



GEMSTONE

INVESTMENTS LIMITED

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ANNUAL REPORT
2008-2009

GEMSTONE INVESTMENTS LIMITED

GEMSTONE INVESTMENTS LIMITED**15TH ANNUAL REPORT**

Notice is hereby given to the Members of Gemstone Investments Limited that the 15th Annual General Meeting of the Company will be held on Tuesday, the 29th day of September, 2009 at 9.30 A.M. at the registered office of the Company situated at S 15, Hazari Baug, Station Road, Vikroli (west), Mumbai- 400 083 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2009, Profit and loss A/c for the year ended 31st March, 2009 together with the Directors Report and Auditors Report.
2. To appoint a Director in place of Mrs. Mridula Shah, who retires by rotation, but being offers herself for Re-appointment.
3. To appoint M/s Shah Jadavji & Co. Chartered Accountants as Statutory Auditor of the company to hold the office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provision of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Anant Palan who has offered himself for appointment as a Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provision of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Nimesh Ganatra who has offered himself for appointment as a Director of the Company be and is hereby appointed as a Director of the Company.

6. To consider and if thought fit, to pass with or without modifications the following resolution as Special Resolution."

"RESOLVED THAT in accordance with the provisions of section, 81 (1A) and other applicable provisions if any, of the Companies Act, 1956 (the said Act) and in terms of the provisions of the Articles of Association of the Company and subject to the approval of Government of India (GOI), Securities and Exchange Board of India (SEBI), Stock Exchange and other authorities, if any, and subject to the consents, permissions and sanctions

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of all concerned authorities, if any to the extent required to such conditions and modifications as may be prescribed or may be imposed while according such consents, which may be considered appropriate by the Board of Directors of the company or any authorized committee thereof, (hereinafter referred to as "the Board") in its absolute discretion, consent of the Members be and is hereby accorded to the Board to create, offer, issue, allot, and deliver, on a preferential basis upto 50,00,000 (Fifty Lakhs Only) Equity Shares to Promoter and non - promoters or prospective investors of the company or any of its nominees or affiliates.

Sr. No.	Name of Allottees	No. of Shares
1	Ramautar Sultania	150000
2	Kailashpati Devi Sultania	150000
3	Kunjbihari Sultania	100000
4	Gomtidevi Arjunlal Beria	100000
5	Vidya Shyam Sunder Agrawal	100000
6	Balkishan Poddar	150000
7	Sanjay Poddar	150000
8	Surendra Kumar Nangla	100000
9	Alpa Harish Savla	100000
10	Shashin Hasmukh Savla	100000
11	Bhavin Hasmukh Savla	100000
12	Vinod Morarji Savla	100000
13	Kavita Vimal Savla	200000
14	Rasik Morarji Savla	200000
15	Vimal Rasik Savla	200000
16	Dharmesh H Muni HUF	50000
17	Jayesh Shantilal Vira	250000
18	Foram Jayesh Vira	250000
19	Pratik Jayesh Vira	250000
20	Narendra Ganatra	400000
21	Santosh Patil	400000
22	Jaydeep Padalia	400000
23	Heena Varde	400000
24	Mahesh Varde	200000
25	Bharat Sanchala	400000
Total		5000000

The issue price decided by the Board of Directors is Rs. 24/- which is not lower than minimum price specified in Clause 76 (1) the Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as stated below.

- Average of weekly high and low of closing prices of the related shares quoted on the stock exchange during six months preceding the relevant date or

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- Average of weekly high and low of closing prices of the related shares quoted on the stock exchange during two weeks preceding the relevant date and at any other price above exercise price, as may be finalized by the Board on the following terms and conditions."
- (a) The Equity shares so issued shall be subject to the Memorandum and Articles of Association.
 - (b) The issue price and the terms and conditions of the issue will be decided in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 and other provisions of applicable law, by the "Board".
 - (c) The Equity Shares are proposed to be allotted within 15 days of the passing of the Special Resolution approving their allotment. Provided that where the allotment is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.
 - (d) The relevant date for the purpose of calculating the minimum issue price is 29th August, 2009 as mentioned in Chapter VII of SEBI (Issue of Capital And Disclosure Requirements) Regulation, 2009 (i.e., 30 days prior to the date on which Meeting of General body of shareholders is held in terms of Sec. 81(1A) of the Companies Act, 1956, to consider this proposed issue.)
 - (e) The Equity Shares allotted shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.
 - (f) The Equity Shares allotted shall be locked in the manners specified in the Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, except to the extent and in the manner permitted there under.

"RESOLVED FURTHER THAT the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all act, deeds, and take action on matters, give such directions or instructions for the settling any question, doubt or difficulty which may arise with regard to the offer, issue or allotment of the said shares and to take appropriate actions to bring into effect the above decision."

Place : Mumbai

Date : 1st September, 2009

By Order Of the Board

Sd/-

Registered office :

S15, Hazari Baug,

Station Road,

Vikroli (W),

Mumbai - 400 083.

(Managing Director)

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Notes:

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXY FORM IS HEREBY ENCLOSED.**
2. The Register of Members and the Share Transfer Book of the Company will remain closed on 25th September, 2009 to 29th September, 2009 (Both the days inclusive).
3. The members are requested to:
 - a. Intimate to the Company's Registrars and Share Transfer Agents, M/s. Sharex Dynamic (India) Pvt. Ltd (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
 - b. Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
5. Members / beneficial Owners are requested to quote their full name as per Company's record, Folio No. / DP and Client ID Nos. as the case may be, in all correspondence with the company.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. We are hereby informing the members of the Company that the Company is in the process of changing the existing Registrar and Share Transfer Agent and will appoint M/s Purva Shareregistry as the Registrar and Share Transfer Agent.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF THE NOTICE.
ITEM NO.4

Mr. Anant Palan, shareholder, has by his letter dated 24th August, 2009, given notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of the company. The resolution for Mr. Anant Palan has been included in the Notice of the Annual General Meeting as required by law.

ITEM NO.5

Pursuant to Section 257 of The Companies Act 1956, notice in writing has been received from a Member of the Company along with the deposit of Rs.500/- signifying its intention to propose the Mr. Nimesh Ganatra as Director for the Office of Directors.

ITEM NO. 6

In order to finance the Company's requirements of funds for expansion, diversification and modernization activities, requirements arising out of growth in operations, business acquisitions, capital expenditure investment in loans / Joint Ventures / Associates and for other corporate purposes, the Company proposes to raise funds / resources at any point of time, in one or more tranches by issue of Preferential Equity Shares.

In terms of the Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 the following disclosures are being made:-

➤ **Object of the Issue:**

The Company is scheduling for the development of the Business which will necessitate additional funds. The object of the proposed Preferential Issue of Shares is to consider investment in the Company which would pave the way for addressing the business opportunities presented before the Company. The Company is undertaking an expansion programme, by looking for prospective Merger's/ Acquisition, etc.

➤ **Pricing of the issue:**

The Equity Shares will be issued at Rs. 24/-. The issue price is calculated as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, by taking 29th August, 2009 as a Relevant Date.

➤ **Intention of the Promoters, Directors, Management personnel to subscribe to the offer:**

The Managing Director, Mr. Narendra Ganatra had agreed to subscribe 4,00,000 Equity Shares to the present Preferential issue.

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➤ **Share holding pattern**

Sr.No.	Category of Shareholders	Pre-issue Shareholding (as on 30 TH June, 2009		Post- issue Shareholding (assuming full conversion)	
		Number	%	Number	%
1	Promoters/Promoters' Group				
i)	Promoters/promoters Group				
ii)	Individuals/HUF	365590	0.740	4365590	4.400
III)	Body Corporate	0	0	0	0
	Total of (I) and (II)	36559	0.74	436559	4.40
2	Public Holding				
i)	Institutions	0	0	0	0
ii)	Non- Institutions				
a)	Individuals/HUF				
	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	940487	19.10	940487	9.48
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2987504	60.66	7587504	76.45
b)	Body Corporate	910267	18.48	910267	9.07
	Total of (I) and (II)	4838258	98.24	9838258	95.10
3	Any Other				
	Clearing Member	50183	1.02	50183	0.50
	Total	50183	1.02	50183	0.50
	TOTAL OF 1+2+3	4925000	100	9925000	100

➤ **Proposed time within which allotment will be completed:**

The Equity Shares are proposed to be allotted within 15 days of the passing of the Special Resolution approving their allotment. Provided that where the allotment is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.

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➤ **Identity of allottee with percentage of expanded capital to be held by them :**

The allottees in the proposed preferential issue are as follow :-

Sr. No.	Name of the prospective investors	Post-issue Shareholding (assuming full conversion)	
		Number	%
1	Ramautar Sultania	150000	1.51
2	Kailashpati Devi Sultania	150000	1.51
3	Kunjbihari Sultania	100000	1.01
4	Gomtidevi Arjunlal Beria	100000	1.01
5	Vidya Shyam Sunder Agrawal	100000	1.01
6	Balkishan Poddar	150000	1.51
7	Sanjay Poddar	150000	1.51
8	Surendra Kumar Nanglia	100000	1.01
9	Alpa Harish Savla	100000	1.01
10	Shashin Hasmukh Savla	100000	1.01
11	Bhavin Hasmukh Savla	100000	1.01
12	Vinod Morarji Savla	100000	1.01
13	Kavita Vimal Savla	200000	2.02
14	Rasik Morarji Savla	200000	2.02
15	Vimal Rasik Savla	200000	2.02
16	Dharmesh H Muni HUF	50000	0.50
17	Jayesh Shantilal Vira	250000	2.52
18	Foram Jayesh Vira	250000	2.52
19	Pratik Jayesh Vira	250000	2.52
20	Narendra Ganatra	400000	4.03
21	Santosh Patil	400000	4.03
22	Jaydeep Padalia	400000	4.03
23	Heena Varde	400000	4.03
24	Bharat Sanchala	400000	4.03
25	Mahesh Varde	200000	2.02

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- i. 50,00,000 Equity Shares are proposed to be issued and allotted to the aforesaid prospective investors as specified in Explanatory Statement, (or its nominees/affiliates).
- ii. A Copy of certificate issued by the Statutory Auditors of the Company, certifying that the proposed preferential issue of Equity Shares is being made in accordance with the requirements contained in the SEBI Guidelines shall be laid before the Annual General Meeting.

The consent of the Shareholders in terms of the Special resolution of the accompanying notice is required under Section 81(1A) of the Companies Act, 1956. The Directors recommend this Resolution for your approval.

Place : Mumbai

Date : 1st September, 2009

By Order Of the Board

Sd/-

Registered office :

S15, Hazari Baug,

Station Road,

Vikroli (W),

Mumbai - 400 083.

(Managing Director)

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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fifteen Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

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

Particulars	Year ended on 31/03/2009	Year ended on 31/03/2008
Gross Income from Operations	74,75,134.00	28,47,051.21
Less: Permanent decline in value of Long Term Investment	(66,66,185.26)	—
Net Income from Operations	8,08,948.74	28,47,051.21
Add: Provisions for NPA not required	—	—
Add: Provisions for permanent decline in Long Term Investment not required	—	—
Other Income	—	—
Provision for non-performing assets	—	—
Total Expenses	(14,68,357.19)	(9,80,484.05)
Interest paid to banks and others	—	—
Bad Debts written off	—	—
Profit/(Loss) before Depreciation and Tax	(6,59,408.45)	18,66,567.16
Depreciation	—	—
Provision for Tax	—	1,42,500.00
Profit/(Loss)	(6,59,408.45)	17,24,067.16

DIVIDEND:

In order to conserve the resources in the form of reserves the company has not recommended any dividend payout for the year ended on 31st March, 2009.

DIRECTORS:

Mrs. Mrudula Shah who was appointed as an Non Executive Director of the Company retires by rotation and being eligible for re-appointment on such terms and conditions as agreed between the Board and Ms. Mrudula Shah.

AUDITORS:

M/s SHAH JADAVJI & CO. Chartered Accountant, statutory Auditors of the company, retires in the ensuing Annual General Meeting. Your Directors recommend their appointment for the