



Contents

	Page.No.
Notice	3
Directors' Report	4
Corporate Governance	7
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	17
Schedules	18
Balance Sheet Abstract	29
Cash Flow Statement	30

BOARD OF DIRECTORS

Mr. R. VEERAMANI
Chairman & Managing Director

Directors

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

Nominee Director

Mr. SHEKHAR R.RAO - IDBI

Executive Director

Mr. A. M. DURAIRAJ

Company Secretary

Mr. S. VASUDEVAN

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.

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the shareholders of GEM SPINNERS INDIA LIMITED, Chennai will be held on Friday, the 24th September 2010 at 11.00 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 2010, 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.K.M.Lal who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that M/s. Vijai Sarathy & Co. Chartered Accountants, Chennai and M/s. CNGSN & Associates, Chartered Accountants, Chennai be and are hereby appointed as Joint Auditors for the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by Board of Directors."

Place : Chennai - 86

Date : 12.08 2010

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 16th September 2010 to 24th September 2010 (Both days inclusive).
3. Details of Directors seeking re-appointment are enclosed.
4. 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.
5. 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.
6. Members are requested to bring their copies of the Annual Report to the meeting.
7. 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.

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

S. Vasudevan
Company Secretary

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

Mr.K.M.Lal 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
Mr.K.M.Lal	IAS (Retd.)	He has got wide Experience in Economic, Administrative, Planning and Public Finance. He has also widely travelled abroad as a Delegate and on Deputation.	5	Polymer Polylink Hindustan Wire Ltd Ram Swaroop SREI Capital Ltd Gem Sugars Ltd



DIRECTORS' REPORT FOR THE YEAR 2009 - 2010

Your Directors have pleasure in presenting the 20th Annual Report on the performance of our Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31.3.2010.

Financial Results

Particulars	2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
SALES		
Export	7457.77	9059.58
Domestic	1401.46	748.09
Waste	424.28	488.21
Total	9283.51	10295.88
Operating Profit	67.66	80.89
Less: Financial Charges	398.74	392.71
Gross Profit / (Loss)	(330.98)	(311.82)
Less : Depreciation	327.95	310.34
Less: Fringe Benefit Tax	-	1.49
Less: Deferred Tax Liability / Asset	26.52	27.14
Net Profit / (Loss)	(632.41)	(596.51)

Review of Operations

Your company has achieved a Turnover of Rs.9283.51 Lakhs (Trading Rs.4871.26 Lakhs) during the year under review as against Rs.10295.88 Lakhs (Trading Rs.6401.98 Lakhs) in the previous year. The 9.83% reduction in turnover as compared to last year is due to lower capacity utilization due to declared power cut by Tamil Nadu Electricity Board. The Operating profit was only of the order of Rs.67.66 Lakhs as compared to the previous year mark of Rs.80.89 Lakhs.

Your Directors have to regretfully report a Net Loss of Rs.632.41 Lakhs for the year under report as against a Net Loss of Rs.596.51 Lakhs during the previous year.

The power cut in Tamil Nadu continue since October 2008 and its impact is full during the year under report and hence we had to report negative results for the year 31.03.2010.

Your Directors report that the Company has entered into a scheme of One Time Settlement with ICICI Bank and as far as the outstanding of IDBI is concerned, the proposal is under process by IDBI.

During the year under report, the Company made a reference to the Board for Industrial and Financial Reconstructions for registering the unit as "Sick" under the Sick Industrial Companies (Special Provisions) Act 1985 based on the audited finan-

cial results of the previous year 2008-09, as the net worth of the Company was eroded. As the Company has opted for One Time Settlement as reported earlier, no Draft Rehabilitation Scheme is considered for the present.

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.

Reply to Auditors Qualification for Point No.11 of Annexure A to Auditors Report:

The Auditors have vide clause 11 of their report qualified that the Company has defaulted in repayment of Financial Institutions.

The Company has entered into a scheme of One Time Settlement with ICICI Bank and as far as the outstanding of IDBI is concerned, the proposal is under process by IDBI.

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.2,00,000 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.K.M.Lal 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 IDBI, ICICI, SBI, IOB, 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

Date : 12.08.2010

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

By Implementing energy conservation measures actual UKG was reduced from 5.26 units in 2008-09 to 3.89 units in 2009-10 which is 35.22% reduction in overall power consumption.

B. Technology Absorption, Adoption and Innovation

a. Efforts made towards Technology Absorption and Innovation

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

b. Benefits derived as a result of the above.

- i. Optimum use of Raw Material
- ii. Ability to spin yarn of international standard
- iii. Safety for the workers and better environment with references to noise and pollution.

c. 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:

	2009-10	2008-09
	(Rs. In Lakhs)	
i) CIF value of imports (Raw material, Spares & Capital goods)	40.33	139.03
ii) Expenditure in foreign currency (Travel and Commission)	98.71	79.25
iii) Foreign exchange earned	6410.40	8564.14

On behalf of the Board

Place : Chennai - 86

R. Veeramani

Date : 12.08.2010

Chairman & Managing 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 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 2010 and loss of the Company for the year 31st March 2010.
- 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.

On behalf of the Board

Place : Chennai - 86

R. Veeramani

Date : 12.08.2010

Chairman and Managing Director



FORM A

Form for Disclosure of Particulars with respect to conservation of Energy

A. Power & Fuel Consumption	2009-2010	2008-2009
1. Electricity		
a. Purchased Units	10815130	13382550
Total amount (Rs.)	48707083.00	57534289.00
Rate / Unit Rs.	4.50	4.30
b. Own Generation		
i) Through Diesel Generator		
Units	2822	24394
Total Amount (Rs.)	2.52	2.56
Cost per Unit (Rs.)	12.84	13.57
ii) Through steam		
Turbine / Generator	-	-
Units	-	-
Units per litre of fuel oil / gas	-	-
Cost per Unit (Rs.)	-	-
2. Coal		
Quantity (tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil / L.S.H.S.		
Quantity (Kl)*	-	-
Total Cost	-	-
Average Rate	-	-
4. Others / Internal Generation		
Generation	-	-
Quantity (tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
B. Consumption per unit of Production		
1. Electricity (KWH) (Yarn & Knitted Fabric (per KG)	3.89	5.26
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)

- Specific areas in which R&D carried out by the Company**
Fiber and Yarn
- Benefits derived as a result of the above R&D**
Optimum utilization of fiber and its parameters
- Future Plan of Action**
Extension of R&D activities till knitted fabrics to ensure saving of raw materials, machinery usage and energy
- Expenditure on R & D**
Separate account has not been maintained

Technology Absorption, Adoption and Innovation

- Efforts made towards Technology Absorption and Innovation**
Technology which was obtained from world leaders on machinery design, has been fully absorbed.
- Benefits derived as a result of the above**
 - Optimum use of raw material
 - Ability to spin yarn of international standard
 - Safety for the workers and better environment with references to noise and pollution
- Details about import of technology during the last five years**
Not Applicable

On behalf of the Board

Place : Chennai - 86
Date : 12.08.2010

R. Veeramani
Chairman and 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.

2. BOARD OF DIRECTORS

Board of Directors of the Company consist of one Executive, One Non-Executive and three Non-Executive independent Directors as on 31.3.2010.

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	2	11	Nil	1
Mr. S.R. Asaithambi	Non - Executive Director	Nil	11	1	1
Mr. P.P. Doddanavar	Independent Director	Nil	Nil	2	Nil
Mr. K.M.Lal	Independent Director	Nil	5	Nil	2
Mr. Shekhar R.Rao	Independent Director - Nominee Director – IDBI	Nil	Nil	Nil	2

Attendance Record of the Directors

Director	No. of Meetings		Attended last AGM on 09.09.2009
	Held	Attended	
Mr. R. Veeramani	5	4	No
Mr. S.R. Asaithambi	5	5	Yes
Mr. P.P. Doddanavar	5	5	Yes
Mr. Shekhar R.Rao	5	4	No
Mr. K.M. Lal	5	3	No

Number of Board Meetings held, dates on which held :

Date of Board Meeting	Place / City	No. of Directors present
15.05.2009	Chennai	5
18.06.2009	Chennai	5
31.07.2009	Chennai	4
26.10.2009	Chennai	3
28.01.2010	Chennai	4

3. Audit Committee

The Audit Committee consists of Mr. P.P. Doddanavar as Chairman and Mr. Shekhar R.Rao and Mr.K.M.Lal as members and Mr.S.Vasudevan as the Member Secretary

Date of Meetings:

18.06.2009,31.07.2009,26.10.2009, 28.01.2010.

Name	Designation	No. of Meeting Attended
Mr. P.P. Doddanavar	Chairman	4
Mr. Shekhar R.Rao	Member	3
Mr. K.M.Lal	Member	2

Mr. S. Vasudevan, 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 Shri.S.Vasudevan, Company Secretary as the 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.

4. Shareholders Committee

Name	Designation	No. of Meetings held	No. of Meetings Attended
Mr. S.R. Asaithambi	Chairman	10	10
Mr. R. Veeramani	Member	10	10

Mr. S. Vasudevan, Company Secretary, is the Compliance Officer

Number of share complaints received so far

- 22

Number of complaints not solved to the Satisfaction of shareholders - Nil

Number of pending share transfers - Nil

5. Remuneration Committee

Name	Designation
Mr. P.P.Doddanavar	Chairman
Mr.Shekhar R.Rao	Member
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 2009 – 2010 are given below

Director	Relation with other Director	Business Relationship With the Co. If any	Remuneration paid During April 09 – March 10			
			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	15000	Nil	Nil	15000
Mr. P.P. Doddanavar	Nil	Independent Director	15000	Nil	Nil	15000
Mr. K.M.Lal	Nil	Independent Director	9000	Nil	Nil	9000
Mr.Shekhar R.Rao	Nil	Nominee Director	12000	Nil	Nil	12000

Number of Shares held by Directors

Mr. R. Veeramani	Chairman & Managing Director	6699200
Mr.S.R. Asaithambi	Non-Executive Director	5369900



6. General Body Meetings

General Body Meeting	Date	Venue	Time	Special Resolution - tion passed at AGM
AGM for the year 31.3.2009	09.09.2009	14 Mangalam Village Kancheepuram Dist.	11.00 a.m	Yes *
AGM for the year 31.3.2008	11.09.2008	14 Mangalam Village Kancheepuram Dist.	11.00 a.m	Yes *
AGM for the year 31.3.2007	23.08.2007	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.

No Special Resolution was passed during the Financial Year 2009-10 through Postal Ballot.

7. Disclosures

a) Related party transaction:

The company has not entered in to any significant related party transactions during the year.

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.

8. Means of communication

Half yearly and quarterly results:

- Financial reporting for the quarter ending June 30, 2009 : 31st July 2009
- Financial reporting for the half year ending Sep 30, 2009 : 26th October 2009
- Financial reporting for the quarter ending Dec 31, 2009 : 28th January 2010
- Financial reporting for the quarter ending March 31, 2010 : 28th May 2010
- Annual General Meeting for the year ending March 31, 2010 : 24th September 2010

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

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

9. General Shareholder Information

AGM Date,time : 24thSeptember 2010
and venue : 11.00 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 : 16.09.2010 to 24.09.2010
(Both Days Inclusive)

Dividend payment date : Nil

Listing on Stock : Madras Stock Exchange Ltd
Exchange at : Exchange Building,
(Listing Fees for : Post Box No.183,
equity paid : 11, Second Line Beach
upto 31.3.2010) Chennai - 600 001
Bombay Stock Exchange,
P.J. Tower, Dalal Street,
Mumbai - 400 001
The Delhi Stock Exchange
Assn Ltd, 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 (Rs)	Low (Rs)
July 09	3.40	3.25
August 09	3.25	3.20
September 09	3.20	2.90
October 09	3.40	3.15
November 09	3.51	3.51
December 09	3.68	3.50
January 10	4.35	3.34
February 10	3.85	3.34
March 10	3.57	3.40

** April'09, May'09 and June'09, the Shares were not traded in the Exchange

Registrars and Share : Cameo Corporate
Transfer Agents. 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 86.13% shares are in the dematerialized form. The International Standard Identification (ISIN) No is INE165F01020.

Distribution of Share holding as on 31.03.2010.

No. of Shares held	No. of Share Holders	% of Total	Share Amount (In Rs.)	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 5000	29540	98.49	21397500	10.35
5001 10000	229	0.76	1668500	0.81
10001 20000	83	0.28	1157000	0.56
20001 30000	73	0.24	1807500	0.87
30001 40000	11	0.04	396000	0.19
40001 50000	18	0.06	891000	0.43
50001 100000	17	0.06	1323500	0.64
100001 and above	22	0.07	178218950	86.15
TOTAL	29993	100.00	206859950	100.00

Share holding Pattern as on 31.03.2010

Category	No. of Shares held	%
Indian Promoters	22443500	54.25
Financial Institutions	12772190	30.87
Bodies Corporate	193800	0.47
Non Resident Indians	NIL	NIL
Indian Public	5962100	14.41
Others	400	0.03
Total	41371990	100.00

Dematerialization : Central Depository Services Ltd
of shares and liquidity Phiroze Jeejee Bhoy Towers
28th Floor, Dalal Street,
Mumbai - 400023
ISIN No: INE165F01020

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

Address for : S. Vasudevan,
Correspondence Company Secretary
(Compliance Officer) Gem Spinners India Limited
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 8 above. The results are not separately circulated to the shareholders.

4. Audit qualifications

The Auditors have vide clause 11 of their report qualified that the Company has defaulted in repayment to Financial Institutions.

The Company has represented to the Financial Institutions for restructuring of the existing term loan as per RBI guidelines due to the global economic melt down. Besides, due to power shut down by the Tamil Nadu Government, the capacity utilization was under 67%. However, the Company is yet to receive any formal communication from the Institutions regarding the restructuring.

5. 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.

6. Mechanism for evaluating non-executive Board Members

Same as above.

7. 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. 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 2009-10.