

GEM[®] SPINNERS INDIA LIMITED

TWENTY SIXTH ANNUAL REPORT

2015 - 2016

BOARD OF DIRECTORS

Mr.R.VEERAMANI

Mr.PPDODDANAVAR

Mr.S.GOPAL

Mrs.POORANA JULIET

CHIEF FINANCIAL OFFICER

MR. G. SETHILVEL

COMPANY SECRETARY & COMPLIANCE OFFICER

Mrs. A.VANI

E mail id: secretarial@gemspin.com

AUDITORS

M/s.VIJAY SARATHY & CO.

Chartered Accountants,

18-A, Rajamannar Street,

T.Nagar, Chennai – 600 017.

SECRETARIAL AUDITORS

M/S. LAKSHMMI SUBRAMANIAN & ASSOCIATES,

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

BANKERS

INDIAN OVERSEAS BANK

LAKSHMI VILAS BANK

REGISTERED OFFICE & MILLS

No. 14, Mangalam Village, Madhuranthagam Taluk,

Kancheepuram District, Tamil Nadu – 603 107

E mail id: accounts@gemspin.com

CORPORATE OFFICE

78, CATHEDRAL ROAD, CHENNAI – 600 086.

REGISTRAR & SHARE TRANSFER AGENT

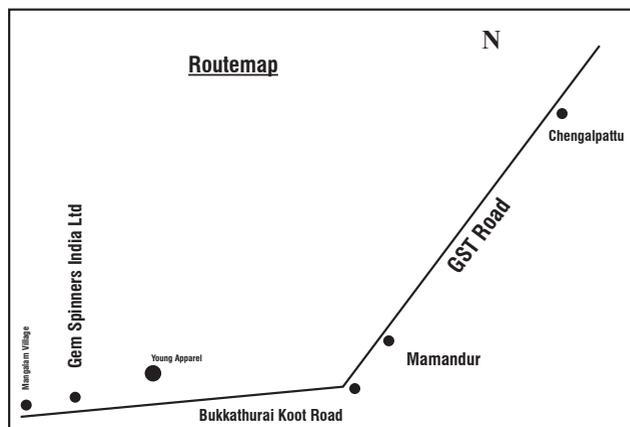
CAMEO CORPORATE SERVICES LTD.

"Subramanian Building", 1, Club House Road,

Chennai – 600 002.

Listed in BSE

COMPANY CIN : L17111TN1990PLC019791



Contents	Page No.
Notice	01
Directors' Report	04
Corporate Governance	13
Management Discussion & Analysis	16
Independent Auditor's Report	18
Balance Sheet	21
Profit and Loss Account	22
Notes Forming Part of Accounts	27
Cash Flow Statement	30

NOTICE TO SHAREHOLDERS

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

ORDINARY BUSINESS

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

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

SPECIAL BUSINESS

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

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

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

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

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

By Order of the Board

Place: Chennai - 86
Date : 29.07.2016

A. Vani
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED/ CORPORATE OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. **The Explanatory Statement as per the provisions of section 102 of the Companies Act, 2013 in respect of the items of the Special Business as set out above is annexed.**
3. Pursuant to Section 105 of the Companies Act, 2013 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. **The Register of Members and the Share Transfer Books of the Company will remain closed from**

09th September, 2016 to 19th September, 2016 (Both days inclusive).

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

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

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

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

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

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

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

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

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

10. Members who hold shares in demat form are requested to notify any change in their particulars like change in address, bank particulars etc. to their respective Depository Participants.
11. The Ministry of Corporate Affairs vide its circular dated 21st April 2011 allowed the companies to send notices, annual reports and other documents by means of e-mail to the members of the Company. Hence members, who have not registered their e-mail addresses, are requested to register their e-mail addresses with the Company/ Registrar.
12. Pursuant to provisions of Section 72 of the Companies Act, 2013, Members can avail of the facility of nomination in respect of shares held by them in physical form. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to the Company's Registrar and Share Transfer Agent: Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
13. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
14. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.

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

Item No:4

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

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

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

Item No 5

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

Dear Shareholders,

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

1) FINANCIAL RESULTS

Rs. in Lakhs

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

Performance and state of Company's affairs

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

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

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

2) DIVIDEND

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

3) TRANSFER OF PROFIT TO RESERVES

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

4) MATERIAL CHANGE AND COMMITMENTS OF THE COMPANY

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report; and there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the company's operations in future.

5) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

6) SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

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

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

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

8) DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL (KMPs)

Board Composition and Independent Directors

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

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

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

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

Retirement by Rotation

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

Key Managerial Personnel

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

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

Declaration of Independent Directors

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

Policy of Directors Appointment and Remuneration

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

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

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

9) STATUTORY AUDITORS

At the Annual General Meeting held on September 17, 2014 M/s. Vijay Sarathy & Co, Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of the 27th Annual General Meeting of the Company . In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting of the company. Accordingly, the appointment of M/s. Vijay Sarathy & Co, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

COMMENTS ON AUDITOR'S REPORT:

Reply to Qualified Opinion:

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

10) SECRETARIAL AUDITOR

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

reservation or adverse remark.

COMMENT ON SECRETARIAL AUDITOR REPORT

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

11) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

12) RELATED PARTY TRANSACTIONS

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

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

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

13) EXTRACT OF THE ANNUAL RETURN:

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

14) CORPORATE GOVERNANCE

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

15) RISK MANAGEMENT POLICY

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

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

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

17) DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public.

18) CORPORATE SOCIAL RESPONSIBILITY (CSR):

Not applicable.

19) BOARD MEETINGS:

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

20) PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and in terms of Regulation 17(10) of the SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Audit and the Nomination and Remuneration Committees. and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

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

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

21) CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

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

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

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

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

22) BOARD COMMITTEES

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

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

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

24) MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

25) DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

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

28) ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

For Gem Spinners India Limited

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

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

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

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

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

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

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

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

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

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

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015 (Applicable with effect from 15 May, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- v. The Listing Agreements entered into by the Company with the Stock Exchanges, where the Securities of the Company are listed and the uniform listing agreement with the said stock exchanges pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from 1 December, 2015).
- vi. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India applicable with effect from 1 July 2015.
- vii. Since the Company's manufacturing business is temporarily suspended and is presently engaged in the trading of cotton yarn in a limited manner, in our opinion and as identified and informed by the Management, the company has no Specific laws applicable.

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

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

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

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

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

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

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

1. Employees Provident Fund and Miscellaneous Provisions Act, 1952
2. Employees' State Insurance Act, 1948
3. The Contract Labour (Regulation & Abolition) Act, 1970
4. The Factories Act, 1948
5. The Industrial Disputes Act, 1947
6. The Industrial Employment (Standing Orders) Act 1946
7. The Workmen's Compensation Act, 1923 & Rules
8. Payment of Gratuity Act 1972 & Rules
9. The Payment of Bonus Act, 1965
10. The Minimum Wages Act, 1948
11. The Maternity Benefit Act, 1961
12. Apprentices Act, 1961

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

We further report that:

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

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

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

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

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

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

For **Lakshmmi Subramanian & Associates**

Lakshmmi Subramanian

Senior Partner

FCS No. 3534

C.P.NO. 1087

Place: Chennai

Date : 23.08.2016

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

ANNEXURE-A

The Members

Gem Spinners India Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc..
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Lakshmmi Subramanian & Associates**

Lakshmmi Subramanian

Senior Partner

FCS No. 3534

C.P.NO. 1087

Place: Chennai

Date : 23.08.2016