

EIGHTEENTH ANNUAL REPORT
OF
GEMSTONE INVESTMENTS LIMITED

For

F.Y. 2011-12

BOARD OF DIRECTORS

Mr. Anant Haridas Palan
(Whole Time Director)

Mr. Nimesh Prabodh Ganatra
(Executive Director)

Mr. Hitesh Navinbhai Dave
(Non-Executive Independent Director)

Ms. Shikha Kapasi
(Non-Executive Independent Director)

AUDITORS

M/s. Shah Jadavji & Co.
(Chartered Accountant)
3/302, Shilpyan Building
Shivaji Park, Thane – 400 601

BANKERS

HDFC Bank, Mumbai

REGISTERED OFFICE:

Room no. 105, First Floor,
Shradhanand Building, 274 Samuel Street,
Masid Bander, Mumbai-400 003,
Maharashtra

NOTICE

Notice is hereby given that the **Eighteenth Annual General Meeting (AGM)** of the Shareholders of the Company will be held on **Saturday, September 29, 2012 at 10:30 A.M.** at **Room no. 105, First Floor, Shradhanand Building, 274 Samuel Street, Masid Bander, Mumbai-400 003, Maharashtra**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2012, and Schedules thereto, together with the Auditor's Report & the Reports of the Directors thereon.
2. To consider the re-appointment of Mr. Hitesh Navinbhai Dave, as director, who is retiring by rotation in terms of section 255 read with section 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.
3. To consider the re-appoint of Ms. Shikha Kapasi, as director, who is retiring by rotation in terms of section 255 read with section 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, pass the following resolution, with or without modification as, an Ordinary Resolution:

“RESOLVED THAT M/s. Shah Jadavji & Co., Chartered Accountants, the statutory Auditors of the Company, liable to retire at the conclusion of this AGM be and are hereby re-appointed as the Statutory Auditor of the Company to hold office from the conclusion of the ensuing AGM till the conclusion of the next AGM on a remuneration as may be fixed by the Remuneration Committee.”

SPECIAL BUSINESS:

1. To consider and if thought fit, pass the following resolution with or without modification as a special resolution:

“RESOLVED THAT in accordance with section 198, 209 & 309 and other applicable provisions of the Companies Act, 1956 if any, and subject to the provisions of Schedule XIII to the Act, Mr. Anant Haridas Palan be and is hereby appointed as Managing Director of the Company for a period three (3) years, commencing from the date of AGM i.e. September 29, 2012 to September 28, 2015 on the terms and conditions as laid down in the agreement, to be executed between the Company (through Mr. Nimesh Ganatra) and Mr. Anant Haridas Palan, on the day Mr. Anant Haridas Palan assumes the charge of the office of the Managing Director and a copy of which is laid before the meeting.

FURHTER RESOLVED THAT Mr. Nimesh Ganatra, Director of the Company be and is hereby authorized to prepare, sign and file e-form 32 and 25C with the concerned Registrar of Companies and to do all other needful as may be required to give effect to the above resolution.

2. To consider and if thought fit, pass the following resolution with or without modification as a special resolution:

RESOLVED that pursuant to the provisions of Section 21 of the Companies Act 1956, the name of the Company be and is hereby altered from "GEMSTONE INVESTMENTS LIMITED to "ASIAN PROJECT FINANCE LIMITED" or to any other name as may be suggested by the shareholders and approved by the Concerned Registrar of Companies (ROC) and that necessary alteration in Clause I of the Memorandum of Association and the Articles of Association of the company, being the name clause, and where ever necessary, be made to the effect.

FURTHER RESOLVED that Mr. Anant Palan, Director of the company be and is hereby authorized to complete necessary formalities with the concerned Registrar of Companies, to get the name altered and registered and to fulfill all other formalities as and when required, with the Concerned ROC, Securities and Exchange Board of India and Bombay stock Exchange and with all other authorities as may be concerned.

**By the order of Board
For Gemstone Investments Limited**

S/d-
Director

Date: September 04, 2012

Place: Mumbai

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED.
2. A proxy to be valid should be duly filed in and affixed with requisite stamp and lodged with the Company's Registered Office at least 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Registers of the Company will remain closed from September 22, 2012 to September 29, 2012 (both days inclusive).
4. Explanatory statement in terms of Section 173(2) of the Companies Act, 1956 for the special business to be conducted at the meeting is enclosed along with this notice.
5. Members are requested to notify change of address, if any, promptly in order to serve them better.
6. Members are requested to bring their copies of the Annual Report to the Meeting.
7. Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
8. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID No. and those who hold shares in physical form are requested to write their Folio No. in the attendance slip for attending the meeting.
9. A brief resume of the Directors retiring by rotation and eligible for re-appointment/ recommended for appointment, as required by Clause 49(IV)(G) of the Listing Agreement signed by the Company with the stock exchange, is given in Annexure to this notice.

**By the order of Board
For Gemstone Investments Limited**

S/d-
Director

Date: September 04, 2012

Place: Mumbai

[In pursuance of clause 49 of the Listing Agreement]

Brief Resume of Directors seeking re-appointment and Directors recommended for appointment at the forthcoming Annual General Meeting:

Name of Director	Mr. Hitesh Navinbhai Dave
Date of Birth	May 18, 1972
Nationality	Indian
Date of Appointment	September 03, 2011
Qualification	B.Com
Expertise in specific functional area	Finance & Investments
Chairman /Director of other Companies (excluding private & foreign companies)	NIL
Chairman / Member of Committees of the Boards of other Companies of which he is a Director	NIL

Name of Director	Ms. Shikha Kapasi
Date of Birth	October 05, 1987
Nationality	Indian
Date of Appointment	September 03, 2011
Qualification	B.Com
Expertise in specific functional area	Accounts & Finance
Chairman /Director of other Companies (excluding private & foreign companies)	NIL
Chairman / Member of Committees of the Boards of other Companies of which he is a Director	NIL

Name of Director	Mr. Anant Haridas Palan
Date of Birth	May 01, 1957
Nationality	Indian
Date of Appointment	September 30, 2009
Qualification	B.Com
Expertise in specific functional area	Business & Finance
Chairman /Director of other Companies (excluding private & foreign companies)	NIL
Chairman / Member of Committees of the Boards of other Companies of which he is a Director	NIL

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 FOR THE SPECIAL BUSINESS TO BE CONDUCTED AT THE MEETING:

ITEM No. 1

The existing Managing Director of the Company, Mr. Narendra Ganatra had resigned from his office w.e.f. January 19, 2012. Accordingly, the company proposes to appoint Mr. Anant Palan on the Board as a Managing Director w.e.f. September 29, 2012. At present, Mr. Palan is associated with the Company as a whole time director and has contributed to the growth of the company. A brief resume of Mr. Anant Palan is enclosed along with the notice of the AGM.

As per provisions of the Companies Act, the appointment of a Managing Director is required to be approved by the shareholders in their meeting and accordingly the resolution is proposed.

The Shareholders are recommended to pass the said resolution as a special resolution.

None of the Directors, except Mr. Anat Palan as the proposed appointee and as a shareholder, have personal interest in the said resolution.

ITEM No. 2

The company has holding in two companies namely Asian Commtrade Pvt. Ltd. and Asian Fintrade Services Pvt. Ltd. which are its group companies. Hence in order portray the image of a collective group, and to synergize growth and business opportunities accordingly, the Directors of the Company propose to change the name of the Company from the existing name to "ASIAN PROJECT FINANCE PRIVATE.LIMITED". Also, the proposed name is a proper representative of the existing business of the company and that there is no change in the business activities of the company.

As per provisions of the Companies Act, alteration of name amount to alteration of Name Clause of the Memorandum and Articles of Association of the Company and accordingly the shareholders are recommended to pass the said resolution as a special resolution.

None of the Directors, except as shareholders of the Company, have any personal interest in the said resolution.

**By the order of Board
For Gemstone Investments Limited**

S/d-
Director

Date: September 04, 2012

Place: Mumbai

**REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012**

To

The Members,

Your Directors are pleased to present the Annual Report together with Audited Financial Accounts of your Company for the Financial Year ended March 31, 2012.

FINANCIAL RESULTS	Year ended 31st March, 2012 (Rs. In 000)	Year ended 31st March, 2011 (Rs. In 000)
Profit before Tax	6657554.09	2956142.27
Provision for tax	2700560.00	896908.00
Profit after Tax	3956994.09	2059234.27

OPERATIONS

During the FY 2011-12, the Company reported gross revenue from operations of Rs. 182310.45 Lacs as against Rs. 227710.34 Lacs during the FY 2010-11 and record the net profit Rs. 39569.94 for the FY 2011-12 as against the net profit of Rs. 20592.34 Lacs

DIVIDEND

To conserve resources for the long term needs of the Company, your Directors do not recommend payment of any dividend for the year.

DIRECTORS

Ms. Shikha Kapasi and Mr. Hitesh Dave, retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

None of Directors are disqualified from being re-appointed as Directors of the Company as per the disclosure received from them pursuant to Section 274(1)(g) of the Companies Act, 1956.

Your Board recommends the reappointment of the above Directors at the ensuing Annual General Meeting.

During the year 2011-12, Mr. Narendra P. Ganatra resigned from the board w.e.f. 19.01.2012 and Mr. Mahesh Bhanushali & Mr. Pravinchandra Haria ceased to be associated with the board w.e.f. 25.07.2012 due to their resignation. Your Directors place on record their appreciation for the contribution and guidance rendered to the Company during their tenure and wish them all the luck for their future endeavours.

AUDITORS

M/s Shah Jadavji & Co. Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company. The Company has obtained a certificate from them stating that their appointment, if considered and approved, will be within the limits of Section 224(1B) of the Companies

Act, 1956. The Company has also obtained a certificate from them stating that they have subjected themselves to the Peer Review Process of Institute of Chartered Accountants of India (ICAI). Being eligible, they offer themselves for re-appointment as Statutory Auditors for the FY 2012-13.

AUDIT COMMITTEE

Your Directors have, in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, constituted the Audit Committee of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company hereby confirms:

- 1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- 2) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit and Loss of the Company for the period;
- 3) 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;
- 4) that the Directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

A separate report on Management Discussion & Analysis is appended to this Annual Report and forms part of this Directors' Report.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from a Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is appended to this Annual Report and forms part of this Directors' Report.

DEPOSITS

The Company has neither invited nor accepted any Fixed Deposits, within the meaning of Section 58-A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 made there under.

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

Information as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, forms to extent applicable are given below:

Details of Conservation of Energy:

The operations of your company do not consume high level of energy. However, adequate measures have been taken to conserve energy by using efficient computers and peripherals.

Foreign Exchange Earnings : Nil
Foreign Exchange Outgo : Nil

Technology Absorption
Research and Development : Nil
Technology absorption, Adaptation & Innovation : Nil

PARTICULARS OF EMPLOYEES:

As there are no employees employed by the company falling within Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 hence relevant disclosures are not required.

ACKNOWLEDGEMENT

The Board acknowledges the support extended by employees, shareholders, bankers and clients and look forward for their continued support.

**For and on Behalf of the Board
Gemstone Investments Limited**

S/d-
Director

S/d-
Director

Date: September 04, 2012

Place: Mumbai

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

I. Company's Philosophy

Continuous maintenance and enhancement of Stakeholders' value has always been at the helm of Company's objective. The vision of Gemstone Investments Limited (GIL) is to strive continuously to give optimum returns to Stakeholders' and to uphold the core values of transparency, integrity, honesty, fairness and accountability, which are fundamental to the Company.

The Company endeavors and follows the best ethical and good corporate governance policy and thereby ensures the compliance with all applicable statutory and regulatory provisions of laws. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders.

II. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Board of Directors of your Company consists of 4 (Four) Directors, out of these 2 (Two) are Independent Directors. The Chairman of the Board is Mr. Anant Haridas Palan.

- i) Details of Composition and Category of Board, their attendance at the Board Meetings and last Annual General Meeting, Directorship held in other Companies, Committee Chairmanship / Membership held in other Companies as at March 31, 2012:

Sr. No.	Name of the Director	Category	No. of Board Meeting during the tenure of Directors in FY		Attendance at the last AGM held on	Directorship in other public companies	Committee position held in other public companies ²	
			Held	Attended			Chairman	Member
1.	Narendra Prabodh Ganatra ⁽¹⁾	Managing Director	7	5	Yes	--	--	--
2.	Mr. Anant Haridas Palan	Whole-Time executive Director	7	7	Yes	-		
3.	Mr. Nimesh Prabodhkumar Ganatra ⁽²⁾	Executive	7	7	Yes			

4.	Ms. Shikha Kapasi ⁽³⁾	Independent	7	4	Yes			
5.	Mr. Hitesh Navinbhai Dave	Independent	7	4	Yes			
6.	Pravinchand ra Hansraj Haria ⁽⁴⁾	Non-Executive Independent Director	7	7	N.A.			
7	Mr. Mahesh Bhanushali ⁽⁵⁾	Non-Executive Independent	7	4	N.A.			

⁽¹⁾ Resigned w.e.f. January 19, 2012.

⁽²⁾ designation changed from Non – Executive Independent Director to an Executive Director liable to retire by rotation, w.e.f. Board meeting dated 03.09.2011

⁽³⁾⁽⁴⁾⁽⁵⁾ Appointed as Non-executive Independent directors w.e.f. September 03, 2011 u/s. 260 who were later confirmed as directors liable to retire by rotation in the last AGM on September 30, 2011.

⁽⁴⁾⁽⁵⁾ resigned from board w.e.f. 25.07.2012

¹ Directorship held in Private Companies, Section 25 Companies and Foreign Companies is not included.

² Only Audit Committee and Shareholders' Grievance Committee are taken into consideration as per the provisions of Clause 49 of Listing Agreement. None of the Directors of the Company is a member of more than 10 committees or acts as a Chairman of more than 5 committees across all the Companies wherein he is a director.

- ii) None of the Non-Executive Directors of the Company have any pecuniary relationship and / or transaction with the Company.
- iii) During the year 2011-12, the Board of Directors of your Company met 7 times on 30th May, 2011, 13th August, 2011, 3rd September, 2011, 14th November, 2011, 18th January 2012, 19th January 2012, and 14th February, 2012

The intervening period between any two meetings did not exceed more than 4 months as prescribed under Clause 49 of the Listing Agreement.

- iv) The compliance reports of all applicable laws are placed before the Board periodically. All the material and important items pertaining to the development and working of the Company is included with a detailed note in the Agenda and the same is circulated to the Board well in advance, so as to enable them to take strategic decisions. The information which could not be circulated to the Board, in advance, is placed at the table during the Board Meeting. The information as specified in Annexure IA of the Clause 49 of the Listing Agreement is provided to the Board as and when applicable and material.

- v) The Board has adopted “Code of Conduct for Board Members and Senior Management of the Company”. All the Board Members and Senior Management have affirmed the compliance with the said Code of Conduct during the year 2011-12. A declaration to this effect signed by Executive Director is appended to this Report of Corporate Governance. The Code of Conduct is available on the website of the Company.

III. Audit Committee

- i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2011-12:

During the year the Audit Committee have been reconstituted.

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Audit Committee of the Board comprises of following members:

Name	Position Held	Category
Mr. Pravinchandra Hansraj Haria ⁽¹⁾	Chairman	Non-Executive Independent Director
Mr. Nimesh Prabodhkumar Ganatra ⁽²⁾	Member	Non-Executive Independent Director
Narendra Ganatra ⁽³⁾	Member	Managing Director
Ms. Shikha Kapasi ⁽⁴⁾	Member	Non-Executive Independent Director
Hitesh Navinbhai Dave ⁽⁵⁾	Member	Non-Executive Independent Director

⁽¹⁾Ceased to be member w.e.f. July 25, 2012 due to resignation.

⁽²⁾Ceased to be Independent Director w.e.f September 03, 2011

⁽³⁾Ceased to be member w.e.f. September 03, 2011.

⁽⁴⁾Appointed as member w.e.f September 03,2011. Due to resignation of Mr. Pravinchandra Hansraj Haria, appointed as chairman w.e.f. July 25, 2012.

⁽⁵⁾Appointed as member w.e.f. July 25, 2012.

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. The Chairman of the Audit Committee was present at the previous Annual General Meeting held on 30th September, 2011.

The Chief Financial Officer of the Company, Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee.

Meetings and Attendance during the year 2011-12:

During the year 2011-12, four meetings of the Audit Committee were held and attended by the members as per the details given below;

Sr. No.	Name of Member	Meetings / Attendance			
		30/05/2011	13/08/2011	14/11/2011	14/02/2011
1	Mr. Pravinchandra Hansraj Haria ⁽¹⁾	Present	Present	Present	Present
2	Mr. Nimesh Prabodhkumar Ganatra ⁽²⁾	Present	Present	Present	Present
3	Narendra Ganatra ⁽³⁾	Present	Present	N.A.	N.A.
4	Ms. Shikha Kapasi ⁽⁴⁾	N.A.	N.A.	Present	Present
5	Hitesh Navinbhai Dave ⁽⁵⁾	N.A.	N.A.	N.A.	N.A.

The minutes of Audit Committee Meeting are noted by the Board of Directors of the Company at the Board meeting after getting approved by the Audit Committee.

ii) Terms of reference

The terms of reference of the Audit Committee includes the mandatory matters specified in Clause 49 of the Listing Agreement and also covers the matters specified under Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly detailed as under:

- a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock Exchange and the Company Law requirements and to ensure that the financial statements are correct and credible.
- b) Review of quarterly, half yearly and annual financial statements before submission to the Board for approval.
- c) Review of Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions.
- d) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and Internal Auditors and the fixation of audit fees.
- e) Review of adequacy of internal control systems, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure,

coverage and frequency of internal audit and further recommending to the Internal Auditors the nature and scope of internal audit.

- f) Review of reports of Statutory and Internal Auditors and replies of the management thereof.
- g) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Review of the annual financial statements with the management before submission to the Board for approval, with particular reference to :
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment of management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosures of any related party transactions.
 - Qualifications in the draft audit report.
- i) Review of management representation letters to be issued to the Statutory Auditors.
- j) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- k) Reviewing compliances as regards the Company's Whistle Blower Policy.
- l) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate.

IV. Shareholders / Investors' Grievance cum Share Transfer Committee

The Shareholders / Investors' Grievance cum Share Transfer Committee of the Board has been constituted in line with the requirements of Clause 49 of the Listing Agreement.

- i) The Committee as of March 31, 2012 comprises of following members:

Name	Position Held	Category
Mr. Pravinchandra Hansraj Haria*	Chairman	Non-Executive Director Independent

Mr. Nimesh Prabodhkumar Ganatra	Member	Executive Director
Ms. Shikha Kapasi	Member	Non-Executive Director Independent
Hitesh Navinbhai Dave	Member	Non-Executive Director Independent
Mr. Narendra Ganatra *	Member	Managing Director

***ceased to be members of the Committee w.e.f. January 19, 2012 due to resignation from board.**

ii) Name, Designation and Address of Compliance Officer:

Mr. Anant Haridas Palan
Room No. 105, 1st Floor, Shradhanand Building,
274 Samuel Street, Masid Bander, Mumbai -400 003

iii) Procedure for approval and details of meetings and attendance during the year 2011-12:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated severally to Mr. Anant Haridas Palan, Whole-Time Director. The request for share transfer/transmission, dematerialization/ rematerialization and issue of new share certificates in lieu of old/worn-out /lost /defaced /split /consolidation, etc., is processed and attended atleast once in a fortnight in co-ordination with Sharex Dynamic India Private Limited., Registrar & Transfer Agents of the Company.

All the above requests processed during a quarter are then taken into record for approval of Shareholders / Investors' Grievance cum Share Transfer Committee.

iv) Terms of reference:

- a) To look into the redressal of shareholders and investors complaints like non-receipt of notices / annual reports, non-receipt of declared dividends, non-receipt of share certificates, etc;
- b) To approve and register share transfer and transmission;
- c) To expedite the process of dematerialization and / or rematerialisation of shares;
- d) To take on record the Certificate taken under Clause 47 (c) of the Listing Agreement from Practicing Company Secretary;
- e) To take on record the Secretarial Audit Report submitted by Practicing Company Secretary every quarter.

v) Details of Investors' Complaints/Grievance and their status:

The details of Investors' Complaints received and redressed by the Company and Sharex Dynamic India Private Limited. during the year 2011-12 is as follows:

Nature of Complaints	Number of Complaints Received	Number of Complaints Resolved
Non-receipt of Share Certificates	2	1
Others	2	2
Total		

V. General Body Meetings

i) Details of last three Annual General Meetings (AGM):

Financial year	AGM No.	Day & Date	Venue	Time
2010-11	17 th	Friday, 30 th September, 2011	A/310, Arya Arcade, Station Road, Vikhroli (West), Mumbai- 400 083. (Registered Office During that Period)	9.30 a.m.
2009-10	16 th	Friday, 30 th July, 2010	A/310, Arya Arcade, Station Road, Vikhroli (West), Mumbai- 400 083. (Registered Office During that Period)	09:30 a.m.
2008-09	15 th	Tuesday, 29 th September, 2009	S-15, Hazari Baug, Station Road, Vikhroli (West), Mumbai- 400 083. (Registered Office During that Period)	09:30 a.m.

ii) Details of Special resolutions passed in last three Annual General Meetings (AGM):

Dates of AGM	No. of Special resolutions passed	Particulars of Special resolutions
30/09/2011	NIL	
30/07/2010	1	Alteration of clause 4 of the Articles of Association.
29/09/2009	1	Preferential allotment of 50,00,000 (fifty Lakhs) equity shares.

iii) Details of resolution passed through postal ballot in last three years:

Dates of notice	No. of resolutions passed	Particulars of resolutions passed through postal ballot
03.09.2011	1	Alteration of Main object clause of the Memorandum of Association.

VI. Disclosures

i) Related party transactions:

Related party transactions have been disclosed under Significant accounting policies & notes forming part of the financial statements of Audited Accounts in accordance with “Accounting Standard 18”. A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

ii) Disclosure of Accounting treatment:

The financial statements of the Company for the year ended March 31, 2012 are prepared in conformity with the Accounting Standards.

iii) Secretarial Audit:

A qualified Practising Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL/ CDSL.

iv) Risk Assessment:

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company.

v) Proceeds from public issues, rights issues, preferential issues, etc.:

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

vi) Remuneration of Directors:

Remuneration of Directors is decided by the Board in their meeting as and when it is need to be consider.

vii) Subsidiary Company:

In terms of Clause 49 (III) of the Listing Agreement, your Company does not have any subsidiary company and hence the requirement of the said clause does apply to the Company.

viii) Management:

- a) Management Discussion & Analysis report is attached to Directors' Report.
- b) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large.

ix) Shareholders:

The brief profile and other information pertaining to Directorship held in other Companies, shareholding, etc, of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company is attached to the Notice of Annual General Meeting.

x) Compliances:

- a) During the last three years ending on March 31, 2012, there were no non-compliances, penalties, strictures imposed on the Company by Stock Exchange, SEBI or any other statutory authority, on any matter related to capital markets.
- b) The Company has fully complied with all the statutory requirements of Listing Agreement entered into with Stock Exchange including mandatory requirements of Clause 49.

xi) Means of Communication:

a) Financial results

The quarterly, half yearly and annual results of the Company in the format prescribed under Clause 41 of the Listing Agreement are published in one English newspaper and one regional newspaper and also posted on the website of the Company i.e., www.gemstoneindia.com

b) Other information

Important official news is also posted on the Company's website www.gemstoneindia.com, as and when released.

The Company has also designated exclusive e-mail id for the use of investors in accordance with Clause 49 of the Listing Agreement which is gemstoneltd@gmail.com

xii) CEO/CFO Certificate:

The CEO/CFO Certificate for the year ended March 31, 2012 as required under Clause 49(V) of the Listing Agreement, was placed and taken on record at the Board Meeting of the Company held on 30th May, 2012

xiii) Certificate of compliance:

The Certificate of Practicing Professional confirming compliance with all requirement of the Clause 49 of the Listing Agreement for the year ended March 31, 2012 is appended to this Report on Corporate Governance.

xiv) Insider Trading Code:

The Company has adopted Code of Conduct for Prevention of Insider Trading in line with "Model Code of Conduct for Insider Trading" given in Schedule I of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended till date. The Code of Conduct elaborates ways and measures to deal with unpublished price sensitive information and restricts the insider trading by any of the Directors and Senior Management personnel of the Company.

xv) General Shareholders Information:

a) Annual General Meeting

Date : 29th September, 2012
Time : 10.30 a.m.
Venue : At the Registered Office of the Company.

b) Financial year 2012-13 (tentative schedule)

Quarter Results

Ending on June 30, 2012 : Second week of August 2012
Ending on September 30, 2012 : Second week of November 2012
Ending on December 30, 2012 : Second week of February 2013
Year ended March 31, 2013 : In the month of May 2013
AGM is proposed to be held on September 2013.

c) Date of Book Closure : 22nd September, 2012 to 29th September, 2012 (Both Days Inclusive)

d) Dividend Payment date : No Dividend is recommended by Board

e) Listing on Stock Exchange : The Bombay Stock Exchange Ltd. (BSE), Mumbai

The Annual Listing fees for the year 2011-12 is been fully paid.

- f) Stock Code : 531137
- g) Corporate Identification Number (CIN) : L65990MH1994PLC081749
- h) ISIN : INE503D01027
- i) Stock Market Price Data :

<i>Month & Year</i>	<i>Share Price of Gemstone on at BSE</i>			
	<i>Month's High (Rs.)</i>	<i>Month's Low (Rs.)</i>	<i>Month's Closing Price (Rs.)</i>	<i>Volume of shares traded (In no.)</i>
April 2011	9.57	6.90	8.85	89,61,041
May 2011	9.46	8.19	8.74	12939732
June 2011	9.45	8.60	8.93	9877524
July 2011	9.39	8.70	9.00	11001446
August 2011	9.49	8.15	8.89	11201873
September 2011	9.13	8.25	8.57	12866002
October 2011	11.05	8.25	9.85	10352021
November 2011	9.90	5.30	6.98	11344651
December 2011	8.35	7.00	7.90	8092634
January 2012	8.80	7.80	8.02	7652488
February 2012	8.77	7.84	7.98	7280017
March 2012	11.25	7.90	9.00	5363246

- j) Registrar and Transfer Agents : Sharex Dynamic India Private Limited.
Unit No. 1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai – 400 072.
Tel No.: 022 28515606, 28515644
Fax No.: 022 28512885
Email:ali@sharexindia.com
Website : www.sharexindia.com

- k) Share Transfer System:

The physical transfer of shares is processed and approved by the Company in co-ordination with Sharex Dynamic India Private Limited., atleast once in every fortnight. The Share Certificates after effecting transfer are dispatched to the shareholders within 30 days from the date of receipt of transfer request, if the transfer documents are found technically in order and

complete in all respects. The transfer of shares held in Demat mode is processed electronically by Sharex Dynamic India Private Limited, within 21 days from the date of receipt of the request.

The Shares of the Company are compulsorily traded in dematerialized form.

l) Distribution of shareholding as on March 31, 2012:

Equity Shares held	No. of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
Upto 5000	1670	65.16	2478807	3.32
5001 – 10000	164	6.40	1349559	1.81
10001 -20000	222	8.66	3479959	4.66
20001 – 30000	110	4.29	2876956	3.85
30001 – 40000	65	2.54	2394988	3.20
40001 – 50000	76	2.97	3741482	5.01
50001- 100000	150	5.85	11810943	15.80
100001 to Above	106	4.14	46617306	62.36
Total	2563	100.00	74750000	100.00

m) Shareholding pattern as on March 31, 2012:

	Category	No. of Shareholders	No. of Shares held	Percent age of Shareholding	No. Shares Pledged or otherwise encumbered	Percentage of Shares Pledged
A	Promoters' Holding					
1	Promoters					
	Indian	1	8,68,000	1.16	-	-
	Foreign				-	-
B	Public Shareholding					
1	Institutional Investors				-	-
2	Non Institutional Investors					
	a. Bodies Corporate	124	8401809	11.24	-	-
	b. Indian Public	2417	64892847	86.82	-	-
	c. Any other					
	1. Clearing Member	13	537284	0.72	-	-
	2. Office Bearer				-	-
	3. NRIs	8	50060	0.07	-	-
	4. NRN				-	-
	5. Trust				-	-
	6. Friends & Associate				-	-

Total (1+2+3)	2563	74750000	100%	-	-
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n) Dematerialization of shares:

During 2011-12, 8315000 shares were dematerialized. Distribution of shares as on 31st March 2012 is given in the table below:

Shares held in physical and electronic mode:

	Position as on March 31, 2012		Position as on March 31, 2011		Net change during the year	
	No. of shares	% of total shareholding	No. of shares	% of total shareholding	No. of shares	% of total shareholding
Physical	6863850	9.18	15178850	20.36	(8315000)	(11.12)
Demat:						
NSDL	33527610	44.85	26830157	35.89	6697453	8.96
CDSL	34358540	45.96	32740993	43.80	1617547	2.16
Sub-Total	67886150	90.81	59571150	79.69	8315000	0.46
Total	74750000	100	74750000	100	--	--

o) Outstanding GDRs /ADRs /Warrants or any Convertible instruments, conversion date and likely impact on equity: NIL

p) Address for Correspondence:

Registered Office

Room No. 105, 1st Floor, Shradhanand Building,
274 Samuel Street, Masid Bander
Mumbai -400 003
Tel No. :
Fax No. :
Email: gemstoneltd@gmail.com

For and on behalf of the Board
Gemstone Investments Limited

S/d-
Anant Haridas Palan
Whole Time Director

S/d-
Nimesh Prabodhkumar Ganatra
Director

CERTIFICATION BY MANAGING DIRECTOR ON FINANCIAL STATEMENTS

I, Mr. Anant Haridas Palant, Whole-time Director of the Company hereby certify that:

- a. I have reviewed the financial and cash flow statements for the year ended March 31, 2012 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 contain 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 on March 31, 2012 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 ended 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.

S/d-

Anant Haridas Palan
Whole Time Director

May 30, 2012
Mumbai

NAVIN R. GALA , B.COM. FCA.

**M/S SHAH JADAVJI & CO
CHARTERED ACCOUNTANTS
3/302, SHIPLYAN BUILDING
SHIVAJI PATH,
THANE 400601
TEL. NO 21028991**

**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

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

S/d-

**NAVIN R. GALA
PARTNER**

**MEM NO:40640
FIRM REG NO.:109620W**

**Place :Thane
Date : 30/05/2012**

NAVIN R. GALA, B.COM. FCA.

**M/S SHAH JADAVJI & CO
CHARTERED ACCOUNTANTS
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 March 31, 2012 and the attached Statement of Profit & Loss account and the Cash Flow statement of the Company 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & 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 the Management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, (the said order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, (the Act), as amended by the Companies (Auditors Report) amendment Order, 2004, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanation given to us during the course of our audit. We enclose in the Annexure a statement on the matter specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, We report that:
 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. 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 those books.
 3. The Balance Sheet, Statement of Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts.
 4. In our opinion, the Balance Sheet, Statement of Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956,
 5. On the basis of written representations received from the directors of the Company as at 31st March, 2012 and taken on record by the Board of Directors, none of the directors is, prima facie disqualified as on above date from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 6. Subject to the forgoing, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes on accounts and other notes thereon, give the information as 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 :

- a. In the case of Balance Sheet of the State of affairs of the Company's as at 31st March 2012 ;
- b. In the case of the Statement of Profit & Loss Account ,of the profit for the year ended on that date; and
- c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SHAH JADAVJI & CO.
[Chartered Accountants]

Place : Thane
Date : 30th May, 2012

S/d-
Navin R. Gala
Partner
Membership No. 40640
Firm Reg No 109620W

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 3 of our report of even date)

- i.
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets are physically verified by the Management at reasonable intervals having regard to size of the Company and nature of its assets. We have been informed that no material discrepancies were noticed during such physical verification.
 - (c) According to information and explanation given to us, we are of the opinion that during the year, the company has not sold/disposed off any substantial part of its fixed assets; accordingly, going concern is not affected and hence the provisions of sub clause (c) of clause (i) of this order are not applicable
- ii. According to information and explanation given to us, the company is Non Banking Finance Company which does not carry any inventory.
- iii.
 - (a) The Company has granted loan of Rs. 19.96 Lacs (Previous Year 9.50 Lacs) to M/S Asian Comtrade Pvt. Ltd. a company listed in the Register maintained under Section 301 of the Act.
 - (b) We have been informed that the company is holding 24.48 % of the shares of M/S Asian Comtrade Pvt. Ltd. The loan does not carry any interest. The loan is granted to company for its working Capital to carry business which is in the interest of The Company.
 - (c) The company has recovered Rs. 19,96 lacs and the balance amt of Rs. Nil is outstanding
 - (d) There are no Overdue amount exceeding Rs.1.00 Lacs
 - (e) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act. Clause (f) and (g) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase and sale of fixed assets . Further based on our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any major weakness in the internal control.
- v.
 - (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, if any, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.

- vi. The Company has not taken any deposits from the public within the meaning of section 58 - A & 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) rules 1975 and hence the provisions of the clause of 4(vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- vii. In our opinion, the company does not have an internal audit system commensurate with the size and nature of its business.
- viii. In our opinion and according to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956, for the services provided by the Company.
- ix.
 - (a) Undisputed Statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2012 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 vat tax, customs duty wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x. The company has accumulated cash losses of Rs. NIL (Rs. 18.28 lacs) as at March 31, 2012
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayments of dues to banks or financial institution as at balance sheet date.
- xii. In our opinion and according to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a 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.
- xiv. 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.
- xv. 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

- xvi. In our opinion , the term loan have been applied for the purpose for which they were raised
- Xvii On the overall examinations of the balance sheet of the company, in our opinion and according to information and explanations given to us, no instances of application of long term funds for short term purposes and short term fund for long term purposes were noticed.
- xviii According to the information and explanations given to us, the company has not made any preferential allotment of equity shares to parties covered in the register maintained under section under section 301 of the Act, hence the provisions of clause (xviii) are not applicable.
- xix The Company has not issued any debentures during the year; hence the provisions of clause (xix) are not applicable.
- xx. 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
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Mumbai
Date : 30th May, 2012

For SHAH JADAVJI & CO.
[Chartered Accountants]

S/d-
Navin R. Gala
Partner

Membership No. 40640
Firm Reg No 109620W

Gemstone Investments Limited
Balance Sheet as at 31st March 2012

Particulars		Note No.	2011-12	2010-11
1		2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	7,47,50,000.00	7,47,50,000.00
	(b) Reserves and surplus	2	13,57,31,925.28	13,17,74,931.19
	(c) Money received against share warrants		-	-
2	Share application money pending allotment			
3	Non-current liabilities			
	(a) Long-term borrowings	3	5,16,476.00	6,99,538.00
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions	4	4,72,180.00	-
4	Current liabilities			
	(a) Short-term borrowings	5	1,83,062.00	1,80,642.00
	(b) Trade payables		-	-
	(c) Other current liabilities	6	38,89,463.21	2,90,46,597.21
	(d) Short-term provisions	7	12,50,658.00	26,21,748.00
	TOTAL		21,67,93,764.49	23,90,73,456.40
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets	8		
	(i) Tangible assets		14,32,200.26	17,35,000.00
	(ii) Intangible assets			
	(iii) Capital work-in-progress			
	(iv) Intangible assets under development			
	(b) Non-current investments	9	2,09,37,730.25	2,09,37,730.25
	(c) Deferred tax assets (net)		73,780.00	16,540.00
	(d) Long-term loans and advances	10	1,01,000.00	1,00,000.00
	(e) Other non-current assets	11	30,93,426.77	62,28,173.77
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	12	22,83,557.21	8,79,146.38
	(e) Short-term loans and advances	13	18,88,72,070.00	20,91,76,866.00
	(f) Other current assets			
	TOTAL		21,67,93,764.49	23,90,73,456.40
			-	-

Particulars		Refer	2011-12	2010-11
		Note No.		
I.	Revenue from operations	14	1,82,31,045.00	2,27,71,034.06
II.	Other income		-	-
III.	Total Revenue (I + II)		1,82,31,045.00	2,27,71,034.06
IV.	Expenses:			
	Cost of material consumed		-	-
	Purchases of Stock-in-Trade		-	-
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
	Employee benefits expense	15	18,15,484.00	24,43,336.00
	Finance costs	16	57,954.00	54,411.00
	Depreciation and amortization expense		4,66,799.74	3,68,570.00
	Other expenses	17	92,33,253.17	1,69,48,574.79
	Total expenses		1,15,73,490.91	1,98,14,891.79
V.	Profit before exceptional and extraordinary items and tax (III-IV)		66,57,554.09	29,56,142.27
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V - VI)			
VIII.	Extraordinary items			
IX.	Profit before tax (VII- VIII)		66,57,554.09	29,56,142.27
	Tax expense:			
	(1) Current tax		27,57,800.00	9,13,448.00
	(2) Deferred tax		(57,240.00)	(16,540.00)
XI	Profit (Loss) for the period from continuing operations (VII- VIII)		39,56,994.09	20,59,234.27
XII	Profit/(loss) from discontinuing operations			
XIII	Tax expense of discontinuing operations			
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII- XIII)			
XV	Profit (Loss) for the period (XI + XIV)		39,56,994.09	20,59,234.27
XVI	Earnings per equity share:			
	(1) Basic		0.05	0.03
	(2) Diluted		0.05	0.03

(` in '000)

Note 1**Share capital**

(` in '000)

Share Capital	2011-12		2010-11	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ` Rs. 1 each	10,00,00,000.00	10,00,00,000.00	10,00,00,000.00	10,00,00,000.00
Issued				
Equity Shares of ` Rs.1 each	7,47,50,000.00	7,47,50,000.00	7,47,50,000.00	7,47,50,000.00
Subscribed & Paid up				
Equity Shares of ` Rs. 1 each fully paid	7,47,50,000.00	7,47,50,000.00	7,47,50,000.00	7,47,50,000.00
Subscribed but not fully Paid up				
Equity Shares of ` Rs. 1 each fully paid	-	-	0	0
Total	7,47,50,000.00	7,47,50,000.00	7,47,50,000.00	7,47,50,000.00

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	2011-12		2010-11	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	74,75,000.00	7,47,50,000.00	74,75,000.00	74,70,000.00
Shares issued during the year	0	0	0	0
Shares bought back during the year	0	0	0	0
Shares outstanding at the end of the year	74,75,000.00	7,47,50,000.00	74,75,000.00	74,70,000.00

NIL Equity Shares (Previous year NIL) are held by the holding company.

Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	2011-12		2010-11	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Anant Haridas Palan	3750000	5.02	3750000	5.02
Heena Varde	4000000	5.35	4000000	5.35
Manish Joshi			4500000	6.02

Shares issued for other than cash, Bonus issue and Shares bought back

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus shares	NIL	NIL	NIL	NIL	NIL
Shares bought back	NIL	NIL	NIL	NIL	NIL
Preference Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus shares	NIL	NIL	NIL	NIL	NIL
Shares bought back	NIL	NIL	NIL	NIL	NIL

Unpaid Calls	2011-12	2010-11
By Directors	NIL	NIL
By Officers	NIL	NIL

the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital;

shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts;

Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

Forfeited shares (amount originally paid up)

Note 2**Reserves and surplus**

	2011-12	2010-11
a. Capital Reserves		
Opening Balance	36,93,335.59	36,93,335.59
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	36,93,335.59	36,93,335.59
b. Investment Fluctuation Reserve		
Opening Balance	42,33,201.60	42,33,201.60
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	42,33,201.60	42,33,201.60
c. Securities Premium Account		
Opening Balance	11,65,50,000.00	11,65,50,000.00
Add : Securities premium credited on Share issue		
<u>Less : Premium Utilised for various reasons</u>		
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	11,65,50,000.00	11,65,50,000.00
d. Share Forfeiture Reserve		
Opening Balance	91,26,000.00	91,26,000.00
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	91,26,000.00	91,26,000.00
e. Surplus		
Opening balance	(18,27,606.00)	(38,86,840.27)
(+) Net Profit/(Net Loss) For the current year	39,56,994.09	20,59,234.27
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	21,29,388.09	(18,27,606.00)
Total	13,57,31,925.28	13,17,74,931.19

Note 3**Long Term Borrowings**

	2011-12	2010-11
Secured		
HDFC vehicle Loan	516476.00	699538.00
Secured against Hypotication of Vehicle		
	516476.00	699538.00
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (b) (e) & (g)		
1. Period of default	-	-
2. Amount	-	-
Unsecured		
	-	-
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (b) (e) & (g)		
1. Period of default	-	-
2. Amount	-	-
Total	5,16,476.00	6,99,538.00

Note 4**Long Term Provisions**

	2011-12	2010-11
Provision for standard assets	4,72,180.00	-
Total	4,72,180.00	-

Note 5

Short Term Borrowings

	2011-12	2010-11
Secured		
Hdfc Vehicle Loan	1,83,062.00	1,80,642.00
	1,83,062.00	1,80,642.00
date in repayment of loans and interest with respect		
1. Period of default	-	-
2. Amount	-	-
Unsecured		
	-	-
date in repayment of loans and interest with respect		
1. Period of default	-	-
2. Amount	-	-
Total	1,83,062.00	1,80,642.00

Note 6

Other Current Liabilities

	2011-12	2010-11
(a) Tds Payable	3,27,903.00	40,364.00
(b) Accounting charges payable	49,000.00	1,11,000.00
(c) Audit fees payable	65,731.00	79,454.00
(d) Brokerage Payable	24,57,000.00	
(e) Director remuneration payable	7,43,891.21	8,16,391.21
(g) Prof fees payable	45,388.00	75,388.00
(h) Rent payable	1,56,000.00	24,000.00
(i) Salary Payable	44,550.00	
(j) Share application money		2,79,00,000.00
Total	38,89,463.21	2,90,46,597.21

Note 7

Short Term Provisions

	2011-12	2010-11
Prov for IT for assessment year (08-09)		1,42,500.00
Prov for IT for assessment year (10-11)		15,65,800.00
Prov for IT for assessment year (12-13)	12,50,658.00	9,13,448.00
Total	12,50,658.00	26,21,748.00

Note 10

Long Term Loans and Advances

	2011-12	2010-11
b. Security Deposits		
Secured, considered good	1,01,000.00	1,00,000.00
Unsecured, considered good	0	0
Doubtful	0	0
Less: Provision for doubtful deposits	0	0
	1,01,000.00	1,00,000.00

Note 11

Other non-current assets

	2011-12	2010-11
Income tax	3856.77	3856.77
TDS (A Y 2008-09)	300345.00	442845.00
TDS (A Y 2009-10)	1180705.00	1180705.00
TDS (A Y 2010-11)	699471.00	2265271.00
TDS (A Y 2011-12)	415598.00	1803045.00
Others	493451.00	532451.00
	30,93,426.77	62,28,173.77

Note 12**Cash and cash equivalents**

	2011-12	2010-11
a. Balances with banks*	22,41,741.07	8,46,556.24
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)		
Margin money		
Security against borrowings		
Guarantees		
Other Commitments		
Bank deposits with more than 12 months maturity		
b. Cheques, drafts on hand	-	-
c. Cash on hand*	41,816.14	32,590.14
d. Others (specify nature)	-	-
	22,83,557.21	8,79,146.38

*Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.

Note 13**Short-term loans and advances**

	2011-12	2010-11
Unsecured, considered good :		
Loans & Advances recoverable in cash or in kind	18,88,72,070.00	20,91,76,866.00
	18,88,72,070.00	20,91,76,866.00

Note 14**Revenue from operations**

Particulars	2011-12	2010-11
Interest Income	17948557	21581439
Bad debts recovery	252488	
Other operating revenues	30000	
Speculative profit		31651.79
Sale of services		
Dividend		74667.50
Income from sale of Investment		1083275.77
Total	1,82,31,045.00	2,27,71,034.06

Note 15**Employee Benefits Expense**

	2011-12	2010-11
(a) Salaries and incentives	1765784.00	2373200.00
(b) Contributions to -		
(i) Provident fund(ii) Superannuation scheme	0.00	0.00
(c) Gratuity fund contributions	0.00	0.00
(d) Social security and other benefit plans for overseas employees	0.00	0.00
(e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	0.00	0.00
(f) Staff welfare expenses	49700.00	70136.00
Total	18,15,484.00	24,43,336.00

Note 16**Finance costs**

Particulars	2011-12	2010-11
Interest expense	57954.00	54361.00
Bank charges		50.00
Applicable net gain/loss on foreign currency transactions and translation		
Total	57,954.00	54,411.00

Note 17**Other expenses**

Particulars	2011-12	2010-11
Advertisement expenses	58466.00	27798.00
Balances written off	2556834.12	15621644.00
Business promotional expenses	0.00	106488.99
Brokerage	2730000.00	0.00
Provision against standard assets	472180.00	0.00
Prior period expense		
Excess interest provided in Last year	1953832.00	0.00
Membership Fees	150000.00	0.00
Insurance .	37860.00	104881.00
Professional and legal fees	366000.00	110000.00
Rent	261000.00	144000.00
Repairs and Maintenance	43569.00	235000.00
Payments to the auditor as		
a. auditor	73034.00	49635.00
b. for taxation matters		
c. for company law matters		
d. for management services		
e. for other services		
f. for reimbursement of expenses		
Miscellaneous expenses,	530478.05	549127.80
Total	92,33,253.17	1,69,48,574.79

Note 8

	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block			
		Balance as at 1 April 2011	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Balance as at 31 March 2012
a	Tangible Assets												
	Land	-	-	-	-	-	-	-	-	-	-	-	
	Assets under lease	-	-	-	-	-	-	-	-	-	-	-	
	Buildings	-	-	-	-	-	-	-	-	-	-	-	
	Assets under lease	-	-	-	-	-	-	-	-	-	-	-	
	Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	
	Assets under lease	-	-	-	-	-	-	-	-	-	-	-	
	Furniture and Fixtures	-	50,000.00	-	-	50,000.00	-	7,887.84	-	7,887.84	-	42,112.16	
	Assets under lease	-	-	-	-	-	-	-	-	-	-	-	
	Vehicles	20,86,670.00	-	-	-	20,86,670.00	3,67,455.00	4,45,104.77	-	8,12,559.77	17,19,215.00	12,74,110.23	
	Assets under lease	-	-	-	-	-	-	-	-	-	-	-	
	Office equipment	16,900.00	1,14,000.00	-	-	1,30,900.00	1,115.00	13,807.13	-	14,922.13	15,785.00	1,15,977.87	
	Assets under lease	-	-	-	-	-	-	-	-	-	-	-	
	Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	
	Total	21,03,570.00	1,64,000.00	-	-	22,67,570.00	3,68,570.00	4,66,799.74	-	-	8,35,369.74	17,35,000.00	14,32,200.26
b	Intangible Assets												
	Goodwill	-	-	-	-	-	-	-	-	-	-	-	
	Brands /trademarks	-	-	-	-	-	-	-	-	-	-	-	
	Computer software	-	-	-	-	-	-	-	-	-	-	-	
	Mastheads and publishing titles	-	-	-	-	-	-	-	-	-	-	-	
	Mining rights	-	-	-	-	-	-	-	-	-	-	-	
	Copyrights, and patents and other intellectual property rights, services and operating rights	-	-	-	-	-	-	-	-	-	-	-	
	Recipes, formulae, models, designs and prototypes	-	-	-	-	-	-	-	-	-	-	-	
	Licenses and franchise	-	-	-	-	-	-	-	-	-	-	-	
	Others (specify nature)	-	-	-	-	-	-	-	-	-	-	-	
	Total	-	-	-	-	-	-	-	-	-	-	-	
c	Capital Work In Progress	-	-	-	-	-	-	-	-	-	-	-	
	Total	-	-	-	-	-	-	-	-	-	-	-	
d	Intangible assets under Development	-	-	-	-	-	-	-	-	-	-	-	
	Total	-	-	-	-	-	-	-	-	-	-	-	
	Grand Total	21,03,570.00	1,64,000.00	-	-	22,67,570.00	3,68,570.00	4,66,799.74	-	-	8,35,369.74	17,35,000.00	14,32,200.26
	Balance as on 31/03/2011	-	21,03,570.00	-	-	21,03,570.00	-	3,68,570.00	-	-	3,68,570.00	17,35,000.00	-

Note 9

Non-current investments

	Particulars	2011-12	2010-11
A	Trade Investments (Refer A below)		
	(a) Investment Properties		
	(b) Investment in Equity instruments		
	(c) Investments in preference shares		
	(d) Investments in Government or Trust securities		
	(e) Investments in debentures or bonds		
	(f) Investments in Mutual Funds		
	(g) Investments in partnership firms*		
	(h) Other non-current investments (specify nature)		
	Total (A)	-	-
B	Other Investments (Refer B below)		
	(a) Investment Properties		
	(b) Investment in Equity instruments	15200730.25	15200730.25
	(c) Investments in preference shares		
	(d) Investments in Government or Trust securities		
	(e) Investments in debentures or bonds		
	(f) Investments in Mutual Funds		
	(g) Investments in partnership firms*		
	(h) Other non-current investments (specify nature)	5737000.00	5737000.00
	Total (B)	2,09,37,730.25	2,09,37,730.25
	Grand Total (A + B)	2,09,37,730.25	2,09,37,730.25
	Less : Provision for diminution in the value of Investments		
	Total	2,09,37,730.25	2,09,37,730.25

Particulars	2011-12	2010-11
Aggregate amount of quoted investments (Market value of ` Rs.1901040 (Previous Year ` Rs.6204210)	15200730.25	15200730.25
Aggregate amount of unquoted investments (Previous Year ` .)	5737000.00	5737000.00

Market value of shares				
	Price	31/03/2011	Price	31/03/2012
325000	17	5525000	3.32	1079000
102755	6.61	679210.55	8	822040
		6204210.55		1901040

A. Details of Trade Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (')		Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation
			2011-12	2010-11			2011-12	2010-11	2011-12	2010-11		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Investment Properties											
(b)	Investment in Equity Instruments											
(c)	Investments in Preference Shares											
(d)	Investments in Government or Trust securities											
(e)	Investments in Debentures or Bonds											
(f)	Investments in Mutual Funds											
(g)	Investments in partnership firms*											
(h)	Other non-current investments (specify nature)											
	Total								-	-		

B. Details of Other Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate /	No. of Shares / Units		Quoted /	Partly Paid /	Extent of Holding (%)		Amount		Whether stated	If Answer to Column
			2011-12	2010-11			2011-12	2010-11	2011-12	2010-11		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Investment Properties											
(b)	Investment in Equity Instruments											
	RFL International	Others	102755	102755	Quoted	Fully paid			107513.25	107513.25	Yes	
	spectacle	Others	325000	325000	Quoted	Fully paid			15093217.00	15093217.00	Yes	
(c)	Investments in Preference Shares											
(d)	Investments in Government or Trust securities											
(e)	Investments in Debentures or Bonds											
(f)	Investments in Mutual Funds											
(g)	Investments in partnership firms*											
(h)	Other non-current investments (specify nature)											
	Aishwarya Capital Services								1500000	1500000		
	Asian comTrade								1837000	1837000		
	ASian FinTrade								2400000	2400000		
	Total								2,09,37,730.25	2,09,37,730.25		

* G. Investment in _____ (Name of the Firm)	
Name of the Partners	Share of Capital
Partner 1	
Partner 2	
Total Capital	-

GEMSTONE INVESTMENTS LIMITED

FOR THE YEAR 2011-12

SCHEDULE -18:Accounting Polices & Notes on Accounts

1 SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation of Financial Statements :

- i. The financial statements have been prepared under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (GAAP) and in compliance with the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies act, 1956 as adopted consistently by the company.
- ii. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- iii. The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized

B Revenue recognition :

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

C Expenditure :

Expenses are accounted on accrual basis and the provisions are made for all known losses and liabilities.

D Fixed Assets and Depreciation :

(i) Fixed Assets

Fixed assets are stated at their original cost of acquisition including incidental expenses related to acquisition & installation of the concerned assets less accumulated depreciation and impairment losses, if any,.

(ii) Depreciation /Amortization.

Depreciation on fixed assets are provided on W.D.V basis at the rates prescribed under Companies Act

E Investments :

Investments are classified into Non current investment and long term investments. Current investments are stated at lower of cost or fair market value. Long Term Investments are stated at cost less provision for permanent diminution in value if any, of investments

F Deferred tax :

Deferred Income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty of their realization and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

G Provision for Tax:

Provision for current tax is determined on the basis of estimated taxable income for the period as per the provisions of Income Tax Act, 1961.

H Earnings per Share (EPS) :

The earnings considered in ascertaining the Company's EPS are computed as per Accounting Standard 20 on "Earning per Share", issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

I Provision and Contingent Liabilities

Provisions are recognized and computed in accordance with Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India i.e. they are recognized if the following conditions are satisfied:

- (a) The Company has a present obligation as a result of past event;
- (b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

Similarly, the Contingent liabilities are disclosed in Accordance with the Accounting Standard 29 i.e. they are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation

2. Provision of Rs. NIL for the diminution in investment is transferred to the Investment Fluctuation Reserve.

3. 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.

4. 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.

Value of import on CIF basis (previous year ‘Nil’)	NIL
Expenditure in foreign currency (previous year ‘Nil’)	NIL
Earning in foreign currency (previous year’Nil)	NIL
Remittance in foreign currency on account of dividend to foreign shareholders (Previous year ‘Nil	NIL

5. 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
	Ms. Shikha Kapasi
	Mr. Pravin Hansraj Haria
	Mr. Anant Palan
	Mr. Hitesh Navinbhai Dave
	Mr. Mahesh Khimji Bhanushali

Enterprises owned or significantly influenced by key management personnel or their relatives

- (a) Asian Fintrade Services Pvt. Ltd
- (b) Asian Comtrade Pvt. Ltd.
- (c) Money Mount Securities Pvt. Ltd
- (d) Power-point Energy Pvt. Ltd

The following is the transaction entered with the Related Parties

Sr No	Nature of Transaction	Enterprises owned or significantly influenced by key management personnel or their relatives	
		Year Ended 31-st March 2012	Year Ended 31 st March 2011
1	Investment in equity		
	Asian Comtrade P Ltd.	18,37,000	18,37,000
	Asian Fintrade Services P Ltd.	24,00,000	24,00,000
2	Loans Given		
	Asian Comtrade P Ltd	32,50,000	9,50,000
3	Loan Received Back		
	Asian Comtrade P Ltd.	37,50,000	9,53,971
4	Sale and Purchases of Securities (as Share Broker)		
	Asian Fintrade Services P Ltd (Sale)	NIL	5,31,007
	Do (Purchases)	NIL	5,02,369

Sr No	Nature of Transaction	Directors	
		Year Ended 31-st March 2012	Year Ended 31 st March 2011
1	Remuneration		
	Narendra Ganatra		5,40,000
	Nimesh Ganatra	2,40,000	2,20,000
	Anant Palan	1,45,000	Nil

6. 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 2012	31 st March 2011
(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.	39,56,994.09	20,59,234.27
(II) weighted Average Number of equity shares for earning per share computation		
For basic /diluted earning per share	74750000	74750000
Basic/Dilluted earning per Share.	0.05	0.028

7. Directors remuneration:

Name	Current Year (Rs)	Previous Year (Rs)
Mr. Narendra Ganatra		5,40,000
Mr. Nimesh Ganatra	2,40,000	2,20,000
Mr. Anant Palan	1,45,000	Nil

8 Payment to Auditors.:

	Current Year (Rs)	Previous Year (Rs)
Audit Fees	56,180	37,226
Tax Audit Fess	16.854	12,409

9. 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.

10 . The RBI regulation on prudential norms for Income recognition and provisioning for non performing assets have been followed but no provision for standard assets has been made.

11. There is no amount due to be transferred to investor's education and Protection Fund as on 31st March 2011.

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

for **GEMSTONE INVESTMENTS LIMITED**

S/d-
Nimesh P Ganatra
Managing Director

Place : Thane
Date : 30/05/2012

S/d-
Anant palan
Director

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

S/d-
NAVIN R. GALA
PARTNER
MEM NO:40640
3/302,, SHILPYAN BULDG.,, SHIVAJI
PATH, THANE, MAHARASHTRA-
400601
FIRM REG NO. :109620W

GEMSTONES INVESTMENT LIMITED
CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	YEAR ENDED 31/03/2012		YEAR ENDED 31/03/2011	
	AMOUNT IN RS.		AMOUNT IN RS.	
A) Cash flow from operating activities				
Net profit before tax & extra ordinary items & prior period items	66,57,554		29,56,142	
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			(74,668)	
iv) Dividend income				
v) Prior period expenses				
vi) Prior period income				
	66,57,554		28,81,474	
vi) Preliminary expenses				
vii) New issue expenses written off				
viii) depreciation	(4,66,800)		(3,68,570)	
ix) Provision for non performing assets				
x) Sundry balance written back				
xi) Loss on sale of shares				
xii) Provision for tax			8,96,908	
xiii) Provision for decline in value of investments				
	(4,66,800)		5,28,338	
OPERATING PROFITS BEFORE WORKING CAPITAL CHANGES		71,24,354		23,53,136
Changes in working capital				
i) Other current assets			(4,179)	
ii) Loans and advances			3,91,34,386	
iii) Taxes Paid (T.D.S)	(15,07,142)			
iv) Current liabilities and provisions		(15,07,142)	(4,32,61,688)	(41,31,481)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-			
Trade receivables	-			
Short-term loans and advances	2,03,04,796			
Long-term loans and advances	(1,000)			
Other current assets	-			
Other non-current assets	31,34,747			
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	-			
Other current liabilities	(2,51,57,134)			
Other long-term liabilities	-			
Short-term provisions	(26,21,748)			
Long-term provisions	4,72,180	(38,68,159)		
Cash flow from operating activities		17,49,053		(17,78,345)

B) Cash flow from investing activities				
l) Purchase of fixed assets	(1,64,000)		(21,03,570)	
ii)Acquisition of investment (net of sales)			15,35,213	
iii)Dividend received			74,668	
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				
Net cash used in investment activities		(1,64,000)		(4,93,689)
		15,85,053		(22,72,034)
C)Cash flow from financial activities				
(Repayment of loan)/proceeds from borrowing	(1,80,642)	(1,80,642)	3,80,180	3,80,180
Net changes in cash or cash equivalents(A+B+C)		14,04,411		(18,91,854)
Cash &Cash equivalents				
Opening balance		8,79,146		27,71,000
Closing balance		22,83,557		8,79,146

As per our report of even date

FOR SHAH JADAVJI & CO
CHARTERED ACCOUNTANTS

S/d-

NAVIN R. GALA

PARTNER

M NO. 40640

FIRM REG NO:109620W

Thane 30th May, 2011

S/d-

Anant Palan

Director

S/d-

Nimesh Ganatra

Director