

GEMSTONE INVESTMENTS LIMITED

NOTICE

The Sixteen Annual General meeting of **GEMSTONE INVESTMENTS LIMITED** will be held on 30th day of July, 2010 at 9.30 am at A/310, ARYA ARCADE, STATION ROAD, VIKROLI (WEST), MUMBAI- 400 083. All the members of **GEMSTONE INVESTMENTS LIMITED** are cordially invited to attend the AGM.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & loss Account for the year ended on that date, together with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pravinchandra Hansraj Haria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Shah Jadavji & Co. Chartered Accountants, the retiring Auditors, to hold office until the conclusion of next Annual General meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 94(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the Securities Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009, Listing Agreement entered into by the Company with the Stock Exchanges where its securities are listed, guidelines issued by competent authorities in this behalf and the provisions if any and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the consent of the members be and is hereby accorded for Sub-Division of Authorized Equity Capital of the Company consisting of 1,00,00,000 Equity Shares of Rs. 10/- each be Subdivided into 10,00,00,000 Equity Shares of Re. 1/- each.

“RESOLVED FURTHER THAT each issued Equity Share of face value of Rs. 10/- each be Sub-divided into 10 Equity Shares of the face value of Re. 1/- each and the Board of Directors of the Company (herein after referred to as “the Board”, which expression shall also include a Committee thereof) be and are hereby authorized to issue new Share Certificates representing the sub-divided Equity Shares with new distinctive numbers consequent to the Subdivision of shares as aforesaid and/or credit the shareholder’s accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to inform the Depositories and the Registrar and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize and modify the terms and conditions for issue of shares on sub-division as mentioned above and all matters relating to the same, and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution.

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

RESOLVED THAT pursuant to section 16 and other applicable provisions, if any, of the Companies Act, 1956, existing Clause V of the Memorandum of Association of the Company be substituted with the following new Clause:

- V. The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One only) each.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, Board of Directors of the Company, be and is hereby authorized to do all such deeds, acts and things as may be deemed expedient to give effect to the aforesaid resolution.”

6. **To consider and if thought fit, to pass with or without modification the following resolution as an Special Resolution:**

“RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions of the Companies Act, 1956 and for giving effect to the alteration of the Authorized Share Capital of the Company, the Clause 4 of the Articles of Association of the Company be deleted and substituted with the following new clause:

5. “The Authorised Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 10,00,00,000 (Ten Crore) Equity Shares of Re. 1/-each , with power to the Board Of Directors to increase or reduce the capital and to divide its shares in the capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights and to provide for such rate of dividend on the shares as may be determined by the Directors and to vary or modify or abrogate any such rights, privileges or conditions in such a manner as may,for time being, be provided by the regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denominations.”

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, Board of Directors of the Company, be and is hereby authorized to do all such deeds, acts and things as may be deemed expedient to give effect to the aforesaid resolution.”

BY ORDER OF THE BOARD

Place: Mumbai
Date : 3rd July, 2010

Sd/-
Director

NOTES :

- a. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE SUBMITTED TO THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Members/Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- d. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th July, 2010 to 15th July 2010. (Inclusive of both the days) in connection with the Annual General Meeting of the Company.
- e. Members are requested to notify any change in their address to the Company's Registrars & Share Transfer Agents, Sharex Dynamic India Pvt. Ltd.
- f. Shareholders seeking any information with regard to the Accounts of the Company are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

BY ORDER OF THE BOARD

Place: Mumbai
Date : 3rd July, 2010

Sd/-
Director

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

ITEM NO. 4

The management of the company has believed that high value denomination of the shares may deter small shareholders from acquiring the piece of wealth- share of the Company. It is in this context that the management feels splitting of face value of shares into smaller denomination, would enhance the Company's access to small investors.

In view of this, the Board at their meeting held on 3rd July, 2010, considered it desirable to sub-divide the nominal value of the Equity portion of the authorized capital of the Company. The shareholders may please note that presently the nominal value of the Equity shares is Rs. 10/- each and consequent to the sub-division it is being divided into 10 (Ten) Equity shares of Re. 1/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders approval, which will be notified through the Stock Exchanges.

The proposed resolution placed at Item no.4 of this Notice, is intended to give effect to the above proposal and is placed before the Members for according approval thereto by passing an Ordinary Resolution.

The Board of Directors recommend the resolution for approval of the members.

A copy of a Memorandum and Articles of Association of the company is open for inspection by any member of the Company between 4.30 p.m to 6.30 p.m at the Registered Office of the Company.

None of the Directors of the Company is in any way interested in the said resolution, except to the extent of their shareholding in the Company.

Item No. 5

Consequent to the sub division of nominal value of the Equity portion of the Authorized Share Capital of the Company (as per item no.4 of the notice), it is necessary to alter the Capital Clause of the Memorandum of Association of the Company.

Section 16 read with Section 94 of the Companies Act, 1956, provides inter alia, that subject to the provision of the Companies Act, 1956 and the conditions contained in its Articles, the Company may, alter its Memorandum of Association by passing an Ordinary Resolution, at a general meeting.

Accordingly, an Ordinary Resolution for item no. 5 is placed before the meeting to approve the corresponding amendments in Clause V of the Memorandum of Association in the manner set out in the text of the respective resolutions, so as to reflect the alteration in the Authorized Share Capital of the Company.

The Board of Directors of the Company accordingly, recommends the resolution for approval by the members.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

ITEM NO. 6

Consequent to the sub-division of the face value of the Equity Shares of the Company (as per item no. 4 of the notice); it is necessary to alter the Article 5 of the Articles of Association of the Company.

Section 31 read with Section 94 of the Companies Act, 1956, provides inter alia, that subject to the provision of the Companies Act, 1956 and the conditions contained in its Memorandum, the Company may, alter its articles by passing a Special Resolution, at a general meeting.

Accordingly, the Special Resolution is placed before the meeting to approve the corresponding amendments in Article 5 of the Articles of Association in the manner set out in the text of the respective resolutions, so as to reflect the alteration in the Authorized Share Capital of the Company.

The Board of Directors of the Company accordingly, recommends the resolution for approval by the members.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

BY ORDER OF THE BOARD

Place : Mumbai
Date : 3rd July, 2010

Sd/-
Director

GEMSTONE INVESTMENTS LIMITED

REGISTERED OFFICE : A/310, ARYA ARCADE, STATION ROAD, VIKROLI (WEST), MUMBAI - 400 083.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the **SIXTEENTH ANNUAL GENERAL MEETING** of the Company to be held at A/310, Arya Arcade, Station Road, Vikroli (West), Mumbai - 400 083. (**Registered Office of the Company**) at 9.30 a.m. on Friday, 30th July, 2010.

NAME(S) OF THE SHAREHOLDER(S) (in block capital): _____

NAME OF THE PROXY (in block capitals): _____

FOLIO NO. / CLIENT ID NO. : _____

DP. ID NO.: _____

SIGNATURE(S) IF SHAREHOLDER : _____

IF PROXY : _____

NOTE : No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring your copy of the Notice of AGM to the Meeting. Photo copies of the Attendance slips will not be accepted.

GEMSTONE INVESTMENTS LIMITED

REGISTERED OFFICE : A/310, ARYA ARCADE, STATION ROAD, VIKROLI (WEST), MUMBAI - 400 083.

PROXY FORM

I/We _____ of (Place) _____

Being a member/ members of **Gemstone Investments Limited** under Folio No. / Client IDNo. _____

hereby appoint Mr./Ms. _____ of (Place) _____

failing him/her Mr./Ms. _____ of (Place) _____

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 30th Day of July, 2010 or at any adjournment(s) thereof.

Signed this _____ day of _____, 2010.

Affix
Revenue
Stamp
and sign
across

Note: The proxy form must be returned so as to reach the register office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

GEMSTONE INVESTMENTS LIMITED

(Registered Office: - A/310, Arya Arcade, Station Road, Vikhroli (West). Mumbai 400 083)

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GEMSTONE INVESTMENTS LIMITED

(Registered Office: - A/310, Arya Arcade, Station Road, Vikhroli (West). Mumbai 400 083)

Managing Director	:	Mr. Narendra Prabodh Ganatra
Directors	:	Mr. Lalit Dhirajlal Gandhi Mr. Pravinchandra Hansraj Haria Mr. Anant Haridas Palan Mr. Nimesh Prabodhkumar Ganatra
Auditors	:	M/s. Shah Jadavji & Co (Chartered Accountant) 3/302, Shiplyan Building ShivajiPath, Thane: - 400 601
Bankers	:	HDFC BANK, Mumbai
Registered Office	:	A/310, Arya Arcade, Station Road, Vikhroli (West) Mumbai- 400 083.

DIRECTORS' REPORT

To the Members,

The Directors have a pleasure in submitting their Annual Report together with the results of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

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

	31.03.2010 Amount (Rs. in Lakhs)	31.03.2009 Amount (Rs. in Lakhs)
Gross Income	87.89	08.09
Total Expenditure	31.13	14.68
Profit/Loss (Before Tax)	56.76	(06.59)

DIVIDEND:

Due to requirement of funds for the current working of the Company, your Directors express their inability to recommend any dividend on Equity Share Capital for the year under review.

OPERATIONAL REVIEW:

The Company at each Board meeting considers a number of performance parameters to assess the Company's success in achieving the objectives.

The Key Performance Indicators (KPI's) used to measure the progress and performance of the Company over time are as follows:

- The movement in net asset value per ordinary share compared to benchmark.
- The movement in share prices.
- Total expense ratio.
- Earnings per Share.
- Dividend per Share.

In addition to this the Board considers peer group comparative performance.

The Company in its current Financial Year 2009-2010 has achieved a strong and desirable growth as compared to the previous year 2008-2009. Such growth is reflected from the increase in Gross income earned by the Company from its operations, the increase being from 0.89 lacs to 87.89 lacs. As compared to the loss earned by the Company in its previous financial year, the Company has risen in its parameters by achieving a profit of Rs. 56.76 lacs.

FUTURE OUTLOOK:

The Company's performance in the Financial Year 2009-2010 has been encouraging.

The Company has a preliminary view that distribution of financial products would be one of the main lines of business for the Company in future. The management has therefore decided to focus on distribution of financial products as a key business of the Company in the coming years.

The Company has made a cautious beginning in financial product distribution business with a limited product range. The product repertoire would be gradually expanded by taking up distribution of other financial products.

BUSINESS STRATEGY :

Your Directors strategy has been to restructure the Company thoroughly to impart to it the ability to meet the adverse conditions and to work continuously on cost reduction.

To meet its entire client's need, the Company needs to pursue a strategy of being customer centric and Cost effective. As a full service provider, the Company believes that it can increase its revenues from existing clients as well as attract new clients and markets.

The impressive financial results of the Company clearly demonstrate that your Company's strategy has worked and is possible to continue in future also.

CORPORATE GOVERNANCE:

The Board is committed to achieving and demonstrating high standards of Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement of Stock Exchange are complied with.

The Directors recognize the importance of succession planning for Company Boards and the board composition is reviewed annually.

● The Board

The Board has overall responsibility of the Company's affairs and it has set out a number of matters that are subject to Board approval including strategy, investment policy and Corporate Governance Policy. The Board also reviews the financial statements, investment transactions, revenue budget and performance. Full and timely information is provided to the Board to enable the Board to function efficiently and allow the Directors to discharge their responsibility.

The Board currently comprises of five directors out of which three are independent Directors.

The Directors believe that the Board has a combination of skill and experience which enables it to provide effective strategic leadership and proper governance of the Company

Auditors' certificate on corporate governance regarding its compliance is produced as a part of Annual Report.

- **Directors:**

Mr. Narendra Ganatra is appointed as Managing Director of the Company w.e.f 01/08/2007 for a period of five years and whose period of appointment is due to expire on 31/07/2012.

Mr. Nimesh Ganatra and Mr. Anant Palan, who possessed vast knowledge and expertise in relation to the business of investments of the Company, are proposed for appointment under section 257 of the Companies Act, 1956.

During the year, the Board was in receipt of Resignation from Mrs. Mrudula Shah and the resignation tendered by her was accepted by the members at the AGM.

Your Board places on record its gratitude for the services rendered by the outgoing Director during the tenure of her Directorship of the Company.

- **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.

- **Acceptance of deposits :**

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.

- **Director's 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, 2010; 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 adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

● **Management Discussion & Analysis Report :**

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

● **Acknowledgement :**

Your Directors take this opportunity to place on record their appreciation and gratitude for the cooperation, assistance, guidance and support extended by the Company's Bankers, Shareholders, customers and various Central and State Government Agencies and Local Authorities, personnel at various levels of the Organization.

● **Recommendation :**

The Board unanimously recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

For and on behalf of Board of Directors

Place : Mumbai
Date : 3rd July, 2010

Sd/-
(Managing Director)

REPORT ON CORPORATE GOVERNANCE

Clause 49 of the Listing Agreement with the Stock Exchange stipulates the norms and disclosure standards that have to be followed on the Corporate Governance front by listed Indian Companies.

1. Company's Philosophy on Corporate Governance:

The Company believes that governance should be functioning beyond compliances, adherence to regulatory frame work, financial prudence and should create fair and transparent process and reporting systems. The Company is committed to uphold its core values of Customer Focus, Community, Performance, Leadership, Integrity, Quality and Innovation. The Company's philosophy on Corporate Governance is based upon a legacy of fair, ethical and transparent business and commercial practices. The Company has adopted the code of conduct and disclosure practices under SEBI regulations which strengthens the implementations of Code of Corporate Governance. The Company also ensures full compliance with the applicable laws and regulations under various Statues and enactments.

2. Board of Directors:

a) Composition and Category of Directors

The Board of Directors provides strategic direction and thrust to the operations of the Company. The Board consists of five Directors out of which three are Independent Directors.

Except the Managing Director, all other Directors are eligible to retire by rotation as per the provisions of the Companies Act, 1956. The Composition of the Board and other relevant details relating to the Directors are depicted in the table given below :

Name	Category	Attendance at General Meeting	Directorships and Chairmanships/ Memberships in Other Companies*			Share holding (In shares)
			No. of Directorships	Committee Positions		
				Member	Chairman	
Mr. Narendra Ganatra	Executive/ Managing Director	Yes	0	0	0	0
Mr. Lalit Gandhi.	Whole time Director	Yes	0	0	0	0
Mr. Pravin Haria	Independent Director	Yes	0	0	0	0
Mr. Anant Palan	Independent Director	Not Applicable	0	0	0	0
Mr. Nimesh Ganatra	Independent Director	Not Applicable	0	0	0	0

b) Meeting

Nine Board Meetings were held during the Financial Year ended 31st March, 2010.viz. on 30th April, 2009, 30th June, 2009, 31st July, 2009, 27th August, 2009, 1st September, 2009, 7th September, 2009, 30th October,2009, 1st January, 2010 and 30th January,2010.

c) Board Agenda

The Board Meetings are scheduled well in time and Board members are given a notice of at least seven days before the meeting date. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth background information and analysis, wherever possible, to enable the Board to take appropriate and informed decisions.

COMMITTEES OF THE BOARD**3. Audit Committee:****a) Composition:**

The present Audit Committee presently comprises of three Non-Executive Directors viz. Mr. Pravin H. Haria, the Chairman besides Mr. Narendra Ganatra and Mr. Anant Palan. The Audit Committee met Six times during the year on 18th April, 2009, 19th June, 2009, 18th July, 2009, 19th October, 2009, 19th January, 2010 and 5th May, 2010.

b) Terms of Reference:

Terms of Reference of Audit Committee include amongst other things mainly:

- Reviewing the Company's financial reporting processes and systems.
- Recommending the appointment and removal of statutory auditors, taking decisions regarding audit fee and related expenses.
- Reviewing the Company's financial and risk management policies.
- Reviewing with management the half-yearly and annual financial statements, before submission to the Board, focusing primarily on:
 - changes in accounting policies and practices;
 - major accounting entries, qualifications and accounting issues based on the management's discretion and judgment;
 - compliance with the accounting standards;
 - compliance with the stock exchange and legal requirements, concerning financial statements;
 - any related party transactions; and
 - Internal audit processes and systems.

4. Shareholders Grievance Committee:

The Company has constituted an Investors Grievance committee for redressing shareholders/investors complaints like transfer of shares, non- receipt of annual report, non-receipt of declared dividend and others.

The Committee presently consists of three Non-Executive Directors namely, Mr. Pravin H. Haria, the Chairman besides Mr. Narendra Ganatra, Mr. Anant Palan.

The Committee met six times during the Financial Year ended 31st March, 2010 viz. 30th April, 2009, 31st July, 2009, 1st September, 2009, 30th October, 2009, 30th January, 2010 and 16th March, 2010.

5. Remuneration Committee:

The Board of Directors determines the remuneration of the 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.

6. General Body Meeting:

The last three Annual General Meetings were held as under;

Financial Year	Date	Time	Location
2007-2008	29 th September, 2007	9.30 a.m.	S-15, Hazari Baug, Station Road, Vikhroli (west), Mumbai-400 083. (Registered Office)
2008-2009	22 nd May,2008(EGM)	10.30 a.m.	S-15, Hazari Baug, Station Road, Vikhroli (west), Mumbai-400 083. (Registered Office)
2008-2009	29 th September, 2008	4.00 p.m	S-15, Hazari Baug, Station Road, Vikhroli (west), Mumbai - 400 083. (Registered Office)
2009-2010	29 th September,2009	9.30 a.m.	S-15, Hazari Baug, Station Road, Vikhroli (west), Mumbai-400 083. (Registered Office)

7. Code Of Conduct

The Board of Directors plays an important role in ensuring good governance practices. All the Board members and senior managers shall observe the highest standards of ethical conduct and integrity and shall work to the best of the ability and judgment.

In particular the board members and senior managers shall:

1. Maintain and help the Company in maintaining the highest degree of corporate governance practices.
2. Act in utmost good faith and exercise due care, diligence and integrity in performing their official duties.
3. Maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for their personal gain or advantage.
4. Not commit any offence involving moral turpitude or any act contrary to laws or oppose to public policy.
5. Ensure compliance with all SEBI regulations as also regulations issued and set by other statutory and regulatory bodies as may be applicable to them from time to time.

The Company has confirmed and certified that all the members of the Board of Directors and senior management have affirmed that they have complied with the code of conduct for directors and senior managers in respect of the financial year 2009-10.

8. Disclosures:

- a) During the year, there were no transactions of material nature of the Company with the Promoters, Directors, Management, their relatives, or subsidiaries of the Company etc. that had potential conflict with the interest of the Company at large.
- b) There were no instances of non-compliances by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets.

9. Communication to Shareholders:

Quarterly and Half-yearly financial reports of the Company are not sent to the individual shareholders of the Company.

Quarterly un-audited results are published in prominent daily newspapers, viz. The Free Press Journal and Navshakti.

A report on Management Discussion and Analysis forms part of the Annual Report.

10. General Shareholders' Information:

- a) The Annual General Meeting is proposed to be held on Friday the 30th July, 2010 at 9.30 a.m. at the A/310, Arya Arcade, Station Road, Vikhroli (W), Mumbai 400 083. (Registered Office).
- b) Book Closure Date: 14th July, 2010 to 15th July, 2010 (both days inclusive).
- c) Financial Calendar.(tentative)

**Results for the Quarter
Ending on****Tentative date of Declaration.**30th June, 2010

Second week of August, 2010.

30th September, 2010

Second week of November, 2010.

31st December, 2010

Second week of February, 2011.

31st March, 2011

Last week of May, 2011.

d) Listing on Stock Exchanges :

Bombay Stock Exchange Limited, P.J.Towers, Dalal Street, Mumbai- 400 001.

e) Stock Code :

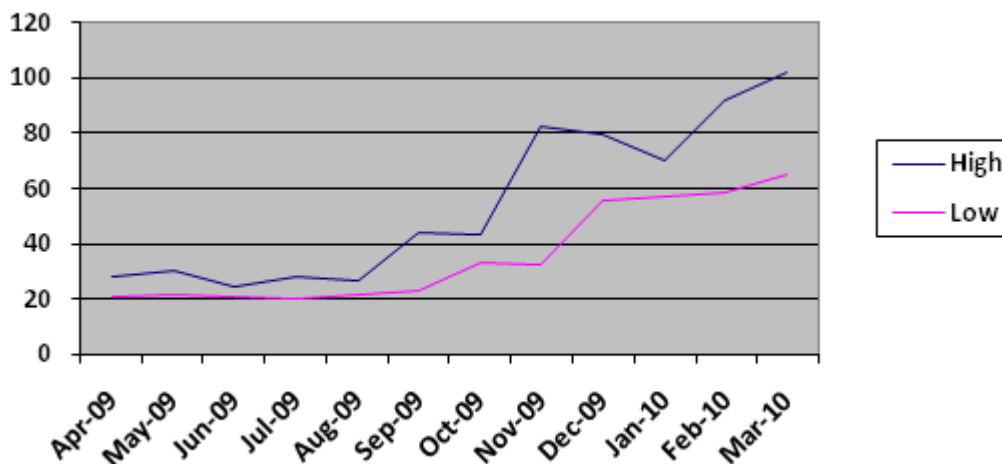
Bombay Stock Exchange Limited (BSE), Mumbai- 531137.

f) Market Information :

Month wise high and low price of the Company's shares at Bombay Stock Exchange Limited (BSE) during the year 2009-2010.

Month	Bombay Stock Exchange Limited	
	High (Rs.)	Low (Rs.)
April 2009	27.35	21.10
May 2009	29.90	21.30
June, 2009	24.05	20.70
July, 2009	28.00	20.15
August, 2009	26.00	21.65
September, 2009	43.90	23.00
October, 2009	43.30	33.05
November, 2009	82.25	32.65
December, 2009	79.50	55.80
January, 2010	70.00	57.05
February, 2010	91.50	58.60
March, 2010	101.80	65.25

GRAPH DEPICTING HIGH AND LOW PRICE OF THE COMPANY'S SHARES

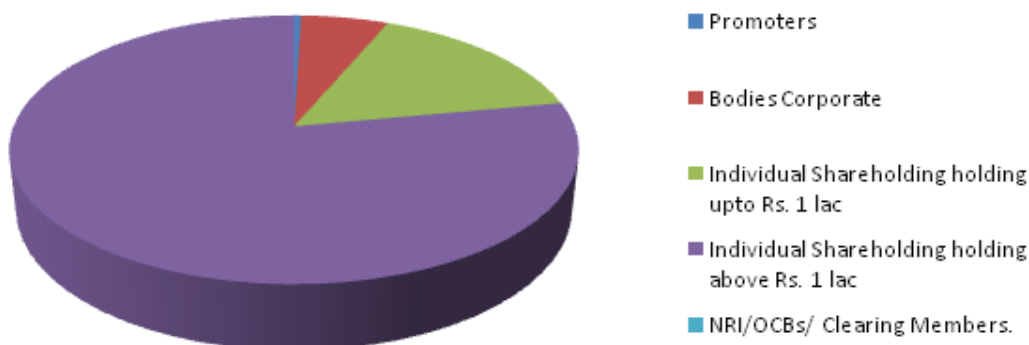


- g) Registrar and Transfer Agent : Sharex Dynamic India Pvt. Ltd.
17/B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai- 400 001.
Tel no: 022-22641349/22702483.
- h) Share Transfer System :
Securities lodged for transfer at the Registrar's office are normally processed within 30 days from the date of lodgment, if the documents are proper in all respect. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Any queries in respect of share transfer and transmission are dealt with by the share transfer committee and the shareholder's grievances committee.
- i) Shareholding Pattern as on 31st March, 2010.

Sr.Nos.	Category	No. of Shares held	% of Shareholding
1	Promoters	36559	0.489
2	Bodies Corporate	439841	5.884
3 (a)	Individual Shareholders holding upto Rs. 1 lac.	1172552	15.686
(b)	Individual Shareholders holding above Rs. 1 lac.	5825149	77.928
4	NRIs / OCBs / Clearing Members	899	0.012
	Total	7475000	100.00

PIE-CHART SHOWING THE SHARE-HOLDING PATTERN

percentage shareholding



j) Distribution of Shareholding as on 31.03.2010

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	Total Amt	Percentage of Amount
Up to – 5000	443	51.87	911480.00	1.22
5001 – 10000	90	10.54	765580.00	1.02
10001 – 20000	51	5.97	865780.00	1.16
20001 – 30000	43	5.04	1152280.00	1.54
30001 – 40000	23	2.69	828050.00	1.11
40001 – 50000	39	4.57	1919400.00	2.57
50001 - 100000	80	9.37	6517090.00	8.72
100001 and above	85	9.95	61790340.00	82.66
Total	854	100.00	74750000.00	100.00

The total shareholding held in the electronic form as on 31/03/2010 is 5447715 with NSDL and CDSL.

Total number of shares dematerialized as on 31.03.2010:-

Depository	No of Shares	% of Paid Up Capital
NSDL	864828	11.570
CDSL	4582887	61.310
Total	5447715	72.88

* DEPOSITORIES : Central Depository Services (India) Ltd. (CDSL)

: National Securities Depository Ltd. (NSDL)

* ISIN : INE503D01019

k) Address for Correspondence :

Registered Office : A/310, Arya Arcade, Station Road, Vikhroli (west), Mumbai.

Tel no: 022-40110898 • Fax no: 022-25780929

e-mail: gemstoneltd@gmail.com

MANAGING DIRECTOR CERTIFICATION

I, Mr. Narendra Ganatra, Managing Director of the Company hereby certify that:

- a. I have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010 and to the best of my knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financing reporting and I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies;
- d.
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in Accounting policies during the year; 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 shall be disclosed.

For **Gemstone Investments Limited**

Place: Mumbai

Date : 3rd July, 2010.

Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Scenario

India managed the global downturn effectively through a combination of fiscal and monetary policies. The effectiveness of measures became evident with fast paced recovery. As a result the Indian economy has performed with remarkable stability in the last two years when most countries (with a few exceptions) witnessed a period of economic instability and financial crisis on a scale never witnessed before. The Indian economy showed a GDP growth of 6.7% in the financial year 2008-09 and a further growth of 7.2% in 2009-10. The GDP growth pattern and a healthy trend visible in the vital parameters of the economy bode well for the overall growth and development of the country.

The World Trade Organization projects world trade to stage recovery in 2010. Global financial markets exhibited significant stabilization during 2009, despite the drag from the global financial crisis. However, volatility increased in the beginning of 2010 due to concerns about unsustainable fiscal positions, as reflected in sovereign risks.

Business Review

Gemstone Investments Limited has consolidated Loan Assets of Rs 24,88,11,252/- as at March, 31, 2010. It offers a broad suite of lending and other financial products to target the client base of middle income individuals and small and medium- sized enterprises or SMEs.

Financing Activities: It involves lending products including secured and unsecured loans to SME's; margin Loans, or "Loans against shares," secured by marketable and liquid securities. The financing activity generates revenues from interest payments made by our borrowers, loan processing fees and the sale of loans receivables to banks and other NBFCs.

Investment Activities: A portion of Gemstone Investments Limited cash holdings is invested in debt mutual funds, debt securities, Equity shares of Listed and Unlisted Companies and other investments. As at March 31, 2010, the value of the consolidated investments was Rs. 2,24,72,942.91/-. Investment activity generates revenues from dividends and interest payments made upon such securities.

The Company recorded a total income on a consolidated basis of Rs. 87,88,877.69/- for the financial year ended March 31, 2010 in comparison with Rs. 8,08,948.74/- recorded for the previous Financial Year.

The profitability of the Company on a consolidated basis increased by 960% with a net profit of Rs. 56,75,556.25/- for the financial year ended March 31, 2010 as against a loss of Rs. 6,59,408.45/- for the previous financial year.

Perceived Business Risks

The Company's business activities are such that it exposes the Company to a variety of risks, in particular Market risk, Credit risk, Operational risk, Liquidity risk and Interest rate risk. Identification and management of these risks are essential to its success and financial soundness. The Company is implementing an Enterprise Risk Management (ERM) framework that adopts an integrated approach to managing all types of risks.

Internal Control Systems

The Company's auditors have confirmed that the Company has proper and adequate internal control systems commensurate with its size and nature of operations which enable it to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and that all applicable statutes and corporate policies are duly complied with.

The Company has appointed an independent firm of Chartered Accountants, as Internal Auditors, who continuously review the adequacy and efficacy of the internal controls. The Internal Auditors submit an Internal Audit Report periodically which is placed before and reviewed by the Audit Committee.

The Directors keep a track of indicating to the Auditors the following:

- 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.
- Significant changes in internal controls over financial reporting during the year 2009-2010.
Significant changes in accounting policies during the year 2009-2010 and that the same have been disclosed in notes to financial statements.

Human Relations

The Company believes that its employees are at the core of its corporate purpose. They are the key in achieving its vision and are primary source of competitive advantage. Your Company has always stood by its commitment harnessing and developing its people resources in the best possible manner for achievement of its goals and objectives. All through the year the level of people engaged has been of the highest order, which has impacted the process business growth and upgradation of various systems in a significant way.

Corporate Social Responsibility

Your Company is socially responsible corporate citizen committed to deliver a positive impact across social, economic and environmental parameters. The Company acknowledges its responsibility on the manner that its activities influence its consumers, employees and stake holders, as well as the environment. Your Company strives to proactively encourage community growth and development thereby contributing in building a sustainable future.

Cautionary Statement

Statements in this management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

M/S SHAH JADAVJI & CO.
CHARTERED ACCOUNTANTS

NAVIN R. GALA, B.COM. FCA.

3/302, Shiplyan Building, Shivaji Path, Thane 400601 • Tel. No 21028991/22934466

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, 2010 and also the Profit and Loss Account 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.
 - (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, 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 2010.
 - (ii) In case of Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For **M/S SHAH JADAVJI AND CO.**
Chartered Accountants

Place : Thane
Date : 29/06/2010.

NAVIN R. GALA, Partner
MEM NO:40640
FIRM REG NO.:109620W

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, 2010 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 38.87 Lacs as at 31st March 2010. 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.
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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, 2010

For **M/S SHAH JADAVJI AND CO.**
Chartered Accountants

NAVIN R. GALA
PARTNER
MEM NO:40640

3/302,, Shilpyan Buldg., Shivaji Path,
Thane, Maharashtra-400601
FIRM REG NO.:109620W

Place : Thane
Date : 29/06/2010.

M/S SHAH JADAVJI & CO.
CHARTERED ACCOUNTANTS

NAVIN R. GALA, B.COM. FCA.

3/302, Shiplyan Building, Shivaji Path, Thane 400601 • Tel. No 21028991/22934466

To,
The Members of Gemstone Investments Ltd.

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

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

Place : Thane
Date : 29/06/2010.

NAVIN R. GALA
PARTNER
MEM NO:40640
FIRM REG NO.:109620W

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule No.	As on 31/3/2010	As on 31/3/2010	As on 31/3/2009
SOURCES OF FUNDS				
SHAREHOLDERS FUND				
Share Capital	1		74,750,000.00	49,250,000.00
RESERVE & SURPLUS				
Capital Reserve			3,693,335.59	3,693,335.59
Investment fluctuation reserve			4,233,201.60	4,233,201.60
Share Forfeiture Reserve			9,126,000.00	-
Share premium Reserve			116,550,000.00	80,850,000.00
Loans (Liability)			1,100,000.00	-
			209,452,537.19	138,026,537.19
APPLICATION FUNDS				
FIXED ASSETS				
Gross Block		-	-	-
Less :- (Depreciation)		-	-	-
INVESTMENT	2		22,472,942.91	2,243,216.25
CURRENT ASSETS				
LOANS & ADVANCES				
a. Current Assets				
1. Cash & Bank Balance	3	2,770,999.64		1,157,402.60
2. Other Current Assets	4	6,440,535.37		1,947,592.72
		9,211,535.01		3,104,995.32
b. Loans & Advances	5	248,811,252.00		183,090,268.00
Total Current Assets (A)			258,022,787.01	186,195,263.32
CURRENT LIABILITIES & PROVISIONS				
a. Current Liabilities				
	6	73,221,733.00		58,266,038.90
b. Provisions				
	7	1,708,300.00		142,500.00
Total Current Liabilities (B)			74,930,033.00	58,408,538.90

Net Current Assets (A)-(B)			183,092,754.01	127,786,724.42
Miscellaneous Expenditure (To the extent not written off or adjusted)				
Profit & Loss			3,886,840.27	7,996,596.52
			209,452,537.19	138,026,537.19
Notes To Accounts	12			

As per our report of even date

For **SHAH JADAVJI & CO.**
Chartered Accountants

NAVIN GALA

Partner

M NO. 40640

FIRM REG NO. 109620W

THANE:- 29th June, 2010

NARENDRA GANATRA

Managing Director

ANANT PALAN

Director

PROFIT & LOSS FOR THE YEAR ENDING ON 31ST MARCH 2010

Particulars	Sche-dule No.	As on 31/3/2010	As on 31/3/2009
INCOME			
Income from Finance Operations	8	18,407,957.50	7,475,134.00
Income from Investment Operations	9	-9,619,079.81	-6,666,185.26
TOTAL INCOME		8,788,877.69	808,948.74
EXPENDITURE			
Staff Cost	10	1,550,110.00	240,498.47
Operating & Administrative Cost	11	1,563,211.44	1,227,858.72
Interest paid on unsecured loan		-	-
Interest paid on service tax / TDS		-	-
Bank Interest		-	-
Depreciation		-	-
Miscellaneous		-	-
Loss on sale of Investments		-	-
Loss on sale of Fixed Assets		-	-
Preliminary Expenses		-	-
Public issue Expenses		-	-
TOTAL EXPENDITURE		3,113,321.44	1,468,357.19
OPERATING PROFIT		5,675,556.25	(- 659,408.45)
Add:- Non – Operating Income		-	-
SundryBalance Written Back		-	-
Interest on income Tax Refund		-	-
		5,675,556.25	(-659,408.45)
Less:- Sundry Balance Written off		-	-
Less:- Provisions for Non-performing Assets Permanent decline in value of long term investments		-	-
(LOSS) / PROFIT BEFORE TAX		5,675,556.25	(-659,408.45)
Less:- Provisions for tax For A.Y. 2009 - 10		1565800.00	-
Add:- Prior Year Income		-	-
Less:- Prior year expenses		-	-
		4,109,756.25	(-659,408.45)
Balance bought forward from previous year		7,996,596.52	7,337,188.07
Less:-transfer to general reserve		-	-
Balance carried forward to Balance sheet		(3,886,840.27)	(7,996,596.52)

As per our report of even date

For **SHAH JADAVJI & CO.**
Chartered Accountants

NAVIN GALA, Partner
M NO. 40640
FIRM REG NO. 109620W
THANE:- 29th June, 2010

NARENDRA GANATRA
Managing Director

ANANT PALAN
Director

CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	As on 31/3/2010		As on 31/3/2009	
	Rs.	Rs.	Rs.	Rs.
A) Cash flow from operating activities Net Profit before tax & extra ordinary items & prior period items	5675556		-659408	
Adjustments For:				
I) Profit on sale of investment				
ii) Provisions for non performing assets no longer required.				
iii) Provisions for decline in investment no longer required				
iv) Dividend income	(60248)			
v) Prior periods expenses				
vi) Prior Period Income				
	5615308		-659408	
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) Provisions for Tax	1565800		0	
xiii) Provisions for decline in value of investments	1565800		0	
OPERATING PROFITS BEFORE WORKING CAPITAL CHANGES		4049508		-659408
Change in Working capital				
i) Other current assets	- 449242		-54846	
ii) Loans and advances	- 65720984		-152988468	
iii) Taxes Paid (T.D.S)				
iv) Current liabilities and Provisions	16521494	-53692432	56090494	-96952820
Cash flow from operating activities		-49642924		-97612228
B) Cash flow from investing activities				
i) Purchase of fixed assets				
ii) Acquisition of investment (net of sales)	-20229727		-2135703	
iii) Dividend received	60248			

iv) Sale of fixed assets				
v) Loss on sale of Fixed assets				
vi) Net income from sale of investment				
vii) Increase in Share Capital and Share premium	70326000		100100000	
Net cash used in investment activities		50156521		97964297
		513597		352069
c) Cash Flow from financial activities (Repayment of loan) / proceeds from borrowing	1100000	1100000		0
Net Charges in cash or cash equivalents(A+B+C)		1613597		352069
Cash& Cash equivalents				
Opening Balance	1157403			805334
Closing Balance	2771000			1157403

As per our report of even date

For **SHAH JADAVJI & CO.**
Chartered Accountants

NAVIN GALA
Partner
M NO. 40640
FIRM REG NO. 109620W
THANE:- 29th June, 2010

NARENDRA GANATRA
Managing Director

ANANT PALAN
Director

SCHEDULE FORMING PART OF THE BALANCE AS AT 31ST MARCH, 2010

PARTICULARS	As on 31 March 2010 Rupees	As on 31 March 2009 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised Capital (1,00,00,000 Equity shares of Rs. 10/- each)	100,000,000.00	100,000,000.00
Issued, Subscribed & paid up capital paid up capital (74,75,000 equity shares of Rs 10/- each previous year 49,25,000)	74,750,000.00	49,250,000.00

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULE 2
INVESTMENTS (AS COST, NON TRADE & FULLY PAID)

No of Shares Current Year	Previous year	Face value	Name of the Company	31 st March, 2010 Rupees	31 st March,2009 Rupees
			Listed		
325000.00	50000.00	1	Spectacle Industries Ltd	15,093,217.00	2135703.00
20555.00	102755.00	10	RFL International	107,513.25	107512.25
48483.00	0.00		Nissan Corp	1,256,582.66	0.00
35000.00	0.00		Seax Global	1,778,630.00	0.00
			Unlisted		
183700.00	0.00		Asian Commtrade P. Ltd	1,837,000.00	0.00
240000.00	0.00		Asian Fin Trade	2,400,000.00	0.00
			Services P. Ltd		
			TOTAL VALUE	22472942.91	2243216.25
Market Value of Quoted investments				37462721	2145000

SCHEDULE FORMING PART OF THE BALANCE SHEET ASAT 31ST MARCH 2010

PARTICULARS	AS AT MARCH 2010 RUPEES	AS AT MARCH 2009 RUPEES
SCHEDULE 3		
CASH AND BANK BALANCES		
Cash on hand	9752.14	115851.14
Balances with bank		
HDFC Bank(Ghatkoper Brach)	325681.10	446554.64
HDFC Bank(Vikraoli Branch)	2435566.40	594996.82
	2770999.64	1157402.60
SCHEDULE 4		
OTHER CURRENT ASSETS		
Tds (A.Y. 08-09)	442845.00	442845.00
Tds (A.Y 09-10)	1180705.00	1138134.00
Tds(A.Y 10-11)	2259271.00	0
Other Current assets	2553857.60	362756.95
Duty and Taxes	3856.77	3856.77
	6440535.37	1947592.72
SCHEDULE 5		
LOANS AND ADVANCES		
Loan on Installment basis others Unsecured, considered good	248811252.00	183090268.00
	248811252.00	183090268.00
SCHEDULE 6		
CURRENT ASSETS AND LIABILITIES		
Audit fees payable	34783.00	45075.00
Directors Remuneration	797838.00	705000.00
Professional fees Payable	55388.00	66888.00
Accounting chgs Payable	66000.00	21000.00
Other current liabilities	0.00	1620675.90
Salary Payable	273000.00	-
Brokerage Payable	367200.00	0.00
TDS Payable	92524.00	-
Rent Payable	21000.00	0.00
Share Application Money	71514000.00	55807400.00
	73221733.00	58266038.90
SCHEDULE 7		
PROVISIONS FOR TAX		
Income Tax (A.Y. 2008 -09)	142500.00	142500.00
Income Tax(A.Y. 2009 -10)	1565800.00	0.00
	1708300.00	142500.00

**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	AS AT 31 ST MARCH 2010 RUPEES	AS AT 31 ST MARCH 2009 RUPEES
SCHEDULE 8		
INCOME FROM FINANCE OPERATIONS		
Interest received	18347710.00	7475134.00
Dividend	60247.50	
	18407957.50	7475134.00
SCHEDULE 9		
INCOME FROM INVESTMENT OPERATIONS		
Market to Market Premium	0.00	-2916738.59
Profit / Loss in Shares transaction	-9218067.70	-3515117.10
Speculative Profit/ Loss	- 401012.11	-234329.57
	-9619079.81	-6666185.26
SCHEDULE 10		
STAFF COST		
Salary & Wages	1455640.00	207577.00
Staff Welfare	94470.00	32921.47
Professional tax	-	-
	1550110.00	240498.47
SCHEDULE 11		
OPERATING & ADMINISTRATION COST		
Printing & Stationery	0.00	1872.00
Administration & other expenses	1499091.44	1113187.72
Professional fees	20000.00	85224.00
<u>Payment to auditors</u>		
Audit Fees	44120.00	19303.00
Tax audit fees	0.00	8272.00
	1563211.44	1227858.72

FOR THE YEAR 2009-10
SCHEDULE -12: Accounting Policies & 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 Assets 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
	Mr Nimesh P.Ganatra
	Mr. Lalit Dhirajlal Gandhi.
	Mr. Pravin Hansraj Haria
	Mr. Anant Palan

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 2010	31 ST MARCH 2009
(I) profit Computation for both basic and diluted earnings per share of Rs. 10 each :		

PARTICULARS	31 ST MARCH 2010	31 ST MARCH 2009
Net profit as per profit and loss account available for equity shareholders.	4109756.25	-659408.45
(II)weighted Average Number of equity shares for earning per share computation		
For basic /diluted earnings per share	5790625	3240625
Basic/Diluted earnings per Share.	0.70	-0.20

12. Directors Remuneration :

Name	Current Year (Rs)	Previous Year (Rs)
Mr. Narendra Ganatra	495000	225000

13. Payment to Auditors :

Name	Current Year (Rs)	Previous Year (Rs)
Audit Fees	33090	19303
Tax Audit Fess	11030	8272

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.

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 has been followed.

17. There is no amount due to be transferred to investor's education and Protection Fund as on 31st March 2010.

18. Previous year figures have been regrouped, reclassified wherever necessary to make them comparable to that of current year.

for GEMSTONE INVESTMENTS LIMITED

for M/S SHAH JADAVJI AND CO.

Chartered Accountants

Narendra P. Ganatra
Managing Director

Anant Palan
Director

NAVIN R. GALA, Partner
MEM NO:40640
3/302,, Shilpyan Buldg., Shivaji Path,
Thane, Maharashtra-400601
FIRM REG NO.:109620W

Place : Thane
Date : 29/06/2010

GEMSTONE INVESTMENTS LIMITED

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