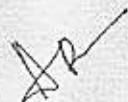







Form A as per Clause 31(a) of the Listing Agreement for the Financial Year ended March, 2014:

1.	Name of the Company	Gemstone Investments Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	There has been no observation
5.	Signed by:	
	• Managing Director	  <b>Mr. Anant Palan</b> Managing Director DIN: 02183592
	• Auditor of the Company	For N R Gala & Associates Chartered Accountants   <b>Navin Gala</b> (Proprietor) Membership No.: 040640 
	• Audit Committee Chairman	  <b>Ms. Shikha Kapasi</b> Director DIN: 02945670

ANNUAL REPORT

2013-2014



GEMSTONE INVESTMENTS LIMITED

## **GEMSTONE INVESTMENTS LIMITED**

CIN: L65990MH1994PLC081749

Registered Office: Room No. 105, 1st Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai 400003.

Tel: 022-65102060. E-mail: [gemstoneltd@gmail.com](mailto:gemstoneltd@gmail.com)

## **NOTICE**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of **Gemstone Investments Limited** will be held on the 30<sup>th</sup> day of September, 2014 at the Registered office of the Company situated at Room No. 105, 1<sup>st</sup> Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai- 400 003 at 9.30 am, to transact the following businesses:

### **ORDINARY BUSINESS:**

#### **Item No. 1:**

To Consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and Profit and Loss account for the year ended on that date together with Reports of the Board of Directors and Auditors thereon.

#### **Item No. 2:**

To appoint a Director in place of Mr. Rohan Barot (DIN: 06416269) who retires by rotation and being eligible, offers himself for re-appointment.

#### **Item No.3:**

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 section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee, M/s. **N. R. Gala & Associates**, Chartered Accountants, Mumbai (Firm Reg. No: 131744W) be and is hereby appointed as the Statutory Auditors of the Company to hold office for term of 5 years from the conclusion of this Annual General Meeting till the conclusion of the 25<sup>th</sup> Annual General Meeting, subject to ratification by the members at every Annual General Meeting to be held during the period on such remuneration as may be determined by the Board of Directors of the Company.

**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.4:**

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary resolution:

**“RESOLVED THAT** Mr. Devendrakumar Shantilal Shah (DIN: 03467426) in respect of whom a notice under Section 160 of the Companies Act, 2013 and as per Rule 13 of the Companies (Appointment and Qualification of Directors) Rules,2014 has been received from a Member of the Company, proposing his candidature to the Office of Director, be and is hereby appointed as a Director of the Company, as per the Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder, whose office is liable to retire by rotation.

**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.”

### **Item No.5:**

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Muljibhai Chheda Shah (DIN: 000000) in respect of whom a notice under Section 160 of the Companies Act, 2013 and as per Rule 13 of the Companies (Appointment and Qualification of Directors) Rules,2014 has been received from a Member of the Company, proposing his candidature to the Office of Director, be and is hereby appointed as a Director of the Company, as per the Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder, whose office is liable to retire by rotation.

**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.”

### **Item No.6:**

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Hitesh Dave (DIN No. 03296067), a Non-Executive Director of the Company, who has submitted a declaration that he

meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 1<sup>st</sup> October , 2014 up to 30<sup>th</sup> September, 2019.

**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.”

**Item No.7:**

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Mrs. Shikha Kapasi (DIN No. 02945670), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 1<sup>st</sup> October , 2014 up to 30<sup>th</sup> September, 2019.

**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.”

**Item No.8:**

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Mahendra C. Dave (DIN No. 06418511), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 1<sup>st</sup> October , 2014 upto 30<sup>th</sup> September, 2019.”

**By Order of the Board of Directors**

**Sd/-**

**Nimesh Ganatra**

**DIN : 02712015**

**Director**

**Place:** Mumbai.

**Date:** 5<sup>th</sup> September, 2014

*Notes:*

1. The Explanatory Statement, pursuant to section 102 of the Companies Act, 2013 setting out material facts are annexed hereto.
2. **A member entitled to attend and vote at the Annual General Meeting (“AGM”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**

3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. Brief resume of directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, name of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Annexure to notice as per Clause 49 of the Listing Agreement.
5. 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.
6. Relevant Documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of meeting.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from **September 25, 2014 and September 26, 2014** (both days inclusive) for the purpose of the Annual General Meeting.
8. The members are requested to:
  - a. Intimate to the Company’s Registrars and Share Transfer Agents, **M/s. Sharex Dynamic (India) Private Limited** (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their Registered address, Bank account number / details etc. at an early date, quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;

- b. Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the Registered Office Address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
  10. The Securities and Exchange Board of India (SEBI) has mandated the submission of copy of PAN card to the Company/ Depository Participants as the case may be. Members holding shares in physical form should submit their PAN details to the Company/RTA.

**PROCEDURE FOR E-VOTING:**

The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting for AGM. The instructions for e-voting are as under:

Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

- (i) Click on “Shareholders” tab.
- (ii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in **Physical Form** should enter **Folio Number** registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

	<ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b>.</li> </ul>

- (vii) After entering these details appropriately, click on **“SUBMIT”** tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.



- (xiii) After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- (xiv) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on **“Click here to print”** option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xviii) The voting period begins on **25/09/2014(9.00am)** and ends **on 26/09/2014 (6.00pm)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **29/08/2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (xiv) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **29/08/2014**.
- (xxi) Mr. Suhas Ganpule, Proprietor of M/s. SG & Associates, Practicing Company Secretaries (CP No. 5722) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- (xxii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxiii) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (2) OF THE COMPANIES ACT, 2013:**

**1. Appointment of Mr. Devendrakumar Shah as a Director:**

Pursuant to Section 152,160 and any other applicable provisions of Companies Act 2013, a notice in writing has been received from **Mr. Devendrakumar Shah**, signifying his intention to be appointed as a Director of the Company along with a deposit of Rs. 100,000/- as required under the applicable provisions of the Companies Act, 2013.

The Company has received from Mr. Devendrakumar Shah, consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of Companies Act (Appointment & Qualification of Directors) Rules 2014 & Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013.

The Directors recommends the Ordinary Resolution for Item no.4 for your approval.

**2. Appointment of Mr. Mulji Chheda as a Director:**

Pursuant to Section 152,160 and any other applicable provisions of Companies Act 2013, a notice in writing has been received from **Mr. Mulji Chheda**, signifying his intention to be appointed as a Director of the Company along with a deposit of Rs. 100,000/- as required under the applicable provisions of the Companies Act, 2013.

The Company has received from Mr. Mulji Chheda, consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of Companies Act (Appointment & Qualification of Directors) Rules 2014 & Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013.

The Directors recommends the Ordinary Resolution for Item no.5 for your approval.

### **3. Appointment of Hitesh Dave as an Independent Director:**

In terms of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules,2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Schedule IV of the Companies Act, 2013 and in compliance with the Listing Agreement as amended from time to time, Mr. Hitesh Dave is proposed to be appointed as Independent Director up to March 31, 2019 for a period of 5 years from 1<sup>st</sup> October,2014. As per Companies Act, 2013 Independent Directors is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Mr. Hitesh Dave as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Hitesh Dave as an Independent Director for approval by the shareholders of the company.

Except Mr. Hitesh Dave, being an appointee, none of the Directors of the company and their relatives are concerned or interested, in the resolution set out in Item no 6.

### **4. Appointment of Mrs. Shikha Kapasi as an Independent Director:**

In terms of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules,2014(including any statutory modification(s) or re-enactment thereof for the time being in force) and schedule IV of the Companies Act, 2013 and in compliance with the Listing Agreement as amended from time to time , Mrs. Shikha Kapasi is proposed to be appointed as Independent Director up to March 31, 2019 for a period of 5 years from 1<sup>st</sup> October,2014. As per Companies Act, 2013 Independent Directors is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Mrs. Shikha Kapasi as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Shikha Kapasi as an Independent Director for approval by the shareholders of the company.

Except Mrs. Shikha Kapasi, being an appointee, none of the Directors of the company and their relatives are concerned or interested, in the resolution set out in Item no 7.

### **5. Appointment of Mr. Mahendra Dave as an Independent Director:**

In terms of Section 149,152 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules,2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Schedule IV of the Companies Act, 2013 and in compliance with the Listing Agreement as

amended from time to time , Mr. Mahendra Dave is proposed to be appointed as Independent Director up to March 31, 2019 for a period of 5 years from 1<sup>st</sup> October,2014. As per Companies Act, 2013 Independent Directors is not liable to retire by rotation.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Mr. Mahendra Dave as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Mahendra Dave as an Independent Director for approval by the shareholders of the company.

Except Mr. Mahendra Dave, being an appointee, none of the Directors of the company and their relatives are concerned or interested, in the resolution set out in Item no 8.

**By Order of the Board Director**

**Sd/-**

**Nimesh Ganatra**

**Director**

**DIN: 02712015**

**Place:** Mumbai.

**Date:** 5<sup>th</sup> September, 2014

**ANNEXURE TO NOTICE**  
**AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

Name of the Director	Rohan Barot	Devendrakumar Shah	Mulji Chheda	Hitesh Dave	Shikha Kapasi	Mahendra Dave
DIN:	06416269	03467426	06976338	03296067	02945670	06418511
Date of Birth	06/10/1986	09/10/1938	03/12/1967	18/05/1972	05/05/1987	05/01/1961
Date of Appointment	09/01/2013	NA	NA	03/09/2011	03/09/2011	09/01/2013
Brief Resume	Specialized in Investment Decisions, B.Com	Specialized in Accountancy & Management	Business	B.Com	MBA, B.Com	Chartered Accountant, B.Com
Appointment/Re-appointment	Re-appointment	Appointment	Appointment	Re-appointment	Re-appointment	Re-appointment
No. of shares held in the Company	Nil	Nil	Nil	Nil	Nil	Nil
List of Companies held in other Companies	Nil	Nil	Nil	Nil	Nil	Nil
List of Committee Membership in other companies	Nil	Nil	Nil	Nil	Nil	Nil

**ATTENDANCE SLIP**

**GEMSTONE INVESTMENTS LIMITED  
(CINL65990MH1994PLC081749)**

**Regd. Off.:** Room No.105, 1<sup>st</sup> Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai-400003.

**E-mail:- [gemstoneltd@gmail.com](mailto:gemstoneltd@gmail.com) Tel:** 022-65102060.

DP ID No.*:	Folio. No.:
Client ID No.*:	No. of Shares held:

Name and address of the Shareholder(s)/Proxy holder:

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I / We hereby record my/our presence at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 30<sup>th</sup> September, 2014 at 9.30 a.m., at Regd. off: Room No.105, 1<sup>st</sup> Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai-400003.

Member's / Proxy's

Signature

**Note:**

- Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting Hall

**PROXY FORM**

**GEMSTONE INVESTMENTS LIMITED  
(CINL65990MH1994PLC081749)**

**Regd. Off.:** Room No.105, 1<sup>st</sup> Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai-400003.

**E-mail:-** [gemstoneitd@gmail.com](mailto:gemstoneitd@gmail.com) **Tel:** 022-65102060.

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of the Member(s):	
Registered Address:	
E-mail id:	
Folio No./Client Id:	
DP Id :	

I/We, being the member(s) of \_\_\_\_\_ shares of Gemstone Investments Limited, hereby appoint:

1. Name \_\_\_\_\_  
E mail id: \_\_\_\_\_  
Address \_\_\_\_\_  
Signature \_\_\_\_\_ or failing him;
2. Name \_\_\_\_\_  
E mail id: \_\_\_\_\_  
Address \_\_\_\_\_  
Signature \_\_\_\_\_ or failing him;
3. Name \_\_\_\_\_  
E mail id: \_\_\_\_\_  
Address \_\_\_\_\_  
Signature \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, September 30, 2014 at 9.30 a.m. at Regd. off: Room No.105, 1<sup>st</sup> Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai-400003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	RESOLUTIONS		
		For	Against
<b><u>Ordinary Business</u></b>			
1.	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2014.		
2.	Re-appointment of Mr. Rohan Barot as a Director of the Company.		
3.	Appointment of M/s. N.R.Gala & Associates as Statutory Auditors of the Company.		
<b><u>Special Business</u></b>			
4.	Appointment of Mr. Devendrakumar Shantilal Shah as a Non-Executive Director		
5.	Appointment of Mr. Muljibhai Chheda as an Executive Director of the Company.		
6.	Appointment of Mr. Hitesh Dave as an Independent Director of the Company.		
7.	Appointment of Ms. Shikha Kapasi as an Independent Director of the Company.		
8.	Appointment of Ms. Mahendra C. Dave as an Independent Director of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014  
Signature of Shareholder(s) \_\_\_\_\_  
Signature of Proxy holder(s) \_\_\_\_\_

Affix Revenue Stamp Re.1/-
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**Note:**

1. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

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- α **Management discussion & Analysis Report**
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- α **Cash flow Statement**
- α **Notes to Accounts**



## ***CORPORATE INFORMATION***

### **BOARD OF DIRECTORS:**

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

### **REGISTERED OFFICE:**

Room no. 105, 1<sup>st</sup> Floor, Shradhanand Building, 274,  
Samuel Street, Masjid Bunder, Mumbai- 400 003.

### **BANKERS :**

The CKP Co-op Bank Ltd	Cosmos Bank
Dena Bank	HDFC Bank

### **AUDITORS:**

**M/s. N.R.GALA & ASSOCIATES**

Chartered Accountants

204, Sai Amrut, Raigadh Chowlk, Ghatkopar (E), Mumbai-400077

### **REGISTER & 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](mailto:sharexindia@vsnl.com)

### **COMPLIANCE OFFICER:**

Mr. Anant Palan

# **DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present their 20<sup>th</sup> Annual Report on the operations of the Company and the Audited Statement of Accounts for the Year ended 31<sup>st</sup> March 2014.

▪ **Financial Results:**

Particulars	2013-2014	2012-2013
<b>Total Revenue</b>	1,09,00,117.00	1,62,48,107.00
<b>Total Expenses</b>	8,144,387.23	1,19,09,925.03
<b>Profit before Tax</b>	<b>27,55,729.77</b>	<b>43,38,181.97</b>
<b>Tax Expenses</b>	909,256.00	13,96,897.00
<b>Profit After Tax</b>	<b>1,846,473.77</b>	<b>29,41,284.97</b>

During the F.Y. 2013-14, revenue from operations were reported at Rs. 10,892,635/- as against Rs. 16,245,107/- during the F.Y. 2012-13. Further, the Net profit before tax for the F.Y. 2013-14 stood at Rs. 2,755,729.77/- as against Rs. 4,338,181.97/- in F.Y. 2012-13.

Last couple of years, your Company has been facing external challenges which in turn affected the profitability of the Company.

The Board of Directors of your Company are internally framing the strategies and policies to face such challenges and to have edge over it.

Further, the Board is positively working towards the progress and preparing your company to sustain in this competitive world, in the momentum to attaining the growth aspired..

▪ **Dividend:**

The Company is in the stage of expansion and keeping in view the same no dividend is declared during the year under consideration.

▪ **Directors:**

- Mr. Rohan Barot, Director of your Company retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.
- As per the Section 152 and 160 of the Companies Act, 2013 and other applicable rules and regulations, time been in force, appointment of Mr. Devendrakumar Shah has been proposed in the forthcoming Annual General Meeting as a Non-Executive Director of the Company. A resolution for his appointment forms part of the notice convening the said Annual general Meeting.

- In accordance to Section 152, 160 and Rule 13 of Companies Act, 2013 Mr. Muljibhai Chheda's appointment is proposed as an Executive Director on the Board of the Company, subject to members' approval at the forthcoming Annual General Meeting.
- As per Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of upto five consecutive years.  
A person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.
- Considering the experience and professional expertise of the independent directors, and in accordance to the applicability of relevant provisions of Companies Act, 2013, it is hereby proposed to the members that the following independent directors be appointed for a period of 5 (FIVE) years w.e.f 1st October, 2014.
  - Mr. Hitesh Dave,
  - Ms. Shikha Kapasi, and
  - Mr. Mahendra Dave

A resolution proposing their tenure as per their tenure of appointment forms part of the Notice of the forthcoming Annual General Meeting of the Company.

▪ **Changes in Capital Structure:**

There are no changes in the capital structure of the company during year 2013-14.

▪ **Listing:**

The Company's Equity shares are listed on the Bombay Stock Exchange Limited (BSE LIMITED).

▪ **Public Deposits:**

The Company has neither invited nor accepted any deposits during the year under review.

▪ **Director's Responsibility Statement:**

Based on the representations received from the operating management and pursuant to the provisions of Section 217 of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- They 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 at the end of the financial year and of the profit or loss of the Company for that period;

- They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records, safeguarding the assets of the Company and for preventing and detecting material fraud and other irregularities;
- They have prepared the Annual Accounts on a going concern basis.

▪ **Corporate Governance:**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI.

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.

▪ **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.

▪ **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

In view of the nature of the activities which are being carried out by the Company, Rules 2A & 2B of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

During the year under review, neither the Company had any Foreign Exchange Earnings nor did it spend any foreign exchange on any account.

▪ **Auditors:**

The Statutory Auditors of the Company, **M/s. N R Gala & Associates**, Chartered Accountants retire at the ensuing Annual General Meeting and have confirmed their eligibility for re- appointment in terms of Section 139,141 and 142 of the Companies Act, 2013, subject to members' approval.

▪ **Employees:**

During the year ended March 31, 2014, no employee is drawing remuneration in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975.

▪ **Acknowledgement:**

The Board of Directors places its sincere gratitude for the assistance and co-operation received from Banks, Customers and Shareholders. The Directors take the opportunity to express their sincere appreciation for the dedicated services of the Executives and staffs for their contribution to the overall performance of the Company.

**For and on behalf of the Board**

**Place: Mumbai  
Date: 5<sup>th</sup> September, 2014**

**Sd/-  
Anant Palan  
Chairman & Managing Director**

## CORPORATE GOVERNANCE REPORT

The Company is committed to and continues to practice good corporate governance. The core principles of corporate governance as laid down by the Board lay emphasis on integrity and accountability. The Corporate Governance Code incorporates several practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. The basic philosophy behind an endeavor towards better corporate governance is to enrich the value of stakeholders by achieving business excellence. Gemstone Investments Limited believes that Corporate Governance is a thorough process by which Companies are directed to control and enhance their wealth generating capacity. Gemstone Investments Limited endeavors to virtually create value for its stakeholders, be it Customers, Employees, Shareholders or the Society at large. The company focuses on adopting the highest standard of Corporate Governance and moral business practices based on the following main principles to maintain transparency, accountability and ethics:



- Constitution of a Board of Directors of appropriate composition, size, varied experience and Commitment to discharge their responsibilities and duties.

- Ensuring timely inflow of information to the Board and its Committees to enable them to discharge their functions effectively.
- Compliance to Legal & Regulatory Requirements.
- Maintaining high Ethical standards to maintain relationships with our various stakeholders.
- A sound system of risk management and internal control.
- Timely and balanced disclosure of all material information concerning the Company to all Stakeholders.
- Transparency and Accountability.

## **I. Board of Directors:**

### **1. Board Composition:**

The Board of Directors and its Committee provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The present strength of the Company's Board is 7 (seven) Directors.

The composition of and the category of Directors on the Board of the Company were as under:

<b>Board of Directors</b>	<b>Category</b>
Anant Palan	<b>Chairman</b> & Managing Director
Nimesh Ganatra	Executive Director
Dhara Brahmhatt	Executive Director
Rohan Barot	Executive Director
Hitesh Dave	Non- Executive Independent Director
Shikha Kapasi	Non- Executive Independent Director
Mahendra Dave	Non Executive Independent Director

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. Board Meeting:**

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other Board business. The Board / Committee meetings are pre-scheduled and a tentative annual calendar for the meetings of the Board and Board Committee's, is circulated to the Directors well in advance in order to facilitate and assist the Directors to plan their schedules for the meetings. Additional meetings are held, when necessary.

The Board held 5 Meetings during 2013-14 on 30<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 4<sup>th</sup> September, 2013, 13<sup>th</sup> November, 2013 and 12<sup>th</sup> February, 2014. 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 2013-2014 and the last Annual General Meeting held on 30<sup>th</sup> September, 2013:

Name of the Director	Number of Board Meetings Attended	Attendance at the last AGM held on 30.09.2013
Anant Palan	5	Yes
Nimesh Ganatra	5	Yes
Hitesh Dave	5	Yes
Shikha Kapasi	5	Yes
Dhara Brahmhatt	5	Yes
Rohan Barot	5	Yes
Mahendra Dave	5	Yes

**4. Other directorships:**

None of the director holds directorships in more than 10 public companies.

**5. Membership of Board Committees:**

No director holds membership of more than 10 committees of Board and no director is a chairman of more than 5 committees.

**II Committees of the Board**

Greater specialization and intricacies of modern board work is one of the reasons for increased use of board committees. The reasons include:

- ✓ Responsibilities are shared.
- ✓ More members become involved.
- ✓ Specialized skills of members can be used to best advantage.
- ✓ Inexperienced members gain confidence while serving on the committee.
- ✓ Matters may be examined in more detail by a committee.

**VARIOUS COMMITTEES OF THE BOARD:**

The following are some of the important committees of the Board:

- Audit Committee.



- Stakeholders Relationship Committee (formerly called as Shareholders/Investor Grievance Committee).
- Nomination and Remuneration Committee (formerly called as Remuneration Committee).

**AUDIT COMMITTEE:**

The Company set up its independent Audit Committee .The Company has been reviewing and making appropriate changes in the composition and working of the committee from time to time to bring about greater effectiveness & in order to comply with various requirements under the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Audit Committee comprises of Ms. Shikha Kapasi as it's Chairman and Mr. Hitesh Dave, Mr. Nimesh Ganratra and Mr. Mahendra Dave as its members. All the members of the Committee are 'financially literate'. Moreover, the Audit Committee has members who have 'accounting and related financial management expertise'. Minutes of each Audit Committee meeting are placed before, and when considered appropriate, discussed in the meeting of the Board. The terms of reference of the Audit Committee are extensive and go beyond what is mandated in Clause 49 of the Listing Agreement and Section 177 read with rule 6 of the Companies (Meetings of Board and its Powers ) Rules,2014

**1. The Audit Committee consists of following directors;**

Sr. No.	Name of the Director	Category	Designation
1	Ms. Shikha Kapasi	Non -Executive Independent Director	Chairman
2	Mr. Hitesh Dave	Non -Executive Independent Director	Member
3	Mr. Mahendra Dave	Non- Executive Independent Director	Member
4	Mr. Nimesh Ganatra	Executive Director	Member

**2. Number of Audit Committee Meetings held during the year under review:**

The Audit Committee Meeting was held Five times during the year viz., 24th May, 2013, 10th August, 2013, 30th August, 2013, 8th November, 2013 and 8th February, 2014. The meetings were scheduled well in advance.

Sr. No.	Name of the Director	Number of Meetings held during the year	Number of Meetings attended
1	Ms. Shikha Kapasi	5	5
2	Mr. Hitesh Dave	5	5
3	Mr. Mahendra Dave	5	5
4	Mr. Nimesh Ganatra	5	5

**3. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II) of the listing agreement as follows:**

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
- Recommending the appointment, reappointment and replacement/removal of statutory auditor and fixation of audit fee;
- Approving payment for any other services by statutory auditors;
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management the changes, if any, in accounting policies and practices and reasons for the same.
- Compliance with listing and other legal requirements relating to financial statements.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
- Carrying out other function as may be assigned to committee by the board from time to time.

**STAKEHOLDERS RELATIONSHIP COMMITTEE (FORMERLY VALLED AS SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE):**

A board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This Committee shall be designated as "Stakeholders Relationship Committee".

**1. Composition:**

The Stakeholders Relationship Committee consist of four directors of the Company, viz; Ms. Shikha Kapasi, Chairman, Mr. Hitesh Dave , Mr. Mahendra Dave and Mr. Nimesh Ganatra.

**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., 24th May, 2013, 10th August, 2013, 8th November, 2013 and 8th February, 2014.

Sr. No	Name of the Director	Number of Meetings held during the year	Number of Meetings attended
1	Ms. Shikha Kapasi	4	4
2	Mr. Hitesh Dave	4	4
3	Mr. Mahendra Dave	4	4
4	Mr. Nimesh Ganatra	4	4

Name and Designation of Compliance Officer:

**ANANT PALAN  
MANAGING DIRECTOR**

**8, MEGHDOOT, PLOT NO.4, ROAD NO.4,  
PESTOM SAGAR, CHEMBUR, MUMBAI-400089**

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 year
Nil	NIL	NIL	Nil

**NOMINATION AND REMUNERATION COMMITTEE (FORMERLY CALLED AS REMUNERATION COMMITTEE):**

The role of the committee is to establish overall compensation philosophies, evaluate management performance, recommend compensation and set compensation for executives, consider industry benchmarks, establish and administer performance goals, establish compensation program for employees, recommend director compensation, administer employee benefit and incentive plans, administer stock option and other equity-based plans

**1. Composition and Remuneration Meeting:**

The Nomination and Remuneration Committee comprises of three directors i.e. Ms. Shikha Kapasi, Chairman, Mr. Hitesh Dave, and Mr. Nimesh Ganatra as members. The Nomination and Remuneration Committee met on 30<sup>th</sup> August, 2013.

## 2. Attendance:

All members of the Committee were present at meeting held on 30<sup>th</sup> August, 2013.

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

The main term of reference of the Committee is to approve fixation/revision of remuneration of the Directors of the Company after taking into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.

### III General Body Meeting:

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

Year	AGM No.	Date	Location	Time
2012-13	19 <sup>th</sup>	30 <sup>th</sup> September,2013	Room no.105,Ist Floor, Shradhanand Building,274 Samuel Street, Masjid Bander,Mumbai-400003	9.00 A.M
2011-12	18 <sup>th</sup>	29 <sup>th</sup> September,2012	Room no.105,Ist Floor, Shradhanand Building,274 Samuel Street, Masjid Bander,Mumbai-400003	10.30 A.M
2010-11	17 <sup>th</sup>	30 <sup>th</sup> September,2011	A/310, Arya Arcade, Station Road, Vikroli (West), Mumbai- 400 083	9.30 A.M

#### 2. Details of the Special Resolutions passed during the last 3 AGMs:

Date of AGM	No of Special Resolutions passed	Particulars of Special Resolutions
30/9/2013	NIL	NIL
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

**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

**4. Subsidiary Company:**

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

**5. Disclosure:**

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory Authority.

✓ **Related party transactions:**

During the year 2013-14, transactions of material nature, if any, entered into by the Company with the Promoters or Directors or Management or their relatives, their subsidiaries that may have a potential conflict with interest of the Company, have been recorded in the register maintained for that purpose. The related party transactions with subsidiary companies and others, if any, are disclosed in Notes to Accounts.

✓ **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. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

✓ **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 and a declaration signed by the Managing Director of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of Clause 49-V of the listing agreement).

✓ **Review of Directors' responsibility statement:**

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2014 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. Anand 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.

✓ **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.

**6. Compliance with non-mandatory requirements:**

✓ **Shareholder Rights:**

The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis. The complete Annual Report is sent to every Shareholder of the Company. The quarterly financial results including summary of significant events of relevant period are published in newspapers.

✓ **Audit qualifications:**

It is always the Company's endeavour to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended 31st March, 2014.

✓ **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 & minimisation 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.

**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 listing Agreements.

**8. General Shareholder information:**

**Annual General Meeting:**

**Date:** 30<sup>th</sup> September, 2014

**Day:** Tuesday

**Time:** 9.30 a.m.

**Venue:** Room No. 105, 1<sup>st</sup> Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder, Mumbai- 400 003.

**Financial Year:** 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015.

Adoption of Quarterly Results for the Quarter ending	Tentative/Actual date of the Meeting of the Board
30 <sup>th</sup> June, 2014	14 <sup>th</sup> August, 2014
30 <sup>th</sup> September, 2014	15 <sup>th</sup> November, 2014 (tentative)
31 <sup>st</sup> December, 2014	14 <sup>th</sup> February, 2015 (tentative)
31 <sup>st</sup> March, 2015	30 <sup>th</sup> May, 2015 (tentative)

**Date of Book closure:**

The Book Closure period is from September 25, 2014 and September 26, 2014 (both days inclusive) for the purpose of Annual General Meeting.

**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 2014-2015 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, 2014.

Month	High (Rs.)	Low (Rs.)	Volume
April 2013	4.11	2.30	46137
May 2013	2.26	1.56	146296
June 2013	1.56	1.14	12359594
July 2013	1.12	0.84	589761
August 2013	0.83	0.64	380852
September 2013	0.63	0.39	1576397
October 2013	0.79	0.54	5362859
November 2013	0.92	0.79	750609
December 2013	0.94	0.79	258380
January 2014	1.51	0.93	3255314
February 2014	1.08	0.79	107362
March 2014	0.82	0.77	238703



**Registrars and Share Transfer agents:**

**Sharex Dynamic India Pvt Ltd**

Unit 1, Luthra Industrial Premises,  
Safed Pool, Andheri-Kurla Road,  
Andheri (E), Mumbai 400072.

**Tel.: +91- 22-2851 5606/ 5644/ 6338**

**E-mail: [sharexindia@vsnl.com](mailto: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 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:**

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

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<sup>st</sup> March, 2014:**

Shareholding of Nominal Value of Rs.	Numbers of Holders	% of Holders	Total Amount	% of Amount
<b>Upto - 5000</b>	1226	76.53	1649725.00	2.21
<b>5001 - 10000</b>	107	6.68	871621.00	1.17
<b>10001 - 20000</b>	87	5.43	1224065.00	1.64
<b>20001 - 30000</b>	25	1.56	638654.00	0.85
<b>30001 - 40000</b>	25	1.56	908549.00	1.22

40001 - 50000	24	1.50	1157264.00	1.55
50001 - 100000	39	2.43	3209586.00	4.29
100001 - Above	69	4.31	65090536.00	87.08
<b>Total</b>	<b>1602</b>	<b>100.00</b>	<b>74750000.00</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March, 2014:**

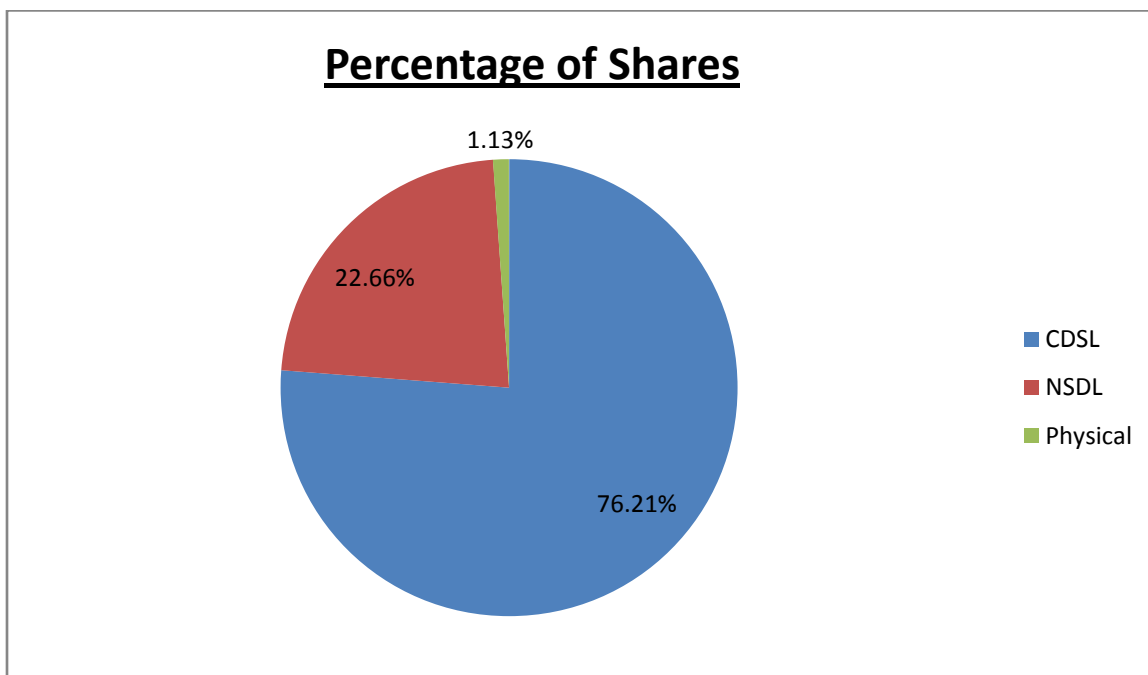
Category	Category of Shareholder	Number of shares held	Percentage of shareholding
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>		
<b>1</b>	<b>Indian</b>		
<b>(a)</b>	Individuals/ Hindu Undivided Family	868000	1.16
<b>(b)</b>	Central Government/ State Government(s)	0	0.00
<b>(c)</b>	Bodies Corporate	0	0.00
<b>(d)</b>	Financial Institutions/ Banks	0	0.00
<b>(e)</b>	Any Others(Specify)	0	0.00
	<b>Sub Total(A)(1)</b>	<b>868000</b>	<b>1.16</b>
<b>2</b>	<b>Foreign</b>	0	0.00
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>868000</b>	<b>1.16</b>
<b>(B)</b>	<b>Public shareholding</b>		
<b>1</b>	<b>Institutions</b>	0	0.00
	<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Non-institutions</b>		
<b>(a)</b>	Bodies Corporate	38210223	51.12
<b>(b)</b>	Individuals		
<b>I</b>	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	8616525	11.53
<b>II</b>	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	26651738	35.65
<b>(c)</b>	Any Other		
<b>I</b>	Clearing Member	345634	0.46
<b>II</b>	Non Resident Indians (Repat)	57880	0.08
	<b>Sub-Total (B)(2)</b>	<b>73882000</b>	<b>98.84</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>73882000</b>	<b>98.84</b>
	<b>Total (A)+(B)</b>	<b>74750000</b>	<b>100.00</b>

(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0.00
	<b>Sub-Total (C)</b>	<b>0</b>	<b>0.00</b>
	<b>Grand Total (A)+(B)+(C)</b>	<b>74750000</b>	<b>100.00</b>

**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 31<sup>st</sup> March 2014, **73,907,150** Equity Shares representing **98.87%** of the total Share Capital had been dematerialized.

Particulars	No of shares	%
<b>CDSL</b>	56970734	76.21
<b>NSDL</b>	16936416	22.66
<b>PHYSICAL</b>	842850	1.13
<b>TOTAL</b>	<b>74750000</b>	<b>100.00</b>



**Report on Corporate Governance as on 31<sup>st</sup> March 2014 as per Clause 49 of Listing Agreement.**

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	<b>49 (I)</b>		
(A) Composition of Board	49 (IA)	Yes	
(B) Non-executive Directors' Compensation & Disclosures	49 (IB)	Yes	
(C) Other Provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
II. Audit Committee	<b>49 (II)</b>		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 (IID)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	
III. Subsidiary Companies	<b>49 (III)</b>	Not Applicable	The Company does not have any material non listed Indian subsidiary.
IV. Disclosures	<b>49 (IV)</b>		
(A) Basis of Related Party Transactions	49 (IVA)	Yes	
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	
(C) Board Disclosures	49 (IVC)	Yes	
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	49 (IVD)	Not Applicable	The Company has not received any proceeds on account of said issues for the quarter under review.
(E) Remuneration of Directors	49 (IV E)	Yes	
(F) Management	49 (IV F)	Yes	
(G) Shareholders	49(IV G)	Yes	

V.CEO/CFO Certification	<b>49 (V)</b>	Yes	The same would be complied in the forthcoming Annual report.
VI. Report on Corporate Governance	<b>49 (VI)</b>	Yes	The same would be complied in the forthcoming Annual report.
VII. Compliance	<b>49 (VII)</b>	Yes	The same would be complied in the forthcoming Annual report.

**Address for Correspondence:**

**Gemstone Investments Limited**

**Regd Off** : Room no. 105 1st Floor, Shradhanand Building, 274 Samuel Street, Masjid Bunder Mumbai-400003.

**Tel No** : 022-65102060

**Email- ID** : gemstoneltd@gmail.com

**For & on behalf of the Board**  
Sd/-  
**Anant Palan**  
**Chairman & Managing Director**

**Place: Mumbai**

**Date: 5<sup>th</sup> September, 2014**

**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 31<sup>st</sup> March, 2014.

**For and on behalf of the Board**  
Sd/-  
**Anant Palan**  
**Chairman & Managing Director**

**Place: Mumbai**

**Date: 5<sup>th</sup> September, 2014**

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE**

To,  
The Members,  
Gemstone Investments Limited

We have examined the compliance of the conditions of Corporate Governance by Gemstone Investments Limited for the year ended 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements 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 conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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**  
FRN No.: 131744W

Sd/-  
Navin Gala  
**(Proprietor)**  
Membership No.: 040640

Place: Mumbai  
Date: 29/05/2014

# **MANAGEMENT DISCUSSION ANALYSIS REPORT**

## **GLOBAL ECONOMY:**

The global economy witnessed sluggish trade and low investment activity, resulting in a growth of 3% in the financial year 2013-14. Economic uncertainties weighed heavily on market sentiments worldwide. There was continued weakness in the Euro zone and sluggish growth in India and China, along with the dilemma over withdrawal of the US fiscal stimulus. Speculation about the withdrawal of quantitative easing in the US led to capital flight and currency depreciation, hurting developing countries in their financial markets.

The outlook for 2014-15 is more positive as businesses and consumer sentiments have both revived in a changing environment. The European markets have firmed up while China is expected to be a turning point in the financial year 2014-15, shifting from a period of rapid economic development to a stable growth phase of around 7.5%.

## **INDIAN ECONOMY:**

The Indian economy grew at a rate of 4.7% during the financial year 2013-14. Containment of the fiscal and current account deficits in the coming months will provide a cushion to the Indian economy from further volatility. Inflation expectations have moderated and retail inflation stands at 8.31% in March 2014.

The Cabinet Committee on Investment (CCI) and the Project Monitoring Group (PMG) have cleared 296 projects at an estimated project cost of Rs. 6.6 trillion. As at end of March 2014 around 284 projects worth Rs. 15.6 trillion are under the consideration of the PMG. The rural demand base is likely to accelerate and external demand is expected to improve further during the financial year 2014-15, given the increase in global trade. Better exports, lower inflation and project clearances will translate into higher investments leading to an improved business environment in the coming years.

## **INDUSTRY STRUCTURE:**

The NBFC sector in India is integral to the financial framework of the country. Compared to the global standards, the size of the industry is relatively small. However, the industry has witnessed a Compounded Annual Growth Rate (CAGR) of 22% during March 2006 to March 2013, when the country's Gross Domestic Product (GDP) slowed down to 4.5% in financial year 2012-13 from 9.6% in financial year 2006-07. Retail credit growth for NBFCs slowed considerably in financial year 2013-14 with the sluggish economy and high interest rates adversely affecting the demand for credit. The persistent challenges in the operating environment resulted in higher delinquency levels for the NBFCs. The NBFCs continue to play a key role in the development of the country by being present in under-banked and unbanked regions and participating in inclusive growth.

## **BUSINESS OVERVIEW:**

We strongly believe in building a strong financial community. We continue to provide 'credit with confidence' to people who do not have access to organized financial services. In NBFC business, the total income of this business was recorded at 1.09 Crores as compared to Rs. 1.62 Crores in FY 2012-13. This has been mainly due to the external challenges faced by the Company which in turn affected the profitability of the Company.

The Board of Directors of your Company are internally framing the strategies and policies to face such challenges and to have edge over it.

## **OUTLOOK:**

The markets will continue to grow and mature leading to differentiation of products and services. Each financial intermediary will have to find its niche in order to add value to consumers. The Company is cautiously optimistic in its outlook for the year 2014-15.

## **RISK MANAGEMENT:**

Risk management is an integral part of the Company's business process. In the normal course of business, NBFCs are exposed to numerous various risks. The managements of NBFCs have to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. The several major risks in the course of their business are - fraudulent transaction risk, reputational risk, credit risk, interest rate risk, liquidity risk and operational risk. 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.

## **HUMAN RESOURCES:**

Your Company believes that people are its most significant resource and endeavors to provide an environment which encourages and enables talented professionals to perform to their fullest. 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.

## **CAUTIONARY STATEMENTS:**

Statements in this Management Discussion and Analysis Report describing Company's objectives, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual Results might differ substantially or



materially from those expressed or implied. 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. Your Company does not undertake to update these statements.

**For Gemstone Investments Limited**

**Sd/-**

**Anant Palan**

**Chairman & Managing Director**

**DIN:02183592**

**Place: Mumbai**

**Date: 5<sup>th</sup> September, 2014**

## MANAGING DIRECTORS CERTIFICATE

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

### MANAGING DIRECTOR CERTIFICATE

I, Anant H. Palan, Managing Director of M/s. Gemstone Investments Limited certify that on behalf of the Company that:

1. We have reviewed the financial statements for the year 2013-14 and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
  - a) Significant changes in internal controls over financial reporting during the year;
  - b) Significant changes in the accounting policies during the year;
  - c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting. However, during the year there were no such changes and instances.

By the Order of the Board  
For **Gemstone Investments Limited**  
Sd/-

**Anant H. Palan**  
Chairman & Managing Director

**Place: Mumbai**  
**Date : 5<sup>th</sup> September, 2014**

# *Independent Auditor's Report*

TO THE MEMBERS OF GEMSTONE INVESTMENTS LIMITED

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## **Report on Financial Statements**

We have audited the accompanying financial statements of Gemstone Investments Limited which comprise the balance sheet as at 31 March 2014, 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**

Management is responsible for the preparation of these financial statements that give a true and fair view of the 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 Companies 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 are 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. **Subject to the matters discussed in this report**, We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants 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 assessments, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

### **Companies (Auditor's Report) Order, 2003 (CARO)**

As required by the companies (Auditors Report) Order, 2003 (CARO) issued by the central government in terms of section 227(4A) of the Companies Act, 1956 ("the Act") we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, **which is subject to the matters discussed in this report.**

### **Basis of Opinion**

**We draw our attention to the following matters:**

1. The balance of the loans and advances are subject to confirmation and reconciliation.
2. The Company has not stipulated any term for payment of interest and repayment of loans at any time of sanctioning the loan but the company follows the practice of providing interest at the year end.
3. One bank account with the HDFC bank is being frozen by the investigation wing of the Income Tax Department who was carrying inquiries in respect of some other companies.
4. During the year the company has disposed off some of the unquoted investments of Rs. 669.00 lacs at book value and has collected Rs. 580 lacs, the remaining balance of Rs. 89.00 lacs has been shown as current investments.
5. The company has not complied with the bank's circular DNDS/(PD) CC No. 200/03-10001/2010-11 dated 17/09/2010 for all the NBFC being credit institutions are required to become member of at least one credit information company.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required **subject to our comments in paragraph 1 to 5 in basis of opinion above**, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the statement of Profit and Loss Account, of the profit 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, **subject to the our comments in paragraph 1 to 5 in basis of opinion above**, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 comply 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 subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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**  
FRN No.: 131744W  
Sd/-  
Navin Gala  
**(Proprietor)**  
Membership No.: 040640

Place: Mumbai  
Date: 29/05/2014

## ANNEXURE TO THE AUDITORS' REPORT

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**The Annexure referred to in paragraph 1 of our report of even date, to the members of Gemstone Investments Limited on the accounts of the company for the year ended 31<sup>st</sup> March 2014.**

On the basis of such checks as considered appropriate and according 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 explanation given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. According to the information and explanation given to us, the company is Non Banking Finance Company which does not carry any inventory.
3. (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the Company has not granted loans during the year. However the outstanding balance as on 31/03/2014 is of Rs. 20 lacs (previous year 20 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 Outstanding balance of loan to M/S Asian Comtrade Pvt Ltd is of Rs. 20 Lacs as on 31/03/2014.  
  
(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 partners listed in the register maintained under Section 301 of the 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 procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and payment for expenses. However the company doesn't have adequate internal control system for sanctioning of loans and advances.
5. a) Based on the Audit procedure applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements 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 of 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.
6. The Company has not accepted any deposits under section 58A and 58AA of the Companies Act, 195 and the Companies (Acceptance of Deposits) rules 1975, and hence the provisions of the clause 4(vi) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
7. The Company doesn't have an internal audit system commensurate with the size and 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 no undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service 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 explanation given to us there were no outstanding statutory dues as on 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable  
  
(b) According to the information and explanations given to us, except income tax of Rs. 7.96 lacs (Asst year 2012-12) no undisputed amount amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty and cess were in arrears as at March 2014 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	3,98,98,380/-

10. The Company does not have any accumulated loss 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 debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and 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 provision 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 explanation given to us, the company has disposed off the some of the unquoted investment at the book value and 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 therein.
15. According to the information explanations given to us, the Company has not given any grantees for loan taken by others from a 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 31<sup>st</sup> March, 2014 we report that no funds raised on the 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 by 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**  
FRN No. 131744W  
Sd/-  
Navin Gala  
**(Proprietor)**  
Membership No.: 040640

Place: Mumbai  
Date: 29/05/2014

## BALANCE SHEET AS ON 31ST MARCH, 2014

( Rs. in '000)

Particulars	Note No.	2013-14	2012-13
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	74,750,000.00	74,750,000.00
(b) Reserves and surplus	2	140,519,684.02	138,673,210.25
(c) Money received against share warrants		-	-
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	11,245,699.00	10,165,699.00
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	4	2,493,091.44	3,509,607.44
(d) Short-term provisions	5	2,560,805.00	2,840,000.00
<b>TOTAL</b>		<b>231,569,279.46</b>	<b>229,938,516.69</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>	6		
(i) Tangible assets		423,261.60	551,361.60
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	7	53,100,730.25	120,000,730.25
(c) Deferred tax assets (net)		11,810.00	16,419.00
(d) Long-term loans and advances	8	111,000.00	101,000.00
(e) Other non-current assets	9	5,911,318.77	6,199,817.77
<b>2 Current assets</b>			
(a) Current investments	10	8,900,000.00	-
(b) Inventories		-	-
(c) Trade receivables	11	337,000.00	337,000.00
(d) Cash and cash equivalents	12	443,034.84	2,812,474.07
(e) Short-term loans and advances	13	162,324,944.00	99,919,714.00
(f) Other current assets	14	6,180.00	-
<b>TOTAL</b>		<b>231,569,279.46</b>	<b>229,938,516.69</b>
		-	-

"The previous year's figures are regrouped as and when required."

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:** 29<sup>th</sup> May, 2014.

**GEMSTONE INVESTMENTS LIMITED**

**Sd/-**

**Nimesh P. Ganatra**

Director

**Sd/-**

**Anant H. Palan**

Chairman & Managing Director

**STATEMENT PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup>  
MARCH 2014.**

(Rs. in '000)

Particulars		Refer Note No.	2013-14	2012-13
I.	Revenue from operations	15	10,892,635.00	16,245,107.00
II.	Other income	16	7,482.00	3,000.00
<b>III.</b>	<b>Total Revenue (I + II)</b>		<b>10,900,117.00</b>	<b>16,248,107.00</b>
IV.	<b>Expenses:</b>			
	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	17	1,990,487.00	2,599,396.00
	Finance costs	18	1,216,532.01	258,299.54
	Depreciation and amortization expense	6	128,100.00	353,621.89
	Other expenses	19	4,809,268.22	8,698,607.60
	<b>Total expenses</b>		<b>8,144,387.23</b>	<b>11,909,925.03</b>
V.	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>2,755,729.77</b>	<b>4,338,181.97</b>
VI.	Exceptional items		-	-
VII.	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>2,755,729.77</b>	<b>4,338,181.97</b>
VIII.	Extraordinary Items		-	-
IX.	<b>Profit before tax (VII- VIII)</b>		<b>2,755,729.77</b>	<b>4,338,181.97</b>
X	Tax expense:			
	(1) Current tax		904,647.00	1,339,536.00
	(2) Deferred tax		4,609.00	57,361.00
			<b>909,256.00</b>	<b>1,396,897.00</b>
XI	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>1,846,473.77</b>	<b>2,941,284.97</b>
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	<b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV	<b>Profit (Loss) for the period (XI + XIV)</b>		<b>1,846,473.77</b>	<b>2,941,284.97</b>
XVI	Earnings per equity share:			
	(1) Basic		0.02	0.04
	(2) Diluted		0.02	0.04

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:** 29<sup>th</sup> May, 2014.

**GEMSTONE INVESTMENTS LIMITED**

**Sd/-**  
**Nimesh P. Ganatra**  
**Director**

**Sd/-**  
**Anant H. Palan**  
**Chairman & Managing Director**

**CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2014.**

(Rs. in '000)

PARTICULARS	YEAR ENDED 31/03/2014		YEAR ENDED 31/03/2013	
	AMOUNT IN RS.		AMOUNT IN RS.	
<b>A) Cash flow from operating activities</b>				
Net profit before tax & extra ordinary items & prior period items	3,440,649		4,338,182	
Adjustment for:				
i) Profit on sale of investments	-		-	
ii) Provisions for non performing assets no longer required	-		-	
iii) Provisions for decline in investment no longer required	-		-	
iv) Dividend income	-		-	
v) Prior period expenses	(684,919)		-	
	2,755,730		4,338,182	
vi) Preliminary expenses	-		-	
vii) New Issue expenses written off	-		-	
viii) Depreciation	(128,100)		(353,622)	
ix) Provision for non performing assets	-		-	
x) Sundry balance written back	-		-	
xi) loss on value of shares	-		-	
xii) Provision for tax	-		-	
xiii) Provision for decline in investments	-		-	
	(128,100)		(353,622)	
<b>OPERATING PROFITS BEFORE WORKING CAPITAL CHANGES</b>		<b>2,883,830</b>		<b>4,691,804</b>
Tax Paid (T.D.S)	(810,600)		(1,112,391)	
		<b>(810,600)</b>		<b>(1,112,391)</b>
<b><i>Changes in working capital:</i></b>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-		-	
Trade receivables	-		(337,000)	
Short-term loans and advances	(62,405,230)		88,952,356	
Long-term loans and advances	(10,000)		-	
Other current assets	(6,180)		-	
Other non-current assets	1,099,099		(1,994,000)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	-		-	
Other current liabilities	(1,016,516)		(379,856)	
Other long term liabilities	-		-	
Short term provisions	-		-	
Long-term provisions	(1,183,842)	(63,522,669)	(222,374)	86,019,126
<b>Cash flow from operating activities</b>		<b>(61,449,439)</b>		<b>89,598,539</b>
<b>B) Cash flow from investing activities</b>				
i) Purchase /Sale of fixed assets	-		527,217	
ii) Acquisition of investment (net of sales)	58,000,000		(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		58,000,000		(98,535,783)
		<b>(3,449,439)</b>		<b>(8,937,244)</b>
<b>C) Cash flow from financial activities</b> (Repayment of loan)/proceeds from borrowing	1,080,000	1,080,000	9,466,161	9,466,161
<b>Net changes in cash or cash equivalents (A+B+C)</b>		<b>(2,369,439)</b>		<b>528,917</b>
Cash & Cash equivalents				
Opening balance		2,812,474		2,283,557
Closing balance		443,035		2,812,474
As per our report of even date <b>FOR N R GALA &amp; ASSOCIATES</b> <b>Chartered Accountants</b>				
<b>Sd/-</b> <b>NAVIN R. GALA</b> Proprietor M. NO.: 40640 Firm Reg. No:131744W <b>Place:</b> Mumbai. <b>Date:</b> 29 <sup>th</sup> May, 2014.		<b>GEMSTONE INVESTMENTS LIMITED</b>		
	<b>Sd/-</b> <b>Nimesh P. Ganatra</b> Director	<b>Sd/-</b> <b>Anant H. Palan</b> Chairman & Managing Director		

**Note 1**  
**SHARE CAPITAL**

Particulars	2013-14		2012-13	
	Number	Amount	Number	Amount
<b>Authorized</b> Equity Shares of ` Re. 1 each	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
<b>Issued</b> Equity Shares of ` Re.1 each	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00
<b>Subscribed &amp; Paid up</b> Equity Shares of ` Re. 1 each fully paid	74,750,000.00	74,750,000.00	74,750,000.00	74,750,000.00
<b>Subscribed but not fully Paid up</b> Equity Shares of ` Re. 1 each fully paid	-	-	-	-
<b>Total</b>	<b>74,750,000.00</b>	<b>74,750,000.00</b>	<b>74,750,000.00</b>	<b>74,750,000.00</b>

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

Particulars	2013-14		2012-13	
	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	2013-14		2012-13	
	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.	3829788	5.12	10816340	14.47
Arcadia Share & Stock Brokers Pvt. Ltd.	12000000	16.05	0	0
IFCI Financial Services Limited	0	0	7490049	10.02
Kaushik Shah Shares & Securities P Ltd.	6000000	8.03	0	0
	<b>29579788</b>	<b>39.57</b>	<b>26056389</b>	<b>34.86</b>

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

Particulars	Year (Aggregate No. of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Equity Shares :</b>					
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
<b>Preference Shares :</b>					
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	2013-14	2012-13
By Directors	NIL	NIL
By Officers	NIL	NIL

**Note 2**  
**RESERVES AND SURPLUS**

Particulars	2013-14	2012-13
<b>a. Capital Reserves</b>		
Opening Balance	3,693,335.59	3,693,335.59
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>3,693,335.59</b>	<b>3,693,335.59</b>
<b>b. Investment Fluctuation Reserve</b>		
Opening Balance	4,233,201.60	4,233,201.60
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>4,233,201.60</b>	<b>4,233,201.60</b>
<b>c. Securities Premium Account</b>		
Opening Balance	116,550,000.00	116,550,000.00
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	<b>116,550,000.00</b>	<b>116,550,000.00</b>
<b>d. Share Forfeiture Reserve</b>		
Opening Balance	9,126,000.00	9,126,000.00
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>9,126,000.00</b>	<b>9,126,000.00</b>
<b>e. Surplus</b>		
Opening balance		
(+) Net Profit/(Net Loss) For the current year	5,070,673.06	2,129,388.09
(+) Transfer from Reserves	1,846,473.77	2,941,284.97
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	<b>6,917,146.83</b>	<b>5,070,673.06</b>
<b>Total</b>	<b>140,519,684.02</b>	<b>138,673,210.25</b>

**Note 3**  
**LONG TERM BORROWINGS**

Particulars	2013-14	2012-13
<b>Unsecured</b>		
Man Finance Ltd	11,245,699.00	10,165,699.00
<b>Total</b>	<b>11,245,699.00</b>	<b>10,165,699.00</b>

**Note 4**  
**OTHER CURRENT LIABILITIES**

Particulars	2013-14	2012-13
(a) Tds Payable	63,244.00	193,351.00
(b) Accounting charges payable	145,000.00	97,000.00
(c) Audit fees payable	244,722.00	138,541.00
(d) Brokerage Payable	1,212,033.00	2,562,033.00
(e) Director remuneration payable	33,301.21	211,391.21
(f) Prof fees payable	111,388.00	95,388.00
(g) Salary Payable	31,500.00	40,000.00
(h) Others	651,903.23	171,903.23
<b>Total</b>	<b>2,493,091.44</b>	<b>3,509,607.44</b>

**Note 5**  
**SHORT TERM PROVISIONS**

Particulars	2013-14	2012-13
Prov for IT for assessment year (12-13)	1,250,658.00	1,250,658.00
Prov for IT for assessment year (13-14)	-	1,339,536.00
Prov for IT for assessment year (14-15)	904,647.00	-
Provisions for standard assets	405,500.00	249,806.00
<b>Total</b>	<b>2,560,805.00</b>	<b>2,840,000.00</b>



**Note 6 : Fixed Assets**

Sr. No.	Name of the Assets	Gross Block				Accumulated Depreciation				Net Block		
		Gross Value As on 01/04/13	Acquired through business combination	Revaluations (Imp)	Gross Value as on 31/03/2014	Op. Balance As on 01/04/13	Depreciation during the Year	On Disposals during the Year	Balance as on 31/03/2014	Bal. As on 31/03/13	Bal. As on 31/03/2014	
(A)	<b>Tangible Assets</b>											
	1 Furniture & Fixture	50,000	-	-	50,000	15,510.11	6,243.00	-	21,753.11	34,489.89	28,246.89	
	2 Vehicles	936,691	-	-	936,691	519,664.62	107,968.00	-	627,632.62	417,026.38	309,058.38	
	3 Office equipment	130,900	-	-	130,900	31,054.67	13,889.00	-	44,943.67	99,845.33	85,956.33	
	<b>Sub Total( A)</b>	<b>1,117,591</b>	<b>-</b>	<b>-</b>	<b>1,117,591.00</b>	<b>566,229.40</b>	<b>128,100.00</b>	<b>-</b>	<b>694,329.40</b>	<b>551,361.60</b>	<b>423,261.60</b>	
(B)	Intangible Assets	-	-	-	-	-	-	-	-	-	-	
(C)	Capital Work In Progress	-	-	-	-	-	-	-	-	-	-	
(D)	Intangible Assets under	-	-	-	-	-	-	-	-	-	-	
	<b>Total (A) +(B)+(C)+(D)</b>	<b>1,117,591</b>	<b>-</b>	<b>-</b>	<b>1,117,591.00</b>	<b>566,229.40</b>	<b>128,100.00</b>	<b>-</b>	<b>694,329.40</b>	<b>551,361.60</b>	<b>423,261.60</b>	
	<b>Previous Year Total</b>	<b>2,267,570</b>	<b>(1,149,979.00)</b>	<b>-</b>	<b>1,117,591.00</b>	<b>827,481.90</b>	<b>353,621.89</b>	<b>622,762.23</b>	<b>1,181,103.79</b>	<b>1,432,200.26</b>	<b>551,361.60</b>	

Note 7

NON-CURRENT INVESTMENTS

	Particulars	2013-14	2012-13
<b>A</b>	<b>Trade Investments</b>		
	(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)	-	-
	<b>Total (A)</b>	-	-
<b>B</b>	<b>Other Investments (Refer B below)</b>		
	(a) Investment Properties	34,000,000	100,900,000
	(b) Investment in Equity instruments	15,200,730.25	15,200,730.25
	(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)	3,900,000.00	3,900,000.00
	<b>Total (B)</b>	<b>53,100,730.25</b>	<b>120,000,730.25</b>
	<b>Grand Total (A + B)</b>	<b>53,100,730.25</b>	<b>120,000,730.25</b>
	Less : Provision for diminution in the value of Investments		
	<b>Total</b>	<b>53,100,730.25</b>	<b>120,000,730.25</b>

Particulars	2013-14	2012-13
Aggregate amount of quoted investments (Market value of Rs.558970 (Previous Year ` Rs.1901040)	15,200,730.25	0.00
Aggregate amount of unquoted investments (Previous Year ` 104800000)	37,900,000.00	0.00

B.	Details of Other Investments										Whether stated at Cost Yes / No	If Answer (9) is 'No' - Basis of Valuation	
	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			
				2013-14	2012-13			2013-14	2012-13	2013-14	2012-13		
1	2		3	4	5	6	7	8	9	10	11	12	13
(a)	<b>Investment Properties</b>												
	Blue Circle Infra	Others								34,000,000	34,000,000		
	Blumdale Finvest	Others								0	0		
	Lalita Exports P Ltd	Others								0	0		
	Nayan Trade Resources PLtd	Others								0	0		
	Piumetti Exports P	Others								0	0		
	Tinal Pharmaceutical P Ltd	Others								0	0		
(b)	<b>Investment in Equity Instruments</b>												
	RFL International	Others		102,75	102,755	Quoted	Fully paid		2.02%	107,513.25	107,513.25	Yes	
	Spectacle	Others		32,500	32,500	Quoted	Fully paid		0.63%	1,509,3217.00	15,093,217.00	Yes	
(c)	<b>Other non-current investments</b>												
	Aishwarya Capital Services	Others								1,500,000	1,500,000		
	Asian FinTrade service Pvt Ltd	Others		0	240,000	Unquoted	Fully paid		0%	2,400,000	2,400,000		
	<b>Total</b>									<b>53,100,730.25</b>	<b>120,000,730.25</b>		

**Note 8****LONG TERM LOANS AND ADVANCES**

Particulars	2013-14	2012-13
<b>a. Security Deposits</b>		
Secured, considered good	111,000.00	101,000.00
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
<b>Total</b>	<b>111,000.00</b>	<b>101,000.00</b>

**Note 9****OTHER NON-CURRENT ASSETS**

Particulars	2013-14	2012-13
Income tax	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	693471.00
TDS (A Y 2011-12)	415598.00	415598.00
TDS (A Y 2012-13)	-	1112391.00
TDS (A Y 2013-14)	13292.00	-
TDS (A Y 2014-15)	810600.00	-
Others	2493451.00	2493451.00
<b>Total</b>	<b>5,911,318.77</b>	<b>6,199,817.77</b>

**Note 10****NON-CURRENT INVESTMENTS**

	Particulars	2013-14	2012-13
<b>A</b>	<b>Trade Investments</b>		
	(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)	-	-
	<b>Total (A)</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>Other Investments (Refer B below)</b>		
	(a) Investment Properties	8900000.00	-
	(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)	-	-
<b>Total (B)</b>	<b>8900000.00</b>	<b>-</b>
<b>Grand Total (A + B)</b>	<b>8900000.00</b>	<b>-</b>
Less : Provision for diminution in the value of Investments		
<b>Total</b>	<b>8900000.00</b>	<b>-</b>

**B. Details of Other Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others								2013-14	2012-13
			4	5	6	7	8	9	10	11	
1	2	3	4	5	6	7	8	9	10	11	
<b>(a)</b>	<b>Investment Properties</b>										
	Lalita Exports P Ltd	Others							2,000,000	0	
	Nayan Trade Resources P Ltd	Others							250,000	0	
	Piumetti Exports P Ltd	Others							2,250,000	0	
	Tinal Pharmaceutical P Ltd	Others							4,400,000	0	
<b>(b)</b>	<b>Investment in Equity Instruments</b>								-	-	
<b>(c)</b>	<b>Investments in Preference Shares</b>								-	-	
<b>(d)</b>	<b>Investments in Government or Trust securities</b>								-	-	
<b>(e)</b>	<b>Investments in Debentures or Bonds</b>								-	-	
<b>(f)</b>	<b>Investments in Mutual Funds</b>								-	-	
<b>(g)</b>	<b>Investments in partnership firms*</b>								-	-	
<b>(h)</b>	<b>Other non-current investments (specify nature)</b>								-	-	
	<b>Total</b>								<b>8,900,000.00</b>	<b>-</b>	

**Note 11****TRADE RECEIVABLE**

Particulars	2013-14	2012-13
Trade receivables outstanding for a period less than six months from the date they are due for payment.		
Secured, considered good	-	-
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	-	-
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	337,000.00	337,000.00
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
<b>Total</b>	<b>337,000.00</b>	<b>337,000.00</b>

**Note 12****CASH AND CASH EQUIVALENTS**

Particulars	2013-14	2012-13
<b>a. Balances with banks</b>	441,310.70	2,798,647.93
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>b. Cheques, drafts on hand</b>	1,724.14	13,826.14
<b>c. Cash on hand*</b>	-	-
<b>d. Others (specify nature)</b>		
<b>Total</b>	<b>443,034.84</b>	<b>2,812,474.07</b>

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

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

Particulars	2013-14	2012-13
<b>Unsecured, considered good :</b>		
Loans & Advances recoverable in cash or in kind	162,324,944.00	99,919,714.00
<b>Total</b>	<b>162,324,944.00</b>	<b>99,919,714.00</b>

**Note 14****OTHER CURRENT ASSETS**

Particulars	2013-14	2012-13
Receivable from employee	6,180.00	-
<b>Total</b>	<b>6,180.00</b>	<b>-</b>

**Note 15****REVENUE FROM OPERATIONS**

Particulars	2013-14	2012-13
Interest Income	10,892,635.00	16,245,107.00
Bad debts recovery	-	-
Other operating revenues	-	-
Speculative profit	-	-
Sale of services	-	-
Dividend	-	-
Income from sale of Investment	-	-
<b>Total</b>	<b>10,892,635.00</b>	<b>16,245,107.00</b>

**Note 16****OTHER INCOME**

Particulars	2013-14	2012-13
Interest Income (in case of a company other than a finance company)	-	-
Swap Income	-	-
Rent income	-	-
Net gain/loss on sale of investments	-	-
Other non-operating income (net of expenses directly attributable to such income)	7,482.00	3,000.00
<b>Total</b>	<b>7,482.00</b>	<b>3,000.00</b>

**Note 17****EMPLOYEE BENEFITS EXPENSE**

Particulars	2013-14	2012-13
(a) Salaries and incentives	1,918,000.00	2,577,415.00
(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	72,487.00	21,981.00
<b>Total</b>	<b>7,482.00</b>	<b>3,000.00</b>

**Note 18****FINANCE COSTS**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Interest expense	1,213,372.00	257,085.00
Bank charges	3,160.01	1,214.54
Applicable net gain/loss on foreign currency transactions and translation	-	-
<b>Total</b>	<b>1,216,532.01</b>	<b>258,299.54</b>

**Note 19****OTHER EXPENSES**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Advertisement expenses	59,726.00	-
Balances written off	4,345,600.00	6,816,195.00
Brokerage	-	1,624,500.00
Provision against standard assets	155,694.00	-2,22,374.00
Professional and legal fees	316,043.00	-
Rent	48,000.00	-
<b><u>Payments to the auditor as</u></b>		
a. auditor	117,978.00	40,450.00
b. for taxation matters	-	-
c. for company law matters	-	-
d. for management services	-	-
e. for other services	-	40,450.00
f. for reimbursement of expenses	-	-
Prior period expense/(Income)	-	-
Excess interest provided in past period	-762,696.00	-
Professional and legal fees	77,777.00	-
Miscellaneous expenses,	451,146.22	399,386.60
<b>Total</b>	<b>4,809,268.22</b>	<b>8,698,607.60</b>



## SCHEDULE -20: Accounting Policies

### **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 current investments. Current investments are stated at lower of cost or fair market value. Non Current Investments are stated at cost less provision for permanent diminution in value if any, of investments. During the year the company has disposed off the some of the unquoted investments of Rs.669.00 lacs at book value and has collected Rs. 580 lacs, the remaining balance of Rs.89.00 lacs has been shown as Current 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**

- 1 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 The company adopts the accounting system as stipulated under Non banking Financial Companies Prudential Norms,(Reserve Bank)Directions,1998 dated 2<sup>nd</sup> 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.

- 3 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

- 4 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	Ms Shikha Kapasi
	Mr Nimesh P.Ganatra
	Mr. Anant Palan
	Mr. Hitesh Dave
	Mr. Rohan Barot
	Mr. Mahendra Dave
	Ms. Dhara Brahmhatt

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 2014	Year Ended 31 <sup>st</sup> March 2013
1	Investment in equity Asian Fintrade Services P Ltd.	24,00,000	24,00,000

Sr No	Nature of Transaction	Directors	
		Year Ended 31-st March 2014	Year Ended 31 <sup>st</sup> March 2013
1	Remuneration Nimesh Ganatra	3,50,000	3,00,000
	Shikha Kapasi	3,50,000	2,25,000
	Anant Palan	Nil	2,20,000

- 5 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 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
<b>(I) profit Computation for both basic and diluted earning per share of Rs. 10 each:</b>		
Net profit as per profit and loss account available for equity shareholders.	27,55,729.77	43,38,181.97
(II) weighted Average Number of equity shares for earning per share computation		
For basic / diluted earning per share	7,47,50,000	7,47,50,000
Basic/Dilluted earning per Share.	<b>0.02</b>	<b>0.04</b>

- 6 Directors remuneration:

Name	Current Year (Rs)	Previous Year (Rs)
Mr. Nimesh Ganatra	3,50,000	3,00,000
Ms Shikha Kapasi	3,50,000	2,25,000
Mr. Anant Palan	Nil	2,20,000

- 7 Payment to Auditors.:

Payments to the auditor as	Current Year (Rs)	Previous Year (Rs)
a. auditor	117978.00	40450.00
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	0.00	40450.00
f. for reimbursement of expenses	0.00	0.00

- 8 As required by notification number, GSR 129(E) dated 22<sup>nd</sup> February,1999 issued by the department of company Affairs, Ministry of Law and company affairs the company doesn't owe Rs. 1,00,000/- and above which are outstanding for more than 30 days to any small scale industrial undertaking.
- 9 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.

- 10 There is no amount due to be transferred to investor's education and Protection Fund as on 31<sup>st</sup> March 2014.
- 11 Previous years figures have been regrouped, reclassified wherever necessary to make them comparable to that of current year.

*for* **GEMSTONE INVESTMENTS LIMITED**

*For* **M/S N R GALA & ASSOCIATES.**  
**Chartered Accountants**

sd/-  
Nimesh P. Ganatra  
Director

sd/-  
Anant Palan  
Managing Director

**Sd/-**  
**NAVIN R. GALA**  
**PROPRIETOR**  
**MEM NO:40640**

**Place : Mumbai**  
**Date : 29/05/2014**

## BOOK POST

If undelivered, please return to,

**GEMSTONE INVESTMENTS LIMITED**

Room No. 105, 1st Floor,

Shradhanand Building,

274 Samuel Street, Masid Bander.

Mumbai-400 003.