

GEMSTONE INVESTMENTS LIMITED

ANNUAL REPORT 2012-13



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CORPORATE INFORMATION

BOARD OF DIRECTORS:

Anant Palan	: Chairman and Managing Director.
Nimesh Ganatra	: Executive Director.
Hitesh Dave	: Non- Executive Independent Director
Shikha Kapasi	: Non- Executive Independent Director
Dhara Brahmhatt	: Additional Executive Director
Rohan Barot	: Additional Executive Director
Mahendra Dave	: Additional Non-Executive Independent Director

REGISTERED OFFICE : Room no.105, 1st Floor, Shradhanand Building, 274,
Samuel Street, Masjid Bunder, Mumbai- 400 003.

BANKERS : AXIS BANK
COSMOS BANK
DENA BANK
HDFC BANK

AUDITORS : **M/S. N.R.GALA &ASSOCIATES**
Chartered Accountants
204, Sai Amrut, Raigadh Chowlk,
Ghatkopar- East, Mumbai- 400 077.

REGISTRAR AND SHARE

TRANSFER AGENT : **SHAREX DYNAMIC (INDIA) PRIVATE LIMITED**
Unit No.1, Luthra Industrial Premises,
1st Floor, 44-E, M Vasanti Marg, Safed Pool, Andheri-
Kurla Road, Andheri (East), Mumbai – 400 072.
E-mail: sharexindia@vsnl.com

COMPLIANCE OFFICER : **Mr. Anant Palan**

NOTICE

Notice is hereby given that the **19th Annual General Meeting** of the Members of **Gemstone Investments Limited** will be held on 30th September, 2013 at 9:00 a.m. at the Registered Office of the Company situated at Room No. 105, 1st Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai- 400 003, to transact the following businesses:

ORDINARY BUSINESS:

Item No: 1

To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013 and Statement of Profit and Loss Account for the financial year ended 31st March, 2013 and the Report of the Directors and Auditors thereon.

Item No: 2

To elect and appoint a Director in place of Mr. Hitesh Dave, who retires by rotation and being eligible, offers himself for re-appointment.

Item No: 3

To elect and appoint a Director in place of Mr. Nimesh Ganatra, who retires by rotation and being eligible, offers himself for re-appointment.

Item No: 4

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

“RESOLVED THAT pursuant to the provisions of subsection (1) of Section 224 of the Companies Act, 1956, **M/s N. R. Gala & Associates**, Chartered Accountants, be and is hereby appointed as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting to audit the Financial Statements of the Company for the financial year 2013-2014 on such remuneration as may be determined by the Board of Directors in consultation with the Auditor.

RESOLVED FURTHER THAT any of the Directors of the Company be and are hereby authorized to do all such acts, deeds and things which are necessary to give effect to the aforesaid resolution.”

SPECIAL BUSINESS:

Item No: 5

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

“**RESOLVED THAT** Mr. Mahendra Dave, who was appointed as an Additional Director of the Company by the Board of Directors in their Meeting held on 9th January, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company, be and is hereby appointed as a Director liable to retire by rotation.

RESOLVED FURTHER THAT any of the Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, including filing of the necessary forms with the Ministry of Corporate Affairs to give effect to the aforesaid resolution.”

Item No: 6

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

“**RESOLVED THAT** Mr. Rohan Barot, who was appointed as an Additional Director of the Company by the Board of Directors in their Meeting held on 9th January, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company, be and is hereby appointed as a Director liable to retire by rotation.

RESOLVED FURTHER THAT any of the Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, including filing of the necessary forms with the Ministry of Corporate Affairs to give effect to the aforesaid resolution.”

Item No: 7

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

“RESOLVED THAT Ms. Dhara Brahmhatt, who was appointed as an Additional Director of the Company by the Board of Directors in their Meeting held on 9th January, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company, be and is hereby appointed as a Director liable to retire by rotation.

RESOLVED FURTHER THAT any of the Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, including filing of the necessary forms with the Ministry of Corporate Affairs to give effect to the aforesaid resolution.”

**By Order of Board of Directors
For Gemstone Investments Limited**

Sd/-
Director

Dates: 4th September, 2013.

Place: Mumbai.

NOTES:

- ❖ **A MEMBER ENTITLED TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHALL BE DEPOSITED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING IN ORDER TO BE EFFECTIVE.**
- ❖ The Register of Members of the Company and the Share Transfer Books of the Company shall remain closed from 26th September, 2013 to 27th September, 2013 (both days inclusive).
- ❖ In terms of Section 256 of the Companies Act, 1956, Mr. Hitesh Dave and Mr. Nimesh Ganatra, Directors, of the Company are liable to retire by Rotation at the ensuing Annual General Meeting. Being eligible, the aforesaid Directors have offered themselves for re- appointment. The Board of Directors of your Company recommends their re- appointment.
- ❖ Members holding shares in Electronic form are requested to intimate immediately to the Depository Participants (DP), the changes, if any, in their registered address, Bank account number / details etc. at an early date by quoting ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences.
- ❖ All documents referred to in the accompanying Notice and explanatory statements are open for inspection at the registered office of the Company on all working days between 11:00 a.m. to 1:00 p.m. up to the date of the Annual General Meeting.
- ❖ **Members holding Shares in physical form are requested to notify/ send the following to the Company or Share Transfer Agent to facilitate better services:**
 - Any change in their address/mandate/bank details.
 - Share certificates(s), held in multiple accounts in identical names or joint accounts in the same order of means, for consolidation of such shareholding into one account.
- ❖ **Members are requested:**
 - To bring copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - To quote their folio/identification Nos. in all their correspondences.
 - In case of Joint holders attending the Meeting, only such Joint holder who is higher in the order of names will be entitled to vote.
 - Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting of the Company.
- ❖ 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

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

Item: 5; 6 & 7

The Board of Directors in their meeting held on **9th January, 2013** appointed **Mr. Mahendra Dave, Mr. Rohan Barot and Mrs. Dhara Brahmbhatt** as Additional Directors on the Company Board. However, their tenure of office as Director's would lapse on the date of this Annual General Meeting.

Thus, a notice in writing has been received from the aforesaid directors (Mr. Mahendra Dave, Mr. Rohan Barot and Mrs. Dhara Brahmbhatt) along with a deposit of Rs. 500/- signifying their intention to appoint as a Director of the Company.

The Board considers that the Company would be benefited by their rich experience and guidance. Hence, recommend the resolution for approval of the members.

No directors except Mr. Mahendra Dave, Mr. Rohan Barot and Mrs. Dhara Brahmbhatt are concerned or interested in the aforesaid resolution.

**By Order of Board of Directors
For Gemstone Investments Limited**

Sd/-
Director

Dates: 4th September, 2013.

Place: Mumbai.

[In pursuance of Clause 49 of the Listing Agreement]

Brief Resume of Directors seeking appointment and directors recommended their appointment at the forth coming meeting.

Name	Mr. Mahendra Dave
Date of Birth	5 th January, 1961
Nationality	Indian
Date of appointment	9 th January, 2013
Qualification	B. Com, Chartered Accountant
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	NIL

Name	Mr. Rohan Barot
Date of Birth	6 th October, 1986
Nationality	Indian
Date of appointment	9 th January, 2013
Qualification	B.Com
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	Mrs. Dhara Brahmhatt
Date of Birth	8 th November, 1983
Nationality	Indian
Date of appointment	9 th January, 2013
Qualification	M. Com
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	Mr. Nimesh Ganatra
Date of Birth	15th June, 1973
Nationality	Indian
Date of appointment	30th September, 2009
Qualification	B.Com
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	Mr. Hitesh Dave
Date of Birth	18th May, 1972
Nationality	Indian
Date of appointment	3rd September, 2011
Qualification	B. Com
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

DIRECTORS REPORT

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 31st March, 2013.

Particulars	Year ended 31/03/2013	Year ended 31/03/2012
Total Revenue	1,62,48,107.00	1,82,31,045.00
Total Expenses	1,19,09,925.03	1,15,73,490.91
Profit before Tax	43,38,181.97	66,57,554.09
Tax Expense	13,96,897.00	27,00,560.00
Profit After Tax	29,41,284.97	39,56,994.09

OPERATIONS:

During F.Y. 2012-2013, the Company reported revenue of Rs. 1,62,48,107.00/- as against Rs. 1,82,31,045.00/- during the F.Y. 2011-2012. Further, the Net profit before tax for F.Y. 2012-2013 stood at Rs. 43,38,181.97/- as against Rs. 66,57,554.09/- for F.Y. 2011-2012.

There has been a fall in the revenues and profitability because of cut throat competition and difficult market conditions. The Management is hopeful of a better performance in the next financial year.

DIVIDEND:

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

DIRECTORS:

Mr. Mahendra Dave, Mr. Rohan Barot and Mrs. Dhara Brahmbhatt, were appointed as Additional Directors on the Board with effect from 9th January, 2013. As per the provisions of Sec 260 of the Companies Act, 1956, they shall hold office till the ensuing Annual General Meeting of the Company. A resolution for their re-appointment has been presented in the Notice convening the Annual General Meeting of the Company.

Your Board recommends the appointment of the above Directors.

None of the Directors are disqualified from being appointed as Directors of the Company as per the provisions of Companies Act, 1956.

AUDITORS:

M/s N. R. Gala & Associates, 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 their re-appointment, if considered and approved, will be within the limits of Section 224 (1B) of the Companies Act, 1956.

A resolution for their re-appointment forms part of the notice convening the Annual General Meeting of the Company.

AUDITOR'S REPORT

The observations and comments furnished by the Auditor in his report read together with the notes to Accounts are self- explanatory and hence do not call for any further comments .

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 confirm:

1. That in the preparation of the annual accounts for FY 2012-13, the applicable accounting standards have been followed along with proper explanation relating to material departures, 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 from preventing and detecting fraud and other irregularities;

4. That the directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

CORPORATE GOVERNANCE:

In compliance with Clause 49 of the Listing Agreement, a detailed report on Corporate Governance forms part of this Annual Report. A certificate from the Statutory Auditors regarding the compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement is appended to this Annual Report.

DEPOSITS:

The Company has neither invited nor accepted any 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, to the extent applicable is 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,

Adaption & Innovation : NIL

PARTICULARS OF EMPLOYEES:

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.

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**

**Sd/-
Director**

Date: 4th September, 2013.

Place: Mumbai.

CORPORATE GOVERNANCE REPORT

Corporate Governance has become a buzzword for the organizations today. The Company believes in adopting the best practices in the areas of Corporate Governance. Corporate Governance is viewed as a value to be imbibed and an ideology to be ingrained into the corporate culture. Company's philosophy on corporate governance is led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long-term shareholder value. In our commitment to practice sound governance principles, we are guided by the following core principles:



● **Transparency:**

To maintain the highest standards of transparency in all aspects of our interactions and dealings.

● **Disclosure:**

To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.

● **Compliances:**

To comply with all the laws, rules and regulations applicable to the Company.

● **Empowerment and accountability:**

To demonstrate the highest levels of personal accountability and to ensure that employees consistently pursue excellence in everything they do.

● **Ethical conduct:**

To conduct the affairs of the Company in an ethical manner.

● **Stakeholders' interest:**

To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community.

I. BOARD OF DIRECTORS:

1. Board Composition:

Board strength as on 31st March, 2013.

The Board consists of seven members. The composition and the category of directors on the Board of the Company are as under:

Board of Directors	Category	No. of other Directorship and Committee Membership/Chairmanship		
		Other Directorship	Committee Membership in other Companies	Committee Chairmanship in other Companies
Anant Palan	Chairman & Managing Director	NIL	NIL	NIL
Nimesh Ganatra	Executive Director	NIL	NIL	NIL
Hitesh Dave	Non- Executive Independent Director	NIL	NIL	NIL
Shikha Kapasi	Non- Executive Independent Director	NIL	NIL	NIL
Dhara Brahmhatt*	Additional Executive Director	NIL	NIL	NIL
Rohan Barot*	Additional Executive Director	NIL	NIL	NIL
Mahendra Dave *	Additional Non Executive Independent Director	NIL	NIL	NIL

* Ms. Dhara Brahmhatt, Mr. Rohan Barot and Mr. Mahendra Dave were appointed as Additional Directors at the Board Meeting held on 9th January, 2013.

All the independent Directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

2. Conduct of Board Proceedings:

The day to day business is conducted by the executives and the business heads of the Company under the direction of the Board led by the Chairman. The Board holds minimum four Meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board held 7 Meetings during the year 2012-13 on 30th May 2012, 14th August 2012, 1st September, 2012, 14th November, 2012, 9th January 2013, 12th February, 2013 and 25th February, 2013.

The Meetings are normally held at Mumbai. The Board periodically reviews Compliance reports of all laws applicable to the Company.

3. Attendance of directors:

Attendance of directors at the Board Meetings held during 2012-2013 and the last Annual General Meeting held on 29th September, 2012.

Name of the Director	Number of Board Meetings Attended/Total Meetings	Attendance at the last AGM held on 29.09.2012
Anant Palan	7/7	Yes
Nimesh Ganatra	7/7	Yes
Hitesh Dave	7/7	Yes
Shikha Kapasi	7/7	Yes
Dhara Brahmhatt*	1/7	-
Rohan Barot*	1/7	-
Mahendra Dave *	1/7	-

* Ms. Dhara Brahmhatt, Mr. Rohan Barot and Mr. Mahendra Dave were appointed as Additional Directors at the Board Meeting held on 9th January, 2013.

II. COMMITTEES OF THE BOARD

Currently, there are Three Board Committees – the Audit Committee, the Shareholders/ Investor Grievance Committee and the Nominations /Remuneration Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. Signed minutes of Board Committee Meetings are placed for the information of the Board. Matters requiring the Board’s attention / approval are generally placed in the form of notes to the Board from the respective Committee Chairman. The role and composition of these Committees, including the number of Meetings held during the financial year and the related attendance, are provided below.

AUDIT COMMITTEE:

Audit Committee has become one of the main **pillars** of the corporate governance system in Indian public companies. In steering companies through today’s complex business environment, Boards are going to need strong leadership from their audit committees. The audit committee is established with the aim of enhancing confidence in the integrity of an organization’s processes and procedures relating to internal control and corporate reporting including financial reporting. Audit Committee provides an **‘Independent’** reassurance to the Board through its oversight and monitoring role.

In terms of Section 292A of the Companies Act, 1956, and as per the Clause 49 of the Listing Agreement, the Company has set up an Audit Committee. The Audit Committee is constituted in accordance with the provisions of the Listing Agreement and the Companies Act, 1956. The Members of the Committee are qualified and experienced in the fields of finance, accounts, taxation & company law and other allied subjects.

The Audit Committee Meeting was held Five times during the year viz., 25th May, 2012, 10th August, 2012, 28th August, 2012, 9th November, 2012 and 11th February, 2013.

The Audit Committee consists of following directors and their attendances are as follows:

Name of the Director	Category	Position	Attendance
Ms. Shikha Kapasi	Non- Executive Independent Director	Chairman	5/5
Mr. Hitesh Dave	Non- Executive Independent Director	Member	5/5
Mr. Nimesh Ganatra	Executive Director	Member	5/5
Mr. Mahendra Dave*	Additional Non- Executive Independent Director	Member	0/5

* Mr. Mahendra Dave was appointed member of Audit Committee by Board of Directors at their meeting held on 12th February, 2013.

The Audit Committee, inter alia advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit can be improved. The Minutes of the Meetings of the Audit Committee are placed before the Board.

SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE:

1. Composition:

The Shareholders / Investors Grievances Committee consist of four directors of the Company, viz; Ms. Shikha Kapasi, Chairman, Mr. Hitesh Dave , Mr. Mahendra Dave and Mr. Nimesh Ganatra as members.

2. Number of Shareholders / Investors Grievances Committee Meetings held during the year under review:

The Shareholders / Investors Grievances Committee Meeting were held Four times during the year viz., 25th May, 2012, 10th August, 2012, 9th November, 2012 and 11th February, 2013.

Name of the Director	Category	Position	Attendance
Ms. Shikha Kapasi	Non- Executive Independent Director	Chairman	4/4
Mr. Hitesh Dave	Non- Executive Independent Director	Member	4/4
Mr. Nimesh Ganatra	Executive Director	Member	4/4
Mr. Mahendra Dave*	Additional Non- Executive Independent Director	Member	0/4

* Mr. Mahendra Dave was appointed member of Investor Grievances Committee by Board of Directors during their meeting held on 12th February, 2013.

3. Details of Complaints received redressed and pending during the financial year:

Pending at the beginning of the year	Received during the year	Redressed / Replied during the year	Pending at the end of the year
Nil	2	2	Nil

NOMINATION / REMUNERATION COMMITTEE:

The Nomination/Remuneration Committee of the Board is constituted to formulate from time to time:

- (a) Process for selection and appointment of new directors and succession plans and
- (b) Recommend to the Board from time to time, a compensation structure for directors and the manager.

1. Composition and Remuneration Meeting:

The Nomination/Remuneration Committee comprises of three directors i.e. Ms. Shikha Kapasi, Chairman, Mr. Hitesh Dave, and Mr. Nimesh Ganatra as members. During the year, the Nomination/Remuneration Committee met on 28th August, 2012.

2. Remuneration policy, details of remuneration and other terms of appointment of Directors:

- ☛ Attract and retain employees with skills required to effectively manage the operations and growth of the business;
- ☛ Motivate employees to perform in the best interests of the Company and its stakeholders;
- ☛ The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis;
- ☛ The remuneration policy is in consonance with the existing Industry practice.

III GENERAL BODY MEETING:

1. The Company held its last three Annual General Meetings as under:

Year	AGM No.	Date	Location	Time
2011-12	18 th	29 th September,2012	Room no.105, Ist Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai- 400 003.	10.30 A.M
2010-11	17 th	30 th September,2011	B/602, Ramnik Smriti, Behind Arya Arcade, Vikhroli Station Road, Vikhroli (West), Mumbai- 400 083.	9.00 A.M

2009-10	16 th	30 th July,2010	A/310, Arya Arcade, Station Road, Vikroli (West), Mumbai- 400 083.	9.30 A.M
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2. Details of the Special Resolutions passed during the last 3 AGMs:

Date of AGM	No of Special Resolutions passed	Particulars of Special Resolutions
29/09/2012	2	a. Appointment of Mr. Anant Palan as Managing Director b. Change of Company Name from “ Gemstone Investments Limited ” to “ Asian Project Finance Limited. ”
30/09/2011	NIL	NIL
30/07/2010	1	Alteration of Clause 4 of the Articles of Association

3. Details of Resolution passed through postal ballot in the last 3 years:

Date 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 of the Company by insertion of new clause 2(a) and 2(b) under Clause III (A)

4. Subsidiary Company:

Your Company does not have any material unlisted Indian Subsidiary Company.

5. Disclosure:

Related party transactions:

The related party transactions with group companies and others are disclosed in Annexure to Auditors Report.

Accounting treatment:

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006, as applicable.

Risk management:

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organizational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

Code of conduct:

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management. The Board members and senior management have affirmed their compliance with the code.

Review of Directors' Responsibility statement:

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2013 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

Policy on insider trading:

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed **Mr. Anant Palan** as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

6. Compliance with non-mandatory requirements:

Nomination / Remuneration Committee:

Remuneration Committee: The Company has constituted a Remuneration Committee, the details of which are provided in this Report under the section 'Committees of the Board – Nomination/Remuneration Committee'.

Training of Board members:

Training of Board members: The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimization procedures, and new initiatives proposed by the Company. Directors are also updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic environment.

Whistle blower policy:

The Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees, who are disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry into whistle blower complaint received by the Company.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. Employees knowingly making false allegations of alleged wrongful conduct to the audit Committee shall be subject to disciplinary action. No personnel of the Company have been denied access to the grievance redressal mechanism of the Company.

7. Means of Communication:

The quarterly & half yearly unaudited financial results & the annual audited financial results are published in one English daily and in one Vernacular Newspaper & are also furnished to the Stock Exchange with whom the Company has signed Listing Agreements.

8. General Shareholder information:

▪ Annual General Meeting:

- ☞ **Date:** 30th September, 2013
- ☞ **Day:** Monday
- ☞ **Time:** 9.00a.m
- ☞ **Venue:** Room No.105, 1st Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai-400 003.

▪ Financial Year: 1st April, 2013 to 31st March, 2014.

Adoption of Quarterly Results for the Quarter ending	Tentative date of the Meeting of the Board on or before
June 30, 2013	14 th August, 2013
September 30, 2013	14 th November, 2013
December 31, 2013	14 th February, 2013
March 31, 2014	Within 60 days from the Quarter Ended.

▪ Date of Book closure:

The Book Closure period is from **September 26, 2013 and September 27, 2013** (both days inclusive) for the purpose of Annual General Meeting of the Company.

▪ Listing on Stock Exchange:

The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

▪ Payment of Listing Fees:

The Listing fee for the financial year 2012-2013 is already paid to the Bombay stock Exchange, Mumbai.

▪ Stock Code:

- ☞ The Bombay Stock Exchange Limited, Mumbai: **531137**.
- ☞ ISIN No.: **INE503D01027**.

- **Stock Market Data:**

The Monthly High and Low prices and trading volumes of the company's shares at the Stock Exchange Mumbai for the year ended 31st March, 2013.

Month	High (Rs.)	Low (Rs.)
April 2012	13.75	8.70
May 2012	13.60	12.50
June 2012	19.84	12.90
July 2012	20.00	18.00
August 2012	19.15	16.15
September 2012	20.65	16.50
October 2012	19.25	17.60
November 2012	18.30	15.20
December 2012	16.50	14.60
January 2013	16.60	13.60
February 2013	15.85	14.30
March 2013	15.55	4.32

- **Registrars and Share Transfer agents:**

Sharex Dynamic (India) Pvt. Ltd.

Unit 1, Luthra Industrial Premises,
1st Floor, 44-E, M Vasanti Marg,
Safed Pool, Andheri-Kurla Road,
Andheri (E), Mumbai-400 072.

Tel.: +91- 22-2851 5606/ 5644

E-mail: sharexindia@vsnl.com

- **Share Transfer System:**

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Senior Executives of the Company are empowered to approve transfer of shares and debentures and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 15 days.

- **Secretarial Audit:**

- ☛ A Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL)

- **Distribution of shareholding:**

Shares distribution schedule as on 31/03/2013

Shareholding of Nominal Value	Number of Holders	% of Holders	Total Amount	% of Amount
Upto - 5000	1033	78.98	1277222.00	1.71
5001 - 10000	60	4.59	492691.00	0.66
10001 - 20000	48	3.67	694491.00	0.93
20001 - 30000	25	1.91	636046.00	0.85
30001 - 40000	19	1.45	690442.00	0.92
40001 - 50000	16	1.22	777730.00	1.04
50001 - 100000	33	2.52	2787149.00	3.73
100001 - Above	74	5.66	67394229.00	90.16
Total	1308	100.00	74750000.00	100.00

- **Shareholding Pattern as on 31st March, 2013**

Category of Shareholder	Number of Shares held	% of Shareholding
(A) Shareholding of Promoter and Promoter Group		
1. Indian		
(a) Any Others(Specify)	0	0.00
(b) Director/Promoters and their relatives	8,68,000	1.16
2. Foreign	0	0.00
Sub Total(A)	8,68,000	1.16
(B) Public shareholding		
1. Institutions	0	0.00
2. Non-institutions		
(a) Bodies Corporate	38314737	51.26

(b) Individuals		
Individual shareholders holding nominal share capital up to Rs. 1 lakh	6309247	8.44
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	29245755	39.12
(c) Any Other		
Clearing Member	0	0.00
Non Resident Indians	12261	0.02
Sub Total (B)	73882000	98.84
Total (A)+(B)	74750000	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0.00
Sub-Total (C)	0	0.00
Grand Total (A)+(B)+(C)	74750000	100.00

Dematerialization of shares and liquidity:

- The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited for dematerialization of shares and the same are available in electronic segment under ISIN No. **INE503D01027**. As on 31st March 2013, **73,907,150** Equity Shares representing **98.87%** of the total Share Capital had been dematerialized.

Particulars	No. of shareholders	No of shares	%
CDSL	575	49276356	65.92
NSDL	625	24630794	32.95
PHYSICAL	149	842850	1.13
TOTAL	1349	74750000	100.00

Address of Correspondence:

GEMSTONE INVESTMENTS LIMITED

Regd. Off: Room no. 105 1st Floor, Shradhanand Building

274, Samuel Street, Masjid Bander, Mumbai- 400 003.

Tel No: 022-65102060.

Email- ID: gemstoneltd@gmail.com

DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT

To the best of my knowledge and belief, I hereby affirm that all the Board Members and Senior Management Personnel of the Company have fully complied with the provision of the Code of Conduct as laid down by the Company for Directors and Senior Management Personnel during the financial year ended on 31st March, 2013.

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

Sd/-

Anant Palan

Chairman & Managing Director

Date: 4th September, 2013.

Place: Mumbai.

AUDITOR CERTIFICATE ON CORPORATE GOVERNANCE

{Pursuant to the requirements of Clause 49 of the Listing Agreement}

To

The Members,

Gemstone Investments Limited

I have examined the compliance of conditions of Corporate Governance by **Gemstone Investments Limited** ('the Company'), for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For N.R.GALA & ASSOCIATES.

Chartered Accountants.

Firm Reg No: 131744W

Sd/-

NAVIN R. GALA

(Propertitor)

Membership No.: 040640

MANAGEMENT DISCUSSION AND ANALYSIS

In the nearly five years since the financial crisis descended upon us the global economy has gone through structural transformation, the nation's economies, policy priorities, consumption patterns and financial behavior have been altered significantly world-wide.

§ Economy and Markets

Growth of the Indian economy, consistent with expectations, hit a decade low of 5% in 2012-13. Yet it is estimated that India's economy is poised for a gradual recovery in 2014, driven by large investment projects and foreign direct investment, after slumping to its slowest pace of growth in a decade in the previous year. The sectors that showed signs of upturn are manufacturing, construction and financial services. The 2012-13 per-capita national income in real terms is estimated to have risen to Rs.39,168 from Rs.38,037 in 2011-12.

During the Financial year 2013 the Indian equity markets were extremely deranged owing to numerous factors such as political instability, escalating inflation, and tapering economic growth of the country. Yet key benchmark indices Sensex and Nifty closed the year with returns of 8.2% and 7.3%, respectively.

The Government announced diverse reforms related to Foreign Direct Investments, subsidies, divestments and infrastructure, which gave a boost to the markets on the commencement of 2013 however in due course the market once again suffered thrashing. RBI resorted to reduction in repo rate thrice to bring it down to its current value of 7.50% in the year.

The performance of a Company is largely dependent on the economy, government policies and its impact on the stock and money markets thus during the year under review our Company's performance can be considered satisfactory.

§ Investment Income

The Company functions as an investment company with a primary objective of long term appreciation in the value of its portfolio. The profits of the Company are derived from interest income. The Board of Directors, after due deliberations, propose to hold on the Investments and thereby providing an opportunity to benefit from a possible higher valuation of its investments. It is envisaged that the above modification in the investment strategy of the Company is likely to alter the attributes of the investment portfolio by

elongating its investment horizon and enabling the Management to take a much longer term investment view, with the objective to further enhance the NAV.

Our company's profitability was however marginally affected and the income from investments activities stood at Rs. 16,245,107/- during the year, as compared to Rs. 17,948,557/- during last year.

⌘ **Opportunities and Threats**

Opportunities

- Economy is growing at healthy rate leading to investment / capital requirement.
- Growing Financial Services industry's share of wallet for disposable income.
- Regulatory reforms would aid greater participation by all class of investors.
- Leveraging technology to enable best practices and processes.

Threats

- Execution risk.
- Slowdown in global liquidity flows.
- Increased intensity of competition from local and global players.
- Unfavorable economic conditions.

⌘ **Strengths**

Experienced top management

The top management team comprises qualified and experienced professionals, with a successful track record. The company believes that its management's entrepreneurial spirit, strong technical expertise, leadership skills, insight into the market and customer needs provide it with a competitive strength, which will help to implement its business strategies.

Independent and insightful research

GIL believes that its understanding of equity as an asset class and business fundamentals drives the quality of its research and differentiates it from its competitors. The research team is focused on equities, derivatives and commodities.

Strong risk management

Risk exposure is monitored and controlled through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems. Risk management department analyses this data in conjunction with the company's risk management policies and

takes appropriate action where necessary to minimize risk. The top management has a “hands – on” approach at a strategic level, at the same time delegating and decentralizing operations. Risk Management also forms a critical part of our training module across all levels so that all employees are trained on risk management and implications thereof. At the Company, a governance process has been institutionalized, which ensures that risk management concepts are applied to all business and risk types. Decision making levels are based on the Company’s objectives and risk tolerance limits. Strategies, policies and limits are designed to ensure that risks are prudently diversified. Risk mitigating activities are reviewed periodically by senior management and further at the Board.

Market risk

The financial services sector is affected by a variety of factors linked to economic development in India and rest of the world global fund flows and politics. Any economic event across the globe can have a direct or indirect impact on your Company. To mitigate this we have diversified our revenue streams across multiple product lines and businesses.

Human resources

Your Company’s business critically depends on quality of manpower. Your Company’s philosophy has been to hire the best talent and then give them autonomy to take decisions and implement. The Company has over the years, developed a work culture which is unique and can be summarized as people with ‘Owner Mindset’. All the employees are aligned to the culture; they think, act and behave like owners as if it were their own business. The Company’s recruitment, re-training, rewarding and retention policies are developed to protect and fortify the core culture. Today, the Company offers a strong brand, a challenging work environment conducive for independent decision making and competitive compensation including stock ownership. This allows the Company to attract and retain extremely qualified professionals with impeccable professional track records.

Internal controls

The Auditors’ reports and recommendations and rectifications /implementations are reviewed by the top management and Audit Committee at regular intervals. The internal processes have been designed to ensure adequate checks and balances at every stage. The processes are reviewed periodically by the Audit Committee and amended as required.

Outlook

Your Company is well placed to seize the long term opportunity in financial services space in India. The financial sector while has tremendous long term potential to grow, has a distinct characteristic of being cyclical. Therefore we see a sort of roller coaster ride. Long term players like your Company, see this as an opportunity rather than an obstacle. Invariably when head winds are strong, the weaker players fall off the roller coaster, paving way for the long term players to emerge strong.

Cautionary statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties.

These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

CHAIRMAN'S CERTIFICATION ON FINANCIAL STATEMENTS

To

The Members,

Gemstone Investments Limited.

I, the undersigned, in my respective capacity as an Executive Director of Gemstone Investments Limited ("**the Company**"), to the best of my knowledge and belief certify that:

- (a) I have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31st March, 2013 and based on my knowledge and belief, I state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact contain any 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 the existing accounting standards, applicable laws and regulations.
- (b) I accept the responsibility for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which the Board is aware and the steps have been taken or propose to take to rectify these deficiencies.
- (c) I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which the Board become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

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

Sd/-

Date: 30th May, 2013.

Place: Mumbai.

**Anant Palan
Chairman & Managing Director**

INDEPENDENT AUDITOR'S REPORT

To,

The Members of,

GEMSTONE INVESTMENTS LIMITED.

We have audited the accompanying financial statement of Gemstone Investments Ltd, which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Company Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accounts of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the according principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of the Profit and Loss, of the profit/loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement Comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued

any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For N R GALA & ASSOCIATES

Chartered Accountants

FR No: 131744W

Sd/-

Navin Gala

(Proprietor)

M. No.: 040640

Place: Mumbai.

Date: 29th May, 2013.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date, on the accounts of **GEMSTONE INVESTMENTS LIMITED** for the year ended 31st March 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. According to information and explanations given to us the company is Non Banking Finance Company which does not carry any inventory.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans of Rs.22 lacs (previous year 19.96 lacs) to M/s Asian Comtrade Pvt Ltd a Company listed in the register maintained under Section 301 of the Companies Act 1956.
(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. 2 lacs and the balance amount of Rs.20 Lacs is outstanding.
(d) There are no overdue amounts 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 Companies Act. Clause (f) and (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payments for expenses & for sale of goods. During the course of our audit, no major

instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangement referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
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 relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA 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.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company, undisputed amounts dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise duty, and cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st March, 2013 for a period of more than 6 months from the date they became payable.
(b) According to information and explanations given to us, except income tax of Rs7.96 lacs (Asst year 2012-13) no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom duty, Excise duty, and cess, were in arrears as at March 2013 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the following amount of income tax has not been deposited on account of any dispute.

Sr. No.	Nature of Statute	Nature of Dues	Period to which it relates	Forum where the dispute is pending	Amount in Rs.
1	Income Tax Act,1961	Income Tax	Asst. Year 2010-11	CIT Appeals	Rs.3,98,98,380/-

10. The Company does not have any accumulated losses and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to the information and explanations 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.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from Bank or Financial Institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long term investment by the Company.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money from Public Issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For N R GALA & ASSOCIATES

Chartered Accountants

FR No: 131744W

Sd/-

Navin Gala

Proprietor

M. No. : 040640

Place: Mumbai.

Date: 29th May 2013.

BALANCE SHEET AS ON 31ST MARCH, 2013.

(Rs. in '000)

Particulars		Note No.	For the Financial Year 2012-13	For the Financial Year 2011-12
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	74,750,000.00	74,750,000.00
	(b) Reserves and surplus	2	138,673,210.25	135,731,925.28
	(c) Money received against share warrants		-	-
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	3	10,165,699.00	516,476.00
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions	4	249,806.00	472,180.00
4	Current liabilities			
	(a) Short-term borrowings	5	-	183,062.00
	(b) Trade payables		-	-
	(c) Other current liabilities	6	3,509,607.44	3,889,463.21
	(d) Short-term provisions	7	2,590,194.00	1,250,658.00
	TOTAL		229,938,516.69	216,793,764.49
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets	8		
	(i) Tangible assets		551,361.60	1,432,200.26
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments	9	120,000,730.25	20,937,730.25
	(c) Deferred tax assets (net)		16,419.00	73,780.00
	(d) Long-term loans and advances	10	101,000.00	101,000.00
	(e) Other non-current assets	11	6,199,817.77	3,093,426.77

2	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		337,000.00	-
	(d) Cash and cash equivalents	12	2,812,474.07	2,283,557.21
	(e) Short-term loans and advances	13	99,919,714.00	188,872,070.00
	(f) Other current assets		-	-
	TOTAL		229,938,516.69	216,793,764.49
			-	-

As per our report of even date

FOR N R GALA & ASSOCIATES

Chartered Accountants

Sd/-
NAVIN R. GALA

Proprietor

M. NO. :040640

Firm Reg. NO:131744W

Place: Mumbai.

Date:30th May, 2013

GEMSTONE INVESTMENT LTD

Sd/-
Nimesh Ganatra
DIRECTOR

Sd/-
Anant H. Palan
DIRECTOR

STATEMENT PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2013.

(Rs. in '000)

Particulars		Refer Note No.	For the Financial Year 2012-13	For the Financial 2011-12
I.	Revenue from operations	14	16,245,107.00	18,231,045.00
II.	Other income		3,000.00	-
III.	Total Revenue (I + II)		16,248,107.00	18,231,045.00
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	2,599,396.00	1,815,484.00
	Finance costs	16	258,299.54	57,954.00
	Depreciation and amortization expense		353,621.89	466,799.74
	Other expenses	17	8,698,607.60	9,233,253.17
	Total expenses		11,909,925.03	11,573,490.91
V.	Profit before exceptional and extraordinary items and tax (III-IV)		4,338,181.97	6,657,554.09
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		4,338,181.97	6,657,554.09
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		4,338,181.97	6,657,554.09
X	Tax expense:			
	(1) Current tax		1,339,536.00	2,757,800.00
	(2) Deferred tax		57,361.00	(57,240.00)
			1,396,897.00	2,700,560.00
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		2,941,284.97	3,956,994.09
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)		2,941,284.97	3,956,994.09
XVI	Earnings per equity share:			
	(1) Basic		0.04	0.05
	(2) Diluted		0.04	0.05

As per our report of even date

FOR N R GALA & ASSOCIATES

Chartered Accountants

GEMSTONE INVESTMENTS LTD

Sd/-

NAVIN R. GALA

Proprietor

M. NO.: 040640

Firm Reg. No:131744W

Place: Mumbai.

Date: 30th May, 2013.

Sd/-

Nimesh Ganatra

DIRECTOR

Sd/-

Anant H. Palan

DIRECTOR

CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2013.

(Rs. in '000)

PARTICULARS	YEAR ENDED 31/03/2013		YEAR ENDED 31/03/2012	
	AMOUNT IN RS.		AMOUNT IN RS.	
A) Cash flow from operating activities				
Net profit before tax & extra ordinary items & prior period items	4,338,182		6,657,554	
Adjustment for:				
i) Profit on sale of investments	-		-	
ii) Provisions for non performing assets no longer required	-		-	
iii) Provision for decline in investment no longer required	-		-	
iv) Dividend income	-		-	
v) Prior period expenses	-		-	
vi) Prior period income	-		-	
	4,338,182		6,657,554	
vi) Preliminary expenses	-		-	
vii) New issue expenses written off	(353,622)		(466,800)	
viii) Depreciation	-		-	
ix) Provision for non performing assets	-		-	
x) Sundry balance written back	-		-	
xi) Loss on sale of shares	-		-	
xii) Provision for tax	-		-	
xiii) Provision for decline in value of investments	-		-	
	(353,622)		(466,800)	
OPERATING PROFITS BEFORE WORKING CAPITAL CHANGES		4,691,804		7,124,354
Changes in working capital				
i) Other current assets	-		-	
ii) Loans and advances	-		-	
iii) Tax Paid (T.D.S)	(1,112,391)		(1,507,142)	
iv) Current liabilities and provisions	-	(1,112,391)	-	(1,507,142)

<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-		-	
Trade receivables	(337,000)		-	
Short-term loans and advances	88,952,356		20,304,796	
Long-term loans and advances	-		(1,000)	
Other current assets	-		-	
Other non-current assets	(1,994,000)		3,134,747	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	-		-	
Other current liabilities	(379,856)		(25,157,134)	
Other long-term liabilities	-		-	
Short-term provisions	-		(2,621,748)	
Long-term provisions	(222,374)	86,019,126	472,180	(3,868,159)
Cash flow from operating activities		89,598,539		1,749,053
B) Cash flow from investing activities				
i) Purchase /Sale of fixed assets	527,217		(164,000)	
ii)Acquisition of investment (net of sales)	(99,063,000)		-	
iii)Dividend received	-		-	
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	-	(98,535,783)	-	(164,000)
		(8,937,244)		1,585,053
C)Cash flow from financial activities				
(Repayment of loan)/proceeds from borrowing	9,466,161	9,466,161	(180,642)	(180,642)
Net changes in cash or cash equivalents(A+B+C)		528,917		1,404,411
Cash &Cash equivalents				
Opening balance		2,283,557		879,146
Closing balance		2,812,474		2,283,557

As per our report of even date

FOR N R GALA & ASSOCIATES

Chartered Accountants

Sd/-

NAVIN R. GALA

Proprietor

M. NO. 40640

Firm Reg. NO:131744W

Place: Mumbai.

Date: 30th May, 2013.

GEMSTONE INVESTMENT LTD

Sd/-

Nimesh P. Ganatra

DIRECTOR

Sd/-

Anant Palan

DIRECTOR

NOTE 1

SHARE CAPITAL

(Rs. in '000)

<u>Share Capital</u>	2012-13		2011-12	
	Number	Amount	Number	Amount
Authorized				
Equity Shares of ` Re. 1 each	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
Issued				
Equity Shares of ` Re.1 each	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00
Subscribed & Paid up				
Equity Shares of ` Re. 1 each fully paid	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00
Subscribed but not fully Paid up				
Equity Shares of ` Re. 1 each fully paid	-	-	-	-
Total	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00

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

Particulars	2012-13		2011-12	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00
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	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00

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	2012-13		2011-12	
	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
Arcadia Share & Stock Brokers Pvt. Ltd	10816340	14.47	0	0
Shri Parasram Holding Pvt Ltd	7490049	10.02	0	0

Manish Joshi	0	0	4500000	6.02
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Shares issued for other than cash, Bonus issue and Shares bought back

Particulars	Year (Aggregate No. of Shares)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Equity Shares :					
Fully paid up pursuant to contract(s) without payment	NIL	NIL	NIL	NIL	NIL
Fully paid up by way of bonus	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	2012-13	2011-12
By Directors	NIL	NIL
By Officers	NIL	NIL

Note 2

RESERVES AND SURPLUS

Particulars	2012-13	2011-12
a. Capital Reserves		
Opening Balance	3,693,335.59	3,693,335.59
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	3,693,335.59	3,693,335.59
b. Investment Fluctuation Reserve		
Opening Balance	4,233,201.60	4,233,201.60
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-

Closing Balance	4,233,201.60	4,233,201.60
c. Securities Premium Account		
Opening Balance	116,550,000.00	116,550,000.00
Add : Securities premium credited on Share issue		
Less : <u>Premium Utilized for various reasons</u>		
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	116,550,000.00	116,550,000.00
d. Share Forfeiture Reserve		
Opening Balance	9,126,000.00	9,126,000.00
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	9,126,000.00	9,126,000.00
e. Surplus		
Opening balance	2,129,388.09	(1,827,606.00)
(+) Net Profit/(Net Loss) For the current year	2,941,284.97	3,956,994.09
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	5,070,673.06	2,129,388.09
Total	138,673,210.25	135,731,925.28

Note 3

LONG TERM BORROWINGS

Particulars	2012-13	2011-12
Secured		
HDFC vehicle Loan		516476.00
Secured against Hypnotization of Vehicle		
	0.00	516476.00
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	-	-
<u>Unsecured</u>		
Man Finance Ltd	10,165,699.00	-
	10,165,699.00	-
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	-	-
Total	10,165,699.00	516,476.00

Note 4

LONG TERM PROVISIONS

Particulars	2012-13	2011-12
Provision for standard assets	249,806.00	472,180.00
Total	249,806.00	472,180.00

Note 5

SHORT TERM BORROWINGS

Particulars	2012-13	2011-12
<u>Secured</u>		
HDFC Vehicle Loan		183,062.00
	-	183,062.00
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d)		
1. Period of default	-	-
2. Amount	-	-
<u>Unsecured</u>	-	-
	-	-
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d)		

1. Period of default	-	-
2. Amount	-	-
Total	-	183,062.00

Note 6

OTHER CURRENT LIABILITIES

Particulars	2012-13	2011-12
(a) TDS Payable	193,351.00	327,903.00
(b) Accounting charges payable	97,000.00	49,000.00
(c) Audit fees payable	138,541.00	65,731.00
(d) Brokerage Payable	2,562,033.00	2,457,000.00
(e) Director remuneration payable	211,391.21	731,391.21
(g) Prof fees payable	95,388.00	45,388.00
(h) Rent payable	-	156,000.00
(i) Salary Payable	40,000.00	44,550.00
(j) Share application money	-	-
(k) Others	171,903.23	12,500.00
Total	3,509,607.44	3,889,463.21

Note 7

SHORT TERM PROVISIONS

Particulars	2012-13	2011-12
Provision for IT for assessment year (12-13)	1,250,658.00	1,250,658.00
Provision for IT for assessment year (13-14)	1,339,536.00	-
Total	2,590,194.00	1,250,658.00

Note 10

LONG TERM LOANS AND ADVANCES

Particulars	2012-13	2011-12
a. Security Deposits		
Secured, considered good	101,000.00	101,000.00
Unsecured, considered good	0	0
Doubtful	0	0

Less: Provision for doubtful deposits	0	0
	101,000.00	101,000.00

Note 11

OTHER NON-CURRENT ASSETS

Particulars	2012-13	2011-12
Income tax	3856.77	3856.77
TDS (A Y 2008-09)	300345.00	300345.00
TDS (A Y 2009-10)	1180705.00	1180705.00
TDS (A Y 2010-11)	693471.00	699471.00
TDS (A Y 2011-12)	415598.00	415598.00
TDS (A Y 2012-13)	1112391.00	0.00
Others	2493451.00	493451.00
	6,199,817.77	3,093,426.77

Note 12

CASH AND CASH EQUIVALENTS

Particulars	2012-13	2011-12
a. Balances with banks*	2,798,647.93	2,241,741.07
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)		
Margin money		
Security against borrowing		
Guarantees		
Other Commitments		
Bank deposits with more than 12 months maturity		
b. Cheques, drafts on hand	-	-
c. Cash on hand*	13,826.14	41,816.14
d. Others (specify nature)	-	-
	2,812,474.07	2,283,557.21

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

Note 13**SHORT-TERM LOANS AND ADVANCES**

Particulars	2012-13	2011-12
Unsecured, considered good :		
Loans & Advances recoverable in cash or in kind	99,919,714.00	188,872,070.00
	99,919,714.00	188,872,070.00

Note 14**REVENUE FROM OPERATIONS**

Particulars	2012-13	2011-12
Interest Income	16,245,107.00	17,948,557.00
Bad debts recovery	-	252,488.00
Other operating revenues	-	30,000.00
Speculative profit	-	-
Sale of services	-	-
Dividend	-	-
Income from sale of Investment	-	-
Total	16,245,107.00	18,231,045.00

Note 15**OTHER INCOME**

Particulars	2012-13	2011-12
Interest Income (in case of a company other than a finance	-	-
Swap Income	-	-
Rent income	-	-
Net gain/loss on sale of investments	-	-
Other non-operating income (net of expenses directly attributable to such income)	3,000.00	-
Total	3,000.00	-

Note 16**EMPLOYEE BENEFITS EXPENSE**

Particulars	2012-13	2011-12
(a) Salaries and incentives	2,577,415.00	1,765,784.00
(b) Contributions to -		
(i) Provident fund		
(ii) Superannuation scheme	-	-
(c) Gratuity fund contributions	-	-
(d) Social security and other benefit plans for overseas employees	-	-
(e) Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	-	-
(f) Staff welfare expenses	21,981.00	49,700.00
Total	2,599,396.00	1,815,484.00

Note 17**FINANCE COSTS**

Particulars	2012-13	2011-12
Interest expense	257085.00	57954.00
Bank charges	1214.54	0.00
Applicable net gain/loss on foreign currency transactions and translation	-	-
Total	258,299.54	57,954.00

Note 18**OTHER EXPENSES**

Particulars	2012-13	2011-12
Advertisement expenses	0.00	58466.00
Balances written off	6816195.00	2556834.12
Business promotional expenses	0.00	0.00
Brokerage	1624500.00	2730000.00
Provision against standard assets	-222374.00	472180.00
Prior period expense	0.00	0.00
Excess interest provided in Last year	0.00	1953832.00
Membership Fees	0.00	150000.00
Insurance	0.00	37860.00
Professional and legal fees	0.00	366000.00

Rent	0.00	261000.00
Repairs and Maintenance	0.00	43569.00
Payments to the auditor as		
a. auditor	40450.00	73034.00
b. for taxation matters	0.00	0.00
c. for company law matters	0.00	0.00
d. for management services	0.00	0.00
e. for other services	40450.00	0.00
f. for reimbursement of expenses	0.00	0.00
Miscellaneous expenses,	399386.60	530478.05
Total	8,698,607.60	9,233,253.17

GEMSTONE INVESTMENTS LIMITED

Room no.105,1st Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai 400 003.

ATTENDANCE SLIP

Annual General Meeting: 30th September, 2013 at 9.00 a.m.

Regd. Folio No. : _____ No. of Shares : _____

Client ID* : _____ DP ID No. : _____

Name of the member /Proxy: _____

I hereby record my presence at the Annual General Meeting of the Company to be held on **Monday, 30th September, 2013 at 9.00 a.m** at the Registered Office of the Company.

Name of Member/Proxy

Signature of Member/Proxy

***Applicable for investors holding shares in Electronic Form.**

Note: Please complete and sign this Attendance Slip and hand it over at the entrance.

GEMSTONE INVESTMENTS LIMITED

Room no.105,1st Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai 400 003.

PROXY FORM

Annual General Meeting: Day: 30th September, 2013 at 9.00 a.m.

Regd. Folio No. : _____ No. of Shares : _____

Client ID* : _____ DP ID No. : _____

I _____ being a member/members of Gemstone Investment Limited hereby appoint Shri/Smt _____ as my/ our proxy to attend and vote for me/our behalf at the Annual General Meeting of the Company to be held on Monday, 30th September, 2013.

As witness my hands/our hands this _____ day of _____ 2013.

Signature _____

*Applicable for investors holding shares in electronic Form.

Affix Re.1/- Revenue Stamp

NOTE: The Proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting

If undelivered, please return to:

GEMSTONE INVESTMENTS LIMITED

Room no.105, 1st Floor,
Shradhanand Building, 274 Samuel Street,
Masjid Bunder,
Mumbai: 400 003.

Form A as per Clause 31(a) of the Listing Agreement for the Financial Year ended March, 2013:

1.	Name of the Company	Gemstone Investments Limited Scrip Code: 531137
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	There has been no observation
5.	Signed by: • Managing Director	 Anant Palan Managing Director. DIN No. 02183592 
	• Auditor of the Company	M/s. N. R. Gala & Associates Chartered Accountants  Mr. Navin Gala Proprietor Membership No.: 040640 
	• Audit Committee Chairman	 Ms. Shikha Kapasi Director DIN: 02945670 