

# **GEM<sup>®</sup> SPINNERS INDIA LIMITED**

TWENTY SIXTH ANNUAL REPORT

**2015 - 2016**

**BOARD OF DIRECTORS**

Mr.R.VEERAMANI

Mr.P.DODDANAVAR

Mr.S.GOPAL

Mrs.POORANA JULIET

**CHIEF FINANCIAL OFFICER**

MR. G. SETHILVEL

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mrs. A.VANI

E mail id: secretarial@gemspin.com

**AUDITORS**

M/s.VIJAY SARATHY &amp; CO.

Chartered Accountants,

18-A, Rajamannar Street,

T.Nagar, Chennai – 600 017.

**SECRETARIAL AUDITORS**

M/S. LAKSHMMI SUBRAMANIAN &amp; ASSOCIATES,

M.N.O. Complex, 81, Greams Road, Chennai – 600 006.

**BANKERS**

INDIAN OVERSEAS BANK

LAKSHMI VILAS BANK

**REGISTERED OFFICE & MILLS**

No. 14, Mangalam Village, Madhuranthagam Taluk,

Kancheepuram District, Tamil Nadu – 603 107

E mail id: accounts@gemspin.com

**CORPORATE OFFICE**

78, CATHEDRAL ROAD, CHENNAI – 600 086.

**REGISTRAR & SHARE TRANSFER AGENT**

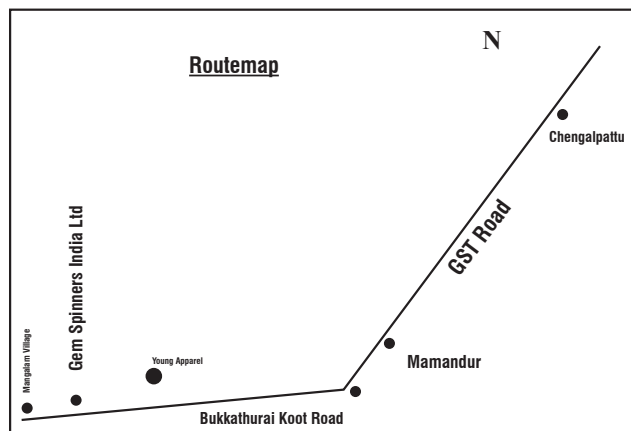
CAMEO CORPORATE SERVICES LTD.

"Subramanian Building", 1, Club House Road,

Chennai – 600 002.

Listed in BSE

COMPANY CIN : L17111TN1990PLC019791



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**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Twenty Sixth Annual General Meeting of the shareholders of the Gem Spinners India Limited will be held on Monday the 19<sup>th</sup> September 2016 at **No.14 Mangalam Village, Madhurantagam Taluk, Kancheepuram District, Tamilnadu-603107 at 10.30 a.m.** to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Profit and Loss Account for the year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. S. Gopal (DIN: 06448007) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED that in terms of the provisions of Sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 read with the underlying rules viz. Companies (Audit and Auditors) Rules, 2014 as may be applicable and pursuant to the resolution of the Members at the 24<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> September, 2014, the appointment of M/s Vijay Sarathy & Co., Chartered Accountants (Firm Registration No. 004695S), as auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting (AGM) of the Company, be ratified by the Members on a remuneration inclusive of service tax and such other tax(es) (as may be applicable) and reimbursement of all out- of pocket expenses in connection with the audit of the accounts of the Company (including terms of payment) to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee.

**SPECIAL BUSINESS**

4. To appoint Mr.R.Veeramani (DIN: 00032895) as Managing Director and in this regard to consider and if thought fit, to pass

with or without modification(s), the following resolution as an Special Resolution:

Resolved that in accordance with the provisions of Sections 196 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), on the basis of recommendation of Nomination and Remuneration Committee and approval of the board the consent of the Company be and is hereby accorded to the appointment of Mr. R. Veeramani (DIN: 00032895) as Managing Director of the Company for period of 3 years from 01.10.2016 to 30.09.2019 with no remuneration."

Resolved further that the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution  
RESOLVED that pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company already granted to the Board of Directors vide its resolution dated 19.09.1997 to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business, shall not be in excess of Rs. 1000 Crores (One Thousand crores) over and above the aggregate of the paid up share capital and free reserves of the Company be and is hereby ratified and further approved.

By Order of the Board

Place: Chennai - 86  
Date : 29.07.2016

A. Vani  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED/ CORPORATE OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. **The Explanatory Statement as per the provisions of section 102 of the Companies Act, 2013 in respect of the items of the Special Business as set out above is annexed.**
3. Pursuant to Section 105 of the Companies Act, 2013 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. A member holding 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.
4. **The Register of Members and the Share Transfer Books of the Company will remain closed from**

**09<sup>th</sup> September, 2016 to 19<sup>th</sup> September, 2016 (Both days inclusive).**

5. Pursuant to the provisions of Sections 107 and 108, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the option of E-Voting facility to all the members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting. The Members who wish to attend Annual General Meeting can vote at the Meeting. The Company has appointed Mrs. Lakshmmi Subramanian of M/s Lakshmmi Subramanian & Associates, Practicing Company Secretaries, Chennai as Scrutinizer.

The procedure and instructions for e-voting are as under:

- i) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii) Now click on "Shareholders" to cast your votes.
- iii) Now, select the "Company Name" from the drop down menu and click on "SUBMIT".
- (iv) Now, fill up the following details in the appropriate boxes:

User ID	For Members holding shares in Demat Form:- a) For NSDL:- 8 Character DP ID followed by 8 digits Client ID b) For CDSL:- 16 digits beneficiary ID For Members holding shares in Physical Form:- • Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

\* Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the sequence number (Sequence number has been provided as Serial number in the address label and / or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name.

Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository and company please enter the Member id / folio number in the Dividend Bank details field.

- v) After entering these details appropriately, click on "SUBMIT" tab.
- vi) Members holding shares in Physical form will then reach directly to the voting screen.
- vii) Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is also to 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 CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- ix) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- x) For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.

- xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Enter the number of shares (which represents number of votes) under YES/ NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
  - xii) 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.
  - xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xiv) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [secretarial@gemspin.com](mailto:secretarial@gemspin.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - xv) In case you have any queries or issues regarding e-voting, please contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - xvi) The e-voting period commences on Thursday the 15<sup>th</sup> September 2016 from 9.00 AM onwards and ends on Sunday the 18<sup>th</sup> September 2016 at 6.00 PM
  - xvii) During this period members holding shares in physical or dematerialized form as on the Cut-off date (record date) i.e. **12<sup>th</sup> September 2016** may cast their vote electronically. The e-voting module shall be displayed by CDSL for voting thereafter.
  - xviii) The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company as
- XIX) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
6. Members holding shares in physical form are requested to notify change of address immediately to the Share Transfer Agent of the Company, M/s.Cameo Corporate Services Ltd, Subramanian Building, No.1 Club House Road, Chennai 600 002 for the purpose of mailing Dividend Warrants etc. As per SEBI Circular, members holding shares in physical form and in case of transfer of shares means, the Transfer Deed should contain PAN of both Transferor and Transferee.
  7. The Shares of the Company have been activated for dematerialisation with Central Depository Services (India) Ltd. (CDSL) vide ISIN INE 165F01020. Members wishing to dematerialise their shares may approach any Depository Participant. (DP).
  8. Kindly mention your Folio Number/PAN No./Client ID/DPID Number (in case of shares held in electronic form) in all your correspondence to Share Transfer Agents and in the case of electronic form to the Depository Participant in order to reply to your queries promptly.
  9. **Members seeking any information or clarification with regard to the accounts are requested to write to the Company atleast ten days in advance of the meeting so as to enable the Company to keep the information ready.**

10. **Members who hold shares in demat form are requested to notify any change in their particulars like change in address, bank particulars etc. to their respective Depository Participants.**
11. **The Ministry of Corporate Affairs vide its circular dated 21<sup>st</sup> April 2011 allowed the companies to send notices, annual reports and other documents by means of e-mail to the members of the Company. Hence members, who have not registered their e-mail addresses, are requested to register their e-mail addresses with the Company/ Registrar.**
12. Pursuant to provisions of Section 72 of the Companies Act, 2013, Members can avail of the facility of nomination in respect of shares held by them in physical form. Members desiring to

avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to the Company's Registrar and Share Transfer Agent: Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.

13. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
14. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.

**EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No:4**

As Mr. R.Veeramani, Managing Director since appointed during 2011, his period of service as recommended by Nomination and Remuneration Committee, to be extended for further period of 3 years from 2016 to 2019. Considering the position of the Company, no remuneration was made and hence the Board of Directors are proposing the appointment of Mr. R.Veeramani for a period of 3 years without any remuneration. In pursuant in Section 196, since Mr. R.Veeramani aged above 70 years, a special resolution required to be passed.

Accordingly, Item No.4 is placed before the members for approval.

None of the Directors are interested except Mr. R.Veeramani in the above resolution.

**Item No 5**

The members of the Company at their Annual General Meeting held on 19th September, 1997 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any

point of time shall not be in excess of Rs.1000 crores (One Thousand Crores)

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to ratify vide a Special Resolution under Section 180(1) and other applicable provisions of the Companies Act, 2013, as set out at item no.8 of the notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.1000 crores (One Thousand Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested.

Accordingly Item No. 5 is placed before the member for approval.

**AS PER REGULATION 36(3) OF SEBI (LODR) 2015 AND AS PER CLAUSES OF SS 2 ADDITIONAL INFORMATION ABOUT THE DIRECTOR PROPOSED TO BE APPOINTED AS MANAGING DIRECTOR FOR THE ITEM NO.4.**

Name of the Appointee	Sri.R.Veeramani	Sri.S.Gopal
Age	74	56
Qualification	B.Sc., B.L.,	M.Sc., MBA
Experience	45 years	22
Expertise in specific functional area	Lawyer turned Technocrat entered into the stone industries in 1971. He is in business of Mining, Textiles, Sugar, Hotel & IT industry.	Indirect Taxation
Terms and conditions of Appointment	Appointed as Managing Director of the Company for period of 3 years with effect from 1.10.2016.	
Details of remuneration sought to be paid	Nil	Nil
Past Remuneration	Nil	Nil
Date of first Appointment in the Board	06/12/1993	18/09/2012
Shareholding in the Company	12692166	Nil
Relationship with other Directors and KMP	Nil	Nil
No.of Meetings attended during the year	4	4

Other directorship / Membership / Chairman of committee of other board.	Gem Granites Pvt Ltd Imperial Granites Pvt Ltd Stone Wonders (India) Ltd Gem Holiday Resorts Ltd Gem Global Trade Ltd Gem Sugars Ltd Ferro Magnets & Allied Products Ltd Celia Leather Private Ltd Balaji Bonded Brake Linings Private Ltd Gem Energy Industry Ltd Gem Quartz Private Ltd Get Minerals & Coal Private Ltd Veeramani Minerals Private Ltd Veeramani Natural Stones Private Ltd Benda Infrastructures Development Ltd Gem Graphites Pvt Ltd Gem Stone Beach Resorts Pvt Ltd CAPEXIL Indo Russian Techno Trade Private Ltd Southern India Chamber of Commerce & Industry	Gem Agro Industries Ltd Gem Graphites Pvt Ltd Gem Global Trade Ltd Gem Energy Industry Ltd Gem Earth Treasures Pvt Ltd Gem Holiday Resorts Ltd
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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report of our Company along with the audited Balance Sheet and the Statement of Profit and Loss Account for the year ended March 31, 2016.

### 1) FINANCIAL RESULTS

Rs. in Lakhs

Particulars	2015-16	2014-15
<b>SALES</b>		
Export	87.54	1335.52
	<b>87.54</b>	<b>1335.52</b>
Operating Profit	41.02	817.67
Less: Financial Charges	0.48	0.79
Gross Profit	40.54	816.88
Less : Depreciation	18.63	826.74
Profit/(Loss) before Tax	21.91	(9.86)
Net (Loss) / Profit	<b>21.91</b>	<b>(9.86)</b>
Accumulated Loss	(3240.24)	(3262.15)

### Performance and state of Company's affairs

Your Company has performed a Trading Turnover of Rs.87.54 Lakhs during the year under review as against Turnover of Rs.1335.52 Lakhs in the previous year. The Operating Profit was of the order of Rs. 41.02 Lakhs as compared to the previous year profit of Rs. 817.67 Lakhs.

Your Directors have to report a Net Profit of Rs.21.91 Lakhs for the year under report as against a Net Loss of Rs. 9.86 Lakhs during the previous year.

The Company has suspended the manufacturing operation due to market volatility. Your Directors are exploring all the possibilities of recommencing the production subject to the availability of power and viability. However your Company is continuing its trading activities.

### 2) DIVIDEND

In view of the present status of the unit, your Directors are not in a position to recommend any dividend.

### 3) TRANSFER OF PROFIT TO RESERVES

The Company has not proposed to transfer any of its profits to reserves in view of carried forward losses.

### 4) MATERIAL CHANGE AND COMMITMENTS OF THE COMPANY

There are no material changes and commitments 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; and there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the company's operations in future.

### 5) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There have been no loan, guarantees or investments given or made by the company under section 186 of the companies act 2013 of the Act during the financial year 2015-16.

### 6) SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The company doesn't have any subsidiaries, associates and joint venture companies.

### 7) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE, ETC

The information as required to be disclosed on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure - 1" to this Report.

### 8) DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL (KMPs)

#### Board Composition and Independent Directors

The Board consists of the One Executive Director, One Non - Executive Director and Two Non-Executive Independent Directors.

Independent Directors are appointed for a term of 5 years and are not liable to retire by rotation.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of

the Companies Act, 2013 and Regulation 16(b) of the SEBI Listing Regulations.

#### Retirement by Rotation

Pursuant to Section 152 of the Companies Act, 2013 Mr. S.Gopal who retire by rotation at the forthcoming AGM and is eligible for re-appointment.

#### Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr.R.Veeramani, Managing Director, Mrs.A.Vani, Company Secretary and Mr.G.Senthilvel, Chief Financial Officer.

Mr.R.Veeramani, Managing Director, whose tenure expires on 30.09.2016 and the proposal for appointment is placed before the ensuing Annual General Meeting for a period of three years from 01.10.2016 to 30.09.2019 with no remuneration.

#### Declaration of Independent Directors

As per the Companies Act 2013, your company had appointed two independent directors and they have declared that they meet the criteria of independence in terms of Section 149(6) of the Companies Act 2013 and that there is no change in their status of Independence.

#### Policy of Directors Appointment and Remuneration

Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178 of the Act are covered under the Board's policy formulated by the Company .

#### INFORMATION U/s 197(12) OF THE COMPANIES ACT 2013

The information required under section 197 (12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is NIL.

#### 9) STATUTORY AUDITORS

At the Annual General Meeting held on September 17, 2014 M/s. Vijay Sarathy & Co, Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of the 27th Annual General Meeting of the Company . 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 of the company. Accordingly, the appointment of M/s. Vijay Sarathy & Co, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

#### COMMENTS ON AUDITOR'S REPORT:

##### Reply to Qualified Opinion:

Since there is no manufacturing operations, no depreciation for Plant and Machinery was provided in this financial year.

#### 10) SECRETARIAL AUDITOR

As required under Section 204 of the Companies Act, 2013 and Rules there under the Board has appointed M/s. Lakshmmi Subramanian & Associates, Practising Company Secretaries as Secretarial Auditor of the company to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure – "II" to this Report. The Secretarial Audit Report does not contain any qualification,

reservation or adverse remark.

#### COMMENT ON SECRETARIAL AUDITOR REPORT

With reference to the remarks made by the Secretarial Auditor, M/s. Lakshmmi Subramanian, Practising Company Secretaries, the Company has taken the corrective measures during the current financial year.

#### 11) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audit, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data for maintaining accountability of assets.

#### 12) RELATED PARTY TRANSACTIONS

As per the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at [www.gemspin.com](http://www.gemspin.com).

The Policy intends to ensure that proper reporting approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

There were no contract / arrangement / transactions entered in to during the year ended March 31, 2016.

#### 13) EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extracts of Annual Return in form MGT-9 as provided under sub-section (3) of section 92 of the Companies Act is annexed herewith as "Annexure- III" to this report.

#### 14) CORPORATE GOVERNANCE

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as "Annexure - "IV" to this report.

#### 15) RISK MANAGEMENT POLICY

The risk management is overseen by the Audit committee of the company on a continuous basis, therefore Constituting a Risk Management committee does not arise. Major risks, if any, identified by the business and functions are systematically addressed through mitigating action on a continuous basis. The Risk Management policy is available in the Company website [www.gemspin.com](http://www.gemspin.com)

#### 16) DISCLOSURE UNDER THE SEXUAL HARASMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDESSAL) ACT, 2013

Since the manufacturing operation is suspended there is no work force in the company and hence the above policy reporting does not arise.

#### 17) DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public.

#### 18) CORPORATE SOCIAL RESPONSIBILITY (CSR):

Not applicable.

**19) BOARD MEETINGS:**

During the year, four board meetings were held and the intervening gap between two board meetings did not exceed 120 days. Dates of the Board meetings and details of directors' attendance at the meetings are furnished in the Corporate Governance Report.

**20) PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS:**

Pursuant to the provisions of the Companies Act, 2013 and in terms of Regulation 17(10) of the SEBI Listing Regulations, 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 the Audit and the Nomination and Remuneration Committees. and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

A structured questionnaire was prepared after taking into consideration of the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interests of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman of the Board was carried out by the Independent Directors.

**21) CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT**

The Board of Directors had adopted a Code of Conduct for the Board Members and employees of the company. This code helps the Company to maintain the standard of business ethics and ensure compliance with the legal requirements of the company

The code is aimed at preventing any wrongdoing and promoting ethical conduct at the Board and employees. The Compliance officer is responsible to ensure adherence to the Code by all concerned

The code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders

All the Board Members and the Senior Management personnel have confirmed compliance with the Code

**22) BOARD COMMITTEES**

The Board had constituted the following committees Viz Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee and the details are furnished in Corporate Governance Report annexed in "Annexure IV"

**23) DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company.

**24) MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges / SEBI (LODR) Regulations 2015 is presented in a separate section forming part of the Annual Report.

**25) DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**28) ACKNOWLEDGEMENT**

Your Directors thank the Central and State Governments and the Banks for their continued help and support.

Your Directors also thank the Consumers for their continued patronage of your Company's products. Your Directors are especially thankful to the esteemed Shareholders for their continued encouragement and support.

For and on behalf of the Board of Directors

For Gem Spinners India Limited

Place: Chennai	R.Veeramani	PPDoddanavar
Date: 29.07.2016	DIN: 00032895	DIN: 00960514



**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Details on Conservation of energy, Technology absorption and Foreign exchange earnings and outgo

Details	Disclosure	
(A) Conservation of energy – (i) the steps taken or impact on conservation of energy;	The Company has suspended the manufacturing operation, hence the conservation of energy reporting is not applicable.	
(ii) the steps taken by the company for utilizing alternate sources of energy;	Nil	
(iii) the capital investment on energy conservation equipments;	Nil	
(B) Technology Absorption	Since there is no manufacturing activity, the disclosure under this clause is not applicable.	
(C) Foreign exchange earnings and Outgo	Rs. In lakhs	
	2015-16	2014-15
(1) Expenditure on Foreign Currency		
a) Commission	1.73	22.13
b) Travel	Nil	Nil
(2) Earnings in Foreign Exchange	85.01	1300.64

**ANNEXURE II**
**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED  
31.03.2016**

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

**The Members**
**Gem Spinners India Limited**
**14, Mangalam Village, Madhuranthagam Taluk  
Kancheepuram District, Tamil Nadu 603 107.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gem Spinners India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Gem Spinners India Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions as applicable to the Company during the period of audit:

- i. The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (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 and the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015 (Applicable with effect from 15 May, 2015;
  - (c) 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;
- v. The Listing Agreements entered into by the Company with the Stock Exchanges, where the Securities of the Company are listed and the uniform listing agreement with the said stock exchanges pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 1 December, 2015).
- vi. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India applicable with effect from 1 July 2015.
- vii. Since the Company's manufacturing business is temporarily suspended and is presently engaged in the trading of cotton yarn in a limited manner, in our opinion and as identified and informed by the Management, the company has no Specific laws applicable.

It is reported that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, as mentioned above except: -

- The company is in the process of initiating the strict compliances of SS 1 & SS 2 (Since being the first year of implementation) and SEBI (LODR) Regulations 2015 in certain areas and updation in the new Statutory Registers as per New Amended Act, 2013, in lieu of the existing updated Registers.
- There have been a few cases of delay in filing of certain e-forms filed with MCA.

- The company is in process of ratifying its borrowing powers, originally granted, in accordance with the New Act.
- The company being a listed entity is in the process of appointing certain KMP's in terms of Section 203, of the Companies Act, 2013.

We further report that there were no actions/events in the pursuance of

- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employees Stock Option Scheme, 2007 approved under the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

requiring compliance thereof by the Company during the Financial Year under review.

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, in our opinion, with regard to point (vii) above, since the Company's Manufacture is temporarily suspended, the company has adequate monitory system to ensure minimum compliance with other applicable general laws viz., Industrial Laws, Environmental, Human Resources and labour laws, including the following laws:

- Employees Provident Fund and Miscellaneous Provisions Act, 1952
- Employees' State Insurance Act, 1948
- The Contract Labour (Regulation & Abolition) Act, 1970
- The Factories Act, 1948
- The Industrial Disputes Act, 1947
- The Industrial Employment (Standing Orders) Act 1946
- The Workmen's Compensation Act, 1923 & Rules
- Payment of Gratuity Act 1972 & Rules
- The Payment of Bonus Act, 1965
- The Minimum Wages Act, 1948
- The Maternity Benefit Act, 1961
- Apprentices Act, 1961

We further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

We further report that:

The Board of Directors of the Company is well constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of

the Board of Directors, except the Change in designation of Director during the period under review.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were delivered and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that during the audit period no events have occurred, which have a major bearing on the Company's affairs except: -

- The Company's manufacturing unit is temporarily suspended and the company has only trading income during the year.

For **Lakshmmi Subramanian & Associates**

**Lakshmmi Subramanian**

Senior Partner

FCS No. 3534

C.P.NO. 1087

Place: Chennai

Date : 23.08.2016

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

#### ANNEXURE-A

#### The Members

**Gem Spinners India Limited**

**14, Mangalam Village, Madhuranthagam Taluk**

**Kancheepuram District, Tamil Nadu 603 107.**

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We 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 the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc..
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
- 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.

For **Lakshmmi Subramanian & Associates**

**Lakshmmi Subramanian**

Senior Partner

FCS No. 3534

C.P.NO. 1087

Place: Chennai

Date : 23.08.2016

## FORM NO. MGT – 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

i)	CIN	L171111TN1990PLC019791
ii)	Registration Date	18/10/1990
iii)	Name of the Company	GEM SPINNERS INDIA LIMITED
iv)	Category / Sub – category of the Company	
v)	Address of the Registered office and Contact Details	NO. 14 MANGALAM VILLAGE, MADHURANTHAGAM TALUK, KANCHEEPURAM DISTRICT
vi)	Whether listed company	YES
vii)	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	CAMEO CORPORATE SERVICES LTD. 'SUBRAMANIAN BUILDING', 1, CLUB HOUSE ROAD, CHENNAI – 600 002.

**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 & Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	COTTON YARN	5205 00	100%
2	COTTON KNITTED FABRICS	6002 00	NIL

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
NIL					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## (i) Category-wise Share Holding

Category of Shareholders	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	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	42353500	90000	42443500	69.16	42353500	90000	42443500	69.16	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	42353500	90000	42443500	69.16	42353500	90000	42443500	69.16	0
<b>(2) Foreign</b>									
a) NRIs– Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0

d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	42353500	90000	42443500	69.16	42353500	90000	42443500	69.16	0
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	12486790	200	12486990	20.35	12486790	200	12486990	20.35	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (Specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B)(1)</b>	12486790	200	12486990	20.35	12486790	200	12486990	20.35	0
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	68700	163900	232600	0.38	55300	163900	219200	0.36	-0.02
ii) Overseas									
b) Individuals									
i) individual shareholders holding nominal share capital upto Rs.1 lakh	671000	5155200	5826200	9.49	702900	5138100	5841000	9.52	0.02
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	92600	267500	360100	0.59	92600	267500	360100	0.59	0
( )Others (Specify)	22600	0	22600	0.04	21200	0	21200	0.03	-0.002
<b>Sub-total (B)(2)</b>	854900	5586600	6441500	10.50	872000	5569500	6441500	10.50	0
<b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b>	13341690	5586800	18928490	30.84	13358790	5569700	18928490	30.84	0
<b>(C) Shares held by Custodian for GDRs and ADRs</b>	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL (A) + (B)+(C)</b>	55695190	5676800	61371990	100	55712290	5659700	61371990	100	0

## (ii) Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in the shareholding during the year
		No. of Shares	% of total Shares of the Company	% of shares pledged / encumbered total shares	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1.	SMT. RAJI VEERAMANI	30000	0.05	0	30000	0.05	0	0
2.	SMT. A. SEETHALAKSHMI	30000	0.05	0	30000	0.05	0	0
3.	SMT. VEDAVALLI KUMAR	30000	0.05	0	30000	0.05	0	0
4.	SRI. R. VEERAMANI	12692166	20.68	0	12692166	20.68	0	0
5.	SRI.S.R.ASAITHAMBI	10174638	16.57	0	10174638	16.58	0	0
6.	SRI.R.SEKAR	9743348	15.87	0	9743348	15.88	0	0
7.	SRI.S.R.KUMAR	9743348	15.87	0	9743348	15.88	0	0

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

	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	42443500	69.16%	42443500	69.16
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc):	Nil		Nil	
At the end of the year	42443500	69.16%	42443500	69.16%

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

S.No	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Change in Share Holding during the Year		Shareholding at the year as on 31-03-2016	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	IDBI BANK LTD	7565000	12.33%	0	0	7565000	12.33%
2.	ICICI BANK LTD	4921790	8.02%	0	0	4921790	8.02%
3.	PREETHY R E	80500	0.13%	0	0	80500	0.13%
4.	NIRMAL CHAND JAIN	50600	0.08%	0	0	50600	0.08%
5.	MEENA JAIKUMAR CHAUGULE	42000	0.07%	0	0	42000	0.07%
6.	A R ENTERPRISES LTD	41200	0.07%	0	0	41200	0.07%
7.	ASEELA VINOD GOENKA	35000	0.06%	0	0	35000	0.06%
8.	LATHA MAHESHWARI	30000	0.05%	0	0	30000	0.05%
9.	KANORIA PLASTOKEM PVT LTD	28500	0.05%	0	0	28500	0.05%
10.	JOHN ESTATES PVT LTD	26800	0.04%	0	0	26800	0.04

## (v) Shareholding of Directors and Key Managerial Personnel:

S.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	MR.R.VEERAMANI	12692166	20.68	12692166	20.68

**V. INDEBTEDNESS**

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

(Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
(i) Principal Amount	0	128720406	0	128720406
(ii) Interest due but not paid	0	0	0	
(iii) Interest accrued but not due	0	0	0	
Total (i + ii + iii)	0	128720406	0	128720406
Change in Indebtedness during the financial year				
• Addition	0	921373	0	0
• Reduction	0	0	0	0
Net Change	0	0	0	0

Indebtedness at the end of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid	0	129641779	0	129641779
(iii) Interest accrued but not due	0	0	0	0
	0	0	0	0
<b>Total (I + ii + iii)</b>	<b>0</b>	<b>129641779</b>		<b>129641779</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil - Sitting Fees to Managing Director Rs. 12,000/-

B. Remuneration to other directors:

Rs.in lakhs

Particulars of Remuneration	Name of Directors			Total Amount
	Mr.PP.Doddanavar	Mr.S.Gopal	Mrs.Poorana Juliet	
Independent Directors				
· Fee for attending board committee meetings	3000	0	12000	15000
· Commission				
· Others, please specify				
<b>Total (1)</b>	<b>3000</b>	<b>0</b>	<b>12000</b>	<b>15000</b>
Other Non-Executive Directors				
· Fee for attending board committee meetings	0	12000	0	12000
· Commission				
· Others, please specify				
<b>Total (2)</b>	<b>0</b>	<b>12000</b>	<b>0</b>	<b>12000</b>
<b>Total (B)=(1+2)</b>	<b>3000</b>	<b>12000</b>	<b>12000</b>	<b>27000</b>
<b>Total Managerial Remuneration</b>	<b>3000</b>	<b>12000</b>	<b>12000</b>	<b>27000</b>
<b>Overall Ceiling as per the Act</b>				

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

Rs.in lakhs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
.	Gross salary		3.07	3.30	6.37
	(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
	<b>Total</b>	<b>Nil</b>	<b>3.07</b>	<b>3.30</b>	<b>6.37</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - Nil**

**ANNEXURE-IV**
**CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement entered with Bombay Stock Exchange Limited (BSE) up to 30<sup>th</sup> November 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with effect from 01<sup>st</sup> December 2015, the company provides its corporate governance system and its process:

Your company is in full compliance of the Corporate Governance principles enunciated in clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in terms of structure, composition of Board and its committees and other disclosure requirements.

The Company is regular in complying with the mandatory requirements of the Corporate Governance Code.

**THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.**

Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and voluntary practices that enable companies to perform efficiently and thereby maximize long term value for shareholders, while respecting the aspect of multiple stakeholders. Our Company has been practicing the principle of good corporate governance since inception, not on account of regulatory

requirements but on account of sound management practices for enhancing customer satisfaction and value for shareholders.

The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the shareholders, employees, the Government and other parties.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report forms part of the Annual Report. Your Company is in full compliance with the requirements and disclosures as stated therein. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

**1. BOARD OF DIRECTORS**

The Company has a well-defined process that ensure placement of all material and vital information before the Board pertaining to business to be considered at each Board Meeting enabling effective participation by Board Members in the discussion and in discharging their responsibilities.

Board of Directors of the Company consist of One Executive Director, One Non-Executive Director and Two Non – Executive independent Directors (including one woman director) as on 31.03.2016.

Director	Category	Designation	Shareholding in the Company	Number of Directorships (out of which as Chairman) other than GSIL#	Number of Membership in Board Committees other than GSIL##	Whether Chairman / Member
Mr.R.Veeramani	Promoter	Managing Director	12692166	9	Nil	Nil
Mr.P.P.Doddanavar	Independent Director	Director	Nil	2	Nil	Nil
Mr.S.Gopal	Director	Director	Nil	1	Nil	Nil
Mrs.Poorana Juliet	Independent Director	Director	Nil	Nil	Nil	Nil

# excluding Directorships in Foreign Companies, Private Companies and Section 8 Companies.

## Represents Membership / Chairmanship of Audit Committees and Shareholders' / Investors' Grievance Committee.

As on 31<sup>st</sup> March 2016, none of the Directors on the Board hold the office of Director in more than 10 Public Limited Companies or Membership of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees, across all companies.

**a) Board Meeting Dates:**

Board Meetings were held four times during the financial year from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016. The dates of Board Meetings were as follows:

29<sup>th</sup> May 2015, 14<sup>th</sup> August 2015, 06<sup>th</sup> November 2015 and 12<sup>th</sup> February 2016.

**b) Attendance Records of the Directors**

Director	No. of Meetings		Attended last AGM on 30.09.2015
	Held	Attended	
Mr. R. Veeramani	4	4	No
Mr. P.P. Doddanavar	4	1	No
Mr.S.Gopal	4	4	Yes
Mrs. Poorana Juliet	4	4	Yes

**c) Code of Conduct for Board Members and Senior Management Personnel**

The Board of Directors had adopted a Code of Conduct for the Board

Members and employees of the Company. The Code helps the Company to maintain the Standard of Business Ethics and ensure compliance with the legal requirements, specifically under Clause 49 of the Stock Exchange Listing Agreements of the Company. The Code is aimed at preventing any wrongdoing and promoting ethical conduct at the Board and employees. A copy of the code of conduct has been posted at the Company's website [www.gemspin.com](http://www.gemspin.com)

The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. All the Board Members and the Senior Management Personnel have confirmed compliance with the Code.

The declaration regarding compliance with the code of conduct as required under clause 49 of the listing agreement with the stock exchanges is appended to this report.

**d) Code of Conduct for preventing of Insider Trading**

The Company has adopted a code of conduct for prevention of Insider trading in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. All the Directors and Senior Management Personnel and such other designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company are covered under the

said code. The Directors, their relatives, senior management personnel, designated employees etc., are restricted from purchasing, selling and dealing in the shares while being in possession of unpublished price sensitive information about the Company during certain prohibited periods. All Board of Directors and the designated employees have confirmed compliance with the code.

## II) COMPOSITION OF BOARD COMMITTEES:

### Audit Committee:

Composition:

The Audit Committee comprises of the following Directors:

1. Mr.P.P. Doddanavar – Chairman
2. Mr.S.Gopal - Member
3. Mrs.Poorana Juliet - Member

Date of Meetings:

29.05.2015, 14.08.2015, 06.11.2015 and 12.02.2016.

Name	Designation	No. of Meeting attended
Mr. P.P. Doddanavar	Chairman	1
Mr.S.Gopal	Member	4
Mrs.Poorana Juliet	Member	4

### Functions of Audit Committee

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, management discussion and analysis of financial condition and results of operation, review adequacy of internal audit function, management letters / letters of internal control weakness issued by the statutory auditors, internal audit report relating to internal control weakness, related party transactions, review financial and risk management policies, to look into the reasons for substantial defaults in the payment to depositors, debenture / shareholders and creditors, oversee compliance with Stock Exchange and legal requirements concerning financial statements, review auditors' qualifications(draft), compliance with Accounting Standards, recommending the appointment and renewal of external Auditors / Chief internal auditors / fixation of audit fee and also approval for payment for any other services etc.

The Audit Committee of the Company provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. This is done at meetings of the committee wherein the statutory auditor, internal auditor and the senior management are present. All the Directors forming part of the committee are independent directors.

### Nomination & Remuneration Committee

Composition of Nomination & Remuneration Committee:

The Nomination & Remuneration Committee comprises of the following Independent Directors:

1. Mr.P.P.Doddanavar
2. Mrs.Poorana Juliet

Scope of the Nomination & Remuneration Committee includes the following:

The committee shall formulate the criteria for determining the qualification, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The committee shall ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance

is clear and meets performance benchmarks and involves a balance between fixed and incentive pay. To review the policy from the time to time for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration. To determine and recommend to the Board from time to time the amount of commission and fees payable to the Directors within the applicable provisions of the Companies Act, 2013 and the amount of remuneration, including performance or achievement bonus and perquisites payable to the Executive Directors. The Committee shall function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modifications as may be applicable.

The details of the remuneration / sitting fees paid to the Directors during the financial year 2015-16 are as follows:

Director	Remuneration paid During Apr 15 – Mar 16 (Rs.)			
	Basic Salary	Perquisites	Sitting Fees	Total
Mr. R. Veeramani	Nil	Nil	12000	12000
Mr. P.P. Doddanavar	Nil	Nil	3000	3000
Mr.S.Gopal	Nil	Nil	12000	12000
Mrs. Poorana Juliet	Nil	Nil	12000	12000

### Nomination and Remuneration Policy:

The company has sound and transparent policy in determining and accounting for the remuneration of Executive/ Non-Executive/ Independent Directors. The payment of remuneration to Executive Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board.

Your company recognizes the importance of human resource as its valuable assets and aligning the business objectives with specific measurable performance of individual objectives and targets.

This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013, Listing Agreement and SEBI (LODR) Regulations 2015 to pay equitable remuneration to the directors, KMPs and employees of the Company.

The objective and purpose of the Remuneration Policy is to determine qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and recommend to the Board policies relating to the remuneration of the directors, KMPs and other employees. It also ensures that recognition of performance encourages achieving better operational results.

The Nomination and Remuneration Committee recommends the remuneration/commission payable to executive Directors which is approved by the Board of Directors, subject to the approval of shareholders, wherever necessary.

The Board will have the discretion to retain the Managing Director, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

### 3. Stakeholders' Relationship & Share Transfer Committee:

The Stakeholders Relationship Committee specifically looks into issues such as redressing of Shareholders' and investors' complaints such as transfer of shares, non-receipt of share certificates and ensuring expeditious share transfers and also redresses the grievances of deposit holders, debenture holders and other security holders.

The Committee comprises of the following Directors:

1. Mr.R.Veeramani



2. Mr.P.P.Doddanavar
3. Mr.S.Gopal

Name	Designation	No. of Meetings held	No. of Meetings Attended
Mr. R. Veeramani	Chairman	13	13
Mr.P.P.Doddanavar	Member	13	1
Mr.S.Gopal	Member	13	13

#### 4. Risk Management Committee

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. The Designated Officials submit quarterly reports, which are reviewed periodically by the Management Committee to ensure effective risk management.

#### 5. GENERAL BODY MEETINGS

General Body Meeting	Date	Venue	Time	Special Resolution Passed At AGM
AGM for the year 31.3.2015	30.09.2015	14 Mangalam Village Kancheepuram Dist.	10.30 a.m	No
AGM for the year 31.3.2014	17.09.2014	14 Mangalam Village Kancheepuram Dist.	10.30 a.m	No
AGM for the year 31.3.2013	24.09.2013	14 Mangalam Village Kancheepuram Dist.	10.30 a.m	No

#### 6. DISCLOSURES

##### a) Related party transaction:

During the year, the Promoters have brought in as unsecured loan of Rs. Nil.

##### b) Compliances by the company:

The Company has complied with the requirements of the Stock Exchanges, SEBI etc., on all matters related to Capital market. No penalties or strictures have been imposed on the company by the Stock Exchanges/SEBI during the last three years.

c) We affirmed that no personnel have been denied access to the audit committee.

d) Whistle Blower Policy/Vigil Mechanism:

The company does not have a whistle blower policy at present. However, a full fledge policy shall be in place once the activity in the company takes off. Further, Directors and employees are having full access to the audit committee to report their genuine and serious concern.

e) Compliance with mandatory requirements: The Company has complied with all Mandatory requirements as mentioned under Listing Agreement / SEBI (LODR) Regulations 2015.

f) Adoption of Non- Mandatory requirements: The Company is in the process of adopting other non – mandatory requirements as mentioned under SEBI (LODR) Regulations 2015.

#### 6) Means of communication

Half yearly and quarterly results:

- Financial reporting for the quarter ending June 30, 2015: 15.08.2015
- Financial reporting for the quarter ending Sep 30, 2015: 07.11.2015
- Financial reporting for the quarter ending Dec.31, 2015: 13.02.2016

- Financial reporting for the quarter ending Mar 31, 2016: 31.05.2016

- Annual General Meeting for the year ending Mar 31, 2016: 19<sup>th</sup> September 2016

The quarterly results are published in News Today and Makkal Kural. No presentation has been made to International Investors or to the Analysts.

#### 7) MANAGEMENT DISCUSSION AND ANALYSIS:

Appended to this Report.

#### 8) General Shareholder Information

(i) AGM Date, time and venue : 19<sup>th</sup> September 2016  
10.30 AM

At Registered office at : No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram Dist. Tamilnadu - 603 107

(ii) Financial Year : 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016

(iii) Date of Book Closure : 09.09.2016 to 19.09.2016 (Both Days Inclusive)

(iv) Dividend payment date : Nil

(v) Annual Results : 30<sup>th</sup> May 2016

(vi) Posting of Annual Reports : 26<sup>th</sup> August, 2016

(vii) Last date of receipt of proxy Forms : 48 hrs before AGM

(viii) Listing Fees : Paid to Bombay Stock Exchange for the year 2015-16.

(ix) Address : REGISTERED OFFICE & MILLS  
No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu – 603 107

E mail id : accounts@gemspin.com  
Corporate Office : 78, Cathedral Road, Chennai – 600 086.

(x) Postal Ballot resolutions - Nil

(xi) Listing on Stock Exchange at : Bombay Stock Exchange P.J. Tower, Dalal Street Mumbai - 400 001

#### (xi) STOCK CODE

BSE Ltd.	521133
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#### 9. MONTHLY SHARE PRICE DETAILS AT BSE & NSE DURING THE YEAR 2015-16:

MONTH	BSE		
	HIGH (Rs.)	LOW (Rs.)	NO. OF SHARES TRADED
APRIL – 15	0	0	0
MAY – 15	0	0	0
JUNE – 15	2.50	2.50	200

JULY -15	2.50	2.50	100
AUGUST -15	0	0	0
SEPTEMBER – 15	2.41	2.41	500
OCTOBER -15	0	0	0
NOVEMBER -15	0	0	0
DECEMBER -15	0	0	0
JANUARY – 16	0	0	0
FEBRUARY -16	0	0	0
MARCH – 16	0	0	0

#### 10. SHARE TRANSFER SYSTEM:

Applications for transfer of shares held in physical form are received by the Registrar and Share Transfer Agent Cameo Corporate Services Ltd and all valid transfers are processed and effected immediately from the date of receipt. Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 7 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders. However, the request for share transfers etc. will continue to be considered and approved by the share transfer committee. The Share Transfer Committee generally meets once in a month. There are no pending share transfers as on 31<sup>st</sup> March 2016.

#### 11. SEBI COMPLAINTS REDRESS SYSTEM (SCORES):

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

#### 12. DEMATERIALISATION OF SHARES:

The Company's shares are available for trading in the depository systems of the Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company is INE165F01020. As on 31<sup>st</sup> March, 2016, 90.78% of the Company's total shares are in dematerialized form.

#### 13. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2016:

Number of shares	Number of share holders	Percentage of share holders	Number of shares held	Percentage of share holding
1 - 100	24024	80.82	2402201	3.91
101 - 500	4487	15.09	1281000	2.09
501 - 1000	709	2.39	575000	0.94
1001 - 2000	250	0.84	369600	0.60
2001 - 3000	62	0.21	151400	0.25
3001 - 4000	30	0.10	105700	0.17
4001 - 5000	76	0.26	371799	0.60
5001 - 10000	43	0.14	353800	0.58
10001 & Above	46	0.15	55761490	90.86
<b>TOTAL</b>	<b>29727</b>	<b>100.00</b>	<b>61371990</b>	<b>100.00</b>

#### 14. CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2016:

Category	No. of Shares held	%
Indian Promoters	42443500	69.16
Financial Institutions	12486990	20.35
Bodies Corporate	219200	0.36
Non Resident Indians	NIL	NIL
Indian Public	6201100	10.10
Others	21200	0.03
Total	61371990	100.00

#### 15. RECONCILIATION OF SHARE CAPITAL AUDIT:

A quarterly audit was conducted by a practising company secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31<sup>st</sup> March 2016 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories.

#### 16. PREVENTION OF INSIDER TRADING:

In accordance with the SEBI Regulations as amended, the Company has established a code of conduct for prohibition of insider trading in the company's shares. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations 2015.

#### 17. ADDRESS FOR CORRESPONDENCE:

The Secretary  
Gem Spinners India Limited  
78, Cathedral Road,  
Chennai -600 086.

#### MANAGEMENT DISCUSSION & ANALYSIS

##### A) INDUSTRY PERFORMANCE:

The Indian Textiles Industry plays an important role in the growth of the Indian economy. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country.

During the year, there has been an exceptional slow down for yarn markets globally. Surplus production, uneconomical exports and reduced demand for quality yarn in the domestic market are some of the reasons for the lower performance of the industry. Decision to reduce exports at the present juncture due to the uneconomical prices also aggravated situation due to competition from other developing countries like Indonesia, Vietnam, Bangladesh etc.,

##### B) OUTLOOK:

Industry expects improvement during the current financial year as cotton prices are stabilizing and yarn prices have started improving from the first quarter of the financial year 2016-17. It is hoped the Government of India will intervene with some relief packages to improve the exports. Barring the above situation, the company's performance will be good in the coming years.

##### C) MARKETING:

India is a large supplier of cotton yarn in the world market. Due to

recession in global markets, volume and value of exports have come down significantly. Your company being predominantly into the overseas market, maintain excellent relation with all its overseas customers who have been dealing with the Company over the years by adhering to quality standards, delivery schedules and competitive prices.

#### D) RISKS AND CONCERNS

The Company has devised risk management policy which involves identification of the business risks as well as the financial risks, its evaluation, monitoring, reporting and mitigation measures. The Audit Committee and Board of Directors of the Company periodically review the risk management policy of the company so that the management controls the risk through properly defined network.

#### E) INTERNAL CONTROL AND ITS ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audit, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data for maintaining accountability of assets.

#### F) SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

The Company is in the business of manufacture and export of cotton yarn and grey fabrics and also trade in the same commodity and accordingly trading is considered as a segment.

#### G) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

This has already been reported in Performance and State of Company's Affairs.

#### DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

I, R.Veeramani, Managing Director of the Company, hereby declare that the Board of Directors have laid down a Code of Conduct for its Board Members and Senior Management Personnel of the Company and the Board Members and Senior Manager Personnel have affirmed compliance with the said code of conduct.

For GEM SPINNERS INDIA LIMITED

Place: Chennai  
Date: 29.07.2016

R.Veeramani  
Managing Director  
Din No:00032895

#### CFO CERTIFICATION

**The Board of Directors**  
**Gem Spinners India Limited**  
**78, Cathedral Road,**  
**Chennai - 600 086**

**Dear Members of the Board,**

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing

accounting standards, applicable laws and regulations.

- B. There are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, changes if any, in the design or operation of such internal controls.
- D. We have indicated to the auditors and the Audit committee
  - (1) any significant changes in internal control over financial reporting during the year;
  - (2) all significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) any instances of significant fraud of which we are aware that involve the management or an employee having a significant role in the company's internal control system over financial reporting.

Date: 29.07.2016  
Place: Chennai

**G.Senthilvel**  
Chief Financial Officer

#### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:

We have examined all the relevant records of Gem Spinners India Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the period from April 01, 2015 to November 30, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period December 01, 2015 to March 31, 2016. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate 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.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement / Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has complied with items C, D and E.

For Vijay Sarathy & Co.  
Chartered Accountants  
Firm No. 004695S

P. Srikanth  
Partner

Place: Chennai  
Date: 29.07.2016

Membership No.: 204279

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF M/S. GEM SPINNERS INDIA LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Gem Spinners India Limited ("*the Company*") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone 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 the preparation of these Standalone 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 Standalone 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

## Qualified Opinion

The Company has not provided depreciation for Plant and Machinery during the financial year because of which the profit is overstated by Rs.149.33 Lakhs.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("*the Order*"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 it appears from our examination of those books;
  - c. the Balance Sheet, the 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 aforesaid Standalone financial statements 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 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**".
  - 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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

**For VIJAY SARATHY & CO.**  
**Chartered Accountants**

Firm's registration number: 004695S

P. Srikanth  
Partner

Place: CHENNAI  
Date: 29.07.2016

Membership number:204279

## Annexure " A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of

more than six months from the date on when they become payable.

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except:

Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax	58.60	2004-07, 2008-09, 2010-11 2011-12	CESTAT
Sales Tax	Sales Tax	22.89	2005-06 to 2009-10	Commercial Tax

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of paragraph 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

For VIJAY SARATHY & CO.  
*Chartered Accountants*

Firm's registration number:004695S

P. Srikanth  
*Partner*

Place: CHENNAI

Date: 29.07.2016

Membership number:204279

**Annexure "B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Gem Spinners India Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Gem SPINNERS INDIA LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the "Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining

an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

For VIJAY SARATHY & CO.  
*Chartered Accountants*

Firm's registration number:004695S

P. Srikanth  
*Partner*

Place: CHENNAI

Date: 29.07.2016

Membership number:204279

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

in Rupees

PARTICULARS	NOTE NO.	AS AT 31.03.2016	AS AT 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	306,859,950.00	306,859,950.00
Reserves and Surplus	2	(304,303,777.83)	(306,494,972.84)
<b>NON CURRENT LIABILITIES</b>			
Long Term borrowings		Nil	Nil
Deferred Tax liabilities		Nil	Nil
Other Long term liabilities	3	129,641,779.97	128,720,405.97
		<b>129,641,779.97</b>	<b>128,720,405.97</b>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	4	-	306,531.57
Trade Payables	5	8,262,240.00	11,601,798.26
Other Current liabilities		539,971.00	18,142,829.37
Short-term provisions		593,317.90	1,824,288.90
		<b>9,395,528.90</b>	<b>31,875,448.10</b>
		<b>141,593,481.04</b>	<b>160,960,831.23</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets	6		
Gross Block		806,870,494.94	806,949,445.94
Less: Depreciation		699,236,487.09	697,373,557.37
Net Block		<b>107,634,007.85</b>	<b>109,575,888.57</b>
<b>INTANGIBLE ASSETS</b>			
Capital work-in-progress		Nil	Nil
		Nil	Nil
Deferred Tax Assets(net)		11,629,534.00	11,629,534.00
Long -term Loans and Advances	7	5,940,960.88	5,041,279.88
Other non-current Assets	8	1,935,682.60	3,032,981.60
		<b>19,506,177.48</b>	<b>19,703,795.48</b>
<b>CURRENT ASSETS</b>			
Inventories	9	9,548,810.82	10,015,218.92
Trade Receivables	10	0.00	14,851,742.25
Cash & Bank Balances	11	327,334.08	468,913.20
Other Current Assets	12	4,577,150.81	6,345,272.81
		<b>14,453,295.71</b>	<b>31,681,147.18</b>
		<b>141,593,481.04</b>	<b>160,960,831.23</b>

For and on behalf of the Board

As per our report of even date

**R.Veeramani**  
 Managing Director  
 Din No: 00032895

**PP. Doddanavar**  
 Director  
 Din No: 00960514

**For VIJAY SARATHY & CO**  
 Chartered Accountants  
 Firm Regn. No.: 004695S

Place : Chennai  
 Date : 29.07.2016

**A.Vani**  
 Company Secretary

**G.Senthilvel**  
 Chief Financial Officer

**P. Srikanth**  
 Partner  
 M. No. 204279

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH-2016**

in Rupees

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31.03.2016	FOR THE YEAR ENDED 31.03.2015
<b>REVENUE</b>			
Revenue from operations	13	8,754,539.82	133,551,699.68
Other Income	14	8,905,810.27	95,197,366.04
<b>Total Revenue</b>		<b>17,660,350.09</b>	<b>228,749,065.72</b>
<b>EXPENSES</b>			
Purchases of Stock-in-Trade	15	8,205,928.21	128,842,189.57
Employees benefits expenses	16	1,326,762.00	4,736,124.87
Finance Costs	17	47,739.78	77,795.48
Depreciation and amortization expense	6	1,862,929.72	82,674,694.04
Other expenses	18	4,025,795.36	13,404,181.49
<b>Total Expenses</b>		<b>15,469,155.07</b>	<b>229,734,985.45</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX</b>		<b>2,191,195.02</b>	<b>(985,919.73)</b>
Exceptional items		-	-
PROFIT/ (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX		<b>2,191,195.02</b>	<b>(985,919.73)</b>
Extraordinary Item		-	-
PROFIT/ (LOSS) BEFORE TAX		<b>2,191,195.02</b>	<b>(985,919.73)</b>
Tax Expenses			
Deferred Tax			
PROFIT/(LOSS)FOR THE PERIOD FROM CONTINUING OPERATIONS		<b>2,191,195.02</b>	<b>(985,919.73)</b>
PROFIT/(LOSS)FROM DISCONTINUING OPERATIONS		-	-
TAX EXPENSES OF DISCONTINUING OPERATIONS		-	-
PROFIT/(LOSS)FROM DISCONTINUING OPERATIONS AFTER TAX		-	-
PROFIT/(LOSS) FOR THE PERIOD		<b>2,191,195.02</b>	<b>(985,919.73)</b>
EARNINGS PER EQUITY SHARE			
(1) BASIC		0.04	(0.02)
(2) DILUTED		-	-

For and on behalf of the Board

As per our report of even date

**R.Veeramani**  
 Managing Director  
 Din No: 00032895

**PP. Doddanavar**  
 Director  
 Din No: 00960514

**For VIJAY SARATHY & CO**  
 Chartered Accountants  
 Firm Regn. No.: 004695S

Place : Chennai  
 Date : 29.07.2016

**A.Vani**  
 Company Secretary

**G.Senthilvel**  
 Chief Financial Officer

**P. Srikanth**  
 Partner  
 M. No. 204279



**NOTE 1.**
**SHARE CAPITAL**
**Authorised:**

9,00,00,000 Equity Shares of Rs.5/- each

**Issued,Subscribed & Paidup:**

6,13,71,990 Equity Shares of Rs.5/- each

31.03.2016 Rs.	31.03.2015 Rs.
450,000,000.00	450,000,000.00
306,859,950.00	306,859,950.00

**(A) Reconciliation of Share Capital**

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Shares outstanding at the beginning of the year	61,371,990	306,859,950	61,371,990	306,859,950
Shares issued during the year (Preferential)	---	---	---	---
Shares bought back during the year	---	---	---	---
Shares outstanding at the end of the year	61,371,990	306,859,950	61,371,990	306,859,950

**(B) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

S.No.	Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
		No. of Shared held	% of Holding	No. of Shared held	% of Holding
1	Mr. R. VEERAMANI	12,692,166	20.68	12,692,166	20.68
2	Mr. S.R. ASAITHAMBI	10,174,638	16.58	10,174,638	16.58
3	Mr. R. SEKAR	9,743,348	15.87	9,743,348	15.87
4	Mr. S.R. KUMAR	9,743,348	15.87	9,743,348	15.87
5	IDBI BANK LIMITED	7,565,000	12.33	7,567,500	12.33
6	ICICI BANK LIMITED	4,921,790	8.02	4,921,790	8.02

**NOTE 2**
**RESERVES & SURPLUS**

Share Capital - Reserve

Profit &amp; Loss Account

31.03.2016 Rs.	31.03.2015 Rs.
19,719,617.83	19,719,617.83
(324,023,395.66)	(326,214,590.67)
<b>(304,303,777.83)</b>	<b>(306,494,972.84)</b>
129,641,779.97	128,720,405.97
<b>129,641,779.97</b>	<b>128,720,405.97</b>
-	306,531.57
-	<b>306,531.57</b>
<b>8,262,240.00</b>	<b>11,601,798.26</b>
<b>539,971.00</b>	<b>18,142,829.37</b>
<b>593,317.90</b>	<b>1,824,288.90</b>

**NOTE 3.**
**OTHER LONG TERM LIABILITIES**

Unsecured Loans

**NOTE 4.**
**SHORT TERM BORROWINGS**

IOB &amp; LAKSHMI VILAS BANK

**NOTE 5.**
**TRADE PAYABLES**
**Current Liabilities & Provisions**

Sundry Creditors

**OTHER CURRENT LIABILITES**

Other current liabilities

Short term provisions

**NOTE 6  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	TOTAL AS ON 01.04.2015	ADDITIONS	DELETIONS	TOTAL AS ON 31.03.2016	UP TO 31.03.2015	FOR THE YEAR	DEDUCTION	TOTAL AS ON 31.03.2016	S.L.M. VALUE AS ON 31.03.2016	S.L.M. VALUE AS ON 31.03.2015
	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
1. LAND	9379704.12	67350.00	0.00	9447054.12	0.00	0.00	0.00	0.00	9447054.12	9379704.12
2. BUILDING	68440482.93	0.00	0.00	68440482.93	37561694.08	1084781.65	0.00	38666475.74	29774007.19	30866788.85
3. PLANT & MACHINERY	701731420.74	0.00	0.00	701731420.74	639191995.53	0.00	0.00	639191995.53	62539425.21	62539425.21
4. OFFICE EQUIPMENTS, FURNITURE AND FITTINGS LAPTOP	5292917.52 68500.00	0.00 0.00	0.00 0.00	5292917.52 68500.00	5292917.52 3616.80	0.00 16270.47	0.00 0.00	5292917.52 19887.27	0.00 48612.74	0.00 64883.20
5. VEHICLES	3654956.05	0.00	146301.00	3508655.05	1522115.68	761877.61	0.00	2283993.29	1224661.76	2132840.37
6. MISCELLANEOUS ASSETS	18381464.58	0.00	0.00	18381464.58	13781217.75	0.00	0.00	13781217.75	4600246.83	4600246.83
<b>TOTAL</b>	<b>806,949,445.94</b>	<b>67350.00</b>	<b>146301.00</b>	<b>806,870,494.94</b>	<b>697,373,557.37</b>	<b>1,862,929.73</b>	<b>0.00</b>	<b>699,236,487.10</b>	<b>107,634,007.85</b>	<b>1,095,75888.57</b>

**NOTE 7.**
**LOANS AND ADVANCES**

(Unsecured-considered good)

(Advances recoverable in cash or in kind or for value to be received)

**NOTE 8.**
**OTHER NON-CURRENT ASSETS**

Deposits

**NOTE 9.**
**INVENTORIES**

Stock-Stores

**NOTE 10.**
**TRADE RECEIVABLES**

(Unsecured-considered good)

Less than six months

More than six months

**NOTE 11.**
**CASH & BANK BALANCES**

Cash on Hand

Balances with Scheduled Banks in:

Current Account

Margin Money Account

Others

**NOTE 12.**
**OTHER CURRENT ASSETS**

Prepaid expenses

Income Receivable

**NOTE 13.**
**REVENUE FROM OPERATION**

Sales - Yarn

Trading Export

Sales - Others

**NOTE 14.**
**OTHER INCOME**

Miscellaneous income

**TOTAL REVENUE**
**NOTE 15.**
**TRADING EXPENSES**

31.03.2016 Rs.	31.03.2015 Rs.
5,940,960.88	5,041,279.88
<b>5,940,960.88</b>	<b>5,041,279.88</b>
<b>1,935,682.60</b>	<b>3,032,981.60</b>
9,548,810.82	10,015,218.92
<b>9,548,810.82</b>	<b>10,015,218.92</b>
0.00	14,851,742.25
-	-
<b>0.00</b>	<b>14,851,742.25</b>
1,149.05	124,007.00
68,417.03	87,138.20
257,768.00	257,768.00
<b>327,334.08</b>	<b>468,913.20</b>
86,462.00	295,140.00
4,490,688.81	6,050,132.81
<b>4,577,150.81</b>	<b>6,345,272.81</b>
8,754,539.82	133,551,699.68
<b>8,754,539.82</b>	<b>133,551,699.68</b>
8,905,810.27	95,197,366.04
<b>8,905,810.27</b>	<b>95,197,366.04</b>
<b>17,660,350.09</b>	<b>228,749,065.72</b>
31.03.2016 Rs.	31.03.2015 Rs.
<b>8,205,928.21</b>	<b>128,842,189.57</b>

**NOTE 16.  
EMPLOYEES BENEFITS EXPENSES**

Salaries and Wages  
Staff Welfare  
Contribution to Funds

**NOTE 17.  
FINANCE COSTS**

Interest on hire purchase  
Bank Charges

**NOTE 18.  
OTHER EXPENSES**
**Other Manufacturing Expenses**
**Power and Fuel**

Electricity charges

**Administrative, Selling & Other Expenses**

Insurance  
Communication Charges  
Rates and Taxes  
Donation  
Travelling & Conveyance  
Audit Fees  
Miscellaneous Expenses

**Total Other Expenses**

31.03.2016 Rs.	31.03.2015 Rs.
1,219,293.00	4,398,180.87
15,222.00	119,134.00
92,247.00	218,810.00
<b>1,326,762.00</b>	<b>4,736,124.87</b>
43,314.00	32,166.00
4,425.78	45,629.48
<b>47,739.78</b>	<b>77,795.48</b>
-	-
-	-
875,043.00	8,949,606.00
220,535.00	140,910.00
33,193.00	85,199.70
17,700.00	95,121.00
2,002.00	2,002.00
84,095.00	202,548.00
114,000.00	137,080.00
2,679,227.36	3,791,714.79
<b>3,150,752.36</b>	<b>4,454,575.49</b>
<b>4,025,795.36</b>	<b>13,404,181.49</b>

For and on behalf of the Board

**R.Veeramani**  
Managing Director  
Din No: 00032895

Place : Chennai  
Date : 29.07.2016

**A.Vani**  
Company Secretary

**PP.Doddanavar**  
Director  
Din No: 00960514

**G.Senthilvel**  
Chief Financial Officer

As per our report of even date

**For VIJAY SARATHY & CO**  
Chartered Accountants  
Firm Regn. No.: 004695S

**P.Srikanth**  
Partner  
M. No. 204279

**NOTE 19****NOTES FORMING PART OF ACCOUNTS****1. CORPORATE PROFILE:**

Gem Spinners India Limited was incorporated as a Public Limited Company on 18<sup>th</sup> October 1990. The Company's shares are listed in Bombay Stock Exchange.

The Company has set up a plant for the Manufacture of Cotton yarn and Grey Fabrics at No.14 Mangalam Village, Kancheepuram District, Tamil Nadu.

**2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

- i) The financial statements have been prepared under the historical cost concept and in accordance with Generally Accepted Accounting Policies, the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and relevant provisions of Companies Act, 2013, as adopted consistently by the Company.
- ii) The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- iii) All inventories and stores & spares are valued at cost or net realizable value whichever is lower.

**3. USES OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future period.

**4. FIXED ASSETS**

- i) Tangible fixed assets are stated at cost of acquisition (net of CENVAT/VAT wherever applicable) less accumulated depreciation/amortization and impairment losses if any, except free hold land which is carried at cost less impairment losses if any. The cost comprises purchase prices, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditure relating to an item of fixed asset is added to its book value only if it increases the future benefits from the asset beyond its previous assessed standard of performance. All other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss for the period as and when they occur.
- ii) Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 2013.
- iii) Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognized in the statement of profit and loss.

**5) INVENTORIES**

Stores and Spares are valued at cost.

**6) REVENUE RECOGNITION****i) SALES OF GOODS**

Revenue is recognized to the extent that is probable that the economic benefits will flow to the

company and the revenue can be reliably measured. Sale of products is recognized when the significant risk and reward of ownership of the goods have been passed to the buyer. Sale value excludes excise duty, education cess, secondary and higher education cess, CST and VAT.

**ii) INTEREST:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**iii) Export Benefits:**

Export entitlements in the form of Duty Drawback and other schemes are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**7) BORROWING COST**

Borrowing Costs directly attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets as per Accounting Standard 16. All other borrowing costs are charged to revenue.

**8) DEPRECIATION**

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 2013 except Plant & Machinery based on useful life ascertained for such asset.

**9) EMPLOYEE BENEFITS****SHORT TERM**

Short term employee benefits viz., salaries and wages are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.

**LONG TERM POST RETIREMENT****PROVIDENT FUND**

Provident Fund is a defined contribution scheme and the contributions is recognised as an expenses in the Profit & Loss Account for the year in which the employees have rendered services. The company contributes to provident fund administered by the Government on a monthly basis at 12% of employees basic salary. There are no other obligation other than the above defined contribution plan.

**STATE DEFINED CONTRIBUTION PLANS****EMPLOYEES' Pension Scheme 1995**

The Provident Fund and the State Defined Contribution Plans are operated by the Regional Provident Fund Commissioner.

**GRATUITY**

Gratuity is a defined benefit retirement plan. The Company contributes to the Scheme with Life Insurance Corporation of India based on actuarial valuation done by them as at the close of the financial year.

## LEAVE ENCASHMENT

The Company normally allows its employees to utilize the leave.

## 10) FOREIGN CURRENCY TRANSACTION

Foreign Currency Transactions are recorded at the rate of exchange prevailing on the date of the transaction. Exchange differences arising on actual payment / realisation referred are adjusted in the statement of profit & loss.

## 11) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as result of past events and it is probable that there will be outflow of resources.
- Contingent Liabilities (Service Tax & Sales Tax): Rs.81.49 Lakhs (Rs.70.02 Lakhs)
- Contingent Assets are not recognised.

## 12) SEGMENT REPORTING :

The Company is engaged in the business of manufacture and export of cotton yarn and grey fabrics and also trade in the same commodity and accordingly trading is considered as a segment.

## 13) IMPAIRMENT :

Consideration is given at each balance sheet to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds recoverable amount.

## NOTE NO. 20

### OTHER DISCLOSURES AND ADDITIONAL INFORMATION AS PER REQUIREMENTS IN REVISED SCHEDULE III OF THE COMPANIES ACT 2013

#### (A) OTHER DISCLOSURES

##### 1. EMPLOYEE BENEFIT PLANS

As per Accounting Standard 15, Employee Benefit, the disclosure of employees benefits are given below:

Rs.

S.No	Particulars	2015-16	2014-15
a)	Contribution to Provident Fund		
b)	Contribution to employees' pension scheme 1995	35220	84724
		57027	134086

S.No	Particulars	Gratuity
		2015-16
i)	Discount Rate (Per annum)	8%
ii)	Rate of increase in compensation Levels	5%
iii)	Rate of return on Plan Assets	8%
iv)	Expected Average remaining working Lives of employees in no of years	58 yrs

4. The debit and credit balances of parties are subject to confirmation.

5. In the absence of taxable income as per the provisions of the Income Tax Act, 1961, no provision has been made for taxation in the accounts.

6. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as the year end together with interest paid / payable as required under the said Act have not been given.

7. Disclosures in respect of provisions pursuant to Accounting standard – 29

Rs.in Lakhs

Particulars	Opening Balance 01.04.2015	Provided during the Year	Utilized During the Year	Reversed During the Year	Closing Balance 31.03.2016
Service Tax	58.60	Nil	Nil	Nil	58.60
Sales Tax	11.42	11.47	Nil	Nil	22.89

8. Interest on others in Schedule – 12 is net of interest income of Rs. 0.45 Lakhs (Rs.1.17 Lakhs)

## 9. Disclosure under Accounting Standard 17 – SEGMENT REPORTING

Segment Reporting for the year ended 31.03.2016		(Rs. in Lakhs)	
S. No	Particulars	Year Ended on 31.03.2016	Year Ended on 31.03.2015
<b>1</b>	<b>Segment Revenue / Income</b>		
	a. Mill	0	0
	b. Trading	87.54	1335.52
	Total	<b>87.54</b>	<b>1335.52</b>
<b>2</b>	<b>Segment Results</b>		
	a. Mill	(291.16)	(1008.13)
	b. Trading	5.48	47.10
	Total	<b>(285.68)</b>	<b>(961.03)</b>
	Add: Unallocable Income	49.78	951.96
	Less: Interest – Unallocable Expenditure	0.48	0.79
	Tax [(including - FBT) / (+) Deferred Tax]	0.00	0.00
	Prior year Excess provision of interest written back	<b>0.00</b>	<b>0.00</b>
		<b>21.91</b>	<b>(9.86)</b>
<b>3</b>	<b>Capital Employed</b> (Segment Assets - Segment Liabilities)		
	a. Mill	<b>(35.30)</b>	<b>(1.94)</b>
	b. Trading	Nil	Nil

10. Loans and Advances for the year under report from the Group Company is Nil.

11. Earnings Per Share:

(Rs. in Lakhs)

Particulars		2015 - 16	2014 -15
Net Profit/Loss as disclosed in Profit & Loss Account		21.91	(9.86)
Net Profit/Loss attributable to the Equity shareholders		21.91	(9.86)
Weighted average Equity Shares			
Basic and diluted Earnings Per Share	Nos	61371990	61371990
(face value of Rs.5 each)			
Before Exceptional Items		(0.14)	(1.53)
After Exceptional Items		0.04	(0.02)

12. As per the Accounting Standard 18 – Related Party Transaction:

The list of the related parties as identified by company are as under:

Key Managerial Personnel:

Name of the related party	Description	Nature of Transaction	Amount (Rs. in lakhs)
Mr.R.Veeramani	Managing Director	Sitting fee	0.12
Mrs.A.Vani	Company Secretary	Salary	3.07
Mr.G.Senthilvel	Chief Financial Officer	Salary	3.30

For and on behalf of the Board

**R.Veeramani**  
Managing Director  
Din No: 00032895

Place : Chennai  
Date : 29.07.2016

**A.Vani**  
Company Secretary

13. AUDITORS' REMUNERATION

(Rs. in Lakhs)

Particulars	2015 - 16	2014 - 15
Statutory Audit Fees	1.14	1.37
Certification	Nil	Nil

14. Additional Information as required in Revised Schedule III of the Companies Act, 2013.

Rs.in Lakhs

PARTICULARS	2015 - 16	2014 - 15
1) Sales, Production & Stocks	Nil	Nil
2) Traded Good (Cotton Yarn)		
a) Purchase	80.97	1241.11
b) Sales	85.01	1300.64
3) Raw Material Consumed	Nil	Nil
4) Value of Imports - CIF	Nil	Nil
5) Value of Consumption – Stores, Spares & Packing Materials	Nil	Nil
6) Expenditure on Foreign Currency		
a) Commission	1.73	22.14
b) Travel	Nil	Nil
7) Earnings in Foreign Exchange Export of Goods in FOB value	85.01	1300.64

15. The Company has obtained loan as follows:

From Directors – Interest free.  
Sundaram Finance car loan – 11.38%

16. Previous years' figures have been regrouped and rearranged wherever necessary so as to confirm the current years' presentation. Figures in brackets represent previous years' figures.

As per our report of even date

**PPDoddanavar**  
Director  
Din No: 00960514

**G.Senthilvel**  
Chief Financial Officer

**VIJAY SARATHY & CO**  
Chartered Accountants  
Firm Regn No: 004695S

**PSrikanth**  
Partner  
Membership No: 204279

**CASH FLOW STATEMENT**

Particulars		For the year ended 31st March 2016	For the year ended 31st March 2015
<b>A. Cash Flow from operating activities</b>			
Profit/(Loss) for the year		2191195.02	-985919.73
Adjustments for :			
Depreciation		1862929.72	82674694.04
Interest and Finance		47739.78	77795.48
Deferred expenses written off		0.00	0.00
Less : Interest/Dividend Income		0.00	0.00
Operating Profit before Working Capital Changes	<b>A</b>	4101864.52	81766569.79
Adjustments for :			
Inventories		0.00	0.00
Loans and Advances		1408072.00	-3139638.00
Other Current Assets		3331829.10	2417750.11
Miscellaneous Expenditure		0.00	0.00
Debtors		12543989.25	-452198.32
Current Liabilities		-21558545.20	-84843066.92
	<b>B</b>	-4274654.85	-86017153.13
Cash generated from Operations (A+B = C)	<b>(A+B = C)</b>	-172790.33	-4250583.34
Interest and Finance Charges	<b>D</b>	-47739.78	-77795.00
Net Cash from Operating Profit	<b>(C-D = E)</b>	-220530.11	-4328378.34
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets		78951.99	-708906.00
Interest received		0.00	0.00
Bank Deposits		0.00	2000.00
Net Cash used in investing activities		78951.99	-706906.00
<b>C. Cash Flow from financing activities</b>			
Preferential Issue of Shares to Financial Institutions		0.00	0.00
Proceeds from long term borrowings		0.00	0.00
Proceeds from short term borrowings		0.00	0.00
Net Cash used in Financing Activities		0.00	0.00
Net increase in cash and cash equivalents		-141578.12	-5035284.34
Cash and cash equivalents as at 31.3.2014 (Opening Balance)		211145.20	5246429.60
Cash and Cash equivalents as at 31.3.2015 (Closing Balance)		69567.08	211145.20

For and on behalf of the Board

As per our report of even date

**R.Veeramani**  
 Managing Director  
 Din No: 00032895

**PP. Doddanavar**  
 Director  
 Din No: 00960514

**For VIJAY SARATHY & CO**  
 Chartered Accountants  
 Firm Regn. No.: 004695S

 Place : Chennai  
 Date : 29.07.2016

**A.Vani**  
 Company Secretary

**G.Senthilvel**  
 Chief Financial Officer

**P. Srikanth**  
 Partner  
 M. No. 204279



**GEM SPINNERS INDIA LIMITED**

No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu – 603 107.

**FORM NO. MGT 11****PROXY FORM**

NAME OF THE COMPANY : GEM SPINNERS INDIA LIMITED CIN: L17111TN1990PLC019791  
 REGISTERED OFFICE : 14, MANGALAM VILLANGE, MADHURANTHAGAM TALUK,  
 : KANCHEEPURAM DISTRICT, TAMIL NADU  
 E-MAIL ID : secretarial@gemspin.com Telephone: 044 28110366

I/We being the member(s) holding \_\_\_\_\_ shares of the above named Company hereby appoint

1. Name \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E.Mail.ID : \_\_\_\_\_  
 Signature : \_\_\_\_\_ Or failing him/her

2. Name \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E.Mail.ID : \_\_\_\_\_  
 Signature : \_\_\_\_\_ Or failing him/her

3. Name \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E.Mail.ID : \_\_\_\_\_  
 Signature : \_\_\_\_\_ Or failing him/her

as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 26th Annual General Meeting of the Company, to be held on Monday, the 19th September, 2016 at 10.30 a.m at "No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu and at any adjournment thereof in respect of such Resolutions, in the manner as indicated below:

Resolution No.	Description	Optional	
		For	Against
	Ordinary Business		
1.	Adoption of Audited Financial Statements for the year ended 31st March, 2016.		
2.	Re-appointment of Mr.S.Gopal as Director who retires by rotation		
3.	Appointment of M/s.Vijay Sarathy & Co, Chartered Accountants, Chennai as Statutory Auditors and fixing their remuneration		
	Special Business		
4.	Appointment of Mr.R.Veeramani as an Managing Director for a term of three consecutive years		
5.	Borrowing power under Section 180(1)(c) of the Companies Act, 2013.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Affix  
Re. 1 Revenue  
Stamp

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder: \_\_\_\_\_

**Note:**

1. This form of proxy, in order to be effective, should be duly completed and deposited at the Corporate Office of the company at 78, Cathedral Road, Chennai – 600 086 not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Note, Please refer to the Notice of the 26<sup>th</sup> AGM.
3. It is optional to put ✓ in the appropriate column against the Resolution indicated in the Box. If you leave the “For” or “Against” column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.
5. Members may note that a person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the voting share capital of the company provided that such person shall not act as a Proxy for any other person.



## GEM SPINNERS INDIA LIMITED

CIN: L17111TN1990PLC019791

Registered Office: No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu – 603 107.

Email: secretarial@gemspin.com Phone: 044 2811 5190.

### ATTENDANCE SLIP

I hereby record my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company being held at No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu – 603 107 on Monday, the September 19,2016 at 10.30 a.m.

Member's Folio / DP ID Client ID No.

Member's/Proxy's name in Block Letters

Member's / Proxy's Signature

#### Note:

- Members attending the meeting in person are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.
- The Company is offering electronic voting facility to its members in respect of ordinary / special business to be transacted at the ensuing AGM, pursuant to provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014.

## GEM SPINNERS INDIA LIMITED

No.14, Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu – 603 107

### Ballot Paper

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

Name of the Company:

Registered Office:

S.No	Particulars	Details
1.	Name of the First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialised form)	
4.	Class of Share	

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 manners:

S.No	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
	Ordinary Business			
1.	Adoption of Audited Financial Statements for the year ended 31st March, 2016.			
2.	Re-appointment of Mr.S.Gopal as Director who retires by rotation			
3.	Appointment of M/s.Vijay Sarathy & Co, Chartered Accountants, Chennai as Statutory Auditors and fixing their remuneration			
	Special Business			
4.	Appointment of Mr.R.Veeramani as Managing Director for a term of three consecutive years			
5.	Borrowing power under Section 180(1)(c) of the Companies Act, 2013.			

Place:

Date:

(Signature of the Shareholder)

**REGD. BOOK POST**

**To**

If undelivered, please return to:

**GEM SPINNERS INDIA LIMITED**

No.14, Mangalam Village,

Madhuranthagam Taluk,

Kancheepuram District,

Tamil Nadu – 603 107