

**GEM SPINNERS INDIA LIMITED**

**TWENTY SECOND ANNUAL REPORT**

**2011 - 2012**



**BOARD OF DIRECTORS**

Mr.R.VEERAMANI  
Chairman & Managing Director

**Directors**

Mr.S.R.ASAITHAMBI  
Mr.P.P.DODDANAVAR  
Mr.K.M.LAL  
Mr.S.MURALIKRISHNAN

---

---

**CONTENTS**

	Page No.
Notice	2
Directors' Report	4
Corporate Governance	6
Management Discussion & Analysis	11
Auditor Report	13
Balance Sheet	16
Profit and Loss Account	17
Notes	18
Balance Sheet Abstract	29
Cash Flow Statement	30

---

---

**Executive Director**

Mr.A.M.DURAIRAJ

**Company Secretary**

Ms.A.VANI

**AUDITORS**

M/s.VIJAI SARATHY & CO.  
Chartered Accountants,  
18-A, Rajamannar Street,  
T.Nagar, Chennai – 600 017.

M/s. CNGSN & ASSOCIATES  
Chartered Accountants

New No.20, Old No.13, Raja Street ,  
T.Nagar, Chennai – 600 017.

**COST AUDITOR**

M/s.R.KRISHNAN & CO.  
Coimbatore.

**BANKERS**

INDIAN OVERSEAS BANK  
STATE BANK OF INDIA

**REGISTERED OFFICE & MILLS**

14, Mangalam Village, Madhuranthagam Taluk  
Kancheepuram District, Tamil Nadu – 603 107.

**CORPORATE OFFICE**

78, CATHEDRAL ROAD, CHENNAI – 600 086.

**REGISTRARS & TRANSFER AGENTS**

CAMEO CORPORATE SERVICES LTD.  
"Subramanian Building", 1, Club House Road,  
Chennai – 600 002.

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the shareholders of GEM SPINNERS INDIA LIMITED, Chennai will be held on the Tuesday, the 18th September 2012 at 10.30 a.m. at No.14 Mangalam Village, Maduranthagam Taluk, Kancheepuram District, Tamil Nadu to transact the following business.

**ORDINARY BUSINESS:**

1. To consider and adopt the Balance Sheet as at 31st March 2012, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. S.R.Asaithambi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Vijai Sarathy & Co. Chartered Accountants, Chennai and M/s. CNGSN & Associates, Chartered Accountants, Chennai as Auditors of the company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For Gem Spinners India Ltd

Place : Chennai - 600 086  
Date : 06.08.2012

A. Vani  
Company Secretary

**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF** and such proxy need not be a member of the Company. A proxy in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members of the Company shall remain closed from 11.09.2012 to 18.09.2012 (Both days inclusive).
3. The shares of the Company have been admitted for dematerialization with Central Depository Services (India) Limited with effect from 12th February 2003. Members of the Company desirous of getting their shares dematerialized can approach a depository participant registered with Central Depository Services (India) Limited. The ISIN Number is INE165F01020.
4. Members are requested to notify any change in their address to the Registrar and Share Transfer agents of the Company M/s. Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai 600 002.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. The Members / Proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting. Members / Proxy holders in respect of dematerialized shares are requested to bring their DP id and Client id for recording their attendance.
7. The Securities and Exchange Board of India (SEBI) has made it mandatory for shareholders to furnish copy of their PAN card to the Company / RTA for registration of transfer of shares. This is applicable to every transfer of shares transacted in the securities market irrespective of the amount of such transactions.

By Order of the Board  
For Gem Spinners India Ltd

Place : Chennai - 600 086  
Date : 06.08.2012

A. Vani  
Company Secretary

## Details of re-appointment / appointment of Directors as per Clause 49 of the Listing Agreement.

Mr.S.R.Asaithambi is retiring by rotation and being eligible offers himself for reappointment.

The information / details to be provided in respect of the above said Director under Corporate Governance code are as under:

Name	Qualification	Brief Resume and Area of Expertise	Other Directorship	Company Name
1.Mr.S.R.Asaithambi	Metric	He has got wide Experience in the Granite industry. He has also got high pragmatic exposure on present trends in textile industry.	15	Gem Sugars Limited Gem Holiday Resorts Limited Stone Wonders (India) Limited Gem Global Trade Limited Gem Energy Industries Limited Gem Leathers Limited Gem Granites Private Limited Imperial Granites Private Limited Gem Stone Beach Resorts (P) Limited Celia Leather (P) Limited Gem Graphites (P) Limited Balaji Bonded Brake Linings (P) Ltd Imperial Tiles Private Limited Gem Agro Industries Limited Gem Earth Treasures Private Limited

## DIRECTORS' REPORT FOR THE YEAR 2011 – 2012

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report on the performance of our Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31.03.2012.

### Financial Results

Particulars	2011-12	2010-11
	Rs. in Lakhs	Rs. in Lakhs
SALES		
Export	3266.46	6849.39
Domestic	335.70	1953.49
Waste	19.49	357.36
<b>Total</b>	<b>3621.65</b>	<b>9160.24</b>
Operating Profit/ (Loss)	(71.18)	307.38
Less: Financial Charges	295.42	285.16
Gross Profit/ (Loss)	(366.60)	22.22
Less : Depreciation	29.05	256.25
Loss before Tax	395.65	234.03
Less : Prior years excess provision of interest written back	----	170.16
Less : Deferred Tax Liability / Asset	----	37.41
<b>Net (Loss) / Profit</b>	<b>(395.65)</b>	<b>(26.46)</b>

### Review of Operations

Your company has achieved a Turnover of Rs.3621.65 Lakhs (Trading Rs.2551.16 Lakhs) during the year under review as against Rs.9160.24 Lakhs (Trading Rs.4317.09 Lakhs) in the previous year. The 60.46% reduction in turnover as compared to last year is due to continued power cut in Tamil Nadu since October 2008 and its impact is full during the year under report also. The Operating Loss was of the order of Rs.71.18 Lakhs as compared to the previous year Profit of Rs.307.38 Lakhs.

Your Directors have to report a Net Loss of Rs.395.65 Lakhs for the year under report as against a Net Loss of Rs.26.46 Lakhs during the previous year.

### Dividend

In view of the insufficiency of the profits earned by the Company during the year, your directors are not in a position to recommend any dividend.

### Statutory Statements:

As per the requirements of Sec. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report.

### Particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act 1956

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company as none of the employees was in receipt of remuneration in excess of Rs.5,00,000 p.m.

As required under Section 217(2AA) of the Companies Act 1956, the Directors' Responsibility Statement is enclosed in Annexure II to this Report.

### Directors

Under Article 110 of the Articles of Association of the Company, Mr. S.R.Asaithambi to retire at this Annual General Meeting and being eligible offers himself for reappointment.

### Deposits

Your Company has not accepted any deposit from the Public during the year under review.

### Auditors

M/s. Vijai Sarathy & Co., and M/s. CNGSN & Associates, Auditors of the company retire at this Annual General Meeting and being eligible, offer themselves for reappointment.

### Acknowledgement:

The Directors wish to place on record their appreciation for the assistance received from IOB, SBI, State and Central Government Authorities. The Directors also wish to acknowledge the active co-operation extended by workers and staff at all levels.

On behalf of the Board

Place : Chennai - 600 086  
Date : 06.08.2012

R. Veeramani  
Chairman & Managing Director

## ANNEXURE I TO THE DIRECTORS' REPORT

Additional Information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### 1. A. Conservation of Energy

#### FORM A

Form for Disclosure of Particulars with respect to conservation of Energy

A.	Power & Fuel Consumption	2011-2012	2010-2011
<b>1.</b>	<b>Electricity</b>		
	a. Purchased Units	976980	9848070
	Total amount (Rs.)	11142349	47451185
	Rate / Unit Rs.	11.40.	4.82
	<b>b. Own Generation</b>		
	(i) Through Diesel Generator Units		0
	Total Amount (Rs.)		0.00
	Cost per Unit (Rs.)		0.00
	(ii) Through Steam		
	Turbine/Generator		
	Units		
	Units per litre of fuel oil / gas		
	Cost per Unit (Rs.)		
<b>2.</b>	<b>Coal</b>		--
	Quantity (tonnes)		
	Total Cost		
	Average Rate		
<b>3.</b>	<b>Furnace Oil / L.S.H.S</b>		--
	Quantity (tonnes)		
	Total Cost		
	Average Rate		
<b>4.</b>	<b>Others / Internal Generation</b>		--
	Generation		
	Quantity (tonnes)		
	Total Cost		
	Average Rate		
<b>B.</b>	<b>Consumption per unit of Production</b>		--
	1. Electricity (KWH)	N.A	4.38
	(Yarn & Knitted Fabric (per KG))		
	2. Furnace Oil / L.S.H.S		
	Yarn (per KG)		
	3. Coal (M.T)		
	Yarn (per KG)		
	4. Others per KG		

#### FORM B

Form for Disclosure of Particulars with respect to Technology Absorption

### Research & Development (R & D)

#### 1. Specific areas in which R&D carried out by the Company

Fiber and Yarn

#### 2. Benefits derived as a result of the above R&D

Optimum utilization of fiber and its parameters

#### 3. Future Plan of Action

Extension of R&D activities till knitted fabrics to ensure saving of raw materials, machinery usage and energy

#### 4. Expenditure on R & D

Separate account has not been maintained

### Technology Absorption, Adoption and Innovation

#### 1. Efforts made towards Technology Absorption and Innovation

Technology which was obtained from world leaders on machinery design, has been fully absorbed.

#### 2. Benefits derived as a result of the above

a. Optimum use of raw material

b. Ability to spin yarn of international standard

c. Safety for the workers and better environment with references to noise and pollution

#### 3. Details about import of technology during the last five years

Not Applicable

#### 2. Foreign Exchange Earnings and Outgo :

i) Activity relating to exports:

Cotton Yarn and Knitted Fabric exports

ii) Initiative taken to increase exports:

Being in constant touch with the foreign buyers and their agents.

Arranging for the visits of the buyers to the mills to convince them about the most modern machines installed.

### 3. Development of new export markets for products and services:

- i) The company is corresponding with Indian Embassies and Trade Bodies abroad to get the addresses of prospective buyers.
- ii) Visits by Directors and executives abroad to build up new contacts

### 4. Total foreign exchange used and earned:

(Rs. In Lakhs)

Particulars	2011-12	2010-11
i) CIF value of imports (Raw material, Spares & Capital goods)	Nil	48.17
ii) Expenditure in foreign currency (Travel and Commission)	102.64	108.22
iii) Foreign exchange earned	3195.69	6714.14

On behalf of the Board

Place : Chennai - 600 086 R. Veeramani  
Date : 06.08.2012 Chairman & Managing Director

On behalf of the Board

Place : Chennai - 600 086 R. Veeramani  
Date : 06.08.2012 Chairman & Managing Director

## CORPORATE GOVERNANCE

### 1. A BRIEF STATEMENT ON 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.

### 2. 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, One Non-Executive and Three Non-Executive independent Directors as on 31.03.2012.

## Annexure II

### Directors' Responsibility Statement (Pursuant to Section 217 (2AA) of the Companies Act 1956)

#### Your Directors report that:

- ▶ In the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures.
- ▶ The accounting policies selected by them have been applied consistently, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 and loss of the Company for the year 31st March 2012.
- ▶ They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ▶ The Annual accounts have been prepared on a going concern basis.



Name of the Director	Category	No. of Other Directorships and Committee Memberships excluding Pvt. Ltd. Cos. & (Excluding this Company)			
		Other Directorship		Committee Membership	
		As Chairman	As Member	As Chairman	As Member
Mr. R. Veeramani	Chairman & Managing Director	1	20	Nil	Nil
Mr. S.R. Asaithambi	Non – Executive Director	Nil	15	1	1
Mr. P.P. Doddanavar	Independent Director	Nil	4	2	Nil
Mr. K.M.Lal	Independent Director	Nil	10	Nil	2
Mrs.Radha Sridhar	Nominee Director IDBI	Nil	Nil	Nil	1
Mr.S.Muralikrishnan	Independent Director	Nil	13	Nil	Nil

Mrs.Radha Sridhar resigned from the Board on 21.12.2011

### Attendance Record of the Directors

Director	No. of Meetings		Attended last AGM on 09.08.11
	Held	Attended	
Mr. R. Veeramani	4	4	Yes
Mr. S.R. Asaithambi	4	4	Yes
Mr. P.P. Doddanavar	4	4	No
Mr. K.M. Lal	4	4	No
Ms.Radha Sridhar	4	Nil	No
Mr.S.Muralikrishnan	4	1	No

### Number of Board Meetings held, dates on which held:

Date of Board Meeting	Place / City	No. of Directors present
27.05.2011	Chennai	4
08.08.2011	Chennai	4
14.10.2011	Chennai	4
09.02.2012	Chennai	4

### Board Committees:

The Board of Directors of the Company have set up Committees to carry out various functions, as entrusted, and give the suitable recommendations to the Board on the significant matters, from time to time.

### Mandatory Committees :

- a. Audit Committee
- b. Shareholders'/Investors Grievance Committee

### Optional Committees:

- a. Remuneration Committee
- b. Finance Committee

The composition, scope and details of the aforesaid Committees are given as under :

The Audit Committee consists of Mr. P.P. Doddanavar as Chairman and Mr. K.M. Lal, Ms. Radha Sridhar, Mr. S. Muralikrishnan as members and Ms.A.Vani as the Member Secretary

Date of Meetings:

27.05.2011, 08.08.2011, 14.10.2011 & 09.02.2012

Name	Designation	No. of Meetings attended
Mr. P.P. Doddanavar	Chairman	4
Ms. Radha Sridhar	Member	Nil
Mr.K.M.Lal	Member	4
Mr.S.Muralikrishnan	Member	Nil

Ms.A.Vani, Company Secretary, is the Secretary of the Audit Committee.

### Terms of reference 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.

**Prevention of Insider Trading:**

The Audit Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations 1992. The Board has designated Ms.A.Vani as Compliance Officer.

**Risk Management**

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.

The Board has delegated the power of Share Transfer to Registrar & Share Transfer Agent, who processes the transfers. The Committee also looks after redressal of investors' grievances and performances of the Registrar and Transfer Agent of the Company.

Name	Designation	No. of Meetings held	No. of Meetings Attended
Mr. S.R. Asaithambi	Chairman	18	18
Mr. R. Veeramani	Member	18	18

Ms.A.Vani, Company Secretary, is the Compliance Officer

**3. Remuneration Committee**

Name	Designation
Mr. P.P.Doddanavar	Chairman
Mr.S.R.Asaithambi	Member
Mr.K.M.Lal	Member

There were no meetings of the remuneration committee during the year.

**REMUNERATION OF DIRECTORS**

Remuneration of Executive Director is recommended by the Remuneration committee and approved by the Board of Directors and the Shareholders of the Company.

Non-Executive Directors were paid a sitting fee of Rs.3000/- for each Board Meeting attended by them

There is no pecuniary relationship or transactions by Non-executive Directors with the Company.

The details of the Remuneration paid to the Directors for the financial year 2011 – 2012 are given below

\*Ms.Radha Sridhar was resigned from the Board on 24.12.2011

**The details of the Remuneration paid to the Directors for the financial year 2011 – 2012 are given below**

Director	Relation with other Director	Business Relationship With the Co. If any	Remuneration paid During April 11 – March 12			
			Sitting Fees (Rs.)	Salary & Perks (*) Commn. (Rs.)	Commn Paid (Rs.)	Total (Rs.)
Mr. R. Veeramani	} Brothers	Promoter	Nil	1500000	Nil	1500000
Mr. S.R. Asaithambi		Promoter	12000	Nil	Nil	12000
Mr. P.P. Doddanavar	Nil	Independent Director	12000	Nil	Nil	12000
Mr. K.M.Lal	Nil	Independent Director	12000	Nil	Nil	12000
Mr.S.Muralikrishnan	Nil	Independent Director	Nil	Nil	Nil	Nil
Ms.Radha Sridhar	Nil	Nominee Director	Nil	Nil	Nil	Nil

## Number of Shares held by Directors

Name of the Director	No. of Shares held
Sri.R.Veeramani, Chairman & Managing Director	6699200
Sri.S.R.Asaitambi, Director	5369900

## 4. GENERAL BODY MEETINGS

General Body Meeting	Date	Venue	Time	Special Resolution passed AtAGM
AGM for the year 31.3.2011	09.08.2011	14 Mangalam Village Kancheepuram Dist.	11.00 a.m	Yes *
AGM for the year 31.3.2010	24.09.2010	14 Mangalam Village Kancheepuram Dist.	11.00 a.m	Yes *
AGM for the year 31.3.2009	09.09.2009	14 Mangalam Village Kancheepuram Dist.	11.00 a.m	Yes *

\*The Company has passed a special Resolution by way of appointment of Auditors of the Company under section 224A of the Companies Act.

## 5. DISCLOSURES

### a) Related party transaction:

- During the year, the Promoters have brought in as unsecured loan of Rs. 148.71 Lakhs towards working capital purpose.
- During the year under report Rs. 10 crores was transferred from unsecured loan to share application money for capitalisation.

### 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) Disclosure on accounting treatment:

No differential treatment from the Accounting Standard was followed in the preparation of the financial statements.

### d) Whistle Blower Policy:

Presently the Company does not have a Whistle Blower Policy. No employee has been denied access to approach the Audit Committee to report any serious concerns.

- e) The Company has complied with all the mandatory requirements of Clause 49 of the listing agreement and the extent of compliance of the non-mandatory requirements is given in the end of this report.

## 6. Means of communication

Half yearly and quarterly results:

- Financial reporting for the quarter ending June 30, 2011: 08.08.2011
- Financial reporting for the half year ending Sep 30, 2011: 14.10.2011
- Financial reporting for the quarter ending Dec.31, 2011: 09.02.2012
- Financial reporting for the quarter ending Mar 31, 2012: 30.05.2012
- Annual General Meeting for the year ending Mar 31, 2012: 18th September 2012

The quarterly results are published in News Today and Makkal Kural.

No presentation has been made to International Investors or to the Analysts

## 7. General Shareholder Information

AGM Date, time and venue : 18th September 2012 10.30 a.m.

At Registered office :

at 14, Mangalam Village  
Maduranthagam Taluk,  
Kancheepuram Dist.  
Tamilnadu - 603 107

Financial Year : 1st April to 31st March

Date of Book Closure : 11.09.2012 to 18.09.2012  
(Both Days Inclusive)

Dividend payment date : Nil

Listing on Stock Exchange at: Madras Stock Exchange Ltd  
(Listing Fees for equity paid upto 31.3.2012)

Exchange Building, Post Box  
No.183, 11, Second Line Beach  
Chennai - 600 001  
Bombay Stock Exchange,  
P.J. Tower, Dalal Street  
Mumbai - 400 001  
The Delhi Stock Exchange  
Association Limited  
DSE House, 3/1 Asaf Ali Road  
New Delhi - 110 002

Stock Code (Bombay Stock Exchange) : GEMSPN 521133

Market price Data : High / Low during  
each month in last financial year

Month & Year	Bombay Stock Exchange	
	High	Low
April 2011	2.37	1.88
May 2011	2.05	1.95
June 2011	2.04	1.81
July 2011	2.25	1.92
August 2011	2.53	2.10
September 2011	2.65	1.98
October 2011	1.89	1.80
November 2011	1.99	1.90
December 2011	1.99	1.85
January 2012	2.17	1.72
February 2012	2.61	2.07
March 2012	2.36	1.79

Registrars and

Share Transfer Agents. : Cameo Corporate Services Ltd  
"Subramanian Building"  
1, Club House Road  
Chennai - 600 002

Share transfer system : Physical and Electronic

#### Dematerialisation of Shares

The shares are available for trading in the Central Depository Services Limited (CDSL). So far 86.23% shares are in the dematerialized form. The International Standard Identification (ISIN) No is INE165F01020.

#### Distribution of Shareholding as on 31.03.2012

No. of Shares held	No. of Share Holders	% of Total	Share Amount (In Rs.)	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 5000	29316	98.33	21340505	10.32
5001 10000	244	0.82	1800000	0.87
10001 20000	90	0.30	1275500	0.62
20001 30000	84	0.28	2076995	1.00
30001 40000	12	0.04	424000	0.20
40001 50000	22	0.07	1084500	0.52
50001 100000	23	0.08	1777500	0.87
100001 and above	23	0.08	177080950	85.60
TOTAL	29814	100.00	206859950	100.00

#### Share holding Pattern as on 31.03.2012

Category	No. of Shares held	%
Indian Promoters	22443500	54.25
Financial Institutions	12493990	30.20
Bodies Corporate	234890	0.57
Non Resident Indians	NIL	NIL
Indian Public	6179110	14.93
Others	20500	0.05
Total	41371990	100.00

Dematerialization of : Central Depository Services Limited  
shares and liquidity : Phiroze Jeejee Bhoy Towers  
28th Floor, Dalal Street  
Mumbai - 400 023  
ISIN No: INE165F01020

Plant Location : No.14 Mangalam Village  
Maduranthagam Taluk  
Kancheepuram District  
Tamilnadu 603 107

**Compliance Officer** : **Ms.A.Vani**  
Company Secretary

**Address for Correspondence** : **Gem Spinners India Ltd**  
78, Cathedral Road,  
Chennai 600 086  
Tel : 28115190  
Fax : 28114304

Email Id for Investor : accounts@gemspin.com  
Grievances

#### Non-Mandatory Requirements :

##### 1. Chairman of the Board

The Company maintains the office of the Chairman at its Corporate Office and also reimburses the expenses incurred in performance of duties.

##### 2. Remuneration Committee

The Board has duly constituted a Remuneration Committee which determines the remuneration package for the directors

##### 3. Shareholder's Rights :

The quarterly financial results are published in the newspapers as mentioned at 6 above. The results are not separately circulated to the shareholders.

##### 4. Training of Board Members

Periodical meetings are held with outside skilled consulting agencies for Board Members to appraise them in recent developments and existing laws and practices.

##### 5. Mechanism for evaluating non-executive Board Members

Same as above.

**6. Whistle Blower Policy:**

As mentioned above, the Company does not have Whistle Blower Policy.

**Code of Business Conduct and Ethics for Board Members and Senior Management Personnel.**

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is available on [www.gemspin.com](http://www.gemspin.com). All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

A declaration signed by the Managing Director is given below :

This is to certify that as per Clause 49 of the Listing Agreement, the Code of Conduct has been laid down for all the Board Members and Senior Management of the Company. The Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the financial year 2011-12.

**MANAGEMENT DISCUSSION & ANALYSIS****1. INDUSTRY STRUCTURE & DEVELOPMENTS**

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.

Currently, it contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people.

It was quite challenging for the Textile Industry. The price of the Cotton and Yarn was in the peak in the year beginning and there was a steep fall in a short span of time. The price fluctuation and Export ban of yarn impacted the market.

**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 overseas market, maintained excellent relations with all its overseas customers which have been dealing with the Company over the years by adhering to quality standards, delivery schedules and competitive prices.

**2. OPPORTUNITIES AND THREATS**

The textile industry as such is more dependent on its raw material that is raw cotton availability. There is much scope for India to have more crops year by year due to its technology improvement and introduction of new varieties of cotton but of course subject to monsoon changes.

**3. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE**

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

**4. OUTLOOK**

The cotton price has almost stabilized and the industry expects to improve its margin during the year. In spite of depreciating rupee, the export market is not picking up to present crisis in the European and US markets. Your directors do not foresee much improvement in the export market. However, 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.

**5. RISKS AND CONCERNS**

Cotton being an agricultural commodity depends on monsoon. Any failure on monsoon and availability of cotton will affect the cotton yarn manufacturing industry and frequent escalating cotton prices also contribute uncertainty in the profit margin.

However, fluctuation in cotton price, exchange rates, availability of labour, increasing interest rates to contain the inflation and power are threats to the industry. Withdrawal of Duty drawback is another set back to the industry.

**6. 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.

**7. DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

This has already been reported as Review of Operation in the Directors Report.

**8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

Your Company recognizes the value of Human Resources for its growth and development and it maintains cordial and satisfactory relationship with their employees and workers and always concerned about the welfare of the workforce. Training and development is a continuous process.

**9. CAUTIONARY STATEMENT**

The projections and perceptions are subjected to various external factors from Government, market, supply and demand and other factors.

**COMPLIANCE CERTIFICATE**

We have examined the compliance of conditions of corporate governance by Gem Spinners India Limited for the year ended on 31.03.2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

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

For **Vijai Sarathy & Co.**,  
Chartered Accountants

**R. Parthasarathy**  
Partner

For **CNGSN & Associates**  
Chartered Accountants

**C.N.Gangadaran**  
Partner

Place : Chennai - 600 017  
Date : 06.08.2012

**AUDITORS' REPORT****TO THE MEMBERS OF****M/s. GEM SPINNERS INDIA LIMITED, CHENNAI**

1. We have audited the attached Balance Sheet of Gem Spinners India Ltd, as at March 31, 2012 and the related Profit and Loss Account and Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss account and Cash Flow Statements dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 2012.
    - ii. in the case of the Profit and Loss account of the loss for the year ended on that date; and
    - iii. in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **Vijai Sarathy & Co.**,  
Chartered Accountants

**R. Parthasarathy**  
Partner

For **CNGSN & Associates**  
Chartered Accountants

**C.N.Gangadaran**  
Partner

Place : Chennai - 600 017  
Date : 06.08.2012



**ANNEXURE 'A' TO THE AUDITORS' REPORT**

Referred to in paragraph 4 of the Auditors' Report of even date to the members of Gem Spinners India Ltd on the financial statements for the year ended 31st March , 2012.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to the available records, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year and in our opinion, the frequency of verification was reasonable.
- (b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records which has been dealt with in the books of account were not material.
3. (a) The Company has not granted any loans, secured or unsecured from Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans secured or unsecured from Companies covered in the register maintained under Section 301 of the Companies Act, other than interest free unsecured loan from the Directors of the Company.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased/sold are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act , 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of



- sub-section (I) of Section 209 of the Companies Act, 1956 and are of the opinion that Prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, VAT, wealth tax, customs duty, excise duty, Service Tax, cess and other material statutory dues as applicable with the appropriate authorities.
10. The Company has accumulated losses as at March 31, 2012 and it has incurred cash losses in the financial year ended on that date but not incurred cash losses in the immediately preceding financial year.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
13. In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
18. The Company has not raised any money by public issue during the year
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Vijai Sarathy & Co.**,  
Chartered Accountants

**R. Parthasarathy**  
Partner

For **CNGSN & Associates**  
Chartered Accountants

**C.N.Gangadaran**  
Partner

Place : Chennai - 600 017  
Date : 06.08.2012

## BALANCE SHEET AS AT 31st MARCH-2012

in Rupees

PARTICULARS	Note No.	As at March 31st 2012	As at March 31st 2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	206,859,950.00	206,859,950.00
Reserves and Surplus	2	(298,296,486.25)	(258,731,520.67)
Share application money pending allotment		100,000,000.00	Nil
<b>NON CURRENT LIABILITIES</b>			
Long Term borrowings		Nil	Nil
Deferred Tax liabilities		Nil	Nil
Other Long term liabilities	3	<b>116,540,365.26</b>	<b>201,668,938.26</b>
Long term provisions		Nil	Nil
		<b>116,540,365.26</b>	<b>201,668,938.26</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	4	175,507,182.58	182,816,871.68
Trade Payables	5	224,989,712.94	299,679,026.11
Other Current liabilities	6	10,015,009.03	15,200,000.00
Short-term provisions		1,215,609.28	2,729,150.51
		<b>411,727,513.83</b>	<b>500,425,048.30</b>
		<b>536,831,342.84</b>	<b>650,222,415.89</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets	7		
Gross Block		802,491,873.20	803,088,000.20
Less: Depreciation		588,394,829.86	586,486,749.00
Net Block		<b>214,097,043.34</b>	<b>216,601,251.20</b>
Intangible Assets		Nil	Nil
Capital work-in-progress		Nil	Nil
Non-current Investments		Nil	Nil
Deferred Tax Assets(net)		11,629,534.00	11,629,534.00
Long -term Loans and Advances	8	3,707,358.14	3,733,742.64
Other non-current Assets	9	<b>14,321,056.00</b>	<b>12,398,085.30</b>
<b>CURRENT ASSETS</b>			
Current Investments		Nil	Nil
Inventories	10	179,663,471.00	193,157,663.05
Trade Receivables	11	54,378,540.07	157,848,895.55
Cash & Bank Balances	12	13,394,288.09	24,811,238.64
Short term loans and Advances		Nil	Nil
Other Current Assets	13	45,640,052.20	30,042,005.51
		293,076,351.36	405,859,802.75
Miscellaneous Expenditure		Nil	Nil
		536,831,342.84	650,222,415.89

For and on behalf of the Board

As per our report of even date

**R.Veeramani**  
Chairman & Managing Director

**S.R.Asaithambi**  
Director

For **VIJAI SARATHY & CO**  
Chartered Accountants

**CNGSN & ASSOCIATES**  
Chartered Accountants

Place : Chennai  
Date : 06.08.2012

**A.Vani**  
Company Secretary

**R.Parthasarathy**  
Partner

**C.N.Gangadaran**  
Partner

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH-2012

in Rupees

PARTICULARS	Note No.	As at March 31st 2012	As at March 31st 2011
<b>REVENUE</b>			
Revenue from operations	14	362,164,980.42	916,024,540.27
Other Income	15	5,297,459.51	19,597,173.65
Total Revenue		<b>367,462,439.93</b>	<b>935,621,713.92</b>
<b>EXPENSES</b>			
Cost of materials consumed	16	80,837,000.00	335,413,337.56
Purchases of Stock-in-Trade	17	234,528,421.13	421,668,030.00
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	18	15,952,014.00	12,115,092.00
Employee benefits expense	19	20,252,736.16	29,474,459.13
Finance costs	20	29,541,845.29	28,516,968.52
Depreciation and amortization expense		2,905,000.00	25,625,000.00
Other expenses	21	23,010,890.93	106,213,099.03
<b>Total Expenses</b>		<b>407,027,907.51</b>	<b>959,025,986.24</b>
PROFIT/(LOSS) BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX			
Exceptional Items		0.00	0.00
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX		<b>( 39,565,467.58 )</b>	<b>( 23,404,272.32 )</b>
Extra Ordinary Item		0.00	17,016,426.00
PROFIT/(LOSS) BEFORE TAX		<b>( 39,565,467.58 )</b>	<b>( 6,387,846.32 )</b>
<b>TAX EXPENSES</b>			
Deferred Tax		0.00	3,741,660.25
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>( 39,565,467.58 )</b>	<b>( 2,646,186.07 )</b>
PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS		0.00	0.00
TAX EXPENSES OF DISCONTINUING OPERATIONS		0.00	0.00
PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS AFTER TAX		0.00	0.00
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>( 39,565,467.58 )</b>	<b>( 2,646,186.07 )</b>
<b>EARNINGS PER EQUITY SHARE</b>			
BASIC		( 0.96 )	( 0.06 )
DILUTED			

NOTES FORMING PART OF ACCOUNTS

22

For and on behalf of the Board

As per our report of even date

**R.Veeramani**  
Chairman & Managing Director

**S.R.Asaitambi**  
Director

For **VIJAI SARATHY & CO**  
Chartered Accountants

**CNGSN & ASSOCIATES**  
Chartered Accountants

Place : Chennai  
Date : 06.08.2012

**A.Vani**  
Company Secretary

**R.Parthasarathy**  
Partner

**C.N.Gangadaran**  
Partner

## Notes on Financial Statements for the Year ended 31st March, 2012

### NOTE 1

#### SHARE CAPITAL

##### Authorised

90000000 Equity Shares of Rs. 5/- each

##### Issued, Subscribed & Paid up:

41371990 Equity Shares of Rs.5/- each fully paid up

##### (A) Reconciliation of Share Capital

	31st March 2012 Amount	31st March 2011 Amount
450,000,000.00	450,000,000.00	450,000,000.00
206,859,950.00	206,859,950.00	206,859,950.00

Particulars	As at 31st March 2012		As at 31st March 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	41,371,990	206,859,950.00	41,371,990	206,859,950.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	41,371,990	206,859,950.00	41,371,990	206,859,950.00

##### (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 31 March 2012		As at 31 March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	ICICI BANK LIMITED	4,921,790	12%	4,921,790	12%
2	IDBI BANK LIMITED	7,572,000	18%	7,572,000	18%

### NOTE 2.

#### RESERVES & SURPLUS

Share Capital - Reserve

Profit & Loss Account

19,719,617.83	19,719,617.63
(318,016,104.08)	(278,451,138.50)
<b>(298,296,486.25)</b>	<b>(258,731,520.87)</b>

### NOTE 3.

#### OTHER LONG TERM LIABILITIES

Unsecured loans

116,540,365.26	201,668,938.26
<b>116,540,365.26</b>	<b>201,668,938.26</b>

### NOTE 4.

#### SHORT TERM BORROWINGS

IOB

SBI

130,191,475.11	145,409,856.01
45,315,707.47	37,407,015.67
<b>175,507,182.58</b>	<b>182,816,871.68</b>

### NOTE 5.

#### TRADE PAYABLES

Micro, Small & Medium Enterprises

224,989,712.94	314,872,026.11
----------------	----------------

### NOTE 6.

#### OTHER CURRENT LIABILITIES

Interest accrued and Due

10,015,009.03	15,200,000.00
Nil	Nil

**Note 7**

<b>FIXED ASSETS</b>											
<b>PARTICULARS</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION BLOCK</b>				<b>NET BLOCK</b>		
	TOTAL AS ON 01.04.2011 Rs. P.s.	ADDITIONS Rs. P.s.	DELETIONS Rs. P.s.	TOTAL AS ON 31.03.2012 Rs. P.s.	UP TO ON 31.03.2011 Rs. P.s.	DEPRECIATION FOR THE YEAR- Rs. P.s.	DEDUCTION Rs. P.s.	TOTAL AS ON 31.03.2012 Rs. P.s.	S.L.M. VALUE AS ON 31.03.2012 Rs. P.s.	S.L.M. VALUE AS ON 31.03.2011 Rs. P.s.	
1. LAND	13,190,419.12	163,758.00		13,354,177.12	0.00	0.00		0.00	13,354,177.12	13,190,419.12	
2. BUILDING	68,440,482.93	0.00		68,440,482.93	35,951,010.24	259,224.98		36,210,235.22	32,230,247.71	32,489,472.69	
3. PLANT & MACHINERY	694,026,781.00	0.00		694,026,781.00	531,007,255.44	2,572,977.17		533,580,232.61	160,446,548.39	163,019,524.65	
4. OFFICE EQUIPMENTS, FURNITURE AND FITTINGS	6,053,102.51	0.00	760,185.00	5,292,917.52	6,053,102.52	0.00	760,185.00	5,292,917.52	(0.00)	(0.00)	
5. VEHICLES	2,996,050.05	0.00		2,996,050.05	1,435,337.37	27,685.42		1,226,289.92	1,769,760.13	1,560,712.68	
6. MISCELLANEOUS ASSETS	18,381,464.58	0.00		18,381,464.58	12,040,041.46	45,112.43		12,085,153.90	6,296,310.68	6,341,423.34	
<b>TOTAL</b>	<b>803,088,300.20</b>	<b>163,758.00</b>	<b>760,185.00</b>	<b>802,491,873.20</b>	<b>586,486,747.73</b>	<b>2,905,000.00</b>	<b>996,917.87</b>	<b>588,394,829.86</b>	<b>214,097,044.03</b>	<b>216,601,552.47</b>	

**NOTE 8.**

**LOANS AND ADVANCES**

(Unsecured - considered good)

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

**NOTE 9.**

**OTHER NON-CURRENT ASSETS**

Deposits

**NOTE 10.**

**INVENTORIES**

Cotton

Bought Yarn

Stock-Stores

**Finished Goods**

YARN

FABRIC

Stock-in-Process

Waste

**NOTE 11.**

**TRADE RECEIVABLES**

(Unsecured - considered good)

Exceeding six months

Others

**NOTE 12.**

**CASH & BANK BALANCES**

Cash on Hand

Balances with Scheduled Banks in:

Current Account

Margin Money Account

Term Deposit

Others

**NOTE 13.**

**OTHER CURRENT ASSETS**

Claims Receivable

Prepaid expenses

Income Receivable

	31st March 2012 Amount	31st March 2011 Amount
	<b>3,707,358.14</b>	<b>3,733,742.64</b>
	<b>14,321,056.00</b>	<b>12,398,085.30</b>
	166,403,000.00	153,484,620.36
	3,221,000.00	12,828,729.00
	10,015,000.00	10,867,828.69
	0.00	7,590,293.00
	0.00	5,929,048.00
	0.00	2,043,864.00
	24,471.00	413,280.00
	<b>179,663,471.00</b>	<b>193,157,663.05</b>
	<b>54,378,540.07</b>	<b>153,041,253.00</b>
	668,000.00	216,594.30
	857,538.06	13,668,513.31
	6,869,357.03	6,125,593.03
	4,569,393.00	4,354,312.00
	430,000.00	446,226.00
	<b>13,394,288.09</b>	<b>24,811,238.64</b>
	2,697,341.19	2,697,341.19
	319,047.00	562,028.00
	42,623,664.01	26,782,636.32
	<b>45,640,052.2</b>	<b>30,042,005.51</b>

**NOTE 14.**

**REVENUE FROM OPERATION**

**Sales - Yarn**

Direct Export

71,529,206.94

127,312,450.27

Merchant Export

0.00

17,368,701.00

Garment Export

0.00

3,284,136.98

Trading Export

255,116,998.48

431,708,876.82

DTA Sales

33,569,537.00

173,516,410.00

**Sales - Fabric**

Direct Export

0.00

125,917,805.20

**Sales - Others**

Waste

1,949,238.00

36,916,160.00

**362,164,980.42**

**916,024,540.27**

**NOTE 15.**

**OTHER INCOME**

Interest Received [TDS - Rs. 0.92 Lakhs (P.Y - Rs.0.88 Lakhs)]

776,596.00

1,013,354.00

Draw Back

169,886.00

6,646,434.00

Miscellaneous income

4,350,977.51

11,937,385.65

**5,297,459.51**

**19,597,173.65**

**NOTE 16.**

**COST OF MATERIALS CONSUMED**

Cotton

Stock at Commencement

15,976,485.00

130,164,588.67

Add: Purchases

218,446,457.00

3,437,463,722.50

234,422,942.00

3,567,628,311.17

**166,403,000.00**

**153,484,620.36**

Less: Stock at Close

Yarn for Knitting-mill

Stock at Commencement

0.00

0.00

Add: Purchases

12,817,058.00

14,969,646.75

12,817,058.00

14,969,646.75

Less: Stock at close

0.00

0.00

Consumption

12,817,058.00

14,969,646.75

**Total Consumption**

**80,837,000.00**

**335,413,337.56**

**NOTE 17.**

**PURCHASE OF STOCK IN TRADE**

Trading

**234,528,421.13**

**421,668,030.00**

**NOTE 18.**

**CHANGES IN INVENTORIES OF FINISHED GOODS  
WORK IN PROGRESS AND STOCK IN TRADE**

- a. Finished Goods - Yarn
- b. Knitted Fabrics
- c. Stock in Process
- d. Waste

	31st March 2012 Amount	31st March 2011 Amount
	0.00	7,590,293.00
	0.00	5,929,048.00
	0.00	2,043,864.00
	24,471.00	413,280.00
<b>A</b>	<b>24,471.00</b>	<b>15,976,485.00</b>

Less: Stocks at Commencement

- a. Finished Goods
- b. Knitted Fabrics
- c. Stock in process
- d. Waste

	7,590,293.00	11,631,035.00
	5,929,048.00	8,312,720.00
	2,043,864.00	6,867,296.00
	413,280.00	1,280,526.00
<b>B</b>	<b>15,976,485.00</b>	<b>28,091,577.00</b>
<b>(A-B)</b>	<b>(15,952,014.00)</b>	<b>(12,115,092.00)</b>

**NOTE 19.**

**EMPLOYEE BENEFITS EXPENSES**

- Salaries and Wages
- Staff Welfare
- Contribution to Funds

18,843,525.16	27,036,930.13
195,794.00	606,016.00
1,213,417.00	1,831,513.00
<b>20,252,736.16</b>	<b>29,474,459.13</b>

**NOTE 20.**

**FINANCIAL COSTS**

- Interest on hire purchase
- Packing Credit
- Bank Charges

1,574,100.00	2,199,870.00
18,006,212.00	12,747,340.00
9,961,533.29	13,569,758.52
<b>29,541,845.29</b>	<b>28,516,968.52</b>



**NOTE 21.**

**OTHER EXPENSES**

**Other Manufacturing Expenses**

Packing Expenses	520,713.71	6,173,400.31
Factory Maintenance Charges	709,234.00	5,279,454.50
Testing Charges	0.00	48,221.00
Freight Inward	20,805.00	297,773.50
Job work conversion charges	23,000.00	1,074,668.00
Loading & Unloading charges	0.00	59,542.00

**31st March 2012  
Amount**

**31st March 2011  
Amount**

**1,273,752.71**

**12,933,059.31**

**Stores Consumption**

Consumption of Spares	326,700.43	11,000,128.03
-----------------------	------------	---------------

**326,700.43**

**11,000,128.03**

**Power and Fuel**

Electricity charges	11,142,349.00	47,451,185.00
---------------------	---------------	---------------

**11,142,349.00**

**47,451,185.00**

**Administrative, Selling & Other Expenses**

Insurance	595,551.00	986,787.00
Communication Charges	200,217.00	391,782.54
Rates and Taxes	691,141.00	1,806,484.03
Donation	10,853.00	38,502.00
Travelling & Conveyance	447,834.00	2,163,353.12
Audit Fees	220,600.00	248,175.00
Miscellaneous Expenses	6,437,625.20	11,998,460.70
Misc. Expenses Written Off	0.00	226,315.88
Freight Outward	417,744.00	8,632,767.00
Sales Commission	445,077.00	4,441,066.73

**9,466,642.20**

**30,933,694.00**

**Repairs and Maintenance**

Building	21,647.15	304,554.64
Machinery	651,349.14	1,435,605.80
Others	128,450.30	2,154,872.25

**801,446.59**

**3,895,032.69**

**Total Other Expenses**

**23010890.93**

**106213099.03**

As per our report of even date

For and on behalf of the Board  
**R.Veeramani**  
Chairman & Managing Director

**S.R.Asaithambi**  
Director

For **VIJAI SARATHY & CO**  
Chartered Accountants

**CNGSN & ASSOCIATES**  
Chartered Accountants

Place : Chennai  
Date : 06.08.2012

**A.Vani**  
Company Secretary

**R.Parthasarathy**  
Partner

**C.N.Gangadaran**  
Partner

**NOTE 22****NOTES FORMING PART OF ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****A) GENERAL**

- i). The financial statements are prepared in accordance with Indian General Accepted Accounting Principles ("GAAP") under the historical cost convention (except for certain revalued fixed assets) on the accounting principles of a going concern and the Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties
- ii). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognized prospectively.

**B) FIXED ASSETS**

- i. All fixed assets are stated at cost (net of CENVAT / Value Added Tax) and adjusted by revaluation in case of certain Land, Building, Plant & Machinery and Electrical Installations, less accumulated depreciation and impairment loss, if any. Expenditure during construction period in respect of new project / expansion is allocated to the respective fixed assets on their being ready for intended use.
- ii. In accordance with AS 28 on 'Impairment of Assets' where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the Profit and Loss Account whenever the carrying amount of such assets exceeds its recoverable amount.

**C) INVESTMENTS**

Long term Investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

**D) INVENTORIES**

- i. Raw Materials, Stores and Spares are valued at cost.
- ii. Finished Goods are valued at lower of cost or net realizable value.
- iii. Stock-in- process is valued at estimated cost.
- iv. Waste is valued at net realizable value.

**E) SALES**

Revenue is recognized when the property and all the significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration. Export Sales are inclusive of deemed exports. Local sales are net of sales tax.

**F) BORROWING COST**

Borrowing Costs directly attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

**G) DEPRECIATION**

- i. Depreciation is provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, for all assets except plant and machinery and electrical installations which have been considered as continuous process of plant as defined in Schedule XIV to the Companies Act, 1956, on technical assessment and accordingly depreciation is provided.
- ii. Depreciation is provided after adjusting for the exchange fluctuation arising due to repayment / reinstatement as at the balance sheet date.

**H) EMPLOYEE BENEFITS**

- i. PROVIDENT FUND  
Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account as incurred.
- ii. 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.
- iii. 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.

iv. **LEAVE ENCASHMENT**

The Company normally allows its employees to utilize the leave and no encashment leave has been demanded.

S.No	Particulars	2011-12	2010-11
a)	Contribution to Provident fund	322997	462471
b)	Contribution to employees' pension scheme 1995	730130	1041642

**I) FOREIGN CURRENCY TRANSACTION**

Assets and Liabilities related to foreign currency transaction remaining unsettled at the end of the year are translated that the relevant rates of exchange prevailing at the year-end. In case of the long term borrowing for the acquisition of fixed assets, the gains or losses on transaction are adjusted to the cost of such assets.

S.No	Particulars	Gratuity
		2011-12
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	12%

**J) DEFERRED TAX**

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax on assets are recognized and carried forward only if there is a virtual / reasonable certainty of realization of such assets in near future and are reviewed for their appropriateness of their respective carrying value at each Balance Sheet date.

**K) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- i. A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities are disclosed in the notes to accounts and are determined based on the management perception
- ii. Contingent Liabilities: NIL ( Nil)

**2. EMPLOYEE BENEFIT PLANS**

The following table set out the status of the gratuity plan as required under AS 15

The Company has recognized the following amounts in the Profit & Loss Account for the year:

- 3. The debit and credit balances of parties are subject to confirmation.
- 4. 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.
- 5. The inventories are valued as per the Accounting Standard – 2 (Valuation of inventories) issued by the Institute of Chartered Accountants of India (ICAI)
- 6. Account of certain creditors, debtors and advances given are subject to confirmation and reconciliation / adjustment, if any. However, in the opinion of management, there would not be any material impact on the financial statements.
- 7. i. Foreign Exchange difference (Net) credited to Profit and Loss Account Rs. 13.97 Lakhs.  
(Previous Year : Credit Rs.43.04 Lakhs).
- ii. The Company uses Forward Exchange Contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transaction. The Company does not enter into any such instruments for trading or speculative purpose.
- iii. The year end foreign currency exposures that have not been hedged are given below:

Amounts payable in foreign currency on account of the following:

(Rs. in Lakhs)

Particulars	2011 – 12			2010 – 11		
	Currency	FC Amount	Rupee Equivalent	Currency	FC Amount	Rupee Equivalent
Purchase of Goods / Services	USD	Nil	Nil	USD	2.16	96.76
Loans payable (PCFC)	EURO	Nil	Nil	EURO	Nil	Nil
Term Loans payable	USD	Nil	Nil	USD	Nil	1253.92
Interest payable	USD	Nil	Nil	USD	Nil	Nil
	USD	Nil	Nil	USD	Nil	Nil

8. Disclosures in respect of provisions pursuant to Accounting standard - 29

Particulars	Opening Balance 01.04.11	Provided during the Year	Utilized During the Year	Reversed During the Year	Closing Balance 31.03.12
Sundry Debtors	Nil	Nil	Nil	Nil	Nil

9. Interest on others in Schedule – 12 is net of interest income of Rs.7.77 Lakhs (Rs.10.13 Lakhs) Tax deducted at source thereon Rs. 0.92Lakhs (Rs.0.88 Lakhs)

**10. Disclosure under Accounting Standard 17 – SEGMENT REPORTING**

Segment Reporting for the year ended 31.03.2012		(Rs. in Lakhs)	
S. No	Particulars	Year Ended on 31.03.2012	Year Ended on 31.03.2011
<b>1</b>	<b>Segment Revenue / Income</b>		
	a. Mill	1070.49	4843.15
	b. Trading	2551.16	4317.19
	Total	<b>3621.65</b>	<b>9160.24</b>
<b>2</b>	<b>Segment Results</b>		
	a. Mill	(359.08)	(245.25)
	b. Trading	205.88	100.41
	Total	<b>(153.20)</b>	<b>(144.84)</b>
	Add: Unallocable Income	52.97	195.97
	Less: Interest – Unallocable Expenditure	295.42	285.16
	Tax [(including - FBT) / (+) Deferred Tax]	0	37.41
	Prior year Excess provision of interest written back	<b>0</b>	<b>170.16</b>
	<b>Net (Loss)/Profit</b>	<b>(395.65)</b>	<b>(26.46)</b>
<b>3</b>	<b>Capital Employed</b>		
	(Segment Assets - Segment Liabilities)		
	a. Mill	<b>965.49</b>	<b>1199.90</b>
	b. Trading	Nil	Nil

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

12. Earnings Per Share:

Particulars		2011 – 12 (Rs. in Lacs)	2010 -11 (Rs. in Lacs)
Numerator			
Net Loss as disclosed in Profit & Loss Account		(395.65)	(26.46)
Net Loss attributable to the Equity shareholders		(395.65)	(26.46)
Denominator	Nos		
Weighted average Equity Shares		41371990	41371990
Basic and diluted Earnings Per Share (face value of Rs.10 each)			
Before Exceptional Items		(0.96)	(0.06)
After Exceptional Items		(0.96)	(0.06)

13. Disclosure in respect of related Parties pursuant to Accounting Standard 18 is disclosed in Corporate Governance in Item No.6.

14. Additional Information pursuant to Part II of Schedule VI to the Companies Act, 1956.

A) Installed Capacity: (As certified by the Management and relied upon by the Auditors being a technical matter)

Description of the Item	2011-12	2010-11
Spindles	25960	25960

B) Sales, Production and Stocks

(Kg./Rs.in Lakhs)

Finished Goods	Unit	Opening Stock		Production		Sales		Closing Stock	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Cotton Yarn	Kgs	0.36	0.99	1.77	22.48	2.13	18.64	0.00	0.36
	Rs	72.13	154.59				2680.02	0.00	72.13
Knitted Fabric	Kgs	0.24	0.30		6.94	0.24	7.00	0.00	0.24
	Rs.	59.29	44.85				1785.39	0.00	59.29

C) Traded Goods (Cotton Yarn)

Finished Goods	2011-12		2010-11	
	Kgs. In Lakhs	Rs. in Lakhs	Kgs in Lakhs	Rs. in Lakhs
Purchase	12.65	2666.69	19.35	4064.95
Sales	12.65	2947.62	19.15	4317.09

D) Raw Material Consumed

Description	2011-12		2010-11	
	Kgs in Lakhs	Rs in Lakhs	Kgs in Lakhs	Rs in Lakhs
Cotton Imported	Nil	Nil	Nil	Nil
Cotton Indigenous	Nil	Nil	30.46	3204.44

E) Value of Imports calculated on CIF basis

Particulars	2011-12		2010-11	
	%	Rs. in Lakhs	%	Rs in Lakhs
Components and Spare Parts	Nil	Nil	100.00	48.17
Capital goods	Nil	Nil	Nil	Nil
Imported Raw Materials	Nil	Nil	Nil	Nil
Total	Nil	Nil	100.00	48.17

F) Value of Consumption - Stores, Spares and Packing Materials

Particulars	2011 – 12		2010-11	
	Rs. In lakhs	%	Rs in Lakhs	%
Imported	0.00	0.00	48.17	30.45
Indigenous	0.00	0.00	110.00	69.55
		0.00		100.00

G) Expenditure in Foreign Currency (on remittance basis)

(Rs. in Lakhs)

Particulars	2011 – 12	2010 – 11
Commission	102.64	96.76
Travel	Nil	11.46

H) Earnings in Foreign Exchange

FOB value of goods exported – Rs. 3195.69 Lakhs (Rs.6714.14 Lakhs)

15. Sitting Fees to Directors – Rs.36000 (Rs.42000)

16. AUDITORS' REMUNERATION

(Rs. in Lakhs)

Particulars	2011 – 12	2010 – 11
Statutory Audit Fees	2.21	2.21
Certification	Nil	0.27
Cost Audit Fees	Nil	0.66

17. 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.

For and on behalf of the Board

**R.Veeramani**  
Chairman & Managing Director

**S.R.Asaithambi**  
Director

For **VIJAI SARATHY & CO**  
Chartered Accountants

As per our report of even date

**CNGSN & ASSOCIATES**  
Chartered Accountants

Place : Chennai  
Date : 06.08.2012

**A.Vani**  
Company Secretary

**R.Parthasarathy**  
Partner

**C.N.Gangadaran**  
Partner

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.   -      State Code

Balance Sheet Date

Date                      Month                      Year

### II. CAPITAL RAISED DURING THE YEAR

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> - <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> - <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> - <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> - <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>

### III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (AMOUNT IN THOUSANDS)

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="1"/>
SOURCES OF FUNDS	Reserves & Surplus
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> - <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="6"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="0"/>	Unsecured Loans
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="7"/>	
CURRENT LIABILITIES	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/>	
APPLICATION OF FUNDS	
Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Net Current Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> N I L <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/>	

### IV PERFORMANCE OF COMPANY (Amount in Thousands)

Turn Over	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="8"/>
Profit / Loss before Tax	Profit / Loss after Tax
<input type="text" value=""/> - <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="5"/>	<input type="text" value=""/> - <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="5"/>
Earnings per Share in Rs	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/>

### V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(as per monetary terms)

Item Code No.	Product Description
<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
<input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>

Note - For ITC Code of products please refer to the publication Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence and Statistics Calcutta - 700 001

## CASH FLOW STATEMENT

Particulars	2011-2012	2010-2011
	Rs.	Rs.
<b>A. Cash Flow from operating activities</b>		
Profit/(Loss) for the year	(39,565,468)	(2,646,186)
Adjustments for :		
Depreciation	1,908,082	25,229,640
Interest and Finance	29,541,845	28,516,969
Deferred expenses written off	-	-
Less : Interest/Dividend Income	776,596	1,013,354
Operating Profit before Working Capital Changes	<b>A</b> (8,892,136)	50,087,069
Adjustments for :		
Inventories	13,494,192	(20,597,071)
Loans and Advances	26,385	1,875,401
Other Current Assets	(17,521,573)	14,142,314
Miscellaneous Expenditure	-	244,823
Debtors	103,470,355	55,314,231
Current Liabilities	(81,370,863)	(74,506,147)
	<b>B</b> 18,098,495	(23,526,449)
Cash generated from Operations (A+B = C)	<b>(A+B = C)</b> 9,206,359	26,560,620
Interest and Finance Charges	<b>D</b> (29,541,845)	(28,516,969)
Net Cash from Operating Profit	<b>(C - D)</b> (20,335,486)	(1,956,349)
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	596,427	(485,833)
Interest received	776,596	1,013,354
Bank Deposits	(958,845)	2,545,323
Net Cash used in investing activities	414,178	3,072,844
<b>C. Cash Flow from financing activities</b>		
Proceeds from long term borrowings	14,871,427	3,699,901
Proceeds from short term borrowings	(7,309,689)	(323,614)
Net Cash used in Financing Activities	7,561,738	3,376,287
Net increase in cash and cash equivalents	(12,359,570)	4,492,783
Cash and cash equivalents as at 31.3.2011 (Opening Balance)	13,885,108	9,392,325
Cash and Cash equivalents as at 31.3.2012 (Closing Balance)	1,525,538	13,885,108

For and on behalf of the Board

Place : Chennai - 600 086

Date : 06.08.2012

**R.VEERAMANI**

Chairman & Managing Director

### AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Gem Spinners India Limited, derived from audited financial statements and the books and records maintained by the Company for the year ended 31st March 2012 and found the same in agreement therewith.

For **Vijai Sarathy & Co.,**  
Chartered Accountants

For **CNGSN & Associates**  
Chartered Accountants

Place : Chennai - 600 017

Date : 06.08.2012

**R. Parthasarathy**  
Partner

**C.N.Gangadaran**  
Partner



**GEM SPINNERS INDIA LIMITED**

NO.14, Mangalam Village, Maduranthagam Taluk, Kancheepuram District, Tamil Nadu - 603 107.

**PROXY FORM**

I / we.....of.....being a member(s) of GEM SPINNERS INDIA LIMITED, hereby appoint.....of.....or failing him / her .....of ..... as my / our proxy to vote for me / us on my / our behalf, at the Twenty Second Annual General meeting of the Company to be held on Tuesday, the 18<sup>th</sup> September 2012 at No.14, Mangalam Village, Maduranthagam Taluk, Kancheepuram District, Tamil Nadu - 603 107 at 10.30a.m

Signed this .....day of .....2012

Address :

Signature .....



Membership Folio No. :/DPID/CLIENT ID :

No. of Shares held :

- Note : 1. This Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.  
2. A proxy need not be a member.

**GEM SPINNERS INDIA LIMITED**

NO.14,Mangalam Village, Maduranthagam Taluk, Kancheepuram District, Tamil Nadu - 603 107.

**ATTENDANCE SLIP**

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company being held at No.14, Mangalam Village, Maduranthagam Taluk, Kancheepuram District, Tamil Nadu - 603 107, on Tuesday the 18<sup>th</sup> September 2012 at 10.30 a.m.

Full name of the member attending

Signature

FOLIO No./DPID/CLIENT ID :

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.





**BOOK POST**

TO

*If undelivered, please return to:*

**GEM SPINNERS INDIA LIMITED**

14, Mangalam Village,  
Near Chengalpattu,  
Maduranthagam Taluk,  
Tamil Nadu - 603 107.