



GEMSTONE

INVESTMENTS LIMITED

ANNUAL REPORT
2008-2009

GEMSTONE INVESTMENTS LIMITED

15TH ANNUAL REPORT

Notice is hereby given to the Members of Gemstone Investments Limited that the 15th Annual General Meeting of the Company will be held on Tuesday, the 29th day of September, 2009 at 9.30 A.M. at the registered office of the Company situated at S 15, Hazari Baug, Station Road, Vikroli (west), Mumbai- 400 083 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2009, Profit and loss A/c for the year ended 31st March, 2009 together with the Directors Report and Auditors Report.
2. To appoint a Director in place of Mrs. Mridula Shah, who retires by rotation, but being offers herself for Re-appointment.
3. To appoint M/s Shah Jadavji & Co. Chartered Accountants as Statutory Auditor of the company to hold the office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provision of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Anant Palan who has offered himself for appointment as a Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provision of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Nimesh Ganatra who has offered himself for appointment as a Director of the Company be and is hereby appointed as a Director of the Company.

6. To consider and if thought fit, to pass with or without modifications the following resolution as Special Resolution."

"RESOLVED THAT in accordance with the provisions of section, 81 (1A) and other applicable provisions if any, of the Companies Act, 1956 (the said Act) and in terms of the provisions of the Articles of Association of the Company and subject to the approval of Government of India (GOI), Securities and Exchange Board of India (SEBI), Stock Exchange and other authorities, if any, and subject to the consents, permissions and sanctions

GEMSTONE INVESTMENTS LIMITED

of all concerned authorities, if any to the extent required to such conditions and modifications as may be prescribed or may be imposed while according such consents, which may be considered appropriate by the Board of Directors of the company or any authorized committee thereof, (hereinafter referred to as "the Board") in its absolute discretion, consent of the Members be and is hereby accorded to the Board to create, offer, issue, allot, and deliver , on a preferential basis upto 50,00,000 (Fifty Lakhs Only) Equity Shares to Promoter and non - promoters or prospective investors of the company or any of its nominees or affiliates.

Sr. No.	Name of Allottees	No. of Shares
1	Ramautar Sultania	150000
2	Kailashpati Devi Sultania	150000
3	Kunjbihari Sultania	100000
4	Gomtidevi Arjunlal Beria	100000
5	Vldya Shyam Sunder Agrawal	100000
6	Balkishan Poddar	150000
7	Sanjay Poddar	150000
8	Surendra Kumar Nanglia	100000
9	Alpa Harish Savla	100000
10	Shashin Hasmukh Savla	100000
11	Bhavin Hasmukh Savla	100000
12	Vinod Morarji Savla	100000
13	Kavita Vimal Savla	200000
14	Rasik Morarji Savla	200000
15	Vimal Rasik Savla	200000
16	Dharmesh H Muni HUF	50000
17	Jayesh Shantilal Vira	250000
18	Foram Jayesh Vira	250000
19	Pratik Jayesh Vira	250000
20	Narendra Ganatra	400000
21	Santosh Patil	400000
22	Jaydeep Padalia	400000
23	Heena Varde	400000
24	Mahesh Varde	200000
25	Bharat Sanchala	400000
Total		5000000

The issue price decided by the Board of Directors is Rs. 24/- which is not lower than minimum price specified in Clause 76 (1) the Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as stated below.

- Average of weekly high and low of closing prices of the related shares quoted on the stock exchange during six months preceding the relevant date or

- Average of weekly high and low of closing prices of the related shares quoted on the stock exchange during two weeks preceding the relevant date and at any other price above exercise price, as may be finalized by the Board on the following terms and conditions.”
- (a) The Equity shares so issued shall be subject to the Memorandum and Articles of Association.
 - (b) The issue price and the terms and conditions of the issue will be decided in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 and other provisions of applicable law, by the “Board”.
 - (c) The Equity Shares are proposed to be allotted within 15 days of the passing of the Special Resolution approving their allotment. Provided that where the allotment is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.
 - (d) The relevant date for the purpose of calculating the minimum issue price is 29th August, 2009 as mentioned in Chapter VII of SEBI (Issue of Capital And Disclosure Requirements) Regulation, 2009 (i.e., 30 days prior to the date on which Meeting of General body of shareholders is held in terms of Sec. 81(1A) of the Companies Act, 1956, to consider this proposed issue.)
 - (e) The Equity Shares allotted shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.
 - (f) The Equity Shares allotted shall be locked in the manners specified in the Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, except to the extent and in the manner permitted there under.

“RESOLVED FURTHER THAT the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all act, deeds, and take action on matters, give such directions or instructions for the settling any question, doubt or difficulty which may arise with regard to the offer, issue or allotment of the said shares and to take appropriate actions to bring into effect the above decision.”

Place : Mumbai

Date : 1st September, 2009

By Order Of the Board

Sd/-

Registered office :

S15, Hazari Baug,

Station Road,

Vikroli (W),

Mumbai - 400 083.

(Managing Director)

Notes:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A 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. PROXY FORM IS HEREBY ENCLOSED.**
2. The Register of Members and the Share Transfer Book of the Company will remain closed on 25th September, 2009 to 29th September, 2009 (Both the days inclusive).
3. The members are requested to:
 - a. Intimate to the Company's Registrars and Share Transfer Agents, M/s. Sharex Dynamic (India) Pvt. Ltd (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
 - b. Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
5. Members / beneficial Owners are requested to quote their full name as per Company's record, Folio No. / DP and Client ID Nos. as the case may be, in all correspondence with the company.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. We are hereby informing the members of the Company that the Company is in the process of changing the existing Registrar and Share Transfer Agent and will appoint M/s Purva Shareregistry as the Registrar and Share Transfer Agent.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF THE NOTICE.

ITEM NO.4

Mr. Anant Palan, shareholder, has by his letter dated 24th August, 2009, given notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of the company. The resolution for Mr. Anant Palan has been included in the Notice of the Annual General Meeting as required by law.

ITEM NO.5

Pursuant to Section 257 of The Companies Act 1956, notice in writing has been received from a Member of the Company along with the deposit of Rs.500/- signifying its intention to propose the Mr. Nimesh Ganatra as Director for the Office of Directors.

ITEM NO. 6

In order to finance the Company's requirements of funds for expansion, diversification and modernization activities, requirements arising out of growth in operations, business acquisitions, capital expenditure investment in loans / Joint Ventures / Associates and for other corporate purposes, the Company proposes to raise funds / resources at any point of time, in one or more trenches by issue of Preferential Equity Shares.

In terms of the Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 the following disclosures are being made:-

➤ **Object of the Issue:**

The Company is scheduling for the development of the Business which will necessitate additional funds. The object of the proposed Preferential Issue of Shares is to consider investment in the Company which would pave the way for addressing the business opportunities presented before the Company. The Company is undertaking an expansion programme, by looking for prospective Merger's/ Acquisition, etc.

➤ **Pricing of the issue:**

The Equity Shares will be issued at Rs. 24/-. The issue price is calculated as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, by taking 29th August, 2009 as a Relevant Date.

➤ **Intention of the Promoters, Directors, Management personnel to subscribe to the offer:**

The Managing Director, Mr. Narendra Ganatra had agreed to subscribe 4,00,000 Equity Shares to the present Preferential issue.

➤ **Share holding pattern**

Sr.No.	Category of Shareholders	Pre-issue Shareholding (as on 30 TH June, 2009		Post- issue Shareholding (assuming full conversion)	
		Number	%	Number	%
1	Promoters/Promoters' Group				
i)	Promoters/promoters Group				
ii)	Individuals/HUF	365590	0.740	4365590	4.400
III)	Body Corporate	0	0	0	0
	Total of (I) and (II)	36559	0.74	436559	4.40
2	Public Holding				
i)	Institutions	0	0	0	0
ii)	Non- Institutions				
a)	Individuals/HUF				
	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	940487	19.10	940487	9.48
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2987504	60.66	7587504	76.45
b)	Body Corporate	910267	18.48	910267	9.07
	Total of (I) and (II)	4838258	98.24	9838258	95.10
3	Any Other				
	Clearing Member	50183	1.02	50183	0.50
	Total	50183	1.02	50183	0.50
	TOTAL OF 1+2+3	4925000	100	9925000	100

➤ **Proposed time within which allotment will be completed:**

The Equity Shares are proposed to be allotted within 15 days of the passing of the Special Resolution approving their allotment. Provided that where the allotment is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

➤ **Identity of allottee with percentage of expanded capital to be held by them :**

The allottees in the proposed preferential issue are as follow :-

Sr. No.	Name of the prospective investors	Post-issue Shareholding (assuming full conversion)	
		Number	%
1	Ramautar Sultania	150000	1.51
2	Kailashpati Devi Sultania	150000	1.51
3	Kunjbihari Sultania	100000	1.01
4	Gomtidevi Arjunlal Beria	100000	1.01
5	Vidya Shyam Sunder Agrawal	100000	1.01
6	Balkishan Poddar	150000	1.51
7	Sanjay Poddar	150000	1.51
8	Surendra Kumar Nanglia	100000	1.01
9	Alpa Harish Savla	100000	1.01
10	Shashin Hasmukh Savla	100000	1.01
11	Bhavin Hasmukh Savla	100000	1.01
12	Vinod Morarji Savla	100000	1.01
13	Kavita Vimal Savla	200000	2.02
14	Rasik Morarji Savla	200000	2.02
15	Vimal Rasik Savla	200000	2.02
16	Dharmesh H Muni HUF	50000	0.50
17	Jayesh Shantilal Vira	250000	2.52
18	Foram Jayesh Vira	250000	2.52
19	Pratik Jayesh Vira	250000	2.52
20	Narendra Ganatra	400000	4.03
21	Santosh Patil	400000	4.03
22	Jaydeep Padalia	400000	4.03
23	Heena Varde	400000	4.03
24	Bharat Sanchala	400000	4.03
25	Mahesh Varde	200000	2.02

GEMSTONE INVESTMENTS LIMITED

- i. 50,00,000 Equity Shares are proposed to be issued and allotted to the aforesaid prospective investors as specified in Explanatory Statement, (or its nominees/affiliates).
- ii. A Copy of certificate issued by the Statutory Auditors of the Company, certifying that the proposed preferential issue of Equity Shares is being made in accordance with the requirements contained in the SEBI Guidelines shall be laid before the Annual General Meeting.

The consent of the Shareholders in terms of the Special resolution of the accompanying notice is required under Section 81(1A) of the Companies Act, 1956. The Directors recommend this Resolution for your approval.

Place : Mumbai

Date : 1st September, 2009

Registered office :

S15, Hazari Baug,
Station Road,
Vikroli (W),
Mumbai - 400 083.

By Order Of the Board

Sd/-

(Managing Director)

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fifteen Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

The financial results of the company for the year under review are as follows :

Particulars	Year ended on 31/03/2009	Year ended on 31/03/2008
Gross Income from Operations	74,75,134.00	28,47,051.21
Less: Permanent decline in value of Long Term Investment	(66,66,185.26)	—
Net Income from Operations	8,08,948.74	28,47,051.21
Add: Provisions for NPA not required	—	—
Add: Provisions for permanent decline in Long Term Investment not required	—	—
Other Income	—	—
Provision for non-performing assets	—	—
Total Expenses	(14,68,357.19)	(9,80,484.05)
Interest paid to banks and others	—	—
Bad Debts written off	—	—
Profit/(Loss) before Depreciation and Tax	(6,59,408.45)	18,66,567.16
Depreciation	—	—
Provision for Tax	—	1,42,500.00
Profit/(Loss)	(6,59,408.45)	17,24,067.16

DIVIDEND:

In order to conserve the resources in the form of reserves the company has not recommended any dividend payout for the year ended on 31st March, 2009.

DIRECTORS:

Mrs. Mrudula Shah who was appointed as an Non Executive Director of the Company retires by rotation and being eligible for re-appointment on such terms and conditions as agreed between the Board and Ms. Mrudula Shah.

AUDITORS:

M/s SHAH JADAVJI & CO. Chartered Accountant, statutory Auditors of the company, retires in the ensuing Annual General Meeting. Your Directors recommend their appointment for the

ensuing year. The company has received a certificate from them stating that appointment if made, is within the prescribed limit u/s 224(1B) of the Companies Act, 1956. Members are requested to appoint Auditors and fix their remuneration.

ACCETANCE OF DEPOSITES

The Company has not accepted any deposits during the year.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees), Rules, 1975, none of the employees of the Company is drawing salary or commission which exceeds the limit set out in the above Section. The Board is, therefore, not required to furnish any information in this regard.

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

Since the company is not carrying any manufacturing activities, the details relating to conservation of energy and technology absorption is not quite relevant to the company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility Statement, it is hereby confirmed:

That in the preparation of the accounts for the financial year ended 31st March, 2009; the applicable accounting standards have been followed along with proper explanation relating to material departures.

That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the company for the year under review;

That the directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the directors have prepared the Accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

CORPORATE GOVERNANCE

Your Directors confirm that the Company is fully compliant with the SEBI Guidelines on Corporate Governance, which have been included in Clause 49 of the Listing Agreement with the Stock Exchange. A Report on the subject together with the Report of the Statutory Auditors on the Compliance by the Company, form part of this Directors' Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

In conformity with Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion & Analysis Report is appended to this Directors' Report.

ACKNOWLEDGEMENT :

Your directors wish to place on records their appreciation of the employees, banks R&T agents, Stock Exchange authorities for their able guidance & support. Your directors thank all your customers for the confidence they have reposed in your company.

For and on behalf of Board of Directors

**Sd/-
(Managing Director)**

**Sd/-
(Director)**

Place : Mumbai

Date : 1st September, 2009

REPORT ON CORPORATE GOVERNANCE

Your Board of Directors present the Corporate governance report for the year 2008-2009 based on the disclosures requirement under clause 49 of the Listing Agreement with the stock exchange as on 31st March, 2009 pertaining to the Gemstone Investments Limited

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company believes that for its sustained success it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good corporate governance which is a key driver of sustainable corporate growth and long term value creation for its shareholders.

The Company believes that corporate governance is not limited to creating checks and balances. It is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholder value. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identity opportunities that best serve the goal of value creation. The Company believes it must leverage its human and capital resources to translate opportunities into reality create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

2. BOARD OF DIRECTORS:

The Board is constituted in conformity with clause 49 of the Listing Agreement with the Stock Exchange that the 50% of the Board comprising of non-executive Directors and half of the Board comprise of Independent Directors. As on 31st March, 2009 the composition of the Board and

Name	Category	Attendance General at meetings	Directorships and Chairmanships/ Memberships in Other Companies*			Share holding
			No. of Directorships	Committee Positions		
				Member	Chairman	
Mr. Lalit Gandhi	Whole time Director	Yes	0	0	0	0
Mr. Narendra Gantra	Executive Managing Director	Yes	0	0	0	0
Mr.Pravin Haria	Independent Director	Yes	0	0	0	0
Mrs.Mrudula Shah	Independent Director	Yes	0	0	0	0

None of the Directors hold directorship in more than 15 companies. None of the Directors holding membership in committees in more than 10 companies and chairmanship of committee in more than 5 committees.

Number of Board Meetings held and dates of Board Meetings

The time gap between two meetings was less than four months. During the Year the Board of Directors met 7 times on 30th April, 2008, 30th June, 2009, 31st July, 2008, 27th August, 2008, 18th October, 2008, 31st January, 2009, 9th February, 2009.

Board Procedures

The Agenda is circulated well in advance for the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In additions to the information required under Annexure IA to clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.

3. AUDIT COMMITTEE:**(a) Terms of Reference:**

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and also as per Section 292A of the Companies Act, 1956. The functions of the Audit Committee are as per provisions of Company Law and Listing Agreement with the Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, internal control procedures and risk management policies. The Audit Committee discusses the Company's accounts before these are placed before the Board of Directors and also takes an overview of the company's financial reporting process.

(b) Composition:

The Audit Committee consists of the following Directors :

Name of Director	Executive/Non-Executive/ Independent	No. of meetings attended
Mr. Lalit Gandhi	Whole time Director	5
Mr.Pravin Haria	Independent Director	5
Ms. Mrudula Shah	Independent Director	5

4. REMUNERATION COMMITTEE:

The Board of Directors determines the remuneration of Managing Director and Whole Time Director within the framework as approved by the Shareholders and also decides on the sitting fees to be paid to the non-executive directors for attending the board Meetings.

5. GENERAL BODY MEETINGS:

The particulars of last three Annual General Meetings of the Company held are as under:

Year	AGM/EGM	Location	Date	Time
2006	AGM	Registered Office	30/09/2006	10:30 AM
2007	AGM	Registered Office	29/09/2007	10:30 AM
2008	EGM	Registered Office	22/05/2008	10.30 AM
2008	AGM	Registered Office	29/09/2008	4.00 PM

6. CODE OF CONDUCT

The code of conduct for the Directors and the Employees of the Company has been laid down by the Board and it is internally circulated and necessary declaration has been obtained.

7. DISCLOSURES:

Regarding, related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with Company's interest, the details of which have been shown in Notes to Accounts to the Annual Accounts for the year ended 31st March 2009. No penalties, strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to capital market, during the last three years.

8. MEANS OF COMMUNICATION:

The Company publishes its quarterly, half yearly, financial results in national and regional newspapers. The Company also sends the financial results to the Stock Exchanges immediately after its approval by the Board. The Company has not sent half yearly report to the shareholders.

9. GENERAL SHAREHOLDER'S INFORMATION:**1. Annual General Meeting scheduled to be held :**

Date : Tuesday, 29th September, 2009

Time : 9:30 A.M.

Venue : Hari Baug, Station Rd., Vikroli (w), Mumbai- 400083

2. Book Closure :

Friday, 25th September, 2009 to Tuesday, 29th September, 2009 (both days inclusive).

3. Financial Calendar (tentative) :

Financial Reporting for the Financial Year 2008-09	Month of reporting
Unaudited Financial Results for the quarter ending 30 th June, 2008	July, 2008
Unaudited Financial Results for the half year ending 30 th September, 2008	October, 2008
Unaudited Financial Results for the quarter ending 31 st December, 2008	January, 2009
Audited Financial Results for the year ending 31 st March, 2009 (Audited)	June, 2009

4. Listing of Equity Shares on Stock Exchanges :

Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai (BSE). An annual listing fee for the year 2009-10 has been paid to the Bombay Stock Exchange Limited, Mumbai (BSE).

5. Stock Code:

- (i) Bombay Stock Exchange Limited, Mumbai (BSE): Z-531137
- (ii) ISIN – INE 503D01019

6. Stock Price Data:

Month wise high and low price of the Company's Shares at Bombay Stock Exchange Limited (BSE) from April, 2008 to March, 2009

Month	Bombay Stock Exchange Limited (BSE)	
	High(Rs.)	Low(Rs.)
April 2008	18.20	14.00
May 2008	24.00	15.55
June 2008	25.00	19.45
July 2008	28.40	16.90
August 2008	55.65	29.00
September 2008	60.75	48.20
October 2008	51.75	24.45
November 2008	30.50	21.00
December 2008	32.00	24.50
January 2009	29.50	21.80
February 2009	25.25	20.75
March 2009	28.45	21.00

7. Share Transfer System

Shares sent for transfer in physical form to R&T Agents, are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposals. All requests for dematerialization of shares are processed by R&T Agent within 15 days.

8. Shareholding Pattern as on 31st March, 2009

Cat. Code	Category of Shareholder	Total No. of Shares held	% Shareholding
A.	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	36559	0.74
(b)	Central Govt. / State Govts.	-	-
(c)	Bodies Corporate	-	-
(d)	Financial Institutions / Banks	-	-
(e)	Any other	-	-
	Sub Total – A(1)	36559	0.74
2	Foreign		
(a)	Non Resident Indians (Individuals) / Foreign Individuals	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Any other	-	-
	Sub Total A(2)	-	-
	Total Shareholding of Promoter Group	36559	0.74
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	-	-
(b)	Financial Institutions / Banks	-	-
(c)	Central Govt. / State Govt.	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	-	-
(g)	Foreign Venture Capital Investors	-	-
(h)	Any other	-	-
(h1)	NRI Banks	-	-
	Sub Total B(1)	-	-
2	Non Institutions		
(a)	Bodies Corporate / Trust	1192436	24.21

(b1)	Individuals-shareholders holding normal Share Capital up to Rs. 1 Lac	444597	9.03
(b2)	Individuals-shareholders holding normal Share Capital in excess of Rs. 1 Lac	3079633	62.53
(c)	Any other	171775	3.49
(c1)	Clearing Member	171275	3.48
(c2)	NRI	500	0.01
(c3)	OCB's	-	-
	Sub Total B(2)	4888441	99.26
	Total Public Shareholding B(1) + B(2)	4888441	99.26
	Total (A) + (B)	4925000	100.00
C	Shares held by Custodians and against which Depository receipts have been issued	-	-
	Grand Total	4925000	100.00

9. Code of conduct for Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The code is based on the principle that Directors, Officers and Employees of Gemstone Investments Limited owe a fiduciary duty to, among others, the shareholders of the company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the company to enable them to take informed investment decision with regard to the Company's Securities.

10. Declaration regarding affirmation and Compliance of Code of Conduct

This is to confirm that the Company has adopted the code of conduct for its Board Members and for the Senior Management Personnel of the Company. The Company has obtained affirmation as to Compliance of the Code of Conduct from all the Board Members and all the Senior Management Personnel of the Company on an Annual basis. This is a declaration as required under clause 49 I (D) (ii) of the Listing Agreement entered with the Stock Exchange.

For and on behalf of Board of Directors

Sd/-

Date : Mumbai
Place : 1st September, 2009

Narendra Ganetra
(Managing Director)

MANAGING DIRECTOR/DIRECTORS CERTIFICATION

To,
The Board of the Directors,
Gemstone Investments Limited.

We hereby certify to the Board that;

- a. We have reviewed the financial statements and the cash flow statements for the year 2008 – 2009 and that to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement nor omit any material fact nor contains statements that might be misleading.
 - (ii) These statements together present a true and fair view of companies' affair and are in compliance with existing accounting standards, applicable laws and regulations.
- b. They are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, 2008– 2009 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept the responsibility for establishing and maintaining the internal controls for the financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware and steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated to the auditors:
 - (i) Significant changes in internal controls over financial reporting during the year 2008 – 2009.
 - (ii) Significant changes in the accounting policies during the year 2008 – 2009 and that the same have been disclosed in the notes to financial statements; and
 - (iii) Instances of significant fraud, if any of which we have become aware, and involvement therein, if any, of the management or an employee having a significant role in companies internal control system over financial reporting.

For and on behalf of Board of Directors

Sd/-

Sd/-

Place : Mumbai

(Director)

(Director)

Date: 1.09.2009

NAVIN R. GALA, B.COM. FCA.

M/S SHAH JADAVJI & CO.

CHARTERED ACCOUNTANTS

3/302, SHILPYAN BUILDING, SHIVAJI PATH, THANE 400601
TEL. NO 25125890/22934466

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GEMSTONE INVESTMENTS LTD.

We have examined the compliance of condition of corporate governance by GEMSTONE INVESTMENTS LIMITED 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 the compliance of condition of corporate governance. It is neither an audit nor an expression of opinion on the financial statement 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 condition of corporate governance as stipulated in clause 49 of the listing agreement excepting for the composition of the Board of Directors and no investor grievance(s) is/are pending for a period exceeding one month against the company.

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

for M/S SHAH JADAVJI AND CO.

Chartered Accountants

Sd/-

NAVIN R. GALA

3/302,, SHILPYAN BULDG., SHIVAJI PATH,
THANE, MAHARASHTRA-400601

Place : Thane

Date : 01/09/2009

NAVIN R. GALA, B.COM. FCA.

M/S SHAH JADAVJI & CO.

CHARTERED ACCOUNTANTS

3/302, SHIPLYAN BUILDING, SHIVAJI PATH, THANE 400601

TEL. NO 25125890/22934466

AUDITOR'S REPORT TO THE MEMBERS OF GEMSTONE INVESTMENTS LIMITED

1. We have audited the attached Balance Sheet of **GEMSTONE INVESTMENTS LIMITED**, as at 31st March, **2009** and also the Profit and Loss Account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies(Auditor's Report) Order,2003,issued by the central Government of India in terms of subsection (4A) of section 227 of the companies Act,1956,We annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order,
4. Further to our comments in Annexure referred to in paragraph (3) above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;
 - (c) The Balance Sheet dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet of the company comply with the Accounting Standards as referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;

- (e) As per information and explanations given to us, none of the directors of the company are disqualified from being appointed as a director under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with Significant Accounting Policies and Notes forming part of Accounts, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India,
 - (i) in case of Balance Sheet, of the state of the affairs of the company as at 31st March 2009.
 - (ii) In case of Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - (iii) In case of cash flow statement, of the cash flows for the year ended on that date.

for **M/S SHAH JADAVJI AND CO.**

Chartered Accountants

Sd/-

NAVIN R. GALA

3/302,, SHILPYAN BULDG., SHIVAJI PATH,
THANE, MAHARASHTRA-400601

Place : Thane

Date : 01/09/2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the assets have been physically verified by the management during the year, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) All fixed assets of the Company has been disposed of during the year.
2. In our opinion and according to the information and explanation given to us, the Company has not granted or taken any loan secured or unsecured to or from the Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
3. The Company has adequate internal control procedure commensurate with the size of the Company and nature of its Business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for sale of goods. Further on the basis of our examination books and records of the company ,and according to the information and explanation given to us ,We have not come across any major weakness in internal control.
4. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding rupees five lakhs each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted / invited any deposits falling within the preview of Section 58A / 58AA of the Companies Act, 1956 during the financial year.
6. In our opinion, the Company has Internal Audit system commensurate with the size and nature of its Business.
7. As informed to us the Central Govt. has not prescribed the maintenance of cost records by the Company under Section 209 (1) (d) of the Companies Act, 1956.

8. (A) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed Statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cass and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as of 31st March, 2009 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanation given to us, there are no dues of Income Tax, Customs duty, Wealth Tax, Excise duty and Cess (except Sales Tax) which have not deposited on Account of any dispute.
9. The Company has accumulated losses approximating to Rs 79.97 Lacs as at 31 st March 2009. It has However incurred no cash losses during financial year ended on that date or in the immediately preceding year.
10. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions, Banks or debenture holders.
11. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advance on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, the Company is not chit fund or a *nidhi* / Mutual benefit fund / Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
13. According to the information and explanation given to us, the company has maintained proper records of transaction and contracts as to dealing or trading in shares and other investments held by the company in its own name except to the extent, of the exemption if any , granted under section 49 of the Companies Act ,1956 and timely entries have been made therein.
14. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from Bank or financial institutions.
15. The Company has not taken any term loan during the year therefore the question of its application for the purpose for which they were raised does not arise.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short – term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working Capital.

17. The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. The Company has not issued any debentures during the year and therefore the question of creating security in respect thereof does not arise.
19. The Company has not made any Public Issue during the year and therefore the question of disclosing the end use of money does not arise.
20. According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.
21. Clause (ii) of the Para 4 of the order are not applicable to the Company for the year ended 31st March ,2009

for M/S SHAH JADAVJI AND CO.

Chartered Accountants

Sd/-

NAVIN R. GALA

**3/302,, SHILPYAN BULDG., SHIVAJI PATH,
THANE, MAHARASHTRA-400601**

Place : Thane

Date : 01/09/2009

GEMSTONE INVESTMENTS LIMITED

BALANCESHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE NO	As on 31/3/2009	As on 31/3/2009	As on 31/3/2008
SOURCES OF FUNDS				
SHAREHOLDERS FUND				
Share capital	1	49,250,000.00		30,000,000.00
RESERVES & SURPLUS				
Capital reserve		3,693,335.59		3,693,335.59
Investment fluctuation reserve		4,233,201.60		4,233,201.60
Shares premium Account		80,850,000.00		—
		<u>138,026,537.19</u>		<u>37,926,537.19</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross block		—		—
less:depriciation		—		—
				—
INVESTMENTS	2	2,243,216.25		107,513.25
CURRENT ASSETS ,LOANS & ADVANCES				
a)Current asset				
i) Cash & Bank Balance	3	1,157,402.60		805,334.10
II) Other Current Assets	4	<u>1,947,592.72</u>		<u>1,892,746.77</u>
		3,104,995.32		2,698,080.87
b)Loans & Advances	5	<u>183,090,268.00</u>		<u>30,101,800.00</u>
Tota Current Assets (A)		186,195,263.32		32,799,880.87
CURRENT LIABILITIES & PROVISIONS				
a) Current Liabilities	6	58,266,038.90		729,500.00
b) Provisions	7	<u>142,500.00</u>		<u>1,588,545.00</u>
Total Current liabilities (B)		58,408,538.90		2,318,045.00
Net Current Assets (A)-(B)		127,786,724.42		30,481,835.87
Miscellaneous Expenditure (To the extent not written off or adjusted)				
Profit & Loss A/c		7,996,596.52		7,337,188.07
		<u>7,996,596.52</u>		<u>7,337,188.07</u>
		<u>138,026,537.19</u>		<u>37,926,537.19</u>
NOTES TO ACCOUNTS	12			

As per our report of even date

FOR SHAH JADAVJI & CO.
CHARTERED ACCOUNTANTS

Sd/-
NAVIN R. GALA
PARTNER
M NO. 40640

Thane 1st Sept. 2009

Sd/-
NARENDRA GANATRA
Managing Director

Sd/-
LALIT D. GANDHI
Director

GEMSTONE INVESTMENTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING ON 31ST MARCH 2009

PARTICULARS	SCHEDULE NO	As on 31/3/2009	As on 31/3/2008
SOURCES OF FUNDS			
INCOME			
Income from Finance Operations	8	7,475,134.00	2,783,375.00
Income from Investment operations	9	-6,666,185.26	63,676.21
Total Income		808,948.74	2,847,051.21
EXPENDITURE			
Staff Cost	10	240,498.47	129,215.00
Operating & Administrative Cost	11	1,227,858.72	828,874.05
Interest paid on unsecured loan			
Interest paid on service tax /TDS			
Bank Interest			
Depreciation			
Miscellaneous Expenses			
loss on sale of investments			
Loss on sale of Fixed Assets		-	22395
Preliminary expenses w/off			
Public issue Expenses			
TOTAL EXPENDITURE		1,468,357.19	980,484.05
OPERATING PROFIT		-659,408.45	1,866,567.16
Add: Non-Operating Income			
Sundry Balance Written Back			
Interest on income Tax Refund			
		(659,408.45)	1,866,567.16
Less: Sundry Balance Written off			
Less: Provision for Non-performing Assets			
Permanent decline in value of long term investments			
(LOSS)/PROFIT BEFORE TAX		-659,408.45	1,866,567.16
Less: provision for tax and FBT			
For A.Y.2008-09		-	142,500.00
Add: Prior year income			
Less: Prior year expenses		-659,408.45	1,724,067.16
Balance brought forward from previous year		7,337,188.07	9,061,255.23
less: transfer to general reserve			
		(7,996,596.52)	(7,337,188.07)

As per our report of even date

FOR SHAH JADAVJI & CO.
CHARTERED ACCOUNTANTS

Sd/-

NAVIN R. GALA

PARTNER

M NO. 40640

Thane 1st Sept. 2009

Sd/-

NARENDRA GANATRA
Managing Director

Sd/-

LALIT D. GANDHI
Director

GEMSTONE INVESTMENTS LIMITED

CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	Year Ended Rs.	31/3/2009	Year Ended Rs.	31/3/2008
A) Cash flow from operating activities				
Net profit before tax & extra ordinary items	-659408		1866567	
& prior period items				
Adjustment for:				
i) Profit on sale of investments				
ii) Provisions for non performing assets no longer required.				
iii) Provision for decline in investment no longer required				
iv) Dividend income			(63676)	
v) Prior period expenses				
vi) Prior period income				
	<u>-659408</u>		<u>1802891</u>	
vi) Preliminary expenses				
vii) New issue expenses written off				
viii) Depreciation				
ix) Provision for non performing assets				
x) Sundry balance written back				
xi) Loss on sale of shares				
xii) Provision for tax			142500	
xiii) Provision for decline in value of investments				
	<u>0</u>		<u>142500</u>	
OPERATING PROFITS BEFORE WORKING CAPITAL CHANGES		-659408		1660391
Changes in working capital				
i) Other current assets	-54846		-859541	
ii) Loans and advances	-152988468		-12236018	
iii) Taxes Paid(T.D.S)				
iv) Current liabilities and provisions	56090494	-96952820	818811	-12276748
Cash flow from operating activities		<u>-97612228</u>		<u>-10616357</u>
B) Cash flow from investing activities				
i) Purchase of fixed assets				
ii) Acquisition of invstment (net of sales)	-2135703			
iii) Dividend received			63676	
iv) Sale of fixed assets			496591	
v) Loss on sale of fixed assets			22395	
vi) Net income from sale of investment			9819577	
vii) Increase in share capital & share premium	100100000			
Net cash used in investment activities		<u>97964297</u>		<u>10402239</u>
		<u>352069</u>		<u>-214118</u>
C)Cash flow from financial activities		0		0
(Repayment of loan)/proceeds from borrowing		0		0
Net changes in cash or cash equivalents(A+B+C)		<u>352069</u>		<u>-214118</u>
Cash &Cash equivalents				
Opening balance		805334		1019452
Closing balance		<u>1157403</u>		<u>805334</u>

As per our report of even date

FOR SHAH JADAVJI & CO.
CHARTERED ACCOUNTANTS

Sd/-

NAVIN R. GALA

PARTNER

M NO. 40640

Thane 1st Sept. 2009

Sd/-

NARENDRA GANATRA

Managing Director

Sd/-

LALIT D. GANDHI

Director

GEMSTONE INVESTMENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	AS AT 31ST MARCH 2009 RUPEES	AS AT 31ST MARCH 2008 RUPEES
SCHEDULE 1		
SHARE CAPITAL		
Authorised capital (1,00,00,000 Equity shares of Rs.10/-each)	100,000,000.00	310,000,000.00
Issued, subscribed & paid up capital (49,25,000 equity shares of Rs 10/each (previous year -30,00,000))	49,250,000.00	30,000,000.00

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

SCHEDULE 2					
INVESTMENTS (AS COST, NON TRADE & FULLY PAID)					
No of Shares Current year	Previous year	Face Value	Name of the Company	31st March, 2009 Rupees	31st March, 2008 Rupees
Long term Investment in equity shares					
50000	0.00		1 Spectacle Industries Ltd.	2135703	0
102755.00	102755.00		10 RFL International	107513.25	107513.25
			TOTAL VALUE	2243216.25	107513.25
Market value of quoted investments				2145000	

GEMSTONE INVESTMENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	AS AT 31ST MARCH 2009 RUPEES	AS AT 31ST MARCH 2008 RUPEES
SCHEDULE 3		
CASH AND BANK BALANCES		
Cash on Hand	15851.14	5127.14
Balance with Bank		
ICICI BANK	—	53405.61
HDFC Bank(Vikhroli Branch)	446554.64	746801.35
HDFC Bank(Ghatkopar Brnach)	594996.82	
	1157402.60	805334.10
SCHEDULE 4		
OTHER CURRENT ASSETS		
Tax deducted at sources		1476050.77
Advance Tax(A.Y2005-2006)		1000.00
Advance Tax(A.Y2006-2007)		50000.00
Advance Tax(A.Y2007-2008)		100000.00
Tds(A.Y 08-09)	442845.00	-
Tds(A.Y 09-10)	1138134.00	-
Other current assets	362756.95	-
Duty and Taxes	3856.77	265696.00
	1947592.72	1892746.77
SCHEDULE 5		
LOANS AND ADVANCES		
Loan on Installment basis & others		
Unsecured,considered good	183090268.00	30101800.00
	183090268.00	30101800.00
SCHEDULE 6		
CURRENT LIABILITIES		
Audit fees payable	45075.00	17500.00
Directors Remuneration payable	705000.00	660000.00
professional fees Payable	66888.00	12000.00
Accounting chgs payable	21000.00	-
Other current liability	1620675.90	
Salary payable		40000.00
Provision for tax	-	-
Share Application Money	55807400.00	-
	58266038.90	729500.00
SCHEDULES 7		
PROVISION FOR TAX		
Income Tax (A.Y2006-07)		730000.00
Income Tax(A.Y2005-06)		441045.00
Income Tax(A.Y1998-99)		275000.00
Income Tax (A.Y.2008-09)	142500.00	142500.00
	142500.00	1588545.00

GEMSTONE INVESTMENTS LIMITED

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009**

PARTICULARS	AS AT 31ST MARCH 2009 RUPEES	AS AT 31ST MARCH 2008 RUPEES
SCHEDULE 8		
INCOME FROM FINANCE OPERATIONS		
Interest received	7475134.00	2783375.00
	7475134.00	2783375.00
SCHEDULE 9		
INCOME FROM INVESTMENT OPERATIONS		
Market to Market Premium	-2916738.59	37719.79
Profit/loss in shares transaction	-3515117.10	-
Speculative Profit/Loss	-234329.57	25956.42
	-6666185.26	63676.21
SCHEDULE 10		
STAFF COST		
Salary & Wages	207577.00	128800.00
Staff Welfare	32921.47	-
Professional tax	-	415.00
	240498.47	129215.00
SCHEDULE 11		
OPERATING & ADMINISTRATION COST		
Printing & stationery	1872.00	9263.00
Administration & other expenses	1113187.72	724068.05
Professional fees	85224.00	61727.00
Car insurance	-	16316.00
Payment to auditors		
Audit fees	19303.00	17500.00
Tax audit fees	8272.00	-
Taxation matters	-	-
	1227858.72	828874.05

GEMSTONE INVESTMENTS LIMITED

FOR THE YEAR 2008-09

SCHEDULE - 12 : ACCOUNTING POLICES & NOTES ON ACCOUNTS

1. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.
2. Fixed Asset are NIL.
3. Provision of Rs. NIL for the diminution in investment is transferred to the Investment Fluctuation Reserve.
4. The company adopts the accounting system as stipulated under Non banking Financial Companies Prudential Norms,(Reserve Bank)Directions,1998 dated 2nd January ,1998 issued by reserve Bank of India in respect of Income Recognition ,provisioning and assets classification for Non- Banking Financial Companies are followed by the company in preparation of accounts.
5. Additional information pursuant to the paragraph 3 and 4 of the part II to the Schedule VI to the companies Act ,1956, has been given to the extent applicable.
6. Value of import on CIF basis (previous year 'Nil') NIL
7. Expenditure in foreign currency (previous year 'Nil') NIL
8. Earning in foreign currency (previous year'Nil) NIL
9. Remittance in foreign currency on account of dividend to foreign shareholders (Previous year 'Nil') NIL
10. Disclosure as required by Accounting Standard 18(AS-18) Related party Disclosures issued by the Institute of Chartered Accountants Of India are as follows.

Name of the related parties and description of relation:

(a) Directors	Mr. Narendra P.Ganatra
	Mrs. Mrudula Vijay Shah
	Mr. Lalit Dhirajlal Gandhi.
	Mr. Pravin Hansraj Haria

GEMSTONE INVESTMENTS LIMITED

11. Disclosure as required by Accounting Standard 20 (AS-20) 'earning per Share' issued by The Institute of Chartered Accountants of India are as follows.

PARTICULARS	31 st March 2009	31 st March 2008
(I) profit Computation for both basic and diluted earning per share of Rs. 10 each :		
Net profit as per profit and loss account available for equity shareholders.	-659408.45	1724067.16
(II) weighted Average Number of equity shares for earning per share computation		
For basic /diluted earning per share	3240625	3000000
Basic/Dilluted earning per Share.	-0.20	0.57

12. Directors remuneration:

Name	Current Year (Rs)	Previous Year (Rs)
Mr. P. K. Shah	0	180000
Mr. Nihal P. Shah	0	140000
Mr. Sharman P. Shah	0	140000
Mrs. Heena Mahesh Varde	0	200000
Mr. Narendra Ganatra	225000	0

- 13 Payment to Auditors.:

	Current Year (Rs)	Previous Year (Rs)
Audit Fees	19303	17500
Tax Audit Fess	8272	0

14. As required by notification number, GSR 129(E) dated 22nd February, 1999 issued by the department of company Affairs, Ministry of Law and company affairs the company doesn't owe Rs. 100000/- and above which are outstanding for more than 30 days to any small scale industrial undertaking.

GEMSTONE INVESTMENTS LIMITED

15. **Deferred Tax Assets /Liability :**
Separate provision for deferred tax assets/ liability as stipulated by Accounting Standard (AS-22) issued by the Institute of Chartered Accountants Of India is not contemplated by the company owing to non difference of taxable income under the companies Act, 1956 and under the Income Tax Act, 1961.
16. *The RBI regulation on prudential norms for income recognition and provisioning for non performing assets have been followed.*
17. *There is no amount due to be transferred to investor's education and Protection Fund as on 31st March 2009.*
18. *Previous years figures have been regrouped, reclassified wherever necessary to make them comparable to that of current year.*

for **GEMSTONE INVESTMENTS LIMITED**

Sd/-

Narendra P. Ganatra
Managing Director

Sd/-

Lalit D. Gandhi
Director

Place : Thane
Date : 01/09/2009

for **M/S SHAH JADAVJI AND CO.**

Chartered Accountants

Sd/-

NAVIN R. GALA
3/302,, SHILPYAN BULDG., SHIVAJI PATH,
THANE, MAHARASHTRA-400601

GEMSTONE INVESTMENTS LIMITED

Regd. Office: S 15, HAZARI BAUG, STATION ROAD, VIKROLI (WEST),
MUMBAI - 400 083.

ATTENDANCE SLIP

I/ We hereby record my/ our presence at the 15th Annual General Meeting held on Tuesday, the 29th day of September, 2009 at 9.30 a.m. at the Registered office : S 15, Hazari Baug, Station Road, Vikroli (West), Mumbai - 400 083.

DP ID No.*:	L. F. No.:
Client ID No.*:	No. of Shares held:
Name and address of the Shareholder(s)	
If Shareholder(s), Please sign here	If Proxy, Please sign here

PROXY FORM

I/we _____ of _____
in the district of _____ being a member / members of the above named
company, hereby appoint _____ of _____ or failing
him / her _____ of _____ as my / our Proxy to vote
for me / us on my / our behalf at the 15th Annual General Meeting of the company to be held on
_____ at _____ at 9.30 A.M.

Signed this _____ day of _____ 2009

1 Rupee
Revenue
Stamp

Signature:

Note: This form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the time of the meeting.