. However, the Company has the opening Stores and Spares for which no physical verification report is made available with respect to quantitative details.
- iii. In respect of the loans, secured or unsecured, granted by the company to companies, firms, limited liability partnerships or other parties, covered under Register maintained under section 189 of the Act, We report that:
 - a) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties listed in the Register maintained under section 189 of the Act.
 - b) Since the company has no loans granted, secured or unsecured, the reporting on terms and conditions for such Loans, repayment of Principal or Interest and any overdue thereon, does not arise.
- iv. In our opinion and according to information and explanations given to us, there are no Loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- v. The company has not accepted any deposit from the public, as per the provisions of section 73 to 76 or any other relevant provisions of the Act, and the rules framed there under.

vi. According to information and explanations given to us, the Company has stopped its manufacturing operations from June 2010 and no other commercial activities have also been carried out by the Company. Hence reporting on the maintenance of cost records as per Clause (vi) of the order does not arise.

- vii. a) The Company is not regular in depositing the undisputed Statutory dues with Appropriate Authorities and there are disputed and outstanding amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales tax, Duty of Customs, Duties of Excise, Value added tax, Cess and any other taxes, Duties or Levies applicable to the Company. The business has remained outstanding dues of Statutory Payments as on 31st March 2016, for a period of more than six months from the date they became payable. The following are the details of disputed amounts;

Name of the Statute	Nature of the dues	Amount due	Year
ESIC	ESIC	7,03,115	2010-11
Income tax act	TDS	36,654	Various years
Karnataka Tax on profession, trade, calling and Employment Act	Professional Tax	64,000	08-09 to 11-12
Karnataka Sales tax Act	Cess on sales	84,760	06-07 to 07-08

(b) There are disputed liabilities with regard to Sales Tax, as on 31.03.2016

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 and 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	

PASARI SPINNING MILLS LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

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

ix. 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 31.03.2016 .There are no Loans from Financial Institutions nor from Government, borrowed by the Company and there are no debenture holders with the Company.

x. 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.

xi. 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.

xii. 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.

xiii. 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.

xiv. 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.

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 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.

xvi. 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.

xvii. 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: 08th August 2016

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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 31st MARCH, 2016			
PARTICULARS	Note No.	AS AT 31st MARCH, 2016 ₹	AS AT 31st MARCH, 2015 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	138,000,000	138,000,000
(b) Reserves and Surplus	2	(120,894,837)	(117,632,612)
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	34,924,119	35,506,079
(b) Deferred tax liability (Net)			
(b) Other Long term liabilities	4	2,500,000	2,500,000 -
(4) Current Liabilities			
(a) Short-term borrowings	5	4,036,083	1,698,000
(b) Trade payables	6	1,490,318	1,476,900
(c) Other current liabilities	7	3,712,136	3,440,395
(d) Short-term provisions	8	95,676	103,676
Total		63,863,495	65,092,438
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	10,305,672	11,315,808
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(c) Other non-current Investments		-	-
(d) Deferred tax assets (net)	10	39,332,281	39,112,046
(b) Long term loans and advances	11	11,824,829	11,824,829
(c) Other non-current assets	12	940,444	1,378,952
(2) Current assets			
(a) Current investments	13	205,297	205,297
(b) Inventories	14	949,245	949,245
(c) Trade receivables	15	224,746	224,746
(d) Cash and Bank balances	16	80,981	81,515
(e) Short-term loans and advances		-	-
(f) Other current assets		-	-
Significant Accounting Policies and Other Disclosures	24		
Total		63,863,495	65,092,438

The notes forming part of these financial statements

As per our Report of even date

For MURALI & VENKAT
CHARTERED ACCOUNTANTS

For M/s. PASARI SPINNING MILLS LTD.,

G. SATISHCHANDRA
PARTNER
Membership No: 027372
Firm Regn. No: 002162S
Place: Bangalore
Date : 08.08.2016

G S GUPTA
CHAIRMAN

T K GUPTA
MANAGING DIRECTOR

K K GUPTA
DIRECTOR

PASARI SPINNING MILLS LIMITED

M/S. PASARI SPINNING MILLS LIMITED				
Regd Office :NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082				
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016				
PARTICULARS	As on 31 st March 2016		As on 31 st March 2015	
	₹	₹	₹	₹
1. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extra ordinary items		(3,482,460)		(1,467,806)
Add Adjustments for:				
Depreciation	1,010,136		1,056,752	
Interest & Finance Charges	2,313,405		2,425,894	
		3,323,541		3,482,646
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(158,919)		2,014,840
Adjustments for:				
(Increase)/Decrease in Trade Receivables			340,147	
(Increase)/Decrease in Other Non current Assets	438,508		119,404	
(Increase)/Decrease Long Term Loans & Advances	-		-	
(Increase)/Decrease in Inventories	-		-	
(Increase)/Decrease in Short-term Loans & Advances	-		-	
Increase/(Decrease) in Trade Payables	13,418		1,607	
Increase/(Decrease) Short term Borrowings	2,338,083		1,208,000	
Increase/(Decrease) in Other Current Liabilities	271,741		(48,860)	
Increase/(Decrease) in Short term provisions	(8,000)		(307,397)	
Cash Generated From Operations		2,894,831		3,327,741
Cash Flow before extra ordinary items		-		-
Income Tax Paid		-		-
MAT Credit		-		-
Extra ordinary items		-		-
NET CASH FROM OPERATING ACTIVITIES (A)		2,894,831		3,327,741
2. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Advances for Fixed Assets	-		-	
Current investments	(0)		(11,181)	
NET CASH FROM INVESTING ACTIVITIES (B)		(0)		(11,181)
3. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds of Shares Issued during the Year	-		-	
Receipt / Repayment of Secured loans	(581,961)		(3,398,236)	
Receipt / Repayment of Unsecured loans			25,00,000	
Interest & Finance Charges	(2,313,405)		(2,425,894)	
NET CASH FROM FINANCING ACTIVITIES (C)		(2,895,366)		(3,324,130)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(535)		(7,570)
Add : Cash & Cash Equivalents at the Beginning of the Year		81,515		89,085
		80,981		81,515
Cash & Cash Equivalents at the End of the Year		80,981		81,515
Notes :				
1. Cash & Cash Equivalents represents Cash & Bank Balances and deposits with Banks as per Note:16				
2. The Cash Flow Statement has been prepared under the "Indirect method " as set out in the Accounting Standard (AS -3), "Cash Flow Statement".				
3. The Figures in bracket represent the Cash Outflow and the figures having no bracket represents the Cash Inflow.				
This is the Cash Flow Statement we have referred to, in our Report of even date				
For MURALI & VENKAT CHARTERED ACCOUNTANTS		For M/s. PASARI SPINNING MILLS LTD.,		
G. SATISHCHANDRA PARTNER Membership Number : 027372 Firm Registration No: 002162S Date : 08.08.2016	G S GUPTA CHAIRMAN	T K GUPTA MANAGING DIRECTOR	K K GUPTA DIRECTOR	

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M/S. PASARI SPINNING MILLS LIMITED Regd Office :NO 18 IIIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082 STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016			
PARTICULARS	Note No	AS AT 31st MARCH, 2016 ₹	AS AT 31st MARCH, 2015 ₹
I. Revenue From Operations		-	-
II. Other Income	17	230,722	2,375,100
III. Total Revenue (I +II)		230,722	2,375,100
IV. Expenses:			
Cost of Raw Materials Consumed	18	-	-
Manufacturing and other Operating Expenses	19	-	-
Changes in inventories of finished goods & work-in-progress		-	-
Employee benefit expenses	20	-	-
Financial costs	21	2,313,405	2,425,894
Depreciation and amortization expense		1,010,136	1,056,752
Other expenses	22	389,641	326,373
Total Expenses		3,713,182	3,809,019
V. Profit before exceptional and extraordinary items and tax (III-IV)		(3,482,460)	(1,433,919)
VI. Exceptional Items	23	-	33,887
VII. Profit before extraordinary items and tax (V - VI)		(3,482,460)	(1,467,806)
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		(3,482,460)	(1,467,806)
X. Tax expense:			
Less : Provision for Income Tax		-	-
Add : MAT Credit Entitlement for the year		-	-
Less : Deferred tax Liability / (Asset)		(220,235)	(224,429)
Tax in respect of earlier years		-	-
		(220,235)	(224,429)
XI. Net Profit for the year from continuing operations (IX - X)		(3,262,225)	(1,243,377)
XII. Profit/(Loss) from Discontinuing operations		-	-
XIII Net profit for the year (XI + XII)		(3,262,225)	(1,243,377)
XIV. Earning per equity share:			
(1) Basic		(0.24)	0.10
(2) Diluted		(0.24)	0.10
Significant Accounting Policies and Other Disclosures	24		
The Notes forming part of these financial statements			
As per our Report of even date For MURALI & VENKAT CHARTERED ACCOUNTANTS		For M/s. PASARI SPINNING MILLS LTD.,	
G. SATISHCHANDRA PARTNER	G S GUPTA CHAIRMAN	T K GUPTA MANAGING DIRECTOR	K K GUPTA DIRECTOR
Membership No: 027372 Firm Regn. No: 002162S Place: Bangalore Date : 08.08.2016			

PASARI SPINNING MILLS LIMITED

M/S. PASARI SPINNING MILLS LIMITED				
Regd Office : NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082				
NOTES TO THE FINANCIAL STATEMENTS			AS AT 31st MARCH, 2016	AS AT 31st MARCH, 2015
			₹	₹
Note 1 - Share Capital:				
Authorized Share capital				
1,40,00,000 Equity Shares of Rs.10 each			14,00,00,000	14,00,00,000
Issued				
1,38,00,000 Equity Shares of Rs.10 each			13,80,00,000	13,80,00,000
Subscribed & Paid up				
1,38,00,000 Equity Shares of Rs.10 each			13,80,00,000	13,80,00,000
Total			13,80,00,000	13,80,00,000
<p>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.</p> <p>* Details of shares held by Shareholders holding more than 5% of the aggregate shares in the company</p>				
Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pasari Exports Ltd.	70,80,342	51.31	70,80,342	51.31
Note 2 - Reserves and Surplus				
Capital Reserve			-	-
CAPITAL SUBSIDY			-	-
Opening Balance			-	-
(+) Current Year Transfer			-	-
(-) Written Back in Current Year			-	-
Closing Balance			-	-
General Reserve				
Opening Balance			-	-
(+) Current Year Transfer			-	-
(-) Written Back in Current Year			-	-
		Closing Balance	-	-
Surplus:				
Opening Balance			-	-
Add/(Less) : Opening Balance- Net Deficit in Profit & Loss A/c			(117,632,612)	(116,389,235)
Add/(Less) : Net Loss for the year - transfer from Profit & Loss A/c			(3,262,225)	(1,243,377)
		Closing Balance	(120,894,837)	(117,632,612)
Total			(120,894,837)	(117,632,612)
Note 3 - Long Term Borrowings:				
Secured				
Term Loan- Syndicate Bank:-00039			15,174,285	16,157,526
“(Personal Guarantee of Directors and term deposits worth Rs 35Lacs and @ 13% floating rate of interest)”				
Loans from Directors				
Loan from Directors				
Unsecured				
Loans and advances from related parties				
PASARI EXPORTS LTD **			19,749,835	19,348,553
Total			3,59,96,079	3,93,94,315

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Note 4 - Other Long Term liabilities:		
Advance from Customers [JAIVEER BIO GAS PVT. LTD.,]	25,00,000	-
Total	25,00,000	-
Note 5 - Short Term Borrowings:		
Unsecured		
A) Loans from Directors		
Opening Balance	1,698,000	490,000
Add: Introduced during the year		
Loan From Mr.GS Gupta	-	500,000
Loan From Mrs..Kamaladevi Gupta	-	500,000
Loan From Mr.TK Gupta	568,083	208,000
Loan From Mr. K K Gupta	270,000	
Loan From Mrs. Poonam Gupta	470,000	
Loan From Mrs. Sneha Gupta	480,000	
B) Loans from associated enterprise		
Loan from T.K.R.Textile Pvt Ltd.,	550,000	
Total	4,036,083	1,698,000
Note 6 - Trade Payables		
Consumables	839,392	839,392
Expenses	650,926	637,508
Total	1,490,318	1,476,900
Note 7 - Other Current Liabilities		
Current Maturities of Long term Debts	2,400,000	2,538,086
Remuneration Payable	16,327	16,327
Statutory Liabilities	800,462	795,982
Deposits	-	-
Hutch - Deposit	40,000	40,000
JTM - Deposit	50,000	50,000
Rental Deposit	400,000	-
ICICI Securities	5,347	-
Total	3,712,136	3,440,395
Note 8 - Short Term Provisions		
(a) Provision for employee benefits		
Director Remuneration	95,676	95,676
(b) Others	-	-
Consultancy Charges	-	8,000
Total	95,676	103,676
Note 9 - Fixed Assets	Enclosed	
Note 10 - Deferred Tax Asset		
Opening Balance	39,112,046	38,887,617
Add: Deferred tax Liability/(Asset) for the year	220,235	224,429
Total	39,332,281	39,112,046
Note 11 - Long Term Loans and Advances		
Unsecured considered good		
Others Advances- (is in Arbitration with CCI)	6,390,000	6,390,000
K E B - Deposit	5,325,243	5,325,243
Telephone Deposit	33,086	33,086
Water Deposit	25,000	25,000

PASARI SPINNING MILLS LIMITED

Excise Duty - Deposit	50,000	50,000
Sales Tax Deposit	1,500	1,500
Total	11,824,829	11,824,829
Note 12 - Other non-current assets		
Unsecured, considered good		
Sales Tax 05-06 to 09-10	282,105	282,105
TDS Receivable	441,454	879,963
Indra Vikas Patra	750	750
MAT Credit Entitlement	216,135	216,135
Total	940,444	1,378,953
Note 13- Current Investments		
Investment in Equity instruments*	54,773	43,593
Investments in Mutual Funds*	1,50,524	1,50,524
	2,05,297	1,94,117
Less : Provision for diminution in the value of Investments	-	-
Total	2,05,297	1,94,117
* For the year ending 31st March, 2015 Market value of Equity shares Rs.45,351/-		
Note 14 - Inventories		
Stores and spares	9,49,245	9,49,245
Total	9,49,245	9,49,245
Note 15 - Trade Receivables:		
a) Outstanding for a period exceeding six months from the date they are due for payment		
(Unsecured, considered good)		
Domestic Receivables	2,24,746	2,24,746
Total (A)	2,24,746	2,24,746
b) Outstanding for a period not exceeding six months from the date they are due for payment		
(Unsecured, considered good)		
Domestic Receivables	-	-
Total (B)	-	-
Total (A)+(B)	224,746	224,746
Note 16- Cash and Cash Equivalents:		
a) Cash Balances:		
i. Cash on hand		
	87	854
ii. Bank balance:		
ICICI - CA A/C 01520500602-Nanjangudu	685	420
SYN.BK.G.NAGR - CA A/C 04003030000022	29,188	25,000
Syndicate Bank A/C#15439	723	4,943
Total (A)	30,682	31,217
b) Other Bank Balances		
Bank Deposits in Auto Sweep	50,298	50,298
Total (B)	50,298	50,298
Total (A)+(B)	80,981	81,515

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Note 17 - Other Income:		
a) Interest Income		
Dividend Income	2,118	613
Interest on IT Refund	9,770	-
b) Other non-operating income	-	-
b) Other non-operating income		
Rent Received	218,834	2,326,132
Other Income	-	48,355
Total	230,722	2,375,100
Note 18- Cost of Raw Materials Consumed:		
Opening Stock of raw materials & Stores	9,49,245	9,49,245
Add : Purchases of Materials, stores & consumables:	-	-
	9,49,245	9,49,245
Less: Closing Stock of raw materials and Stores	9,49,245	9,49,245
Total	-	-
Note 19 - Manufacturing and other Operating Expenses:		
Total	-	-
Note 20- Employee Benefit Expenses:		
Total	-	-
Note 21- Financial costs:		
Bank Charges	13,287	9,988
Interest on Term Loan	2,300,118	2,415,906
Total	2,313,405	2,425,894
Note 22 - Other Expenses:		
Water Charges	24,643	-
Repairs & Maintenance of Factory	4,500	11,600
Insurance	5,621	-
Rates and taxes, excluding, taxes on income	6,744	8,415
Statutory Audit Fees	50,000	50,000
Advertisement	-	2,400
Professional & other Consultancy Charges	124,600	154,700
Courier, Postage & Telegram	10,717	5,533
General Expenses	-	1,000
Printing & Stationery	30,384	28,274
Meeting Expenses	22,200	24,012
Share Transfer agent expenses	76,520	29,550
Travelling expenses	13,712	8,000
Brokerage on Shares	-	2,889
Security Charges	20,000	-
Total	389,641	326,373
Note 23 - Exceptional Items		
Profit/ (Loss) on Sale of Shares	-	33,887
Total	-	33,887

PASARI SPINNING MILLS LIMITED

M/S. PASARI SPINNING MILLS LIMITED
Regd Office :NO 18 IIIRD FLOOR, ANJANEYA TEMPLE ROAD, YEDIYUR, JAYANAGAR 6TH BLOCK, BANGALORE - 560082

DEPRECIATION UNDER SLM METHOD AS PER COMPANIES ACT, 2013

NOTE : 9 - TANGIBLE ASSETS

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 1st April 2014	Additions (Disposals) (Impairments)	Balance as at 31st Mar. 2015	Balance as at 1st April 2014	Depreciation for the year	Disposals	Balance as at 31st Mar. '15	Depreciation rate	Balance as at 1st April '14	Balance as at 31st Mar. '15
TANGIBLE ASSETS										
1) Land	2,557,455	-	2,557,455	-	-	-	-	-	2,557,455	2,557,45
2) Buildings	24,324,017	-	24,324,017	16,510,972	771,071	-	17,282,043	3.17%	7,813,045	7,041,974
3) Plant and Equipment*	-	-	-	-	-	-	-	-	-	-
4) Furniture and Fixtures	341,521	-	341,521	341,521	-	-	341,521	9.50%	-	-
5) Vehicles	1,963,894	-	1,963,894	1,024,341	233,311	-	1,257,652	11.88%	939,553	706,242
6) Office equipment*	275,631	-	275,631	269,876	5,754	-	275,630	19.00%	5,755	1
7) Computer	474,082	-	474,082	474,082	-	-	474,082	31.67%	-	-
Total	29,936,600	-	29,936,600	18,620,792	1,010,136	-	19,630,928	-	11,315,808	10,305,672
Total	29,936,600	-	29,936,600	18,620,792	1,010,136	-	19,630,928	-	11,315,808	10,305,672
Previous Year's Total	29,936,600	-	29,936,600	17,564,040	1,056,752	-	18,620,792	-	12,372,560	11,315,808

SCH-6 : Details of Current Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount	Basis of Valuation	
			2014-15	2014-15			2014-15	2013-14			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a) Investment in Equity Instruments											
	COAL INDIA LTD	Others	100	Quoted	Fully Paid	-	-	-	-	-	40,105
	IDBI	Others	100	Quoted	Fully Paid	-	-	-	-	-	9,785
	INDIAN OVERSEAS BANK	Others	200	Quoted	Fully Paid	-	-	-	-	-	15,670
	INFOSYS TECH	Others	5	Quoted	Fully Paid	14,509	11,092	14,509	11,092	14,509	-
	ONGC	Others	50	Quoted	Fully Paid	19,851	15,318	19,851	15,318	19,851	-
	RELIANCE INDUSTRIES - SHARES	Others	10	Quoted	Fully Paid	9,281	8,260	9,281	8,260	9,281	-
	STATE BANK	Others	40	Quoted	Fully Paid	11,132	10,682	11,132	10,682	11,132	-
	Total	Total	105	400		54,773	45,351	54,773	45,351	54,773	65,560
Investments in Mutual Funds											
	RELIANCE MUTUAL FUND										
	Others	150,524	150,524	-	-	150,524	150,524	-	150,524	150,524	-
	Total	Total				205,297	195,875	54,773	195,875	54,773	65,560

PASARI SPINNING MILLS LIMITED

Deferred Tax Statement as on 31.03.2015

Particulars	Amount	Amount
	₹	₹
Deferred Tax Assets as at 1.4.2015		39,112,046
Carried Forward Loss & Unabsorbed Depreciation		
Tax Expense There on @ 32.45%		-
Depreciation:		
As per Income Tax	297,401	
As per Companies Act	1,010,136	
Difference in Depreciation due to rate & Method of Accounting Effect	712,735	
Tax Expense There on @ 30.90%		220,235
Deferred Tax Assets For the Year		220,235
Closing balance as on 31.03.2016		39,332,281
Entries :		
1) Deferred Tax Asset - Dr	220,235	
To Profit & Loss A/c		220,235

Name of Shareholder	As at 31st March,2016		As at 31st March,20145	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Pasari Exports Ltd	7,080,342	51.31	7,080,342	51.31

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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 - 24: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

(A) SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

- a) The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting principles in India, including the Accounting Standards specified (Except AS-15) under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements are prepared as per Schedule III of The Companies Act 2013 in consensus with section 129 of the Act.
- b) The accounts are maintained on accrual basis, except for certain employee benefits like Gratuity, leave encashment and income on investment which are accounted on actual basis.

2. USE OF ESTIMATES:

The preparation of Financial Statements, in conformity with the Generally Accepted Accounting Practices (GAAP) in India, required the management to make estimates and assumptions that affect the reported amounts of assets, liabilities as on the date of the Financial Statements. Actual result may differ from the estimates.

3. REVENUE RECOGNITION:

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

4. a) FIXED ASSETS:

Fixed assets are stated at cost of acquisition or construction including all the acquisition and installation related expenses. Individual assets costing less than ` 5000 are depreciated at the rate of 100%.

b) DEPRECIATION:

Depreciation is provided on Straight Line method, at the rates and manner prescribed under schedule II of the Companies Act, 2013.

5. INVENTORIES:

Raw Materials, Consumable stores and spares are valued at lower of cost or market value after providing for obsolescence and depletion in value wherever applicable.

6. RETIREMENT BENEFITS:

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

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

7. FOREIGN CURRENCY TRANSACTION:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency monetary Assets and Liabilities are translated at year end exchange rates. The exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise, except in case of the liabilities for the acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of fixed assets. This is not applicable to the Company.

8. INVESTMENT:

Long term investments are stated at cost, less provisions for other than temporary diminution in value. Current investments comprising investments in mutual fund and shares are stated at the lower of cost or market value, determined on portfolio basis.

9. TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax asset in respect of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

10. IMPAIRMENT OF ASSETS:

As at each Balance Sheet date, the Company reviews the carrying amount of its Fixed Assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is higher of an asset's net selling price and value in use. Reversal of

PASARI SPINNING MILLS LIMITED

impairment of loss is recognized immediately as income in the Profit & Loss account.

(B) NOTES TO ACCOUNT:

1. The Company was incorporated on 25th November' 1991, vide CIN: L85110KA1991PLC012537, to carry on the business of Textile, Spinning, Weaving, Dyeing and Printing factories, conventional or modern using cotton, silk, wool, polyester fiber.

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

3. Claims against the Company not acknowledged as debts:

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

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

SL. NO	NAME	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	AMOUNT
1	Pasari Exports Limited,	Holding Company	Unsecured Loan (Expenses paid on behalf of Pasari Spinning Mills)	4,01,282
2	K. K. Gupta	Director	Unsecured Loan	2,70,000
3	Mrs. Poonam Gupta	Director	Unsecured Loan	4,70,000
4	Mrs. Sneha Gupta	Director	Unsecured Loan	4,80,000
5	Mr. T K Gupta	Director	Unsecured Loan	5,68,083
6	T K R Textiles	Common Director	Unsecured Loan	5,50,000

6. The Company has initiated the process of identifying those enterprises supplying goods and services, which qualify under the definition Micro, Small and Medium enterprises Development Act 2006. The amount due to Micro and Small enterprises has not been determined to disclose the same as part of the trade payables. Further, there are no interest payables/ interest accrued but not paid/ interest claims on account of the referred enterprises by the Company during the year.

7. The Commercial Tax Authorities have raised a demand including interest and penalty thereon for an

amount of `1,80,16,068/- payable in 5 installments of six months each as per the payment schedule prescribed in the order. The Company has not paid any of the said installments as demanded and went in appeal with Hon'ble BIFR for setting off the same. The matter is pertaining to earlier years which is pending for 8 years.

8. No provision has been made in the accounts for Employee Benefits as per AS-15 issued by the Institute of Chartered Accountants of India (ICAI).

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

10. The Company has received notice from CESCOTM for an amount of `28,43,845/- as back billing for which no provision is created in the Books, since the Company is disputing the same with the CESCOTM authorities. This matter is pertaining to earlier years.

11. The company does not have any trading inventory; hence no physical verification has been carried out. However, the Company has been carrying the Stores and Spares of Rs. 9,49,245/- from FY 2011-2012 and for which no physical verification report is made available with respect to quantitative details. And for the same market value also not determinable.

12. Licensed, Installed Capacity & Production:

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

13. Managerial Remuneration:

a. Remuneration paid to the Whole time Director according to Schedule V of the Companies Act, 2013 is as follows:

Remuneration	Current Year		Previous Year	
	NIL		NIL	
Conveyance	NIL		NIL	

b. No employee was in receipt of remuneration beyond the limits prescribed under section 134 of the Companies Act, 2013.

14. Auditor's Remuneration:

Auditor's remuneration includes:

	2015-16	2014-15
a. As Auditors	₹ 50,000/-	₹ 50,000/-

15. Related Party Transaction:

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

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

16. Deferred Taxation:

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

PARTICULARS	2015-2016		2014- 2015	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between Book & Tax depreciation	10,10,137	---	10,56,752	---
Carried forward loss	2,97,401	---	3,30,445	---
Total	7,12,736	---	7,26,307	---
Net deferred tax asset	2,20,236		2,24,429	

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

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

19. Contingent Liabilities as on 31.03.2016 is Rs. 2,08,61,913/-

SL. NO	NATURE OF LIABILITY	AMOUNT
1	Sales Tax Arrears	1,80,18,068
2	Back Billing demand raised by CESCO	28,43,845
	TOTAL	2,08,61,913

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

G.S.GUPTA
Chairman

T.K.GUPTA
Managing Director

K.K.GUPTA
Director

G. SATISHCHANDRA
PARTNER
Membership No. 027372

PLACE: BANGALORE
DATE: 08-08-2016

PASARI SPINNING MILLS LIMITED

**FORM NO. MGT.11
Proxy form**

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

CIN: L85110KA1991PLC012537

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

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

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We,of In the district ofbeing the member/members of M/s Pasari Spinning Mills Limited, hereby appoint Mr./Mrs.of in the district of or failing him/her, Mr./Mrs..... ofin the district of.....as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY FIFTH Annual general meeting, to be held on the 30th day of At 11.00 a.m and at Sri Krishna Mini Hall No 589, 15th Main, Maruthi Circle, Hanumanthanagar 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	Adoption of Financial statements of the Company for the year ended 31st March, 2016, including the audited balance sheet, the statement of profit and loss account and the Board's and Auditors report thereon			
2	Appointment of Mr. G S Gupta, who retires by rotation and being eligible, seeks re appointment			
3	To appoint the M/s Murali & Venkat, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.			

Affix
Revenue
Stamp

Signed this day of 2016

Signature of shareholder.....

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

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

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PASARI SPINNING MILLS LIMITED

(CIN: L85110KA1991PLC012537)

Registered office: No 18 IIIrd 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:

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

Place:

Date:

(Signature of the shareholder)

PASARI SPINNING MILLS LIMITED

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 25th 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
Yedyur, Jayanagar 6th Block
Bangalore – 560082