

GEM SPINNERS INDIA LIMITED

TWENTY FOURTH ANNUAL REPORT

2013 - 2014

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BOARD OF DIRECTORS

Mr.R.VEERAMANI
 Mr.P.P.DODDANAVAR
 Mr.K.M.LAL
 Mr.S.GOPAL

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.

BANKERS

INDIAN OVERSEAS BANK
 LAKSHMI VILAS BANK

REGISTERED OFFICE & MILLS

14, Mangalam Village, Madhuranthagam Taluk
 Kancheepuram District, Tamil Nadu

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.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the shareholders of GEM SPINNERS INDIA LIMITED, Chennai will be held on the Wednesday, the 17th September 2014 at 10.30 a.m. at No.14 Mangalam Village, Madhuranthagam Taluk, Kancheepuram District, Tamil Nadu to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2014, 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.Gopal who retires by rotation and being eligible, offers himself for re-appointment.
3. To reappoint M/s. Vijai Sarathy & Co, Chartered Accountants (Firm Regn. No.004695S), as statutory auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the Twenty Seventh consecutive AGM and to fix their remuneration and to pass the following resolution thereof.

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. Vijai Sarathy & Co, Chartered Accountants (Firm Regn. No.004695S) be and is hereby appointed as auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of Twenty Seventh consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors”.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013,

Mr.P.P.Doddanavar, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years upto 31st March 2019.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.K.M.Lal, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years upto 31st March 2019.”

6. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard it is to consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with companies Rules, 2014 (including statutory modification (s) or re-enactments thereof, for the time being in force) the draft regulation contained in the Articles of Association submitted to this meeting be and is hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including a Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT superceding the earlier resolution passed at the Board of Directors Meeting held on 18.06.2009, the listing of the Company with Delhi Stock Exchange be delisted with effect from that date and the Directors / Company Secretary of the Company be and is hereby authorised to take necessary steps for voluntary delisting and to make arrangements to publish the same in the newspaper.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT the listing of the Company with Madras Stock Exchange be delisted with immediate effect subject to the procedures stipulated by such Exchange and that the Directors / Company Secretary of the Company be and is hereby authorised to take necessary steps to make the delisting effective.”

By Order of the Board
For **Gem Spinners India Ltd**

Place: Chennai - 86
Date : 12.08.2014

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 INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Instrument appointing a proxy shall be deposited at the Corporate Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from Tuesday the 09-09-2014 to Wednesday the 17-09-2014 (both days inclusive) for the purpose of AGM at GEM SPINNERS India Ltd., 78, Cathedral Road, Chennai - 600 086.
4. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
5. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011

and April 29, 2011 respectively) has undertaken a Green Initiative in Corporate Governance and allowed Companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. Hence Members are requested to register their e-mail addresses with the Company by sending their details relating to name, folio no./DP Id/Client Id to the company's email id : secretarial@gemspin.com

6. Members are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent – M/s. Cameo Corporate Services Ltd., “Subramanian Buildings”, 1, Club House Road, Chennai-600 002.
7. Members who hold shares in physical form are requested to dematerialize their holdings to make the Company's shares traded in normal segment.
8. As mentioned above in Point No.5 Electronic copy of the AGM Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent in the permitted mode.
9. Voting through Electronic Means

In compliance with provisions of Section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer E-Voting facility as an alternate, for its shareholders to enable them to cast their votes electronically at the 24th Annual General Meeting (AGM) through e-voting service provided by Central Depository Services (India) Limited. E-Voting is optional. The procedure and instructions for the same are as follows:

The Company will provide the evoting facility through CDSL. The e-voting particulars are set out as below:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “**GEM SPINNERS INDIA LIMITED**” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Gem Spinners India Limited
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • 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 last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - (B) The voting period begins at 9.00 AM on 11th September, 2014 to 6.00 PM on 13th September, 2014
- During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- Please note that by virtue of providing the e-voting facility by the company as per Rule 20 of Companies (Management and Administration) Rules, 2014 the following will be applicable:
- (i) The manner of voting for the members being present in the General Meeting will be on “proportion principle” i.e. one share – one vote unlike one person one vote principle, further provision of the Companies Act, 2013 relation to demand for poll will not be relevant.
 - (ii) The option of voting by show of hands will not be available for members presenting the General Meeting in view of clear provision of section 107 of the Companies Act, 2013, ievoting by show of hands would not be allowable in cases where Rule 20 of Companies (Management and Administration) Rules, 2014 is applicable.
 - (iii) Any member who has voted through e-voting facility provided by the company may also participate in the General Meeting in person, but such a member will not be able to exercise his vote again in the meeting, and the earlier vote casted through electronic means will be treated as final.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013
Item No.4

Mr P.P.Doddanavar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 06/12/1993 Mr. P.P.Doddanavar is a member of the Audit Committee, Share Transfer and Investors Grievances Committee and Remuneration Committee of the Board of Directors of the Company.

Mr. P.P.Doddanavar holds directorship in the following Companies in India.

S.No	Name of the Company	Designation
1	Eco Cane Sugar Energy Limited	Director
2	Shiraguppi Sugar Works Limited	Director
3	Doddanavar Nanjinzhao Mining & Metallurgy Private Limited	Director
4	Doddanavar Global Energy Private Limited	Director

He does not hold any shares in the Company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. P.P.Doddanavar, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019 and shall not be liable to retire by rotation. A notice has been received from a member proposing Mr. P.P.Doddanavar as a candidate for the office of Director of the Company.

Based on the declaration received from the appointee director and in the opinion of the Board, Mr P.P.Doddanavar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr P.P.Doddanavar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. P.P.Doddanavar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. P.P.Doddanavar, as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. P.P.Doddanavar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.5

Mr K.M Lal is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 06/12/1993 Mr K.M Lal is a member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company.

Mr. K.M Lal holds directorship in the following Companies in India.

S.No	Name of the Company	Designation
1	SREI Capital Markets Limited	Director
2	Panacea Biotech Limited	Director
3	Hindustan Wires Ltd	Director
4	Polylink Polymers (India) Limited	Director
5	Gem Sugars Limited	Director
6	KMC Energy Private Limited	Director
7	Lexicon Public Relations And Corporate Consultants Private Limited	Director

He does not hold any shares in the Company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.K.M Lal, being eligible

and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019 and shall not be liable to retire by rotation. A notice has been received from a member proposing Mr. K.M Lal as a candidate for the office of Director of the Company.

Based on the declaration received from the appointee director and in the opinion of the Board, Mr K.M Lal fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr K.M Lal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K.M Lal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K.M Lal, as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K.M Lal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5 This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 6

The existing AoA of the Company is based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act 2013 ("The Act").

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as

variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The proposed new draft AoA would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Saturday.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Item No.7 & 8

In pursuant to SEBI circular regarding the closure of Regional Stock Exchanges, considering the listing status in both Exchanges Viz Delhi Stock Exchange, your Board of Directors thought it fit to effect the earlier resolution passed for delisting from Delhi Stock Exchange and take your approval for delisting from Madras Stock Exchange as well, since same requires the approval of shareholders in the General Meeting

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7 & 8 of the Notice.

The Board recommends the Special Resolution set out at Item No. 7 & 8 of the Notice for approval by the shareholders.

DIRECTORS' REPORT FOR THE YEAR 2013 – 2014

Your Directors have pleasure in presenting the 24th Annual Report on the performance of our Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31.03.2014.

Financial Results

Particulars	2013-14 Rs. in Lakhs	2012-13 Rs. in Lakhs
SALES		
Export	1318.35	1046.58
	1318.35	1046.58
Operating Profit	222.26	125.20
Less: Financial Charges	1.79	157.52
Gross Profit	220.47	(32.33)
Less : Depreciation	230.66	29.60
Loss before Tax	(10.19)	(61.93)
Net (Loss) / Profit	(10.19)	(61.93)
Accumulated Loss	(3252.29)	(3242.10)

Review of Operations

Your Company has achieved a Trading Turnover of Rs.1318.35 Lakhs during the year under review as against Turnover of Rs.1046.58 Lakhs in the previous year. The Operating Profit was of the order of Rs. 222.26 Lakhs as compared to the previous year profit of Rs.125.20 Lakhs.

Your Directors have to report a Net Loss of Rs.10.19 Lakhs for the year under report as against a Net Loss of Rs.61.93 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.

Dividend

In view of the loss incurred 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

The Company has, pursuant to the provisions of clause 49 of the Listing Agreement entered into with the Stock Exchange has appointed Mr. P.P.Doddanavar and Mr. K.M.Lal as Independent Directors of the Company. The Company has received declarations from the retiring independent director as well as the appointee independent directors, that they meet the criteria of independence, as prescribed both under sub-section (6) of Section 149 of the Companies Act 2013 and under the said clause 49. In accordance with the provisions of section 149(4) and section 152 (5) of the Companies Act, 2013, Mr. P.P.Doddanavar and Mr. K.M Lal are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

Mr.S.Gopal, Director of the Company retires by rotation and being eligible, offers himself for reappointment, in accordance with the requirements of Companies Act, 2013..

Deposits

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

Auditors

M/s. Vijai Sarathy & Co., Auditor of the company retires at this Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed and there is no joint auditor from this Financial year i.e 2014-15

Acknowledgement:

The Directors wish to place on record their appreciation for the assistance received from Indian Overseas Bank, Lakshmi Vilas Bank, 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 - 86 **R.Veeramani** **P.P.Doddanavar**
Date : 12.08.2014 Managing Director 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.

I. Conservation of Energy
FORM A

Form for Disclosure of Particulars with respect to conservation of Energy - Not Applicable

FORM B

Form for Disclosure of Particulars with respect to Technology Absorption - Not Applicable

II. Foreign Exchange Earnings and Outgo – Not Applicable
III. Development of new export markets for products and services – Not Applicable
IV. Total foreign exchange used and earned:

	2013-14	2012-13 (Rs. In Lakhs)
i) CIF value of imports (Raw material, Spares & Capital goods)	Nil	Nil
ii) Expenditure in foreign currency (Travel and Commission)	38.83	28.98
iii) Foreign exchange earned	1297.60	1016.68

On behalf of the Board

Place : Chennai - 86

Date : 12.08.2014

R. Veeramani

Managing Director

P.P.Doddanavar

Director

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 have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs and loss of the Company for the year 31st March 2014.
- 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 has been taken.
- The Annual accounts have been prepared on a going concern basis.

On behalf of the Board

Place : Chennai - 86

Date : 12.08.2014

R. Veeramani

Managing Director

P.P.Doddanavar

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 Director, One Non-Executive Director and Two Non – Executive independent Directors as on 31.03.2014.

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	Managing Director	1	7	Nil	Nil
Mr. P.P.Doddanavar	Independent Director	Nil	2	2	Nil
Mr. K.M.Lal	Independent Director	Nil	6	Nil	2
Mr.S.Gopal	Director	Nil	Nil	Nil	Nil

Attendance Record of the Directors			
Director	No. of Meetings		Attended last AGM on 24.09.2013
	Held	Attended	
Mr. R. Veeramani	4	3	No
Mr. P.P. Doddanavar	4	4	Yes
Mr. K.M. Lal	4	2	No
Mr.S.Gopal	4	4	Yes

Number of Board Meetings held, dates on which held:		
Date of Board Meeting	Place / City	No. of Directors present
27-05-2013	Chennai	4
31-07-2013	Chennai	3
13-11-2013	Chennai	2
07-02-2014	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 :

Audit Committee:

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

Date of Meetings:

27-05-2013, 31-07-2013, 13-11-2013 and 07-02-2014

Name	Designation	No. of Meeting attended
Mr. P.P. Doddanavar	Chairman	4
Mr.K.M.Lal	Member	2
Mr.S.Gopal	Member	4

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.

Share Transfer / Investors Grievances Committee:

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 & Share Transfer Agent of the Company.

Name	Designation	No. of Meetings held	No. of Meetings Attended
Mr. R. Veeramani	Member	16	16
Mr. P.P. Doddanavar	Member	16	16
Mr.S.Gopal	Member	16	16

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

Remuneration Committee

Name	Designation
Mr. P.P.Doddanavar	Chairman
Mr.K.M.Lal	Member

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

3. 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 2013 – 2014 are given below

The details of the Remuneration paid to the Directors for the financial year 2013 – 2014 are given below						
Director	Relation with other Director	Business Relationship	With the Co. if any Remuneration paid During Apr 13 – Mar 14 (Rs.)			
			Sitting Fees	Salary & Perks Commn	Commn Paid	Total
Mr. R. Veeramani	Nil	Promoter	Nil	1000000	Nil	1000000
Mr. P.P. Doddanavar	Nil	Independent Director	12000	Nil	Nil	12000
Mr. K.M.Lal	Nil	Independent Director	6000	Nil	Nil	6000
Mr.S.Gopal	Nil	Director	12000	Nil	Nil	12000

Number of Shares held by Directors

Name of the Director	No. of Shares held
Mr.R.Veeramani, Managing Director	12692166

4. GENERAL BODY MEETINGS

General Body Meeting	Date	Venue	Time	Special Resolution Passed At AGM
AGM for the year 31.3.2013	24.09.2013	14 Mangalam Village Kancheepuram Dist.	10.30 a.m	No
AGM for the year 31.3.2012	18.09.2012	14 Mangalam Village Kancheepuram Dist.	10.30 a.m	No
AGM for the year 31.3.2011	09.08.2011	14 Mangalam Village Kancheepuram Dist.	11.00 a.m	Yes

Details of postal ballot during the last 3 years – Preferential allotment of equity shares (2011 – 12)

Special Resolution passed during the last 3 years – Appointment of Statutory Auditor (2010-11)

5. DISCLOSURES

a) Related party transaction:

- During the year, the Promoters have brought in as unsecured loan of Rs. 48.57 Lakhs towards working capital purpose.

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

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 : 17th September 2014
10.30 AM

At Registered office at :
14, Mangalam Village
Madhuranthagam Taluk
Kancheepuram Dist.
Tamilnadu - 603 107

Financial reporting for the quarter ending	June 30, 2014: 13.08.2014
Financial reporting for the quarter ending	Sep 30, 2014: 2 nd Week of November 2014
Financial reporting for the quarter ending	Dec.31, 2014: 2 nd Week of February 2015
Financial reporting for the quarter ending	Mar 31, 2015: Last Week of May 2015

Financial Year : 1st April to 31st March
Date of Book Closure : 09.09.2014 to 17.09.2014
(Both Days Inclusive)

Dividend payment date : Nil

Listing on Stock

Exchange at : 1. Madras Stock Exchange Ltd
(Listing Fees for equity paid upto 31.3.2014) Exchange Building,
Post Box No.183, 11,
Second Line Beach
Chennai - 600 001
2. Bombay Stock Exchange,
P.J. Tower,
Dalal Street
Mumbai - 400 001

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 2013	-	-
May 2013	-	-
June 2013	-	-
July 2013	-	-
August 2013	-	-
September 2013	-	-
October 2013	-	-
November 2013	-	-
December 2013	-	-
January 2014	2.90	2.90
February 2014	-	-
March 2014	2.76	2.76

Registrar &

Share Transfer Agent. : 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 90.73% shares are in the dematerialized form. The International Standard Identification (ISIN) No is INE165F01020.

Persons holding more than 5% of the aggregate shares

S.No	Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Mr.R.VEERAMANI	1,26,92,166	20.68	1,26,92,166	20.68
2	Mr.S.R.ASAITHAMBI	1,01,74,638	16.58	1,01,74,638	16.58
3	Mr.R.SEKAR	97,43,348	15.87	97,43,348	15.87
4	Mr.S.R.KUMAR	97,43,348	15.87	97,43,348	15.87
5	IDBI BANK LIMITED	75,65,000	12.33	75,67,500	12.33
6	ICICI BANK LIMITED	49,21,790	8.02	49,21,790	8.02

Distribution of Shareholding as on 31.03.2014

No. of Shares held	No. of Share Holders	% of Total	Share Amount (In Rs.)	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 5000	29259	98.30	21306005	6.94
5001 10000	252	0.85	1858500	0.60
10001 20000	89	0.30	1247000	0.41
20001 30000	85	0.29	2101995	0.69
30001 40000	11	0.04	393000	0.13
40001 50000	23	0.08	1130000	0.37
50001 100000	23	0.08	1777500	0.58
100001 and above	23	0.08	277045950	90.28
TOTAL	29765	100.00	306859950	100.00

Share holding Pattern as on 31.03.2014

Category	No. of Shares held	%
Indian Promoters	42443500	69.16
Financial Institutions	12486990	20.35
Bodies Corporate	240890	0.39
Non Resident Indians	NIL	NIL
Indian Public	6179110	10.07
Others	21500	0.03
Total	61371990	100.00

Dematerialization of shares and liquidity

: Central Depository Services Limited
 Phiroze Jeejee Bhoj 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 Grievances

secretarial@gemspin.com

Non-Mandatory Requirements:**1. Chairman of the Board**

The Company maintains the office of the Chairman at its Corporate Office.

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. Whistle Blower Policy:

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

5. 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. 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:

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

I, R.Veermani, Managing Director and P.P.Dodanavar, Director of the Company, hereby declare that the Board of Directors has 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 - 86 **R.Veeramani** **P.P.Dodanavar**
Date : 12.08.2014 Managing Director Director

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.

The Indian textile industry makes significant contribution to industrial output, employment generation and export earnings of the country. The textiles industry accounts for 14% of the industrial production, which is 4% of GDP, employs 45 million people and accounts for approximately 11 per cent of the country's total exports. Indian Textile Industry is one of the leading textile industries in the world, being the third largest exporter of textile products in the world trailing European Union (EU)-27 and China as per latest World Trade Organisation (WTO) data.

The Industry has faced unprecedented problems in many ways. Though the demand in domestic and export markets were steady, the spinning mills performance was affected due to severe shortage of power in Tamil Nadu and instability in cotton prices.

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, 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.

Increased consumer demand in the domestic market is the opportunity while erratic power supplies from the Grid and unplanned power cuts and unstable market for cotton and yarn due to Global factors are the threats.

3. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

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.

4. OUTLOOK

The cotton price has almost stabilized and the industry expects to improve its margin during the year. It is hoped the Government of India will intervene with some relief packages to improve the exports. Baring 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 fuel rates to contain the inflation and power are threats 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 31.03.2014, 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
Firm Regn. No. 004695S

For **CNGSN & Associates**
Chartered Accountants
Firm Regn. No. 004915S

Place : Chennai - 17
Date : 12.08.2014

P.Srikanth
Partner
M. No. 204279

C.N.Gangadaran
Partner
M. No. 11205

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. GEM SPINNERS INDIA LIMITED,
CHENNAI

Report on the Financial Statements

We have audited the accompanying financial statements of Gem Spinners India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 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 control relevant to the Company's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d. in our opinion, the Balance Sheet & Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **Vijai Sarathy & Co.,**
Chartered Accountants
Firm Regn. No. 004695S

P.Srikanth
Partner
M. No. 204279

For **CNGSN & Associates**
Chartered Accountants
Firm Regn. No. 004915S

C.N.Gangadaran
Partner
M. No. 11205

Place : Chennai - 17
Date : 12.08.2014

Annexure to the Independent Auditors' Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (i) the company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (ii) the fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable having regard to the nature and value of its fixed assets. However, no material discrepancies have been noticed during the year on such verification.
- (iii) the company has not disposed off substantial part of its fixed assets during the year.
2. (i) inventories have been physically verified during the year by the management at reasonable intervals.
- (ii) in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (iii) in our opinion, the company is generally maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. On the basis of our examination of the books of account, the Company has taken unsecured loan from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (i) Based on the audit procedures applied by us, the particulars of contracts or arrangements referred to in Section 301 of the Act that needed to be entered into the register, maintained under the said section have been so entered.
- (ii) Where each of such transactions is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to deposits accepted from public.
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 cost records maintained by the Company pursuant to the

Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government of India under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. (i) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities during the year.

(ii) No undisputed amounts payable in respect of statutory dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.

(iii) There are no dues of Income tax, wealth tax, excise duty, service tax, customs duty which have not been deposited on account of any dispute. Details of dues towards sales / service tax that have not been deposited on account of any dispute, for which stay has been obtained, are (Nature of dues, dues, period to which the amount relates, forum where dispute is pending) – Service tax Rs. 50.10 Lakhs, Financial year 2004-07, 2008-09 & 2010-11, CESTAT. Sales tax 11.42 Lakhs, Financial year 2005-06 to 2008-09. Commercial tax.

10. The Company have an accumulated losses of Rs.3252.29 lakhs as at March 31, 2014 and Rs. 3242.10 lakhs as at March 31, 2013 and has incurred a cash profit of Rs.220.47 lakhs during the financial year ended March 31, 2014 and has incurred a cash loss of Rs.32.33 lakhs in the immediately preceding financial year.

11. In our opinion, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. The Company is not a chit fund or Nidhi / mutual benefit fund/society. Accordingly the provisions of Clause 4(xiii) of the CARO are not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the CARO are not applicable to the company.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The term loans availed by the company were, prima facie, applied for the purpose for which they were obtained.
17. On an overall examination of the financial statements of the company, funds raised on short term basis have prima facie, not been used for long term investment.
18. 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.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. Based on the audit procedures performed and considering the size and nature of the company's operations, no fraud of material significance on or by the company has been noticed or reported during the year.

For **Vijai Sarathy & Co.**,
Chartered Accountants
Firm Regn. No. 004695S

For **CNGSN & Associates**
Chartered Accountants
Firm Regn. No. 004915S

Place : Chennai - 17
Date : 12.08.2014

P.Srikanth
Partner
M. No. 204279

C.N.Gangadaran
Partner
M. No. 11205

BALANCE SHEET AS AT 31ST MARCH 2014

(In Rupees)

Particulars	NOTE NO.	FOR THE YEAR ENDED 31.03.2014	FOR THE YEAR ENDED 31.03.2013
EQUITY AND LIABILITIES			
SHARE HOLDERS' FUNDS			
Share Capital	1	306,859,950.00	306,859,950.00
Reserves and Surplus	2	(305,509,053.11)	(304,490,099.06)
NON CURRENT LIABILITIES			
Other Long term liabilities	3	128,720,405.97	133,734,697.46
		128,720,405.97	133,734,697.46
CURRENT LIABILITIES			
Trade Payables	4	94,426,804.30	136,583,151.34
Other Current liabilities	5	20,803,549.82	8,787,568.99
Short-term provisions		1,488,160.90	949,033.90
		116,718,515.02	146,319,754.23
		246,789,817.88	282,424,302.63
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Gross Block	6	806,240,539.94	805,586,239.94
Less: Depreciation		614,698,863.33	591,632,707.86
Net Block		191,541,676.61	213,953,532.08
INTANGIBLE ASSETS			
Capital work-in-progress		Nil	Nil
Deferred Tax Assets(net)		11,629,534.00	11,629,534.00
Long -term Loans and Advances	7	1,901,641.88	1,922,408.88
Other non-current Assets	8	2,512,176.60	4,507,291.30
		16,043,352.48	18,059,234.18
CURRENT ASSETS			
Inventories	9	10,039,689.92	10,039,689.92
Trade Receivables	10	14,399,543.93	24,552,621.27
Cash & Bank Balances	11	5,506,198.02	1,424,917.72
Other Current Assets	12	9,259,356.92	14,394,307.46
		39,204,788.79	50,411,536.37
		246,789,817.88	282,424,302.63

For and on behalf of the Board

As per our report of even date

R.Veeramani
 Managing Director

P.P. Doddanavar
 Director

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

CNGSN & ASSOCIATES
 Chartered Accountants
 Firm Regn. No.004915S

 Place : Chennai
 Date : 12.08.2014

A.Vani
 Company Secretary

P. Srikanth
 Partner
 M. No. 204279

C.N.Gangadaran
 Partner
 M. No. 11205

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH-2014

(In Rupees)

Particulars	NOTE NO.	FOR THE YEAR ENDED 31.03.2014	FOR THE YEAR ENDED 31.03.2013
REVENUE			
Revenue from operations	13	131,835,478.68	104,658,061.10
Other Income	14	42,597,586.83	230,441,396.36
Total Revenue		174,433,065.51	335,099,457.46
EXPENSES			
Cost of materials consumed	15	-	-
Purchases of Stock-in-Trade	16	123,097,496.81	99,322,125.01
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	17	-	-
Employees benefits expenses	18	5,530,205.82	16,115,278.38
Finance Costs	19	178,960.73	15,752,225.20
Depreciation and amortization expense	6	23,066,155.47	2,960,000.00
Other expenses	20	23,579,200.73	207,142,737.22
Total Expenses		175,452,019.56	341,292,365.81
PROFIT / (LOSS) BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX		(1,018,954.05)	(6,192,908.35)
Exceptional items		-	-
PROFIT/ (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX		(1,018,954.05)	(6,192,908.35)
Extraordinary Item		-	-
PROFIT/ (LOSS) BEFORE TAX		(1,018,954.05)	(6,192,908.35)
TAX EXPENSES		-	-
Deferred Tax		-	-
PROFIT/(LOSS)FOR THE PERIOD FROM CONTINUING OPERATIONS		(1,018,954.05)	(6,192,908.35)
PROFIT/(LOSS)FROM DISCONTINUING OPERATIONS		-	-
TAX EXPENSES OF DISCONTINUING OPERATIONS		-	-
PROFIT/(LOSS)FROM DISCONTINUING OPERATIONS AFTER TAX		-	-
PROFIT/(LOSS) FOR THE PERIOD		(1,018,954.05)	(6,192,908.35)
EARNINGS PER EQUITY SHARE			
(1) BASIC		(0.02)	(0.10)
(2) DILUTED		-	-

NOTES FORMING PART OF ACCOUNTS

21

For and on behalf of the Board

As per our report of even date

R.Veeramani
 Managing Director

P.P. Doddanavar
 Director

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

CNGSN & ASSOCIATES
 Chartered Accountants
 Firm Regn. No. 004915S

 Place : Chennai
 Date : 12.08.2014

A.Vani
 Company Secretary

P. Srikanth
 Partner
 M. No. 204279

C.N.Gangadaran
 Partner
 M. No. 11205

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 fully paid up

31.03.2014 Rs.	31.03.2013 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 2014		As at 31st March 2013	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Shares outstanding at the beginning of the year	61,371,990	306,859,950.00	41,371,990.00	206,859,950.00
Shares issued during the year (Preferential)	---	---	20,000,000.00	100,000,000.00
Shares bought back during the year	---	---	---	---
Shares outstanding at the end of the year	61,371,990	306,859,950.00	61,371,990.00	306,859,950.00

(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 31st March 2014		As at 31st March 2013	
		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 & Loss Account

31.03.2014 Rs.	31.03.2013 Rs.
19,719,617.83 (325,228,670.94)	19,719,617.83 (324,209,716.89)
(305,509,053.11)	(304,490,099.06)
128,720,405.97	133,734,697.46
128,720,405.97	133,734,697.46
94,426,804.30	136,583,151.34
20,803,549.82 Nil	8,787,568.99 Nil
1,488,160.90	949,033.90

NOTE 3.
OTHER LONG TERM LIABILITIES

Unsecured Loans

NOTE 4.

 TRADE PAYABLES
 Sundry Creditors

NOTE 5.

 OTHER CURRENT LIABILITIES
 Other current liabilities
 Interest Accrued and Due
 Short term provisions

NOTE 6.
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	TOTAL AS ON 01.04.2013 Rs. Ps.	ADDITIONS Rs. Ps.	DELETIONS Rs. Ps.	TOTAL AS ON 31.03.2014 Rs. Ps.	UP TO 31.03.2013 Rs. Ps.	FOR THE YEAR Rs. Ps.	DEDUCTION Rs. Ps.	TOTAL AS ON 31.03.2014 Rs. Ps.	S.L.M. VALUE AS ON 31.03.2013 Rs. Ps.
1.LAND	8576157.12	753547.00	0.00	9329704.12	0.00	0.00	0.00	9329704.12	8576157.12
2.BUILDING	68440482.93	0.00	0.00	68440482.93	36466114.22	1115579.86	0.00	30858788.85	31974368.71
3.PLANT & MACHINERY	701899167.74	0.00	167747.00	701731420.74	536482307.61	20034993.88	0.00	145214119.25	165416860.13
4.OFFICE EQUIPMENTS, FURNITURE AND FITTINGS	5292917.52	68500.00	0.00	5361417.52	5292917.52	3616.80	0.00	64883.20	0.00
5.VEHICLES	2996050.05	0.00	0.00	2996050.05	1237490.92	284624.76	0.00	1473934.37	1758559.13
6.MISCELLANEOUS ASSETS	18381464.58	0.00	0.00	18381464.58	12153877.59	1627340.16	0.00	4600246.83	6227587.69
TOTAL	805566239.94	822047.00	167747.00	806240539.94	591632707.86	23066155.47	0.00	191541676.61	213953532.08

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

Finished Goods

Waste

NOTE 10.
TRADE RECEIVABLES

(Unsecured-considered good)

Exceeding six months

NOTE 11.
CASH & BANK BALANCES

Cash on Hand

Balances with Scheduled Banks in:

Current Account

Margin Money Account

Term Deposit

Others

NOTE 12.
OTHER CURRENT ASSETS

Claims Receivable

Prepaid expenses

Income Receivable

NOTE 13.
REVENUE FROM OPERATION
Sales - Yarn

Trading Export

	31.03.2014 Rs.	31.03.2013 Rs.
	1,901,641.88	1,922,408.88
	1,901,641.88	1,922,408.88
	2,512,176.60	4,507,291.30
	10,015,218.92	10,015,218.92
	24,471.00	24,471.00
	10,039,689.92	10,039,689.92
	14,399,543.93	24,552,621.27
	14,399,543.93	24,552,621.27
	41,898.00	151,922.00
	5,204,532.02	766,523.72
	257,768.00	257,768.00
	2,000.00	248,704.00
	-	-
	5,506,198.02	1,424,917.72
	-	2,697,341.19
	187,244.00	220,287.00
	9,072,112.92	11,476,679.27
	9,259,356.92	14,394,307.46
	131,835,478.68	104,658,061.10
	131,835,478.68	104,658,061.10

NOTE 14.
OTHER INCOME

Interest Received
 Miscellaneous income
 Profit on Sale of Land

31.03.2014 Rs.	31.03.2013 Rs.
-	702,658.00
42,597,586.83	6,216,564.36
-	223,522,174.00
42,597,586.83	230,441,396.36

NOTE 15.
COST OF MATERIALS CONSUMED

Cotton
 Stock at Commencement
 Add: Purchases

-	169,624,000.00
-	-
-	169,624,000.00

Less: Stock at Close
 Consumption/Written Off

-	-
-	169,624,000.00

Yarn for Knitting-mill

Stock at Commencement
 Add: Purchases

-	-
-	-

Less: Stock at close
 Consumption

-	-
-	-

Total Consumption

-	-
---	---

NOTE 16.
TRADING EXPENSES

123,097,496.81	99,322,125.01
-----------------------	----------------------

NOTE 17.
**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

-	-
-	-
-	-
-	-

Less: Stocks at Commencement

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

-	-
-	-
-	-
-	-

NOTE 18.

EMPLOYEES BENEFITS EXPENSES

Salaries and Wages
Staff Welfare
Contribution to Funds

31.03.2014 Rs.	31.03.2013 Rs.
5,246,922.82	15,378,720.88
29,137.00	456,923.50
254,146.00	279,634.00
5,530,205.82	16,115,278.38

NOTE 19.

FINANCE COSTS

Interest on hire purchase
Packing Credit
Bank Charges

138,366.80	657,480.20
-	8,465,886.53
40,593.93	6,628,858.47
178,960.73	15,752,225.20

NOTE 20.

OTHER EXPESNES

Other Manufacturing Expenses

Factory Maintenance Charges
Freight Inward

-	511,707.24
-	1,969.00
-	513,676.24

Stores Consumption

Consumption of Spares

-	-
---	---

Power and Fuel

Electricity charges
Fuel

7,650,553.00	6,198,139.00
-	-

Administrative, Selling & Other Expenses

Insurance
Communication Charges
Rates and Taxes
Donation
Travelling & Conveyance
Audit Fees
Miscellaneous Expenses
Freight Outward
Sales Commission

220,287.00	318,999.40
57,813.00	168,140.00
190,237.00	205,315.00
3,002.00	2,002.00
238,243.00	167,484.00
211,146.00	224,421.00
15,007,919.73	199,344,560.58
-	-
-	-

Total Other Expenses

15,928,647.73	200,430,921.98
23,579,200.73	207,142,737.22

For and on behalf of the Board

As per our report of even date

R.Veeramani
Managing Director

P.P. Doddanavar
Director

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

CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No. 004915S

Place : Chennai
Date : 12.08.2014

A.Vani
Company Secretary

P. Srikanth
Partner
M. No. 204279

C.N.Gangadaran
Partner
M. No. 11205

NOTE 21**NOTES FORMING PART OF ACCOUNTS****1. CORPORATE PROFILE:**

Gem Spinners India Limited was incorporated as a Public Limited Company on 18th October 1990. The Company's shares are listed in Madras and Bombay Stock Exchanges.

The Company has set up a plant for the Manufacture of Cotton yarn and Grey Fabrics at Mangalam Village, Kancheepuram District, Tamil Nadu.

2. SIGNIFICANT ACCOUNTING POLICIES**A) GENERAL**

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

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 and 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

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.

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) INVENTORIES

Raw Materials, Stores and Spares are valued at cost.

Finished Goods are valued at lower of cost or net realizable value.

Stock-in- process is valued at estimated cost.

Waste is valued at net realizable value.

D) SALES

Revenue is recognized when the goods 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.

E) 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.

F) DEPRECIATION

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.

Depreciation is provided after adjusting for the exchange fluctuation arising due to repayment / reinstatement as at the balance sheet date.

G) EMPLOYEE BENEFITS

PROVIDENT FUND

Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account as incurred.

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 and no encashment leave has been demanded.

H) FOREIGN CURRENCY TRANSACTION

Assets and Liabilities related to foreign currency transaction remaining unsettled at the end of the year are translated at 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.

I) 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.

J) PROVISIONS, CONTINGENT LIABILITES AND CONTINGENT ASSETS

1. 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

2. Contingent Liabilities: Rs.61.52 Lakhs (Rs.40.11 Lakhs)

3. EMPLOYEE BENEFIT PLANS

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

S.No	Particulars	2013-14	2012-13
a)	Contribution to Provident Fund	60249	73340
b)	Contribution to employees' pension scheme 1995	124037	166073

S.No	Particulars	Gratuity
		2013-14
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%

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

Particulars	Opening Balance 01.04.13	Provided during the Year	Utilized During the Year	Reversed During the Year	Closing Balance 31.03.14
Service Tax	40.11 Lakhs	9.99 Lakhs	Nil	Nil	50.10 Lakhs
Sales Tax	Nil	11.42	Nil	Nil	11.42 Lakhs

8. Interest on others in Note -14 is net of interest income of Rs. Nil (Rs.7.03 Lakhs)

9. Disclosure under Accounting Standard 17 – SEGMENT REPORTING

Segment Reporting for the year ended 31.03.2014		(Rs. in Lakhs)	
S. No	Particulars	Year Ended on 31.03.2014	Year Ended on 31.03.2013
1	Segment Revenue / Income		
	a. Mill	-	-
	b. Trading	1318.35	1046.59
	Total	1318.35	1046.59
2	Segment Results		
	a. Mill	(407.82)	-
	b. Trading	87.38	738.41
	Total	(320.44)	738.41
	Add: Unallocable Income	312.04	350.40
	Less: Interest – Unallocable Expenditure	1.79	157.53
	Tax [(including - FBT) / (+) Deferred Tax]	-	-
	Prior year Excess provision of interest written back	-	-
		(10.19)	(61.93)
3	Capital Employed (Segment Assets - Segment Liabilities)		
	a. Mill	(775.13)	(958.29)
	b. Trading	-	-

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

11. Earnings Per Share:

Particulars		2013 – 14 (Rs. in Lacs)	2012 -13 (Rs. in Lacs)
Numerator			
Net Loss as disclosed in Profit & Loss Account		(10.19)	(61.93)
Net Loss attributable to the Equity shareholders		(10.19)	(61.93)
Denominator			
Weighted average Equity Shares			
Basic and diluted Earnings Per Share	Nos.	61371990	61371990
(face value of Rs.10 each)			
Before Exceptional Items		(0.46)	(0.64)
After Exceptional Items		(0.02)	(0.10)

12. Disclosure in respect of related Parties pursuant to Accounting Standard 18 is disclosed in Corporate Governance in Item No.5.

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

A) Sales, Production and Stocks

(Rs.in Lakhs)

Finished Goods	Unit	Opening Stock		Production		Sales		Closing Stock	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Cotton Yarn	Rs	-	-	-	-	-	-	-	-
Knitted Fabric	Rs	-	-	-	-	-	-	-	-

B) Traded Goods (Cotton Yarn)

Finished Goods	2013-14	2012-13
	Rs. in Lakhs	Rs. in Lakhs
Purchase	1236.49	930.40
Sales	1297.60	1016.68

C) Raw Material Consumed

Description	2013-14	2012-13
	Rs. in Lakhs	Rs. in Lakhs
Cotton Imported	Nil	Nil
Cotton Indigenous	Nil	Nil

D) Value of Imports calculated on CIF basis

Particulars	2013-14		2012-13	
	%	Rs. in Lakhs	%	Rs. in Lakhs
Components and Spare Parts	Nil	Nil	Nil	Nil
Capital goods	Nil	Nil	Nil	Nil
Imported Raw Materials	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

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

Particulars	2013-14		2012-13	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Imported	-	-	-	-
Indigenous	-	-	-	-

F) Expenditure in Foreign Currency (on remittance basis)

(Rs. in Lakhs)

Particulars	2013 - 14	2012 - 13
Commission	38.83	Nil
Travel	28.98	Nil

G) Earnings in Foreign Exchange

FOB value of goods exported - Rs. 1297.60 Lakhs (Rs.1016.68 Lakhs)

14. Sitting Fees to Directors – Rs.30000 (Rs.36000)

15. AUDITORS' REMUNERATION

(Rs. in Lakhs)

Particulars	2013 - 14	2012 - 13
Statutory Audit Fees	2.11	Nil
Certification	Nil	Nil
Cost Audit Fees	Nil	Nil

16. No. of employees in respect of salary/remuneration exceeds Rs.5 Lakhs p.m. or Rs.60 Lakhs p.a. is NIL.

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

As per our report of even date

R.Veeramani
Managing Director

P.P. Doddanavar
Director

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

CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No. 004915S

Place : Chennai
Date : 12.08.2014

A.Vani
Company Secretary

P. Srikanth
Partner
M. No. 204279

C.N.Gangadaran
Partner
M. No. 11205

CASH FLOW STATEMENT

Particulars		2013-2014	2012-2013
A. Cash Flow from operating activities			
Profit/(Loss) for the year		(1,018,954)	(6,192,908)
Adjustments for :			
Depreciation		23,066,155	2,960,000
Interest and Finance		178961	15,752,225
Deferred expenses written off		-	-
Less : Interest/Dividend Income		-	702,658
Operating Profit before Working Capital Changes	A	22,226,162	11,816,659
Adjustments for :			
Inventories		-	1,69,623,077
Loans and Advances		20,766	1,863,768
Other Current Assets		7,130,065	41,059,509
Miscellaneous Expenditure		-	-
Debtors		10,153,077	29,747,100
Current Liabilities		(29,601,239)	(89,900,577)
	B	(12,297,330)	1,52,392,878
Cash generated from Operations	(A+B=C)	9,928,832	1,64,209,536
Interest and Finance Charges	D	(178,961)	(15,752,225)
Net Cash from Operating Profit	(C-D=E)	9,749,871	1,48,457,311
B. Cash flow from investing activities			
Purchase of fixed assets		(654,300)	(2,816,489)
Interest received		-	702,658
Bank Deposits		246,704	11,362,278
Net Cash used in investing activities		(407,596)	9,248,447
C. Cash Flow from financing activities			
Preferential Issue of Shares to Financial Institutions		-	1,00,000,000
Proceeds from long term borrowings		(5,014,291)	(82,805,668)
Proceeds from short term borrowings		-	(1,75,507,183)
Net Cash used in Financing Activities		(5,014,291)	(1,58,312,850)
Net increase in cash and cash equivalents		4,327,983	(607,092)
Cash and cash equivalents as at 31.3.2013 (Opening Balance)		918,446	1,525,538
Cash and Cash equivalents as at 31.3.2014 (Closing Balance)		5,246,430	918,446

For and on behalf of the Board

Place : Chennai - 86

Date : 12.08.2014

R. Veeramani

Managing Director

P.P.Dodanavar

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 2014 and found the same in agreement therewith.

For **Vijai Sarathy & Co.**,
Chartered Accountants
Firm Regn. No. 004695S

For **CNGSN & Associates**
Chartered Accountants
Firm Regn. No. 004915S

Place : Chennai - 17

Date : 12.08.2014

P.Srikanth
Partner
M. No. 204279

C.N.Gangadaran
Partner
M. No. 11205

GEM SPINNERS INDIA LIMITED

No.14, Mangalam Village, Maduranthagam 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

1.Name _____

Address: _____

E.Mail.ID: _____

Signature: _____ Or failing him/her

1.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 24th Annual General Meeting of the Company, to be held on Wednesday, the 17th September, 2014 at 10.30 a.m at "No.14, Mangalam Village, Maduranthagam 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 31 st March, 2014.		
2	Re-appointment of Mr.S.Gopal as Director who retires by rotation		
3	Appointment of M/s.Vijai Sarathy & Co, Chartered Accountants, Chennai as Statutory Auditors and fixing their remuneration		
	Special Business		
4	Appointment of Mr.P.P.Doddanavar as an Independent Director for a term of five consecutive years		
5	Appointment of Mr.K.M.Lal as an Independent Director for a term of five consecutive years		
6	Special Resolution for adopting Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013		
7	Ordinary Resolution for delisting from Delhi Stock Exchange		
8	Ordinary Resolution for delisting from Madras Stock Exchange		

Signed this _____ day of _____ 2014

Signature of Shareholder: _____

Signature of Proxy holder: _____

Affix
revenue
stamp

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 24th 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 0366.

ATTENDANCE SLIP

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company being held at No.14, Mangalam Village, Maduranthagam Taluk, Kancheepuram District, Tamil Nadu – 603 107 on Wednesday, September 17,2014 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:**

1. Members attending the meeting in person are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.
 2. 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.
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REGD. BOOK POST

To

If undelivered, please return to:

GEM SPINNERS INDIA LIMITED

No.14, Mangalam Village,

Maduranthagam Taluk,

Kancheepuram District,

Tamil Nadu – 603 107

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	GEM SPINNERS INDIA LIMITED
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time / repetitive / since how long period Not Applicable
5.	To be signed by- <input type="checkbox"/> CEO/Managing Director <input type="checkbox"/> CFO / Whole Time Director <input type="checkbox"/> Auditor of the company <input type="checkbox"/> Audit Committee Chairman	   