

20th October, 2016

To
Listing Compliances,
BSE Limited
P. J. Tower,
Dalal Street,
Fort, Mumbai-400001.

Scrip code :531137
Security Id : GEMSI

Sub: Submission of Annual report under regulation 34 of the SEBI (LODR) Regulations, 2015

Dear Sir/Ma'am,

In accordance with the provision of the Regulation 34(1) of the SEBI (LODR), 2015, we herewith submit softcopy of Annual Report for the financial year 2015-16 duly approved and adopted by the Shareholders of the Company at the Annual General Meeting held on 30th September, 2016.

Kindly update the same in your record & oblige us.

Thanking You,

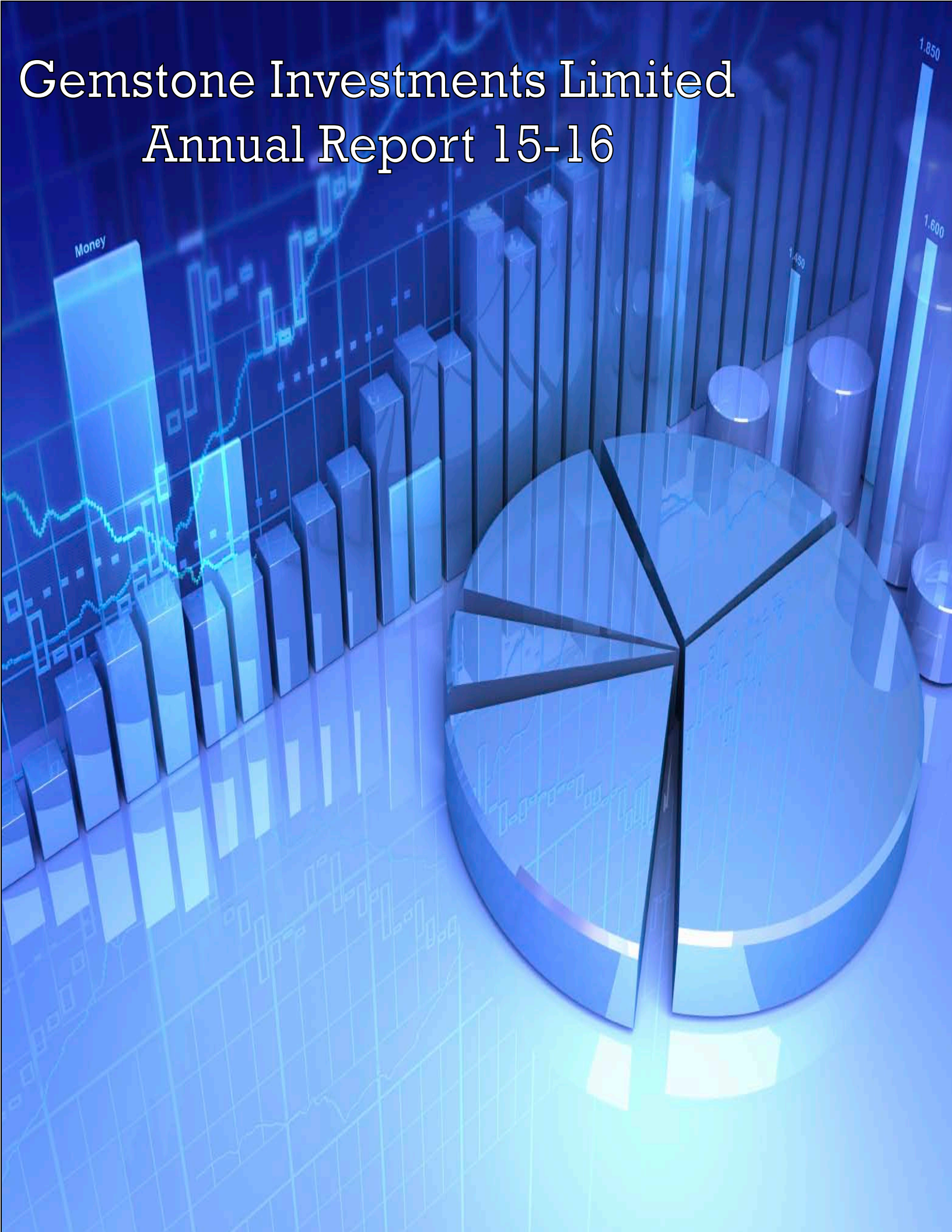
For Gemstone Investments Limited

M. K. Bhuvra
Manali Bhuvra
Director
DIN: 01818201



Gemstone Investments Limited

Annual Report 15-16



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Dear Shareholders,

Our CLEAR VISION has been “to deliver differentiated services, thereby achieving superior operating and financial performance, ensuring sustained growth to enhance stakeholder success and shareholder wealth.” This is a scientifically planned strategy, based on our knowledge and understanding about the markets we operate in.

Our Company is a NBFC, operating as an Investment Company. We aim at providing continuous financial services that compliment businesses and serve the financial and protection needs. We have a direct competition with other organized NBFC in investment sector. To compete with them, we are aspiring and targeting to emerge as a one-stop shop for all financial services.

I am also glad to share the performance of Gemstone Investments Limited for the year 2015-16.

For the year ending March 31, 2016 the net revenue of Gemstone was Rs 22,916,702/- over last year and overall net profit before tax of Rs 5,175,322/-. Going deeper across the country’s unbanked regions, we at Gemstone are optimistic that we would continue to expand our investment book and monitor our margins.

Our aim is to build a tomorrow that all of us are proud of. We shall therefore, aim higher, move faster and perform better than ever before.

We will execute the strategies with the same commitment and passion that we are known for to serve our customers, business partners and investors. Everyone associated with us can be certain that we shall reciprocate their trust.

Sd/-

**Dhara Brahmhatt
Chairman & Managing Director**

CORPORATE INFORMATION

| | | |
|--------------------------|---|--|
| REGISTERED OFFICE | : | 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road Ext., Vile Parle (E), Mumbai – 400057 |
| TEL | : | 022 – 65102060 |
| EMAIL ID | : | gemstoneltd@gmail.com |
| CIN | : | L65990MH1994PLC081749 |

BOARD OF DIRECTORS

| | |
|-----------------------|------------------------------------|
| ⊕ Ms. DharaBrahmbhatt | Chairman & Managing Director |
| ⊕ Mr. RohanBarot | CFO & Executive Director |
| ⊕ Mr. NimeshGanatra | Executive Director |
| ⊕ Mr. Mahendra Dave | Non Executive Independent Director |
| ⊕ Mrs. MamathaShetty | Non Executive Independent Director |
| ⊕ Mr. DharmeshBelani | Non Executive Independent Director |

COMMITTEES OF BOARD OF DIRECTORS

AUDIT COMMITTEE

- ⊕ Mamatha Shetty (Chairman)
- ⊕ Dharmesh Belani (Member)
- ⊕ Nimesh Ganatra (Member)

NOMINATION & REMUNERATION COMMITTEE

- ⊕ Mamatha Shetty (Chairman)
- ⊕ Dharmesh Belani (Member)
- ⊕ Mahendra Dave (Member)

**STAKEHOLDERS RELATIONSHIP
COMMITTEE**

- ⊕ Mamatha Shetty (Chairman)
- ⊕ Dharmesh Belani (Member)
- ⊕ Nimesh Ganatra (Member)

**RISK MANAGEMENT
COMMITTEE**

- ⊕ Dhara Brahmhatt (Chairman)
- ⊕ Dharmesh Belani (Member)
- ⊕ Nimesh Ganatra (Member)

STATUTORY AUDITORS

: M/s. N.R. Gala & Associates
204, SaiAmrut, RaigadhChowk,
Ghatkopar (East), Mumbai – 400 077

REGISTRAR & SHARE TRANSFER AGENTS: Sharex Dynamic (India) Pvt. Ltd.

Unit 1, Luthra Industrial Premises,
1st Floor, 44-E, M VasantiMarg,
Safed Pool, Andheri-Kurla Road,
Andheri (East), Mumbai – 400 072

BANKERS

: HDFC Bank Limited
Dena Bank
The Cosmos Co-operative Bank Ltd
Axis Bank Ltd

LISTED AT

: BSE Limited

NOTICE

of the Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting (AGM) of Gemstone Investments Limited will be held on Friday, September 30, 2016 at 9.30 p.m. at the Registered Office of the Company situated at 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road Ext., Vile Parle (East), Mumbai – 400 057.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended March 31, 2016 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nimesh Ganatra (DIN: 02712015), who retires by rotation and being eligible, offers himself for re-appointment.
3. **Ratification of appointment of Auditors:**

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 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s N.R Gala & Associates, Chartered Accountants (Firm Reg. No. 131744W), as Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the twenty-third AGM of the Company to be held in the year 2017 to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

4. **Appointment of a Non-Executive Director:**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution

“RESOLVED THAT Ms. ManaliKiritBhuva (DIN: 01818201) 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 her candidature to the Office of Director, be and is hereby appointed as a Non Executive Director of the Company, as per the Section 152 and other applicable provisions, if any, of

the Companies Act, 2013 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.”

For Gemstone Investments Limited

Sd/-

Dhara Brahmhatt

Chairman & Managing Director

DIN: 06433270

Date: September 02, 2016

Place: Mumbai

NOTES

- ⊕ The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item no.4 of the Notice set out above is annexed herewith.
- ⊕ **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- ⊕ The instrument appointing the proxy, in order to be effective, must be deposited at the registered office of the Company, duly completed, signed and stamped not less than **48 HOURS** before the commencement of the AGM. **Pursuant to Section 105 of the Act, a person shall not act as a proxy for more than 50 (fifty) Members and holding in aggregate not more than 10% (ten percent) of the total share capital of the Company. However, a single person may act as a proxy for a Member holding more than 10% (ten percent) of the total share capital of the Company provided that such person shall not act as a proxy for any other person.**
- ⊕ Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution in terms of Section 113 of the Act, together with their specimen signatures authorizing their representative(s) to attend and vote on their behalf at the AGM.
- ⊕ In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

- ⊕ Pursuant to Section 91 of the Act, Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 24, 2016 to Friday, September 30, 2016 (both days inclusive).
- ⊕ Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or M/s. Sharex Dynamic (India) Private Limited for assistance in this regard.
- ⊕ To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Depositories/Company. Members holding shares in Demat/physical form are requested to notify any change in address, bank mandates, if any, and their E-mail ID for dispatch of Annual Reports and all other information, correspondences to the Company's Registrar and Share Transfer Agent.
- ⊕ The route map showing directions to reach the venue of the twenty-second AGM is annexed.
- ⊕ Pursuant to Section 108 and other applicable provisions, if any, of the Act read with the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a facility is provided to the Members to cast their votes using an electronic voting system from a place other than venue of the AGM ("remote e-voting") in respect of the resolutions proposed in the accompanying Notice.
- ⊕ A facility for voting by Poll or otherwise will also be made available to the Members attending the AGM and who have not already cast their votes by remote e-voting prior to the AGM. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes at the AGM.
- ⊕ **Voting Rights shall be reckoned on the paid-up value of equity shares registered in the name of the Members as on the cut-off date i.e., Friday, September 23, 2016. A person, whose name is recorded in the Register of beneficial owners (in case of electronic shareholding) maintained by the depositories as on the cut-off date, i.e. Friday, September 23, 2016, only shall be entitled to avail the facility of remote e-voting/ Voting facility provided at the AGM.**

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

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

| | For Members holding shares in Demat Form and Physical Form |
|-----------------------|---|
| 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">• 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.• 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. |
| 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 | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• 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 the number of shares held by you as on the cut off date in the Dividend Bank details field. |

- After entering these details appropriately, click on “**SUBMIT**” tab.

- 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 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.
- Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- 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.
- Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on **"Click here to print"** option on the Voting page.
- 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.
- Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- **Note for Non-Individual Shareholders and Custodians**
 - 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.
 - 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 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.
- The voting period begins on **September 27, 2016 (9.00 a.m.)** and ends on **September 29, 2016 (5.00 p.m.)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **September 23, 2016**, 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.
- 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
- 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 **September 23, 2016**.
- Ms. Pooja Jain, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 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 and communicated to the BSE Limited.

For Gemstone Investments Limited

Sd/-

**Dhara Brahmhatt
Chairman & Managing Director
DIN: 06433270**

Date: September 02, 2016

Place: Mumbai

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

Item No. 4:

Appointment of Ms. Manali Kirit Bhuva as a Non Executive Director:

Pursuant to Section 152,160 and any other applicable provisions of Companies Act 2013, a notice in writing has been received from Ms. Manali Bhuva, signifying her intention to be appointed as a Director of the Company along with a deposit of 1,00,000`as required under the applicable provisions of the Companies Act, 2013.

Ms. Manali Bhuva, aged 33 has a good experience in overall business development with a flair for identifying and adopting emerging trends and addressing industry requirements. She is a dynamic go-getter, highly skilled in market forecasting, quick to identify and formulate strategies to exploit business opportunities. She has worked in several industry of repute and has a good exposure in the field of Business Development.

Thus, Board considers that her association with the Company would be of immense benefit to the Company and recommends the resolution in relation to appointment of Ms. Manali Bhuva as a Non-Executive Director, as an Ordinary Resolution.

ANNEXURE TO THE NOTICE

(Pursuant to Regulation 36 of the Listing Obligation Disclosure Requirements)

Details of Directors seeking appointment/ re-appointment at the forthcoming AGM:

| Name of the Director | Mr. Nimesh Ganatra | Ms. Manali Bhuva |
|---|---------------------------|-------------------------|
| DIN | 02712015 | 01818201 |
| Date of Birth | 15.06.1973 | 13.07.1983 |
| Date of Appointment | 30.09.2009 | Not Applicable |
| Expertise in Special Functional | Finance | Business Development |
| Directorship held in other Public Limited Companies # | None | Golden Comsec Limited |
| Number of shares held in the Company | 8000 | Nil |
| Inter se Relationship with the Board | None | None |

excluding Private, Foreign Companies and Section 8 Companies

For Gemstone Investments Limited

Sd/-

Dhara Brahmhatt

Chairman & Managing Director

DIN: 06433270

Date: September 02, 2016

Place: Mumbai

BOARDS' REPORT

To,
The Members,
Gemstone Investments Limited
502-B, Padmavati Heights, 5th Floor,
Shraddhanand Road Ext.,
Vile Parle (East)
Mumbai - 400 057

The Directors have pleasure in submitting their 22nd Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended March 31, 2016.

FINANCIAL RESULTS

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

| Particulars | F.Y 2015-16 | F.Y 2014-15 |
|--|----------------------|----------------------|
| Income from Operations | 22,916,702.00 | 23,223,874.00 |
| Other Revenue | ---- | ---- |
| Total Revenue | 22,916,702.00 | 23,223,874.00 |
| Employee Benefits Expenses | 2,831,691.79 | 2,760,635.00 |
| Finance Costs | 638,307.09 | 1,160,811.46 |
| Depreciation & Amortization Expense | 130,492.58 | 125,127.00 |
| Other Expenses | 14,140,888.50 | 12,997,287.00 |
| Total Expenses | 17,741,379.96 | 17,043,860.46 |
| Profit Before Exceptional Items & Tax | 5,175,322.04 | 6,180,013.54 |
| Exceptional Items | ---- | ---- |
| Profit Before Tax | 5,175,322.04 | 6,180,013.54 |
| Current Year Tax | 1,964,383.77 | 2,062,921.00 |
| Deferred Tax | 142,451.00 | (1,038.00) |
| Profit After Tax | 3,068,487.27 | 4,118,130.54 |
| Profit for the Year | 3,068,487.27 | 4,118,130.54 |
| Balance Brought Forward | 11,035,277.37 | 6,917,146.83 |
| Balance Carried Forward | 14,103,764.64 | 11,035,277.37 |

REVIEW OF OPERATIONS

During the year under review, the Company's sales income declined by 1.32% to Rs 22,916,702/- compared with Rs 23,223,874/- in previous year. Profit before tax declined by 16.26% to Rs 5,175,322.04 and the net profit declined by 25.49% to Rs 3,068,487.27. The Company's main thrust continues to wider their Investment Book.

DIVIDEND

In order to preserve funds for future business endeavors, your directors do not recommend any dividend for this financial year.

TRANSFER TO RESERVES

There is no amount proposed to be transferred to the Reserves.

SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2016 stood at Rs 7,47,50,000/-. There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. Your Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted any stock options during the year under review.

PUBLIC DEPOSITS

Your Company did not raise any public deposit during the year. There was no public deposit outstanding as at the beginning or end of the year ended on March 31, 2016.

SUBSIDIARIES, JOINT VENTURE OR ASSOCIATES

Your Company does not have any subsidiary or joint venture.

Associate Company: The Company holds 24.00% shares in the company Asian Fintrade Services Pvt. Ltd. Thus Asian Fintrade Services Pvt. Ltd is an Associate Company as per meaning of Section 2(6) of the Companies Act, 2013 ("Act"). In terms of Section 129 of the Companies Act, 2013 read with third proviso to Rule 5 of Companies (Accounts) Rules, 2014, the statement containing the salient feature of the financial statement of Associate Company in form AOC-1 is enclosed as "**Annexure 1**" which forms part of this report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The management of your Company has a healthy mix of youth and experienced individuals with a very strong Board of Directors to guide the business. Mrs. Dhara Brahmhatt, the Managing Director and Mr. Rohan Barot, the Chief Financial Officer of the Company are the Key Managerial Personnel of the Company.

Changes in Directors

Mr. Dharmesh Belani and Mrs. Mamatha Shetty were appointed by the Members with effect from September 29, 2015 as Non Executive Independent Directors of the Company under Section 149 of the Companies Act, 2013.

During the Financial Year under review Mr. Anant Palan was relieved from the Post of Managing Director and Mrs. Dhara Brahmhatt was entrusted with the responsibility to manage the business.

In accordance with the provisions of Section 152 of the Act, Mr. Muljibhai Chheda was liable to retire by rotation at the last Annual General Meeting of your Company and being eligible, had offered himself for re-election. However, based on the results of Poll along with e-voting results, the resolution was not passed with requisite majority. Thus, the said Director retired on September 29, 2015.

Mr. Hitesh Dave, Mr. Devendrakumar Shah and Mrs. Shikha Kapasi ceased to be Non Executive Independent Directors of your Company with effect from October 26, 2015. Your Directors would like to record their appreciation of the services rendered by these directors.

Directors Retiring By Rotation

In accordance with the provisions of the Companies Act, 2013, Mr. Nimesh Ganatra(DIN: 02712015) is liable to retire by rotation at the 22nd AGM and being eligible, has offered himself for re-appointment. His re-appointment is being placed for your approval at the AGM. Your Directors recommends his re-appointment.

Number of Board Meetings

During the Financial Year under review, the Board met six times, as against the minimum requirement of four meetings. The Board meetings were held on the following dates: (1) May 29, 2015 (2) August 14, 2015 (3) September 05, 2015 (4) October 26, 2015 (5) November 07, 2015 and (6) February 13, 2016. In addition, Board has approved certain resolutions by means of circulation on December 29, 2015. The details regarding the resolutions passed by means of circulation is summarized in Corporate Governance Report which forms a part of this Annual Report.

DECLARATION BY INDEPENDENT DIRECTORS

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (including any statutory modification(s) or re-enactment(s) for the time being in force).

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Your Company has been following well laid down policy on appointment and remuneration of Directors, KMP and Senior Management Personnel.

The appointment of Directors is made pursuant to the recommendation of Nomination and Remuneration Committee.

The remuneration of Executive Directors comprises of Basic Salary and Perquisites and follows applicable requirements of the Companies Act, 2013. Approval of shareholders and the Central Government, if so required, for payment of remuneration to Executive Directors is sought, from time to time.

A brief of the Policy on appointment and remuneration of Directors, KMP and Senior Management is uploaded on the Company's website www.gemstoneltd.com. The Company's Remuneration Policy for Directors, Key Managerial Personnel and Senior Management is enclosed as "Annexure 2" to this Report.

PERFORMANCE EVALUATION OF DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:-

- i. in the presentation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii. we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for the financial year ended on that date;
- iii. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis;
- v. internal financial controls have been laid down and the same are adequate and were operating effectively; and
- vi. we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

The composition of the Audit Committee of the Board of Directors along with the composition of other Committees is stated in the Corporate Governance Report.

VIGIL MECHANISM

Your Company has a Whistle Blower Policy for the employee to report genuine concerns/grievances. This Policy is uploaded on the Company's website www.gemstoneltd.com. The Policy provides for adequate safeguards against the victimization of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

STATUTORY AUDITOR

Pursuant to the provisions of Section 139 of the Act and the rules framed thereafter, M/s N. R. Gala & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company from the conclusion of the twentieth AGM held on 30th September, 2014 till the conclusion of the twenty third AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. Thus, appropriate resolution for ratification of appointment of Statutory Auditor shall be put across to the members for their approval in forthcoming AGM.

The Auditors' Report does not contain any qualification, reservation or adverse remark and the Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDITOR

The Board had appointed Ms. Puja Agarwal, Practicing Company Secretaries, as the Secretarial Auditor, to conduct the secretarial audit for the financial year ended March

31, 2016. The Report of the Secretarial Auditor is provided as **Annexure – 3** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

Pursuant to provisions of Section 138 of the Companies Act, 2013 your Company appointed M/s. TejasNadkarni& Associates as Internal Auditor of the Company. To maintain his objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee.

The Internal Auditor monitors and evaluates the efficiency and adequacy of internal control systems of your Company, its compliance with accounting procedures and policies of your Company. Based on the report of Internal Audit, the management undertakes corrective action and thereby strengthens controls.

RBI GUIDELINES

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI).

CORPORATE SOCIAL RESPONSIBILITY

The conditions prescribed in the Section 135 of the Companies Act, 2013, requiring a Company to constitute a Corporate Social Responsibility Committee are not applicable to your Company. The Board of Directors periodically reviews the applicability of CSR rules to the Company.

RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the enterprise. These levels form the strategic defence cover of the Company's risk management. The Company has a robust organisational structure for managing and reporting on risks.

Your Company has constituted a Risk Management Committee of the Board which is authorised to monitor and review risk management plan. The Committee is also empowered, inter alia, to review and recommend to the Board the modifications to the Risk Management Policy. This Policy is also uploaded on the Company's website www.gemstoneltd.com.

INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company is responsible for ensuring that Internal Financial Control have been laid down in the Company and that such control are adequate and operating effectively. The foundation of Internal Financial Control (IFC) lies in Gemstone's Code of Conduct, policies and procedures adopted by the

Management, Corporate Strategies, annual business planning process, management reviews, management system certifications and the risk management framework.

The Company has IFC framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operation information, complying with applicable laws, safeguarding with proper authorization and ensuing compliance with corporate policies.

The controls, based on the prevailing business conditions and processes have been tested during the year and certain aspect in the design or effectiveness was observed by the auditor would be taken care by the Board.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal controls systems in the Company, its compliance with operating systems, accounting procedures and policies. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective actions(s) thereon are presented to the Audit Committee.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

During the financial year 2015-16, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

CORPORATE GOVERNANCE

As per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Corporate Governance provisions are not applicable to your Company. However, the Company thinks that it a good practice to follow the governance to increase the stakeholders trust and provide you with a separate Report on Corporate Governance. The said report forms part of this Annual Report and also contains certain disclosures required under the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

The information required pursuant to Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed in 'Annexure - 4' to this report.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENT UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Pursuant to Section 186(11) of the Companies Act, 2013, disclosure in the financial statements of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business, as required under the provisions of Section 186(4) of the Act, are exempted.

The details of investments made form part of the notes to financial statements.

PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year 2015-16 with related parties were in the ordinary course of business and on arm's length basis. The Particulars of contracts/arrangements with related parties in Form AOC-2 are provided in 'Annexure – 5' to this Report.

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

Your Company's operations do not involve any manufacturing or processing activities. The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act, read with Rule 8 of The Companies (Accounts) Rules, 2014 is enclosed as 'Annexure – 6' to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is appended as 'Annexure – 7' to this Report.

HUMAN RESOURCES

Your Company's vision is to become an employer of choice by providing a compelling employee value proposition. It strives to attract the best talent and ensures employees' development, retention and contribution to the Company's success. The HR policies and practices are focused on creating Happy, Engaged and Productive workforce. It intends to continue investing in leadership development, employee engagement, training and employee assistance programs, etc.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation to the Bankers of the Company, Company's customers, vendors and investors for their continued support during the year.

The Directors also wish to place on record their appreciation for the dedication and contribution made by employees at all levels and look forward to their support in future as well.

For and on behalf of the Board

Sd/-

Dhara Brahmbhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

FORM AOC- 1

[Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

**Statement containing salient features of the financial statement of
Subsidiaries/Associate Companies/ Joint Ventures**

Part “A”: Subsidiaries

| Sl. | Particulars | Details |
|------------|---|---|
| 1. | Name of the subsidiary | The Company does not have any subsidiaries, thus Part A of the form is not applicable to the Company. |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | |
| 4. | Share capital | |
| 5. | Reserves & surplus | |
| 6. | Total assets | |
| 7. | Total Liabilities | |
| 8. | Investments | |
| 9. | Turnover | |
| 10. | Profit before taxation | |
| 11. | Provision for taxation | |
| 12. | Profit after taxation | |
| 13. | Proposed Dividend | |
| 14. | % of shareholding | |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
None
- Names of subsidiaries which have been liquidated or sold during the year
None

Part "B": Associate/Joint Venture

(Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

| Sl. | Particulars | Details |
|------------|---|--|
| 1. | Name of Associate/Joint Ventures | Asian Fintrade Services Pvt. Ltd. |
| 2. | Latest Audited Balance Sheet Date | 31.03.2014 |
| 3. | Shares of Associate/Joint Ventures held by the Company on the year end | |
| | No. of shares | 2,40,000 |
| | Amount of investment in Associate/Joint Venture | 2400000 ` |
| | Extent of Holding % | 24.00% |
| 4. | Description of how there is significant influence | Common Director (Nimesh Ganatra) and the company have 24.00% of the shareholdings in the company. |
| 5. | Reason why the associate/joint venture is not consolidated | There were no transactions in the associate company thus, the financial statement have not been prepared. Therefore accounts have not been consolidated. |
| 6. | Net worth attributable to shareholding as per latest audited Balance Sheet | 25,07,338 |
| 7. | Profit/Loss for the year | |
| | Considered in consolidation | Nil |
| | Not Considered in Consolidation | Nil |

1. Names of associates or joint ventures which are yet to commence operations: None
2. Names of associates or joint ventures which have been liquidated or sold during the year: None

For and on behalf of the Board

Sd/-

Dhara Brahmhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

NOMINATION AND REMUNERATION POLICY

Purpose

The Board of Directors in order to align with the provisions of the Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement renamed the “Remuneration Committee” as “Nomination and Remuneration Committee”. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel (SMP) has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of the Company. This policy shall act as a guideline for determining, inter alia qualifications, independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

Applicability

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel
3. Senior Management Personnel
4. Other Employees of the Company, as applicable.

Objective

The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees. The Key Objectives of the policy is:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

- To assist the Board in fulfilling responsibilities.

Constitution of Committee

The Nomination and Remuneration Committee constituted should consist of three or more non-executive directors out of which not less than one-half should be independent directors. However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries. Minimum two (2) members shall constitute a quorum for the Committee meeting. Membership of the Committee shall be disclosed in the Annual Report.

Role of Committee

The Role and Powers of the Committee shall be as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Definitions

- **“Act”** means Companies Act, 2013 and rules framed thereunder.
- **“Board”** means Board of Directors of the Company as constituted from time to time.
- **“Policy”** or **“This policy”** means Nomination and Remuneration Policy.
- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

- **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- **“Key Managerial Personnel”** means:
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary;
 - iv. And such other officer as may be prescribed.
- **“Senior Managerial Personnel”** mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.
- **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein

Appointment and Removal of Director, KMP and Senior Management

1. Appointment Criteria and Qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- d) Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules framed thereunder.

2. Term / Tenure:

a) **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

3. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals i.e. yearly or at such intervals as may be considered necessary. The same may however be delegated by the Committee.

4. Removal:

Due to reasons for any disqualification as mentioned in the Act pursuant to section 164 or under any other applicable provisions, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations

5. Retirement:

Any Director other than the Independent Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain

the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Remuneration to Directors / KMP/ SMP

1) Remuneration to Managing Director / Whole-time Directors:

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - i. The Services are rendered by such Director in his capacity as the professional; and
 - ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- c) If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.
- d) Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.

4) Familiarization Program for Independent Directors:

The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.

Proceedings of the Meeting

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meeting will be circulated at the subsequent Board and Committee meeting for noting.

Review and Amendment to the Policy

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

- The Committee or the Board may review the Policy as and when it deems necessary.
- The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.

- This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

Disclosure

The details of this Policy and the evaluation criteria as applicable shall be disclosed in Annual Report as part of Board's Report.

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

For The Financial Year Ended 31st March, 2016

To,
The Members,
Gemstone Investments Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **M/s Gemstone Investments Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s Gemstone Investments Limited** (“the Company”) for the financial year ended on 31st March, 2016, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. Reserve Bank of India Act, 1934;
- iii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (not applicable to the Company during the Audit Period);
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ;(Upto 14th May, 2015.)
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company has not issued any shares during the financial year under review;**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2009, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014 - **Not applicable as the Company has not issued any shares to its Employees during the financial year under review;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities;**
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted /propose to delist its equity shares from stock exchange during the financial year under review;**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back I propose to buyback any of its securities during the financial year under review;**
- vii. The Company has identified the following laws as specifically applicable to the Company.
- i. The Information Technology Act, 2000
 - ii. The Indian Copyright Act, 1957
 - iii. The Patents Act, 1970
 - iv. The Trade Marks Act, 1999

I have also examined compliance with the applicable clause of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India. (With effects from 1 July, 2015.)

- b. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited. (Upto 30th November, 2015.)
- c. The Securities and Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015. (With effects from 1st December, 2015.)
- d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. (With effects from 15th May, 2015.)

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- a. Public / Rights / debentures / sweat equity.
- b. Buy-Back of securities.
- c. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- d. Merger / amalgamation / reconstruction etc.
- e. Foreign technical collaborations.

Puja Agarwal

Sd/-

Practicing Company Secretary

M. No. – 36736

C.P No. - 14637

Place: Kolkata

Date: September 02, 2016

Information as per Rule 5 (1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014:

- ⊕ Ratio of Remuneration of each Director to the median remuneration of all the employees of your Company for the financial year 2015 – 16 is as follows:

| Name of the Director | Total Remuneration (Rs) | Ratio of remuneration of director to the Median remuneration |
|----------------------|-------------------------|--|
| Ms. DharaBrahmbhatt | 3,60,000 | 3.56 : 1 |

- ⊕ Details of percentage increase in the remuneration of each Director, Chief Executive Officer, Chief Financial Officer in the financial year 2015 – 16 are as follows:

| Name | Designation | Remuneration | | Increase/ (Decrease) (%) |
|----------------|-------------|--------------|-----------|--------------------------|
| | | 2015 – 16 | 2014 - 15 | |
| Not Applicable | | | | |

- ⊕ Percentage increase in the Median Remuneration of all employees in the financial year 2015 – 16

| | 2015 – 2016 | 2014 – 2015 | Increase (%) |
|---|-------------|-------------|--------------|
| Median* remuneration of all employees per annum | 1,01,050 | 2,70,000 | (62.57%) |

- ⊕ Number of permanent employees on the rolls of company as of March 31, 2016: *Nine (9)*
- ⊕ Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: *Not Applicable*
- ⊕ Affirmation that the remuneration is as per the remuneration policy of your Company: *The Company affirms that remuneration is as per the Remuneration Policy of your Company*

Information pursuant to Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014:

- ⊕ Employed throughout the year ended March 31, 2016, with remuneration aggregating to not less than Rs 1,02,00,000 per annum: *None*

- ⊕ Employed for part of the year ended March 31, 2016, with remuneration aggregating to not less than Rs 8,50,000 per month: *None*
- ⊕ The employee if employed throughout the financial year or part thereof was in receipt of remuneration in that year which in the aggregate or as the case may be at a rate which in the aggregate is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children not less than two percent of the equity shares of your Company: *None*

For and on behalf of the Board

Sd/-

DharaBrahmbhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Account) Rules, 2014]

Form for disclosure of particulars of Contracts/Arrangements entered into by the Company with related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of Contracts or Arrangements or Transactions not at Arm's Length basis:

| Particulars | Details |
|---|---------|
| Name(s) of the related party and nature of relationship | NIL |
| Nature of contracts / arrangements / transactions | |
| Duration of the contracts / arrangements/transactions | |
| Salient terms of the contracts or arrangements or transactions including the value, if any | |
| Justification for entering into such contracts or arrangements or transactions | |
| Date(s) of approval by the Board | |
| Amount paid as advances, if any | |
| Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | |

2. Details of Material Contracts or Arrangement or Transactions at arm's length basis:

| Particulars | Details |
|--|-----------------------------------|
| Name(s) of the related party | Asian Fintrade Services Pvt. Ltd. |
| Nature of relationship | Associate Company |
| Nature of contracts/ arrangements/ transactions | Investment in Equity |
| Duration of the contracts / arrangements/transactions | From 2009 and still going on. |
| Salient terms of the contracts or arrangements or transactions including the value, if any | ` 24,00,000/- |
| Date(s) of approval by the Board, if any | 30 th October, 2009 |
| Amount paid as advances, if any | None |

For and on behalf of the Board

Sd/-

DharaBrahmbhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings
& Outgo pursuant to provisions of section 134 of The Companies Act, 2013 read
with Companies (Accounts) Rules, 2014.**

I. CONSERVATION OF ENERGY:

| Sr. No. | Particulars | Details |
|----------------|--|----------------|
| 1. | The steps taken or impact on conservation of energy | N. A |
| 2. | The steps taken by the company for utilizing alternate sources of energy | N. A |
| 3. | The capital investment on energy conservation equipments | N. A |

II. TECHNOLOGY ABSORPTION:

| Sr. No. | Particulars | Details |
|----------------|--|----------------|
| 1. | The efforts made towards technology absorption | N. A |
| 2. | The benefits derived like product improvement, cost reduction, product development or import substitution; | N. A |
| 3. | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- a. The details of technology imported; b. The year of import; c. Whether the technology been fully absorbed; d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | N. A |
| 4. | The expenditure incurred on Research and Development. | N. A |

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

| Particulars | 2015-16 | 2014-15 |
|---------------------------|----------------|----------------|
| Foreign Exchange Earnings | NIL | NIL |
| Foreign Exchange Outgo | NIL | NIL |

For and on behalf of the Board

Sd/-

DharaBrahmbhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| Sr. No. | Particulars | Details |
|---------|--|---|
| 1. | CIN | L65990MH1994PLC081749 |
| 2. | Registration Date | 05/10/1994 |
| 3. | Name of the Company | Gemstone Investments Limited |
| 4. | Category/Sub-category of the Company | Company Limited by Shares |
| 5. | Address of the Registered office & contact details | 502-B, Padmavati Heights, 5 th Floor, Shraddhanand Road Ext., Vile Parle (East), Mumbai – 400 057. Tel: 022-65102060. E-mail: gemstoneltd@gmail.com |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | SharexDyanamic (India) Pvt. Ltd. Unit-1, Luthra Ind. Premises, 1st Floor, 44-E, M VasantiMarg, Andheri -Kurla Road, Safed Pool, Andheri (West), Mumbai 400 072. Tel: 022 28515606/ 28515644 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Non Banking Financial Activities | 64990 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Asian Fintrade Services Pvt. Ltd. Add: B / 503 Western Edge2 Western Express Highway, Borivali East, Mumbai 400066 | U67190MH2009PTC194614 | Associate | 24.00 % | 2(6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

| Category of Shareholders | No. of Shares held as on 31-March-2015 | | | | No. of Shares held as on 31-March-2016 | | | | % Change during the year |
|---|--|----------|---------------|-------------------|--|----------|---------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 868000 | 0 | 868000 | 1.161 | 868000 | 0 | 868000 | 1.161 | 0.000 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter (A)(1) | 868000 | 0 | 868000 | 1.161 | 868000 | 0 | 868000 | 1.161 | 0.000 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Foreign Nationals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.000 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 868000 | 0 | 868000 | 1.161 | 868000 | 0 | 868000 | 1.161 | 0.000 |

| | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|--------------|
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B)(1):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.000 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 37966399 | 5000 | 37971399 | 50.798 | 41376208 | 5000 | 41381208 | 55.359 | 4.561 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ` 1 lakh | 8190591 | 493850 | 8684441 | 11.618 | 8447583 | 493850 | 8941433 | 11.962 | 0.344 |
| ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh | 27161780 | 0 | 27161780 | 36.337 | 23494979 | 0 | 23494979 | 31.431 | (4.906) |
| Any Other Clearing Members | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRI | 64380 | 0 | 64380 | 0.086 | 64380 | 0 | 64380 | 0.086 | 0.000 |

| | | | | | | | | | |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|----------------|
| Sub-total (B)(2):- | 73383150 | 498850 | 73882000 | 98.839 | 73383150 | 498850 | 73882000 | 98.838 | (0.001) |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 73383150 | 498850 | 73882000 | 98.839 | 73383150 | 498850 | 73882000 | 98.838 | (0.001) |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 74251150 | 498850 | 74750000 | 100 | 74251150 | 498850 | 74750000 | 100 | 0.000 |

B) Shareholding of Promoter-

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | NimeshGanatra | 868000 | 1.161 | 0.00 | 868000 | 1.161 | 0.00 | 0.00 |

C) Change in Promoters' Shareholding (please specify, if there is no change):

There have been no changes in the shareholding of the promoter during the year 2015-16.

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Names of the Shareholders | Shareholding at the beginning of the year | | Date | Increase Decrease in Shareholding | Reason | Cumulative Shareholding during the year | |
|---------|---|---|------------------------------|------------|-----------------------------------|----------|---|------------------------------|
| | | No. of shares | % of total shares of the co. | | | | No. of shares | % of total shares of the co. |
| 1 | Arcadia Share & Stock Brokers Pvt. Ltd. | 14064394 | 18.815 | 01-04-2015 | Opening | | | |
| | | | | 10-04-2015 | 25 | Transfer | 14064419 | 18.815 |
| | | | | 12-06-2015 | 519 | Transfer | 14064938 | 18.816 |
| | | | | 26-06-2015 | 3700000 | Transfer | 17764938 | 23.766 |
| | | | | 30-06-2015 | (13444980) | Transfer | 4319958 | 5.779 |

| | | | | | | | | |
|---|--------------------------------------|---------|-------|------------|----------------|----------|----------|--------|
| | | | | 17-07-2015 | 25 | Transfer | 4319983 | 5.779 |
| | | | | 24-07-2015 | 4849 | Transfer | 4324832 | 5.786 |
| | | | | 31-07-2015 | 2 | Transfer | 4324834 | 5.786 |
| | | | | 28-08-2015 | 1000 | Transfer | 4325834 | 5.787 |
| | | | | 04-09-2015 | 7609501 | Transfer | 11935335 | 15.967 |
| | | | | 11-09-2015 | 12665 | Transfer | 11948000 | 15.984 |
| | | | | 18-09-2015 | (1999980) | Transfer | 9948020 | 13.308 |
| | | | | 22-09-2015 | (4579500) | Transfer | 5368520 | 7.182 |
| | | | | 25-09-2015 | (1030000) | Transfer | 4338520 | 5.804 |
| | | | | 30-09-2015 | (18562) | Transfer | 4319958 | 5.779 |
| | | | | 16-10-2015 | 2900 | Transfer | 4322858 | 5.783 |
| | | | | 31-03-2016 | Closing | | 4322858 | 5.783 |
| 2 | Religare Securities Ltd | 2787059 | 3.729 | 01-04-2015 | Opening | | | |
| | | | | 31-03-2016 | Closing | | 2787059 | 3.729 |
| 3 | IFCI Financial Services Limited | 2947007 | 3.942 | 01-04-2015 | Opening | | | |
| | | | | 31-03-2016 | Closing | | 2947007 | 3.942 |
| 4 | Kaushik Shah Shares And Sec Pvt Ltd | 6000000 | 8.027 | 01-04-2015 | Opening | | | |
| | | | | 31-03-2016 | Closing | | 6000000 | 8.027 |
| 5 | Lalita Exports Private Limited | 2135480 | 2.857 | 30-06-2015 | Opening | | | |
| | | | | 30-09-2015 | 18562 | Transfer | 2154042 | 2.882 |
| | | | | 31-03-2016 | Closing | | 2154042 | 2.882 |
| 6 | Labh Share And Stock Private Limited | 85 | 0.000 | 01-04-2015 | Opening | | | |
| | | | | 30-06-2015 | 2579500 | Transfer | 2579585 | 3.451 |
| | | | | 04-09-2015 | (2579500) | Transfer | 85 | 0.000 |
| | | | | 18-09-2015 | 1000000 | Transfer | 1000085 | 1.338 |
| | | | | 22-09-2015 | 1579500 | Transfer | 2579585 | 3.451 |
| | | | | 31-03-2016 | Closing | | 2579585 | 3.451 |
| 7 | Ashika Stock Broking Ltd. - Client | 2937590 | 3.930 | 01-04-2015 | Opening | | | |
| | | | | 31-03-2016 | Closing | | 2937590 | 3.930 |
| 8 | Leadage Trading Private Limited | 3700000 | 4.950 | 30-06-2015 | Opening | | | |
| | | | | 31-03-2016 | Closing | | 3700000 | 4.950 |

| | | | | | | | | |
|----|--------------------------------------|---------|-------|------------|----------------|----------|---------|-------|
| 9 | Ashirwad Investments Private Limited | 39 | 0.000 | 01-04-2015 | Opening | | | |
| | | | | 30-06-2015 | 5030000 | Transfer | 5030039 | 6.729 |
| | | | | 04-09-2015 | (5030000) | Transfer | 39 | 0.000 |
| | | | | 18-09-2015 | 1000000 | Transfer | 1000039 | 1.338 |
| | | | | 22-09-2015 | 3000000 | Transfer | 4000039 | 5.351 |
| | | | | 25-09-2015 | 1030000 | Transfer | 5030039 | 6.729 |
| | | | | 31-03-2016 | Closing | | 5030039 | 6.729 |
| 10 | Heena Mahesh Varde | 4000000 | 5.351 | 01-04-2015 | Opening | | | |
| | | | | 31-03-2016 | Closing | | 4000000 | 5.351 |

E) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | AnantPalan | | | | |
| | At the beginning of the year | 3750000 | 5.017% | | |
| | Less: Transfer during the year on 26.06.2015 | (3700000) | 4.950% | 50000 | 0.067% |
| | At the end of the year | 50000 | 0.067% | | |
| 2. | NimeshGanatra | | | | |
| | At the beginning of the year | 868000 | 1.161% | | |
| | At the end of the year | 868000 | 1.161% | 868000 | 1.161% |

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|---|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | Nil | Nil | Nil | Nil |
| Change in Indebtedness during the financial year | | | | |
| * Addition | Nil | Nil | Nil | Nil |
| * Reduction | Nil | Nil | Nil | Nil |
| Net Change | Nil | Nil | Nil | Nil |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | Nil | Nil | Nil | Nil |

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|----------------|---|--------------------------------|---------------------|
| | | DharaBrahmbhatt (M.D) | |
| 1 | Gross salary | Nil | Nil |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,60,000 | 3,60,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | Nil | Nil |
| 2 | Stock Option | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil |
| 4 | Commission - as % of profit - others, specify. | Nil | Nil |
| 5 | Others, please specify | Nil | Nil |
| | Total (A) | 3,60,000 | 3,60,000 |
| | Ceiling as per the Act | - | - |

B) Remuneration to other directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|----------------|--|--------------------------|-----|---------------------|
| 1 | Independent Directors | Nil | Nil | Nil |
| | Fee for attending board committee meetings | Nil | Nil | Nil |
| | Commission | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil |
| | Total (1) | Nil | Nil | Nil |
| 2 | Other Non-Executive Directors | Nil | Nil | Nil |
| | Fee for attending board committee meetings | Nil | Nil | Nil |
| | Commission | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil |
| | Total (2) | Nil | Nil | Nil |
| | Total (B)=(1+2) | Nil | Nil | Nil |
| | Total Managerial Remuneration | Nil | Nil | Nil |
| | Overall Ceiling as per the Act | Nil | Nil | Nil |

C) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel |
|----------------|---|---------------------------------|
| | | RohanBarot (C.F.O) |
| 1 | Gross salary | Nil |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil |
| 2 | Stock Option | Nil |
| 3 | Sweat Equity | Nil |
| 4 | Commission | Nil |
| | - as % of profit | Nil |
| | others, specify... | Nil |

| | | |
|---|------------------------|-----|
| 5 | Others, please specify | Nil |
| | Total | Nil |

VI. Penalties / Punishment/ Compounding of Offences:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | NONE | NONE | NONE | NONE | NONE |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | NONE | NONE | NONE | NONE | NONE |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NONE | NONE | NONE | NONE | NONE |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board

Sd/-

DharaBrahmbhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN ECONOMY

In 2015-16, the Indian economy emerged as one of the few large economies with an encouraging outlook. The factors contributing to this positive outlook are fiscal consolidation; control over inflation and fall in the global commodity prices. According to International Monetary Fund, India is set to become the world's fastest-growing major economy by 2016, ahead of China.

The economic fundamentals are showing healthy trends, which corroborates the expected growth in the economy. The investment cycle in India is showing positive growth and expenditure on consumption is increasing, although in a fluctuating trend. This growth is likely to be sustainable considering government's focus on industrial activities, infrastructure development and ease of doing business.

NBFC SECTOR

NBFCs are emerging as an alternative to mainstream banking. They are also emerging as an integral part of Indian Financial System and are contributing commendably towards Government's agenda of financial inclusion. NBFCs in India have recorded marked growth in recent years.

The success of NBFCs has been driven by factors like their ability to control risks, to adapt to changes and create demand in markets that are likely to remain unexplored by bigger players. Thus the need for uniform practices and level playing field for NBFCs in India is crucial.

OPERATIONAL AND FINANCIAL PERFORMANCE

Your Company has established a strong foundation and has been active as an Investment Company, which prohibits accepting deposits from public. The Board of Directors is responsible for approving investment proposals in line. The investment mandate includes ensuring adequate levels of liquidity for maintaining high degree of safety and optimizing the level of returns, consistent with acceptable level of risks.

During the year under review, the Company's sales income declined by 1.32% to Rs 22,916,702/- compared with Rs 23,223,874/- in previous year. Profit before tax declined by 16.26% to Rs 5,175,322.04 and the net profit declined by 25.49% to Rs 3,068,487.27.

OUTLOOK

The outlook for the sector over the next year looks comparatively better on account of positive trend of growth in economy which is expected to boost credit demand. Growing Indian economy creates strong opportunities for our business to grow. We continue to remain enthused about the growth prospects of financial

services sector in India. Going deeper across the country's unbanked regions, we at GEMSTONE are optimistic that we would continue to address a wider customer base through our extensive operational network. We shall continue to expand our investment book and monitor our margins to ensure sustainable stakeholder returns.

OPPORTUNITIES AND THREATS

India's growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption. Reforms pushed by the Government relating to "Make in India" will lead to capacity expansion and huge investments by both the public and private sector companies. There will be higher capital requirements to fund these investments which will present opportunities for investment non-banking finance companies.

We expect economic activity to pick up from grass root levels presenting opportunities in investing business in India. Again, potential of technology and employing innovations in the financial services sector will presently create various opportunities across our business.

Despite the above opportunities, our performance could be affected by following perceived threats to our businesses:

- Geopolitical tensions across the globe;
- Regulatory changes impacting the landscape of business;
- Increased intensity of competition from players across the industry;
- Attrition of employees caused by strong demand from ever increasing number of market participants;

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is exclusively engaged in non-banking finance business and revenues are mainly derived from this activity.

Accounting Standard 17 regarding Segment-wise Reporting issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Amendments Rules, 2011 does not apply to your Company since revenues are derived from only one segment.

RISKS AND CONCERNS

Your Company is exposed to risks such as liquidity risk, interest rate risk, credit risk, fraudulent transaction risk and operational risk which are inherent in the investment and finance business.

Intense competition, increase in cost of borrowing and narrowing of spread, pose a big challenge for sustaining profitability on consistent basis.

Gemstone manages credit risk through stringent credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Other risks are managed through appropriate mitigation strategies with the general framework at appropriate management level and their reporting.

INTERNAL CONTROL SYSTEMS

An internal control framework including clear delegation of authority and standard operating procedures are available across all businesses and functions. Clear segregation of duties exists between various functions.

The company adopts a co-sourced model of internal audit. The company's external internal auditors execute a rigorous audit calendar spanning multiple business processes. All audit observations are shared with the audit committee on a quarterly basis to effectively monitor controls and implement recommendations.

On compliance matters, a methodical system of monthly self assessment exists in all functions. A robust mechanism exists to control, detect and prevent fraud.

The internal financial control systems are constantly monitored both by an in-house team as well as external auditors. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. These measures have helped in ensuring the adequacy of internal financial controls inline with the scale of operations.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Talent and Culture are two strategic drivers for Gemstone to achieve its business aspiration of becoming an emerging market multinational. The HR function's mission has been to attract and nurture talent to succeed and create a great place to work. The Company is committed to nurturing, enhancing and retaining top talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. It has a structured induction process and management development programs to upgrade skills of managers.

CAUTIONARY STATEMENT

Certain statements in this report describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility

in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

For and on behalf of the Board

Sd/-

DharaBrahmbhatt

Chairman &Managing Director

Place: Mumbai

Date: September 02, 2016

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

Your Company believes that Corporate Governance is a pre-requisite for attaining sustainable growth in this competitive world. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders.

We at Gemstone, practice a trustworthy, transparent, moral and ethical conduct, both internally and externally, and are committed towards maintaining the highest standards of Corporate Governance practices in the best interest of the Company.

Gemstone believes that it not only has legal, contractual and social responsibilities, but also has obligations towards its stakeholders such as bankers, regulators, government agencies, employees, investors, creditors and customers, among others. Gemstone strives to ensure that all its stakeholders have an access to clear, adequate and factual information relating to the Company at all times. It promotes accountability of its management and the Board of Directors acknowledges its responsibilities towards its stakeholders for creation and safeguarding their wealth.

Gemstone's governance framework is based on the following principles:

- ⊕ Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- ⊕ Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- ⊕ Timely disclosure of material operational and financial information to the stakeholders;
- ⊕ Systems and processes in place for internal control; and
- ⊕ Proper business conduct by the Board, Senior Management and Employees.

The Company continues to focus on its resources, strengths and strategies to achieve the vision of the Company while upholding the core values of Quality, Trust, Leadership and Excellence.

BOARD OF DIRECTORS

The Board of Directors of your Company oversee the functioning of the Company and that of its management; and ensure that every decision taken is in the best interest of the stakeholders of the Company. The Board while performing its fiduciary duties recognizes its responsibilities towards the shareholders and other stakeholders, to uphold standards in all matters concerning the Company and for the purpose ensures proper delegation of appropriate authority to the senior officials of the Company for effective management of operations.

The Board monitors and approves the annual budgets, business plans & strategies and various policies of the Company. It also reviews the operational and financial performance of the Company. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws.

Composition of the Board

The Composition of the Board of Directors of the Company is in compliance with Regulation 17 of the SEBI Listing Regulations. The Board of Directors of the Company has an optimum combination of Executive, Non Executive and Independent Directors. The Board of Directors of your Company is headed by a Non-Executive Director (designated as Chairman) and by an Executive Director (designated as Managing Director) and comprises of other five Directors, out of which two are Executive Directors and three are Independent Directors including one Woman Director.

Composition and Category of Directors, Other Directorships and Committee Memberships

| Name of the Director | Category | Attendance Particulars | | No. of Directorships & committee member/Chairmanships | | | No. of shares held in the Company |
|-----------------------|------------------------------|------------------------|----------|---|-----------------------|-------------------------|-----------------------------------|
| | | Board Meeting | Last AGM | Other Directorships | Committee Memberships | Committee Chairmanships | |
| AnantPalan @ | Non Executive | 6 | Yes | 1 | 0 | 2 | 50,000 |
| DharaBrahmbhatt @@ | Chairman & Managing Director | 6 | Yes | 0 | 0 | 0 | 0 |
| RohanBarot | CFO | 6 | Yes | 0 | 0 | 0 | 0 |
| NimeshGanatra | Executive | 6 | Yes | 0 | 0 | 0 | 8,68,000 |
| Mahendra Dave | Non Executive Independent | 6 | Yes | 0 | 0 | 0 | 0 |
| MamathaShetty * | Non Executive Independent | 3 | No | 0 | 0 | 0 | 0 |
| DharmeshBelani * | Non Executive Independent | 3 | No | 0 | 0 | 0 | 0 |
| Hitesh Dave ** | Non Executive Independent | 3 | Yes | 0 | 0 | 0 | 0 |
| ShikhaKapasi ** | Non Executive Independent | 3 | Yes | 0 | 0 | 0 | 0 |
| Devendrakumar Shah ** | Non Executive | 3 | Yes | 9 | 4 | 0 | 0 |
| MuljibhaiChheda ! | Executive | 3 | Yes | 0 | 0 | 0 | 0 |

@Resigned from directorship of the Company w.e.f September 02, 2016 and acted as Chairman for the period from October 26, 2015 to September 02, 2016.

@@ Appointed as a Chairman w.e.f September 02, 2016

*Appointed as Non Executive Independent Director w.e.f September 29, 2015. They were present as Invitees in Last AGM.

** Resigned from the directorship of the Company w.e.f. October 26, 2015.

! Retired as on September 29, 2015

Notes:

Directorships in Private Limited Companies, Foreign Companies and Section 8 companies are not included.

Committees considered to reckon the limit are Audit Committee and Stakeholders Relationship Committee in public (listed and unlisted) Companies

Board Meetings

The Company holds minimum four pre-scheduled Board meetings annually, one in each quarter, inter-alia to review the financial results of the Company. The maximum time gap between two Board meetings is not more than 120 days. Additional Board Meetings are held by the Company to address specific needs, as and when required.

During the current financial year, six (6) Board meetings were held. The details of the Board Meeting along with the attendance of each Director at the respective Board Meeting are tabled below:

| Name of the Directors | Attendance at the Board Meetings held on | | | | | |
|-----------------------|--|------------|------------|------------|------------|------------|
| | 29.05.2015 | 14.08.2015 | 05.09.2015 | 26.10.2015 | 07.11.2015 | 13.02.2016 |
| AnantPalan | Yes | Yes | Yes | Yes | Yes | Yes |
| DharaBrahmbhatt | Yes | Yes | Yes | Yes | Yes | Yes |
| RohanBarot | Yes | Yes | Yes | Yes | Yes | Yes |
| NimeshGanatra | Yes | Yes | Yes | Yes | Yes | Yes |
| Mahendra Dave | Yes | Yes | Yes | Yes | Yes | Yes |
| MamathaShetty | - | - | - | Yes | Yes | Yes |
| DharmeshBelani | - | - | - | Yes | Yes | Yes |
| Hitesh Dave | Yes | Yes | Yes | - | - | - |
| ShikhaKapasi | Yes | Yes | Yes | - | - | - |
| Devendrakumar Shah | Yes | Yes | Yes | - | - | - |
| MuljibhaiChheda | Yes | Yes | Yes | - | - | - |

FAMILIARIZATION PROGRAM

The Company conducts Familiarization Programme for the Independent Directors to provide them an opportunity to familiarize with the Company, its Management and its operations so as to gain a clear understanding of their roles, rights and responsibilities and contribute significantly towards the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided

all the documents required and sought by them for enabling them to have a good understanding of the Company, its business model and various operations and the industry of which it is a part.

COMMITTEES OF THE BOARD

The Board has formed various committees to ensure proper compliance of applicable laws and smooth functioning of business. The details of the committees of the Board are given below:

Audit Committee

⊕ Composition and Meetings

The composition of Audit Committee is as per the provisions of Companies Act, 2013 and SEBI Listing Regulations. This Committee of the Board comprises of three Directors and is headed by Mrs. MamathaShetty, an Independent Director, Mr. DharmeshBelani, Independent Director and Mr. NimeshGanatra, Executive Director are the other members.

During the year under review, the Audit Committee met Four times on (1) May 20, 2015 (2) August 04, 2015 (3) October 28, 2015 (4) February 13, 2016. The maximum gap between any two meetings was not more than four months.

The composition of the Audit Committee and the particulars of attendance at the Committee Meetings are given below:

| Name of the Director/ Member | Designation | Category | No. of Meetings Attended |
|-------------------------------------|--------------------|---------------------------|---------------------------------|
| MamathaShetty * | Chairman | Non Executive Independent | 2/2 |
| DharmeshBelani ** | Member | Non Executive Independent | 2/2 |
| NimeshGanatra | Member | Executive Director | 4/4 |
| ShikhaKapasi @ | Chairman | Non Executive Independent | 2/2 |
| Hitesh Dave @ | Member | Non Executive Independent | 2/2 |
| Mahendra Dave @ | Member | Non Executive Independent | 2/2 |

** Inducted as Chairman of Committee w.e.f October 26, 2015.*

***Inducted as Member of Committee w.e.f October 26, 2015.*

@ Ceased to be Member of the Committee w.e.f. October 26, 2015.

All the Members of the Audit Committee have the requisite qualification for appointment on the Committee and they also possess sound knowledge of Finance and accounting practices and have related management expertise by virtue of their experience and background.

The Chairman of the Audit Committee, Mrs. ShikhaKapasi, was present at the last Annual General Meeting of the Company held on September 29, 2015.

⊕ Terms of Reference

A. The role of Audit Committee shall include the following:

- ✚ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ✚ Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- ✚ Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- ✚ Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Modified opinion(s) in the draft audit report;
- ✚ Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- ✚ Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- ✚ Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process;

- ✦ Approval or any subsequent modification of transactions of the Company with related parties;
- ✦ Scrutiny of inter-corporate loans and investments;
- ✦ Valuation of undertakings or assets of the Company, wherever it is necessary;
- ✦ Evaluation of internal financial controls and risk management systems;
- ✦ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- ✦ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- ✦ Discussion with internal auditors of any significant findings and follow up there on;
- ✦ Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- ✦ Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- ✦ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;
- ✦ To review the functioning of the Whistle Blower mechanism;
- ✦ Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- ✦ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. The Audit Committee shall also mandatorily review the following information:

- ✦ Management discussion and analysis of financial condition and results of operations;
- ✦ Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

- ✚ Management letters/letters of internal control weaknesses issued by the statutory auditors;
- ✚ Internal audit reports relating to internal control weaknesses; and
- ✚ The appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.

✚ **Statement of Deviation:**

- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

NOMINATION AND REMUNERATION COMMITTEE

⊕ **Composition and Meetings**

The Nomination and Remuneration Committee is constituted in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013 and Regulations 19 of SEBI Listing Regulations. This Committee of the Board comprises of three Directors and is headed by Mrs. MamathaShetty, an Independent Director, Mr. DharmeshBelani, Independent Director and Mr. Mahendra Dave, Independent Director are the other members.

During the year under review, the Nomination and Remuneration Committee met One times on (1) August 28, 2015.

The composition of the Nomination and Remuneration Committee and the particulars of attendance at the Committee Meetings are given below:

| Name of the Director/ Member | Designation | Category | No. of Meetings Attended |
|-------------------------------------|--------------------|---------------------------|---------------------------------|
| MamathaShetty * | Chairman | Non Executive Independent | - |
| DharmeshBelani ** | Member | Non Executive Independent | - |
| Mahendra Dave | Member | Non Executive Independent | 1/1 |
| ShikhaKapasi @ | Chairman | Non Executive Independent | 1/1 |
| Hitesh Dave @ | Member | Non Executive Independent | 1/1 |

* Inducted as Chairman of Committee w.e.f October 26, 2015.

** Inducted as Member of Committee w.e.f October 26, 2015.

@ Ceased to be Member of the Committee w.e.f. October 26, 2015.

The terms of reference of the Nomination and Remuneration Committee are:

- ✚ Formulation of the criteria for determining qualifications, positions attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ✚ Formulation of criteria for evaluation of Independent Directors and the Board;
- ✚ Devising a policy on Board Diversity;
- ✚ Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- ✚ Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

The Board of Directors upon recommendation of Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Board of the Company, its Committee and the individual Board members, including Independent Directors.

The performance evaluation of Independent Directors would be done by the entire Board and in the evaluation the Director who is subject to evaluation did not participate. On the basis of performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, as and when their respective term expires.

REMUNERATION PAID TO DIRECTORS

Details of remuneration paid to Directors for the Financial Year 2015 – 2016 is as under:

| Name of the Director | Sitting Fees | Salary & Perquisites | Commission | Total |
|-----------------------------|---------------------|---------------------------------|-------------------|--------------|
| Ms. DharaBrahmbhatt | - | 3,60,000` | - | 3,60,000` |

The Non-Executive Directors are only entitled to receive sitting fees for attending the meetings of Board and Committee thereof. Fees and compensation, if any, paid to any Non-Executive Director, including Independent Director, is fixed by the Board of Directors and is previously approved by the shareholders at the general body meeting.

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

The appointment and remuneration to Managing Director is governed by the resolution passed by the shareholders at the Annual General Meeting held on 29.09.2015.

During the Financial Year 2015-16, the Company did not advance any loan to any of its Directors.

No stock options have been granted to Directors during the year. Further, the Non-Executive Directors and Independent Directors are not entitled to any stock options.

STAKEHOLDERS RELATIONSHIP COMMITTEE

⊕ Composition and Meetings

The Stakeholders Relationship Committee of the Board was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. This Committee of the Board comprises of three Directors and is headed by Mrs. MamathaShetty, an Independent Director, Mr. DharmeshBelani, Independent Director and Mr. NimeshGanatra, Executive Director are the other members.

During the year under review, the Stakeholders Relationship Committee met Four times on (1) May 20, 2015 (2) August 04, 2015 (3) October 28, 2015 (4) February 13, 2016.

The composition of the Stakeholders Relationship Committee and the particulars of attendance at the Committee Meetings are given below:

| Name of the Director/ Member | Designation | Category | No. of Meetings Attended |
|-------------------------------------|--------------------|---------------------------|---------------------------------|
| MamathaShetty * | Chairman | Non Executive Independent | 2/2 |
| DharmeshBelani ** | Member | Non Executive Independent | 2/2 |
| NimeshGanatra | Member | Executive | 4/4 |
| ShikhaKapasi @ | Chairman | Non Executive Independent | 2/2 |
| Hitesh Dave @ | Member | Non Executive Independent | 2/2 |
| Mahendra Dave @ | Member | Non Executive Independent | 2/2 |

* Inducted as Chairman of Committee w.e.f October 26, 2015.

**Inducted as Member of Committee w.e.f October 26, 2015.

@ Ceased to be Member of the Committee w.e.f. October 26, 2015.

⊕ Details of Complaints/ Grievances Received

| INVESTORS COMPLIANT | YEAR ENDED 31ST MARCH, 2016 |
|---|---|
| Pending at the beginning of the year | NIL |
| Received during the year | NIL |
| Disposed Off during the year | NIL |
| Remaining unresolved at the end of the year | NIL |

COMPLIANCE OFFICER: Mrs. DharaBrahmbhatt, Managing Director is the Compliance Officer for complying with requirements of Securities Laws, Listing Regulations and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Terms of Reference of the Stakeholder's Relationship Committee is as follows:

- ✚ To redress the complaints of the members and investors, related to transfer and transmission of securities, non-receipt of annual reports, dividends and other securities related matter;
- ✚ To review the requests/ complaints received by the Registrar and Share Transfer Agent from the Members relating to transfer, transmission, consolidation, replacement of share certificate, issue of duplicate certificates and dematerialization of securities certificate;
- ✚ To review the reports submitted by the Company to the Stock Exchanges under the SEBI Listing Regulations (erstwhile Listing Agreement);
- ✚ To observe the quarterly status of the number of shares in physical as well as dematerialized form;
- ✚ To review the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share Transfer Agent;
- ✚ To recommend measures for overall improvement in the quality of investors services;
- ✚ Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchange or any other regulatory authorities from time to time.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board was constituted in compliance with the provisions of Regulation 21 of the SEBI Listing Regulations. This Committee of the Board comprises of three Directors and is headed by Mrs. DharaBrahmbhatt, Managing Director, Mrs. MamathaShetty, Independent Director and Mr. DharmeshBelani, Independent Director are the other members.

During the year under review, the Risk Management Committee met One time on (1) March 23, 2016.

The composition of the Risk Management Committee and the particulars of attendance at the Committee Meetings are given below:

| Name of the Director/ Member | Designation | Category | No. of Meetings Attended |
|---|--------------------|---------------------------|---|
| DharaBrahmbhatt | Chairman | Managing Director | 1/1 |
| DharmeshBelani * | Member | Non Executive Independent | 1/1 |
| MamathaShetty * | Member | Non Executive Independent | 1/1 |
| Hitesh Dave @ | Member | Non Executive Independent | - |
| Mahendra Dave @ | Member | Non Executive Independent | - |

* Inducted as Member of Committee w.e.f October 26, 2015.

@ Ceased to be Member of the Committee w.e.f. October 26, 2015.

The Terms of Reference of the Risk Management Committee is as follows:

- ✚ To review and monitor the Risk Management Policies and Procedures;
- ✚ To review the Risk Monitoring System;
- ✚ To report critical risks to the Board in detail on yearly basis;
- ✚ To review and verify adherence to various risk parameters set-up for various Operations/ Functions;
- ✚ To undertake such other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and the SEBI Listing Regulations, a separate meeting of the Independent Directors without the attendance of Non-Independent Directors and the members of the Management was held on March 23, 2016, inter-alia, to review the performance of the Chairman & Managing Director of the Company, Non-Executive Director and the Board as a whole (including its Committee thereof). The Independent Directors also assessed the quality, quantity and timelines of flow of information between the Company Management and the Board based on various components viz. relevant and adequate information being provided, circulation of agenda and related notes in advance, regular information/ updates, etc. Mrs. MamathaShetty acted as the Lead Independent Director.

GENERAL BODY MEETING

DETAILS OF LAST THREE ANNUAL GENERAL MEETING

| Financial Year | AGM No. | Date of AGM | Time | Particulars of Special Resolutions |
|----------------|---------|----------------------------------|-----------|------------------------------------|
| 2014 - 2015 | 21st | 29 th September, 2015 | 9.30 a.m. | 1) Adoption of New Set of Articles |
| 2013 - 2014 | 20th | 30 th September, 2014 | 9.30 a.m. | NIL |
| 2012 - 2013 | 19th | 30 th September, 2013 | 9.00 a.m. | NIL |

POSTAL BALLOT

During the year, no resolutions have been passed through postal ballot.

POLICY ON DISCLOSURE OF MATERIAL EVENTS AND INFORMATION

During the year under review, your Company has adopted the Policy on Disclosure of Material Events and Information, in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to determine the events and information which are material in nature and are required to be disclosed to the Stock Exchanges.

The said policy is available on the website of the Company www.gemstoneltd.com.

POLICY ON PRESERVATION OF DOCUMENTS AND RECORDS

During the year under review, your Company has adopted the Policy on Preservation of Documents and Records in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy ensures that the Company complies with the applicable document retention laws, preservation of various statutory documents and also lays down minimum retention period for the documents and records in respect of which no retention period has been specified by any law/ rule/ regulation. The Policy also provides for the authority under which the disposal /destruction of documents and records after their minimum retention period can be carried out.

AFFIRMATIONS AND DISCLOSURES

- ⊕ There are no materially significant related party transactions of your Company which have potential conflict with the interests of the Company at large.
- ⊕ Your Company has complied with all the requirements of the Stock Exchange and the SEBI on matters related to Capital Markets. There were no penalties imposed or strictures passed against your Company by the statutory authorities in this regard.
- ⊕ The Company has a well defined vigil mechanism embedded in the Unified Code of Conduct and it is fully implemented by the Management. No personnel have denied access to the Audit Committee.

⊕ **Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

⊕ **Non-mandatory requirements**

Adoption of non-mandatory requirements of Listing Regulation is being reviewed by the Board from time-to-time.

⊕ **Commodity Risk or Foreign Exchange Risk**

The Company is not dealing in any activity which may have commodity risk or Foreign Exchange risk or undertaken hedging activities.

⊕ **Code of Conduct**

Your Company has in place Code of Conduct for the Board of Directors and the Senior Management Personnel to set forth the guiding principles on which the Company and its Board and Senior Management Personnel shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected.

A declaration by Chief Executive Officer, with regard to the compliance with the said code, forms a part of this Annual Report.

The said code is available on the website of the Company www.gemstoneltd.com.

⊕ **M.D & CFO Certification**

As required under Regulation 17 of the Listing Regulations, the M.D & CFO certificate for the financial year 2015 – 16 signed by Ms. DharaBrahmbhatt, Managing Director and Mr. RohanBarot, CFO was placed before the Board of Directors of your Company at their meeting held on 30th May, 2016.

ADOPTION OF DISCRETIONARY REQUIREMENTS

⊕ **Maintenance of the Chairman's Office**

The Chairman of the Board being an Executive Director does not maintain a Chairman's office at the Company's expense. However, the Company from time to time reimburses the expenses in relation to the Chairman's office in connection with performance of his duties as the Chairman of the Company.

⊕ **Shareholder's Rights**

As the quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

⊕ **Modified opinion(s) in Audit Report**

The Auditors have raised no qualifications on the financial statements of the Company.

⊕ **Separate posts of Chairman and Managing Director**

Separate persons have been appointed by the Company to the post of Chairman and Managing Director.

⊕ **Reporting of Internal Auditors**

The Internal Auditors of the Company report directly to the Audit Committee.

For and on behalf of the Board

Sd/-

DharaBrahmbhatt

Chairman & Managing Director

Place: Mumbai

Date: September 02, 2016

GENERAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2015 – 2016

| | |
|--|--|
| DAY AND DATE | Wednesday, 30 th September, 2016 |
| TIME | 9.30 A.M |
| VENUE (Registered Office of the Company) | 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road Ext., Vile Parle (East), Mumbai - 400 057 |
| FINANCIAL YEAR | April 1, 2015 to March 31, 2016 |
| BOOK CLOSURE DATES | September 24, 2016 to September 30, 2016 (both days inclusive) |
| E-VOTING DATES | September 27, 2016 to September 29, 2016 |

TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING MARCH 31, 2017

| Sr. No. | Particulars of Quarter | Tentative Dates |
|---------|--------------------------------------|---------------------------------|
| 1 | First Quarter Results | On August 13, 2016 |
| 2 | Second Quarter & Half Yearly Results | On or before November 15, 2016 |
| 3 | Third Quarter & Nine-months Results | On or before February 15, 2016 |
| 4 | Fourth Quarter & Annual Results | Within 60 days from the Quarter |

LISTED ON

: BSE Limited
P.J. Towers, Dalal Street, Mumbai – 400 001

STOCK CODE

: (a) Scrip Code - 531137
: (b) ISIN for Depositories - INE503D01027

PAYMENT OF LISTING FEES

: The Listing Fee for the Financial Year 2016 – 2017 is already paid to BSE

SHARE TRANSFER AGENTS

: Sharex Dynamic (India) Pvt. Ltd.
Unit 1, Luthra Industrial Premises, 1st Floor, 44-E,
M Vasanti Marg, Safed Pool, Andheri-Kurla Road,
Andheri (East), Mumbai - 400 072
Tel No.: 022 - 28515606/ 28515644
Fax No.: 022 – 28512885
Email: sharexindia@vsnl.com
Website: www.sharexindia.com

SHARE TRANSFER SYSTEM

The share transfer activities in respect of the shares in physical mode are carried out by M/s. Sharex Dynamic (India) Pvt. Ltd. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respect.

The Board of Directors of your Company have delegated the authority to approve the transfer of shares, transmission of shares, or requests for deletion of name of the shareholder, etc., to the designated officials of your Company. The transactions requiring issuance of new share certificates are approved by the Shareholder's Relationship Committee of the Board of directors of your Company.

A summary of approved transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time as per Listing Regulations. Your Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force) and files a copy of the said certificate with BSE.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

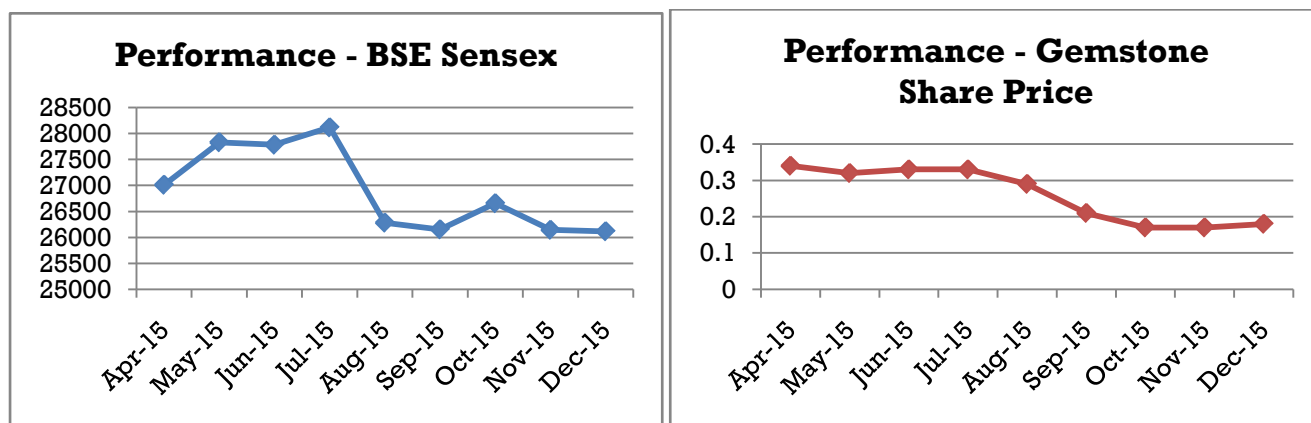
| No. of Equity Shares | No. of Shareholders | % of Shareholders | No. of Shares Held | % of Shareholding |
|-----------------------------|----------------------------|--------------------------|---------------------------|--------------------------|
| Up to 5000 | 1260 | 76.74 | 1725164 | 2.31 |
| 5001 to 10000 | 106 | 6.46 | 843151 | 1.13 |
| 10001 to 20000 | 86 | 5.24 | 1215372 | 1.63 |
| 20001 to 30000 | 29 | 1.77 | 737982 | 0.99 |
| 30001 to 40000 | 25 | 1.52 | 918180 | 1.23 |
| 40001 to 50000 | 26 | 1.58 | 1271030 | 1.70 |
| 50001 to 100000 | 38 | 2.31 | 3061109 | 4.10 |
| 100001 to above | 72 | 4.38 | 64978012 | 86.93 |

SHARE PRICE DATA

| MONTH | HIGH (RS) | LOW (RS) | VOLUME (NOS.) |
|-----------------|------------------|-----------------|----------------------|
| April, 2015 | 0.35 | 0.34 | 5025 |
| May, 2015 | 0.33 | 0.32 | 3300 |
| June, 2015 | 0.33 | 0.33 | 3700519 |
| July, 2015 | 0.34 | 0.33 | 7926 |
| August, 2015 | 0.33 | 0.29 | 1204 |
| September, 2015 | 0.29 | 0.21 | 19980 |
| October, 2015 | 0.21 | 0.17 | 4054 |
| November, 2015 | 0.17 | 0.17 | 50 |
| December, 2015 | 0.18 | 0.17 | 19900 |

The share price details for the month from January, 2016 to March, 2016 are not available on the BSE Website. The reason might be there has been no trading of the stock of the Company during this period.

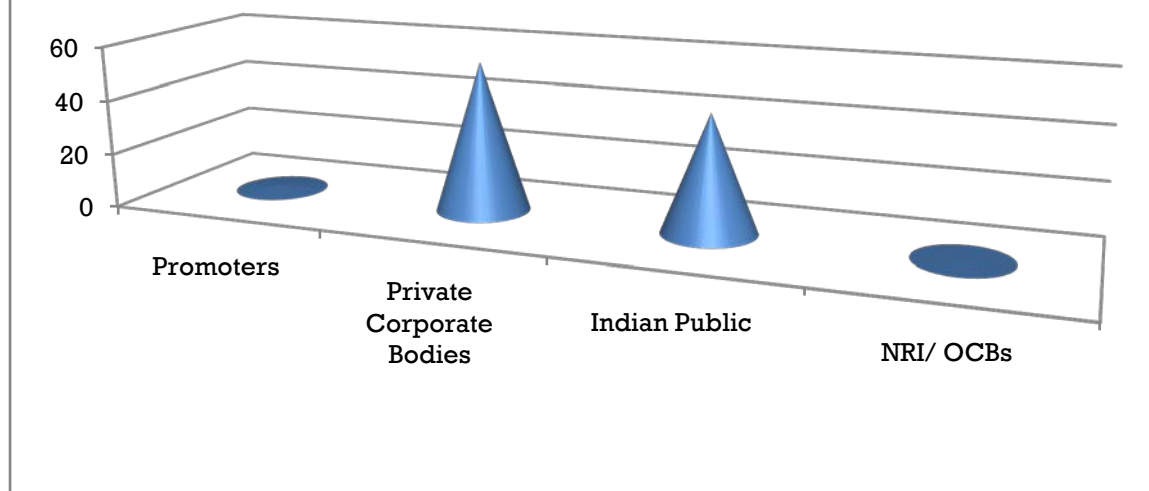
PERFORMANCE IN COMPARISON TO BROAD BASED INDEXES



CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2016

| Sr. No. | Particulars | No. of Shares | % of Holding |
|------------------------------|--|-----------------|---------------|
| (A) | Promoter (s) Holding | | |
| 1. | Promoter (s) | | |
| | (a) Individuals | 868000 | 1.16 |
| | (b) Foreign Promoters | ---- | ---- |
| 2. | Persons acting in concert | ---- | ---- |
| | Sub Total | 868000 | 1.16 |
| (B) | Non-Promoters Holding | | |
| 3. | Institutional Investors | | |
| | (a) Mutual Funds & UTI | ---- | ---- |
| | (b) Banks, Financial Inst, Insurance Company (Central/ State GovtInst/ Non-GovtInst) | ---- | ---- |
| | (c) FII (s) | ---- | ---- |
| | Sub Total | ---- | ---- |
| 4. | Others | | |
| | (a) Private Corporate Bodies | 41381208 | 55.36 |
| | (b) Indian Public | 32436412 | 43.39 |
| | (c) NRI/ OCBs | 64380 | 0.09 |
| | (d) Any-Other (Foreign Companies) | ---- | ---- |
| | (e) Clearing Members | ---- | ---- |
| | Sub-Total | 73882000 | 98.84 |
| GRAND TOTAL (A) + (B) | | 74750000 | 100.00 |

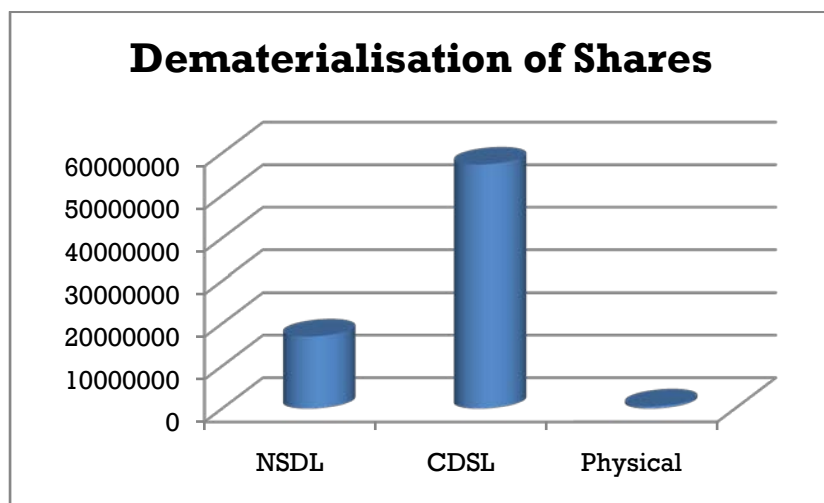
Categories of Shareholders as on March 31, 2016



DEMATERIALIZATION OF SHARES

99.33% of the equity shares of the Company have been dematerialized as on March 31, 2016.

| Mode of Holding | No. of Shares | % of Share Capital |
|-------------------|-----------------|--------------------|
| Electronic – NSDL | 16951296 | 22.68 |
| Electronic – CDSL | 57299854 | 76.65 |
| Physical | 498850 | 0.67 |
| TOTAL | 74750000 | 100.00 |



RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the

aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

MEANS OF COMMUNICATION

The primary source of information to the shareholders, customers, analysts and to the public at large is through the website of the Company i.e. www.gemstoneltd.com. The Company maintains a functional website and disseminates inter-alia the information required in compliance with Regulation 46 of the Listing Regulations.

Quarterly, half-yearly and annual financial results of the Company were published in leading English and vernacular language newspaper and are also furnished to BSE Limited where the shares of the Company are listed.

OUTSTANDING GDRs/ ADRs/ WARRANTS/ CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY:

Your Company does not have outstanding GDRs/ ADRs/ Warrants/ Convertible Instruments as on March 31, 2016.

ADDRESS FOR CORRESPONDENCE

:Gemstone Investments Limited
502-B, Padmavati Heights, 5th Floor,
Shraddhanand Road Ext.,
Vile Parle (East), Mumbai – 400 057.
Tel No.: 022 – 65102060
Email: gemstoneltd@gmail.com
Website: www.gemstoneltd.com

M.D & CFO CERTIFICATION

To,
Board of Directors,
Gemstone Investments Limited

- 1) We, **DharaBrahmbhatt** and **RohanBarot** have reviewed Financial Results for the year ended 31st March, 2016 and that to the best of their 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 together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) As per our knowledge and belief, there were no transactions entered into by the Company during the year which were fraudulent, illegal or violative of the Company's code of conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- 4) We have indicated to the auditors and the audit committee:
 - There has not been any significant change in internal control over financial reporting during the year under reference;
 - There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - There were no instances of fraud of which we are aware, that involve the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

DharaBrahmbhattRohanBarot

Managing Director

Sd/-

Chief Financial Officer

Date: 26th May, 2016

Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Gemstone Investments Limited

Report on Financial Statements

We have audited the accompanying financial statements of Gemstone Investments Ltd, which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and 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 matter stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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. 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, 2015 (CARO)

As required by the Companies (Auditor's Report) Order, 2016 (CARO) issued by the Central Government in terms of Sub Section (11) of Section 143 the Companies Act, 2013 ("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.**

Matter of Emphasis

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 loans at the time of sanctioning the loan.
3. One bank account with the HDFC bank is being freedged by the investigation wing of the Income Tax Department in the year 2013-14 for the inquiries in respect of some other companies.
4. According to information and explanation given to us the associate company namely M/S Asian Fintrade Service Pvt Ltd is not considered for consolidation of account as there are no transactions during the year in the associate company in which company held 24% of share.

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 the our comments in paragraph 1 to 4 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, 2016;
- b) in the case of the 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, **subject to the our comments in paragraph 1 to 4 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 dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- 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: 30/05/2016

ANNEXURE A TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of GEMSTONE INVESTMENTS LIMITED for the year ended 31st March, 2016.

On the basis of 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) These fixed assets have been physically verified by the management at reasonable intervals there was no material discrepancies were noticed on such verification.

(c) Total Assets of company includes immovable property also and the title deeds of immovable properties are held in the name of the company.
2. According to information and explanation given to us, the company is Non Banking Finance Company which does not carry any inventory.
3. The Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the year.

(a) All terms and conditions are as per the benefits of company and are not prejudicial to the company's interest

(b) Schedule of repayment of principal and interest has been stipulated and receipts are regular

(c) There is no such amount which is overdue more than 90 Days of above mentioned loan.
4. In respect of loans, investments, guarantees, and security all mandatory provisions of Section 185 of the Companies Act, 2013 have been complied with. As the company is Non-Banking Financial Company Section 186 of the Companies Act, 2013 is not applicable to the Company.
5. The Company has not accepted any deposits.
6. Maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
7. (a) The Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

- (b) Dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have been deposited on time there is no dispute is pending on the part of company.
8. The Company hasn't made any default in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
 9. The Company doesn't raise any money by way of initial public offer or further public offer (including debt instruments).
 10. 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.
 11. Managerial remuneration has been paid or provided in accordance with the requisite approvals
Mandated by the provisions of Section 197 read with Schedule V of the Companies Act.
 12. Company is not a Nidhi Company hence nothing to be disclosed for any provisions applicable on Nidhi Company.
 13. The Company hasn't made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
 14. The Company hasn't entered into any non-cash transactions with directors or persons connected with him.
 15. The Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For N R Gala & Associates
Chartered Accountants
FRN No.: 131744W

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

Place: Mumbai
Date: 30/05/2016

ANNEXURE B TO THE AUDITORS' REPORT

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GEMSTONE INVESTMENTS LIMITED

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

I have audited the internal financial controls over financial reporting of Gemstone Investments Limited ('the Company') as of March 31, 2016 in conjunction with my audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operation effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting of future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to me and based on my audit, the following material weaknesses have been identified in the adequacy and operating effectiveness of the Company's internal financial control over financial reporting as at March 31, 2016:

- a) The Company's system of interest collection which is annual basis instead of quarterly basis which could potentially result in loss of revenue to the Company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In my opinion, except for the effects/ possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting criteria established as of March 31, 2016, based on 'the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India'.

I have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in my audit of the March 31, 2016 standalone financial statements of the Company, and these material weaknesses do not affect my opinion on the standalone financial statements of the Company.

For N R Gala & Associates

Chartered Accountants

FRN No.: 131744W

Sd/-

Navin Gala

(Proprietor)

Membership No.: 040640

Place: Mumbai

Date: 30/05/2016

BALANCE SHEET AS AT 31ST MARCH, 2016

| Particulars | Note No. | 2015-16 | 2014-15 |
|------------------------------------|----------|-----------------------|-----------------------|
| | | Amt (in `) | Amt (in `) |
| I. Equity And Liabilities | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 74,750,000.00 | 74,750,000.00 |
| (b) Reserves and Surplus | 2 | 147,706,301.83 | 144,637,814.56 |
| (3) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 3 | 3,250,000.00 | 18,537,972.00 |
| (b) Deferred tax liabilities (Net) | | 129,603.00 | - |
| (3) Current Liabilities | | | |
| (a) Other current liabilities | 4 | 4,143,175.53 | 4,427,815.23 |
| (b) Short-term provisions | 5 | 1,444,165.00 | 4,557,756.21 |
| Total | | 231,423,245.36 | 246,911,358.00 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 6 | | |
| (i) Tangible assets | | 395,787.02 | 298,134.60 |
| (b) Non Current investments | 7 | 19,100,730.25 | 19,100,730.25 |
| (c) Deferred tax assets (net) | | - | 12,848.00 |
| (d) Long term loans and advances | 8 | 100,000.00 | 111,000.00 |
| (e) Other non-current assets | 9 | 4,787,912.00 | 6,088,310.77 |
| (2) Current assets | | | |
| (a) Current investments | 10 | 10,900,000.00 | 11,900,000.00 |
| (b) Trade receivables | 11 | 337,000.00 | 337,000.00 |
| (c) Cash and cash equivalents | 12 | 528,201.09 | 1,111,646.38 |
| (d) Short terms loans and advances | 12 | 194,785,015.00 | 207,950,508.00 |
| (e) Other current assets | 14 | 488,600.00 | 1,180.00 |
| Total | | 231,423,245.36 | 246,911,358.00 |

The Schedules & Notes referred to above form an integral part of the Accounts.

As per our report of even date

For N R Gala & Associates
Chartered Accountants

For & On Behalf of the Board

Sd/-
Navin R. Gala
Proprietor/Director
Membership No : 40640
Firm Reg. No :- 131744W
Place : Mumbai
Date : 30/05/2016

Sd/-
DharaBrahmbhattMamathaShetty
Director

Sd/-
DIN: 06433270
DIN: 07273684

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars | 2015-16 | | 2014-15 | |
|---|---|-----------------------------------|--------------|------------------|
| | Amt (in `) | | Amt (in `) | |
| A) Cash flow from operating activities | | | | |
| Net profit before tax & extra ordinary items & prior period items | 5,175,322 | | 6,180,014 | |
| Adjustment for: | | | | |
| i) Depreciation | 130,493 | | 125,127 | |
| Operating Profits Before Working Capital Changes | | 5,305,815 | | 6,305,141 |
| Changes in working capital | | | | |
| Taxes Paid(T.D.S) | (3,952,847) | (3,952,847) | 1,479,266 | 1,479,266 |
| | | | | |
| Changes in working capital: | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | |
| Short-term loans and advances | 13,165,493 | | (45,625,564) | |
| Long-term loans and advances | 11,000 | | - | |
| Other current assets | (410,320) | | 5,000 | |
| Other non-current assets | - | | (1,656,258) | |
| | | | | |
| Adjustments for increase / (decrease) in operating liabilities: | | | | |
| Other current liabilities | (158,431) | | 2,659,025 | |
| Other long-term liabilities | (28,038) | | | |
| Short-term provisions | | 12,579,704 | (790,271) | (45,408,068) |
| Cash flow from operating activities | | 13,932,672 | | (37,623,661) |
| | | | | |
| B) Cash flow from investing activities | | | | |
| i) Purchase /Sale of fixed assets | (228,145) | | - | |
| ii) Acquisition of investment (net of sales) | 1,000,000 | | 31,000,000 | |
| Net cash used in investment activities | | 771,855 | | 31,000,000 |
| | | 14,704,527 | | (6,623,661) |
| | | | | |
| C) Cash flow from financial activities | | | | |
| (Repayment of loan)/proceeds from borrowing | (15,287,972) | (15,287,972) | 7,292,273 | 7,292,273 |
| | | | | |
| Net changes in cash or cash equivalents (A+B+C) | | (583,445) | | 668,612 |
| Cash & Cash equivalents | | | | |
| Opening balance | | 1,111,646 | | 443,035 |
| Closing balance | | 528,201 | | 1,111,646 |
| As per our report of even date | | | | |
| For N R Gala & Associates Chartered Accountants | | For & On Behalf of the Board | | |
| Sd/- Navin R. Gala Proprietor Membership No : 40640 Firm Reg. No :- 131744W Place : Mumbai | Sd/- DharaBrahmbhattMamathaShetty Director DIN: 06433270 | Sd/- Director DIN: 07273684 | | |

Date : 30/05/2016

Note 1: Share capital

| Particulars | 2015-16 | | 2014-15 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| Equity Shares of `1 each | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| Issued | | | | |
| Equity Shares of `1 each | 74,750,000 | 74,750,000 | 74,750,000 | 74,750,000 |
| Subscribed & Paid up | | | | |
| Equity Shares of `1 each fully paid | 74,750,000 | 74,750,000 | 74,750,000 | 74,750,000 |
| Subscribed but not fully Paid up | | | | |
| Equity Shares of `1 each fully paid | - | - | - | - |
| Total | 74,750,000 | 74,750,000 | 74,750,000 | 74,750,000 |

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

| Particulars | 2015-16 | | 2014-15 | |
|---|----------------|----------------|----------------|----------------|
| | Number | Amount` | Number | Amount` |
| Shares outstanding at the beginning of the year | 74,750,000 | 74,750,000 | 74,750,000 | 74,750,000 |
| 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 | 74,750,000 | 74,750,000 | 74,750,000 |

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 | 2015-16 | | 2014-15 | |
|-------------------------------------|---------------------------|---------------------|---------------------------|---------------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| AnantHaridasPalan | - | - | 3750000 | 5.02 |
| HeenaVarde | 4000000 | 5.35 | 4000000 | 5.35 |
| Arcadia Share & Stock Brokers P Ltd | 4322858 | 5.78 | 14064394 | 18.82 |
| Ashirwad Investment Pvt Ltd | 5030039 | 6.73 | - | - |
| Kaushik Shah Shares And Sec Pvt Ltd | 6000000 | 8.03 | 6000000 | 8.03 |

| Shares issued for other than cash, Bonus issue and Shares bought back: | | | | | |
|---|---------------------------------------|----------------|----------------|----------------|----------------|
| Particulars | Year (Aggregate No. of Shares) | | | | |
| | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| Equity Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | NIL | NIL | NIL | NIL | NIL |
| Fully paid up by way of bonus shares | NIL | NIL | NIL | NIL | NIL |
| Shares bought back | NIL | NIL | NIL | NIL | NIL |
| Preference Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | NIL | NIL | NIL | NIL | NIL |
| Fully paid up by way of bonus shares | NIL | NIL | NIL | NIL | NIL |
| Shares bought back | NIL | NIL | NIL | NIL | NIL |

| Unpaid Calls | 2015-16 | 2014-15 |
|---------------------|----------------|----------------|
| By Directors | NIL | NIL |
| By Officers | NIL | NIL |

| Note 2: Reserves and surplus | | |
|--|-----------------------|-----------------------|
| Particulars | 2015-16 | 2014-15 |
| a. Capital Reserves | | |
| Opening Balance | 3,693,335.59 | 3,693,335.59 |
| (+) Current Year Transfer | - | - |
| Closing Balance | 3,693,335.59 | 3,693,335.59 |
| b. Investment Fluctuation Reserve | | |
| Opening Balance | 4,233,201.60 | 4,233,201.60 |
| (+) Current Year Transfer | - | - |
| Closing Balance | 4,233,201.60 | 4,233,201.60 |
| c. Securities Premium Account | | |
| Opening Balance | 116,550,000.00 | 116,550,000.00 |
| (+) Current Year Transfer | - | - |
| Closing Balance | 116,550,000.00 | 116,550,000.00 |
| d. Share Forfeiture Reserve | | |
| Opening Balance | 9,126,000.00 | 9,126,000.00 |
| (+) Current Year Transfer | - | - |
| Closing Balance | 9,126,000.00 | 9,126,000.00 |
| e. Surplus | | |
| Opening balance | 11,035,277.37 | 6,917,146.83 |
| (+) Net Profit For the current year | 3,068,487.27 | 4,118,130.54 |
| Closing Balance | 14,103,764.64 | 11,035,277.37 |
| Total | 147,706,307.83 | 144,637,814.56 |

| Note 3: Long term borrowings | | |
|-------------------------------------|---------------------|----------------------|
| Particulars | 2015-16 | 2014-15 |
| Unsecured Loans | | |
| Inter-Corporate Loans | 3,250,000.00 | 18,537,972.00 |
| Total | 3,250,000.00 | 18,537,972.00 |

| Note 4: Other Current Liabilities | | |
|--|---------------------|---------------------|
| Particulars | 2015-16 | 2014-15 |
| Statutory Liabilities | 225,919.30 | 242,230.00 |
| Expenses & Other Payables | 3,917,256.23 | 4,185,585.23 |
| Total | 4,143,175.53 | 4,427,815.23 |

| Note 5: Short Term Provisions | | |
|--|---------------------|---------------------|
| Particulars | 2015-16 | 2014-15 |
| Provision for employee benefit | 927,610.00 | 724,301.21 |
| Provision for Tax | 24,717.00 | 3,313,579.00 |
| Contingent Provision for Standard assets | 491,838.00 | 519,876.00 |
| Total | 1,444,165.00 | 4,557,756.21 |

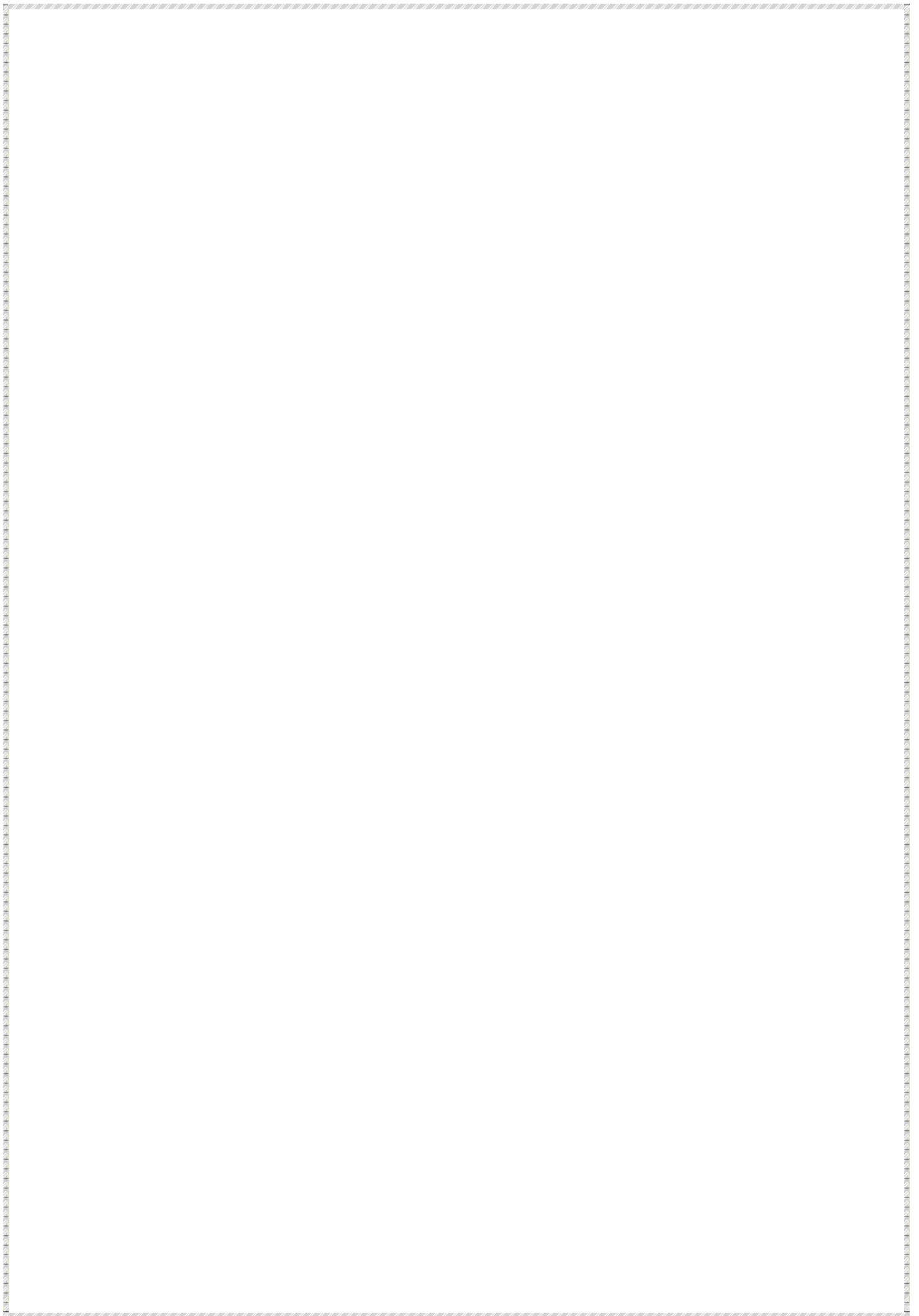
Note 6 : Fixed Assets

| Sr . No. | Name of the Assets | Gross Block | | | Accumulated Depreciation | | | Net Block | |
|-------------|------------------------|-------------------------------------|-----------------------------------|---------------------------------------|----------------------------------|--|---------------------------------------|----------------------------------|---------------------------------------|
| | | Balance as at 1 April 2015 | Additions / (Disposal s) | Balance as at 31 March, 2016 | Balance as at 1 April 2015 | Depreciati on charge for the year | Balance as at 31 March, 2016 | Balance as at 1 April 2015 | Balance as at 31 March, 2016 |
| (A) | Tangible Assets | | | | | | | | |
| | 1 Furniture & | 50,000 | 228,145 | 278,145 | 25,425.11 | 12,506.58 | 37,931.69 | 24,574.89 | 240,213.31 |
| | 2 Vehicles | 936,691 | - | 936,691 | 707,647.62 | 80,014.67 | 787,662.29 | 229,043.38 | 149,028.71 |
| | 3 Office equipment | 130,900 | - | 130,900 | 86,383.67 | 37,971.33 | 124,355 | 44,516.33 | 6,545 |
| | Sub Total(A) | 1,117,591 | 228,145 | 1,345,736 | 819,456.40 | 130,492.58 | 949,948.98 | 298,134.60 | 395,787.02 |
| | Previous Year | 1,117,591 | - | 1,117,591 | 694,329.40 | 125,127 | 819,456.40 | 423,261.60 | 298,134.60 |

| Note 7: Non-current investments | | | |
|--|---|----------------------|----------------------|
| | Particulars | 2015-16 | 2014-15 |
| A | Other Investments (Refer Annexure A) | | |
| | (a) Investment in Equity instruments | 15,200,730.25 | 15,200,730.25 |
| | (b) Other non-current investments (specify nature) | 3,900,000.00 | 3,900,000.00 |
| | | 19,100,730.25 | 19,100,730.25 |
| | Less: Provision for dimunition in the value of Investment | - | - |
| | Total | 19,100,730.25 | 19,100,730.25 |

| Particulars | 2015-16 | 2014-15 |
|---|----------------|----------------|
| Aggregate amount of quoted investments (Market value of `1,02,755/- (Previous Year `4,93,234/-) | 15,200,730.25 | 15,200,730.25 |
| Aggregate amount of unquoted investments | 3,900,000.00 | 3,900,000.00 |

| Market value of shares | | | | |
|--------------------------------------|--------------|-------------------|--------------|-------------------|
| Name of shares(No. of shares) | Price | 31/03/2016 | Price | 31/03/2015 |
| RFL International (1,02,755) | 0.00 | - | 1.29 | 419,250.00 |
| Spectacle (3,25,000) | 1.00 | 102,755.00 | 0.72 | 73,984.60 |
| | | 102,755.00 | | 493,233.60 |



| Annexure A: Details of Other | | | | | | | | | | | |
|-------------------------------------|--------------------------------------|--|------------------------------|----------------|--------------------------|---------------------------------|------------------------------|----------------|----------------------|----------------------|--|
| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Extent of Holding (%) | | Amount | | Whether stated at Cost Yes / No |
| | | | 2015-16 | 2014-15 | | | 2015-16 | 2014-15 | 2015-16 | 2014-2015 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| (b) | Investment in Equity | | | | | | | | | | |
| | RFL International | Others | 102,75 | 102,755 | Quoted | Fully paid | 2.02% | 2.02% | 107,513.25 | 107,513.25 | Yes |
| | Spectacle | Others | 325,000 | 325,000 | Quoted | Fully paid | 0.63% | 0.63% | 1,509,3217.00 | 15,093,217.00 | Yes |
| (c) | Other non-current investments | | | | | | | | | | |
| | Aishwarya Capital Services | Others | - | - | - | - | - | - | 1,500,000 | 1,500,000 | |
| | Asian FinTrade service Pvt Ltd | Others | 240,000 | 240,000 | Unquoted | Fully paid | 24% | 24% | 2,400,000 | 2,400,000 | |
| | | | | | | | | | 19,100,730.25 | 19,100,730.25 | |

Note: The trading in shares of RFL International is Suspended

| Note 8: Long Term Loans and Advances | | |
|--|--------------------|-------------------|
| Particulars | 2015-16 | 2014-15 |
| a. Security Deposits | | |
| Unsecured, considered good | 100,000.00 | 111,000.00 |
| Less: Provision for doubtful deposits | | - |
| Total | 1,00,000.00 | 111,000.00 |

| Note 9: Other non-current assets | | |
|---|---------------------|---------------------|
| Particulars | 2015-16 | 2014-15 |
| Balance with Revenue Authority | 2,294,461.00 | 3,594,859.77 |
| Others | 2,493,451.00 | 2,493,451.00 |
| Total | 4,787,912.00 | 6,088,310.77 |

| Note 10: Current investments | | | |
|-------------------------------------|--|----------------------|----------------------|
| | Particulars | 2015-16 | 2014-15 |
| A | Other Investments (Refer Annexure A) | | |
| | (a) Investment Properties | 10,900,000.00 | 11,900,000.00 |
| | | 10,900,000.00 | 11,900,000.00 |
| | Less : Provision for diminution in the value | - | - |
| | Total | 10,900,000.00 | 11,900,000.00 |

| Particulars | 2015-16 | 2014-15 |
|--|----------------|----------------|
| Aggregate amount of unquoted investments | 10,900,000.00 | 11,900,000.00 |

| Annexure A. Details of Other | | | | | | | | | | | |
|-------------------------------------|-----------------------------------|--|------------------------------|------------------|--------------------------|---------------------------------|------------------------------|------------------|-------------------|-------------------|--|
| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Extent of Holding (%) | | Amount | | Whether stated at Cost Yes / No |
| | | | 2015-2016 | 2014-2015 | | | 2015-16 | 2014-2015 | 2015-16 | 2014-2015 | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| (a) | Investment Properties | | | | | | | | | | |
| | Blue Circle Infra | Others | - | - | - | - | - | - | 10,900,000 | 10,900,000 | Yes |
| | Lalita Exports P Ltd | Others | - | - | - | - | - | - | | 1,000,000 | Yes |
| | | | | | | | | | | | |
| | Total | | | | | | | | 10,900,000 | 11,900,000 | |

| Note 11: Trade Receivables | | |
|---|-------------------|-------------------|
| Particulars | 2015-16 | 2014-15 |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment. | | |
| Unsecured, considered good | 337,000.00 | 337,000.00 |
| Less: Provision for doubtful debts | - | - |
| Total | 337,000.00 | 337,000.00 |

| Note 12: Cash and cash equivalents | | |
|---|-------------------|---------------------|
| Particulars | 2015-16 | 2014-15 |
| a. Balances with banks | 522,764.95 | 1,110,583.24 |
| b. Cash on hand | 5436.14 | 1,063.14 |
| Total | 528,201.09 | 1,111,646.38 |

| Note 13: Short-term loans and advances | | |
|---|-----------------------|-----------------------|
| Particulars | 2015-16 | 2014-15 |
| Unsecured, considered good : | | |
| Loans & Advances recoverable in cash or in kind | 194,785,015.00 | 207,950,508.00 |
| Total | 194,785.015.00 | 207,950,508.00 |

| Note 14: Other current assets | | |
|--------------------------------------|-------------------|-----------------|
| Particulars | 2015-16 | 2014-15 |
| Advance to others | 488,600.00 | - |
| Receivable from employee | - | 1,180.00 |
| Total | 488,600.00 | 1,180.00 |

| Note 15: Revenue from operations | | |
|---|----------------------|----------------------|
| Particulars | 2015-16 | 2014-15 |
| Interest Income | 19,657,088.00 | 18,224,082.00 |
| Bad debts recovery | 3,259,614.00 | 4,650,000.00 |
| Past recovery | - | 349,792.00 |
| Total | 22,916,702.00 | 23,223,874.00 |

| Note 16: Employee Benefits Expense | | |
|---|---------------------|---------------------|
| Particulars | 2015-16 | 2014-15 |
| (a) Salaries and incentives | 2,826,149.79 | 2,745,900.00 |
| (b) Staff welfare expenses | 5,542.00 | 14,735.00 |
| Total | 2,831,691.79 | 2,760,635.00 |

| Note 17: Finance costs | | |
|-------------------------------|-------------------|---------------------|
| Particulars | 2015-16 | 2014-15 |
| Interest expense | 638,138.00 | 1,160,470.00 |
| Bank charges | 169.09 | 341.46 |
| Total | 638,307.09 | 1,160,811.46 |

| Note 18: Other expenses | | |
|-----------------------------------|----------------------|----------------------|
| Particulars | 2015-16 | 2014-15 |
| Advertisement expenses | 52,507.00 | 23,553.00 |
| Balances written off | 9,265,095.00 | 9,684,844.00 |
| Brokerage | 1,953,073.00 | 1,830,908.00 |
| Provision against standard assets | (28,038.00) | 114,376.00 |
| Professional and legal fees | 958,859.00 | 402,236.00 |
| Rent | 342,000.00 | 195,000.00 |
| Penalty for late submission | 418,822.00 | 378,372.00 |
| Payments to the auditor | 130,950.00 | 123,595.00 |
| Miscellaneous expenses | 1,047,620.50 | 244,403.00 |
| Total | 14,140,888.50 | 12,997,287.00 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Note 19: Accounting Policies and Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of preparation of Financial Statements:

- i. The financial statements have been prepared under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (GAAP) and in compliance with the Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 2013 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.
- 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. Quoted shares of RFL International Ltd are not traded on stock exchange due to suspended for surveillance measure. The Company has invested Rs 1.07 lacs in said shares and since the company is not delisted management is of the view that no provision against diminution in the value is required.

F. Deferred tax:

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

G. Provision for Tax:

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

H. Earnings per Share (EPS):

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

I. Provision and Contingent Liabilities:

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

- a. The Company has a present obligation as a result of past event;

- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

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

2. The company adopts the accounting system as stipulated under Non Banking Financial Companies Prudential Norms, (Reserve Bank) Directions, 1998 dated 2nd January, 1998 issued by Reserve Bank of India in respect of Income Recognition,provisioning and assets classification for Non- Banking Financial Companies are followed by the Company in preparation of accounts.
3. 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 | MsShikhaKapasi |
| | MrNimeshP.Ganatra |
| | Mr. AnantPalan |
| | Mr. Hitesh Dave |
| | Mr. RohanBarot |
| | Mr. Mahendra Dave |
| | Ms. DharaBrahmbhatt |
| | MrDevendrakumarShantilal Shah |
| | Mr. MuljibhaiLaherchandChheda |
| | Mr. DharmeshBelani |
| | Mrs. MamathaShetty |

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

- (a) Asian Fintrade Services Pvt. Ltd
- (b) Asian Contrade Pvt. Ltd
- (c) Natraj Arts Pvt. Ltd
- (d) Power-point Energy Pvt. Ltd
- (e) Asian Project and Infrastructure Pvt. Ltd
- (f) Oracle Capital Solutions Pvt. Ltd
- (g) Profin Capital Services 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 | |
|-------|---|--|--|
| | | 31 st March, 2016 (Amt in `) | 31 st March, 2015 (Amt in `) |
| 1 | Investment in Equity: Asian Fintrade Services P Ltd. | 24,00,000/- | 24,00,000/- |

| Sr No | Nature of Transaction | 31 st March, 2016 (Amt in `) | 31 st March, 2015 (Amt in `) |
|-------|--|--|--|
| 1 | Salary: Nimesh Ganatra Anant Palan | 3,00,000/- 3,60,000/- | 3,00,000/- 3,60,000/- |

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

| Particulars | 31 st March, 2016 (Amt in Rs) | 31 st March, 2015 (Amt in Rs) |
|---|---|---|
| (I) Profit Computation for both basic and diluted earning per share of ` 1 each: | | |
| Net profit as per profit and loss account available for equity shareholders. | 30,68,487.27 | 41,18,130.54 |
| (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/Diluted earning per Share. | 0.04 | 0.06 |

5. Payment to Auditors:

| Payments to the auditor as | Current Year (`) | Previous Year (`) |
|----------------------------------|------------------|-------------------|
| a. auditor | 1,30,950 | 1,23,595 |
| b. for taxation matters | - | - |
| c. for company law matters | - | - |
| d. for management services | - | - |
| e. for other services | - | - |
| f. for reimbursement of expenses | - | - |

6. As required by notification number, GSR 129(E) dated 22nd February, 1999 issued by the department of Ministry of Law and Company Affairs the Company doesn't owe 1,00,000` and above which are outstanding for more than 30 days to any small scale industrial undertaking.
7. The RBI regulation on prudential norms for Income recognition and provisioning for non performing assets have been followed.
8. There is no amount due to be transferred to investor's education and Protection Fund as on 31st March 2016.
9. 10. Previous years figures have been regrouped, reclassified wherever necessary to make them comparable to that of current year.

For Gemstone Investments Limited

Sd/- Sd/-
DharaBrahmbhattMamathaShetty
Director Director

Place : Mumbai
Date : 30/05/2016

For M/S N R Gala & Associates.
Chartered Accountants

Sd/-
Navin R. Gala
Partner
Mem No:040640
Place : Mumbai
Date : 30/05/2016

GEMSTONE INVESTMENTS LIMITED

ATTENDANCE SLIP

CIN : L65990MH1994PLC081749
Name of the Company : GEMSTONE INVESTMENTS LIMITED
Registered Office : 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road
Ext., Vile Parle (East), Mumbai – 400 057

| | |
|--|--|
| FOLIO NO. (Shares in physical mode) | |
| DP ID | |
| CLIENT ID | |
| NO. OF SHARES HELD | |

I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company to be held on Wednesday, September 30, 2016 at 9.00 am at Gemstone Investments Limited, 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road Ext., Vile Parle (East), Mumbai – 400 057 and at any adjournment thereof.

Signature of Member/ Proxy

Date:

(THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

GEMSTONE INVESTMENTS LIMITED
(CIN: L65990MH1994PLC081749)

Registered Office: 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road
Ext., Vile Parle (East), Mumbai – 400 057.

FORM NO. MGT – 11

PROXY FORM

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

CIN : L65990MH1994PLC081749

Name of the Company : GEMSTONE INVESTMENTS LIMITED

Registered Office : 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road
Ext., Vile Parle (East), Mumbai – 400 057

Name of the Member(s) : _____

Registered Address : _____

Email Id : _____

Folio No. /Client ID/DP ID: _____

I/We, being the member(s) of _____ shares of the above named Company,
hereby appoint:

1) Name: _____

Address: _____

Email Id: _____ Signature: _____ or failing him/her

2) Name: _____

Address: _____

Email Id: _____ Signature: _____ or failing him/her

3) Name: _____

Address: _____

Email Id: _____ 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 **Wednesday, September 30,**
2016 at 9.00 a.m. at 502-B, Padmavati Heights, 5th Floor, Shraddhanand Road Ext.,

Vile Parle (East), Mumbai – 400 057 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Description |
|-----------------------|--|
| 1 | To receive consider and adopt the Balance Sheet as at March 31, 2016, Statement of Profit and Loss & Cash Flow Statement for the year ended on that date, the Report of Directors and Auditor's thereon. |
| 2 | To appoint a Director in place of Mr. Nimesh Ganatra (DIN: 02712015), who retires by rotation and being eligible, offers herself for re-appointment. |
| 3 | To ratify the appointment of M/s N.R Gala & Associates, Statutory Auditors and to fix their remuneration for the financial year ending 31 st March, 2016 |
| 4 | To appoint Ms. Manali Kirit Bhuva as a Non-Executive Director |

Signed this _____ day of _____ 2015.

Affix 1
Rupee
Revenue
Stamp

Signature of Shareholder

Signature of Proxy Holder(s)

Notes:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commence of the meeting.
2. Notwithstanding the above the Proxies can vote on such other items which may be tabled at the meeting by the shareholders present.

BOOK POST

IF UNDELIVERED PLEASE RETURN TO:

**Gemstone Investments Limited
502-B, Padmavati Heights,
5th Floor, Shradhanand Road Ext.,
Vile Parle (E), Mumbai – 400057**

E-mail: gemstoneltd@gmail.com