GEMSTONE INVESTMENTS LIMITED

NOTICE

The Sixteen Annual General meeting of **GEMSTONE INVESTMENTS LIMITED** will be held on 30th day of July, 2010 at 9.30 am at A/310, ARYA ARCADE, STATION ROAD, VIKROLI (WEST), MUMBAI- 400 083. All the members of **GEMSTONE INVESTMENTS LIMITED** are cordially invited to attend the AGM.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & loss Account for the year ended on that date, together with the report of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Pravinchandra Hansraj Haria, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint M/s Shah Jadavji & Co. Chartered Accountants, the retiring Auditors, to hold office until the conclusion of next Annual General meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"**RESOLVED THAT** pursuant to the provisions of Section 94(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the Securities Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009, Listing Agreement entered into by the Company with the Stock Exchanges where its securities are listed, guidelines issued by competent authorities in this behalf and the provisions if any and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the consent of the members be and is hereby accorded for Sub-Division of Authorized Equity Capital of the Company consisting of 1,00,00,000 Equity Shares of Rs. 10/- each be Subdivided into 10,00,00,000 Equity Shares of Re. 1/- each.

"**RESOLVED FURTHER THAT** each issued Equity Share of face value of Rs. 10/- each be Sub-divided into 10 Equity Shares of the face value of Re. 1/- each and the Board of Directors of the Company (herein after referred to as "the Board", which expression shall also include a Committee thereof) be and are hereby authorized to issue new Share Certificates representing the sub-divided Equity Shares with new distinctive numbers consequent to the Subdivision of shares as aforesaid and/or credit the shareholder's accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to inform the Depositories and the Registrar and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize and modify the terms and conditions for issue of shares on sub-division as mentioned above and all matters relating to the same, and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution.

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

RESOLVED THAT pursuant to section 16 and other applicable provisions, if any, of the Companies Act, 1956, existing Clause V of the Memorandum of Association of the Company be substituted with the following new Clause:

V. The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 10,00,00,000 (Ten Crores) Equity Shares of Re. 1/- (Rupee One only) each.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, Board of Directors of the Company, be and is hereby authorized to do all such deeds, acts and things as may be deemed expedient to give effect to the aforesaid resolution."

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

"**RESOLVED THAT** pursuant to provisions of Section 31 and other applicable provisions of the Companies Act, 1956 and for giving effect to the alteration of the Authorized Share Capital of the Company, the Clause 4 of the Articles of Association of the Company be deleted and substituted with the following new clause:

5. "The Authorised Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 10,00,00,000 (Ten Crore) Equity Shares of Re. 1/-each , with power to the Board Of Directors to increase or reduce the capital and to divide its shares in the capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights and to provide for such rate of dividend on the shares as may be determined by the Directors and to vary or modify or abrogate any such rights, privileges or conditions in such a manner as may,for time being, be provided by the regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denominations."

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, Board of Directors of the Company, be and is hereby authorized to do all such deeds, acts and things as may be deemed expedient to give effect to the aforesaid resolution."

BY ORDER OF THE BOARD

Place: Mumbai
Date : 3rd July, 2010

Sd/-
Director

NOTES :

a. **ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

b. **THE INSTRUMENT APPOINTING THE PROXY SHOULD BE SUBMITTED TO THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

c. Members/Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the Meeting.

d. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th July, 2010 to 15th July 2010. (Inclusive of both the days) in connection with the Annual General Meeting of the Company.

e. Members are requested to notify any change in their address to the Company's Registrars & Share Transfer Agents, Sharex Dynamic India Pvt. Ltd.

f. Shareholders seeking any information with regard to the Accounts of the Company are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

BY ORDER OF THE BOARD

Place: Mumbai
Date : 3rd July, 2010

Sd/-
Director

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

ITEM NO. 4

The management of the company has believed that high value denomination of the shares may deter small shareholders from acquiring the piece of wealth- share of the Company. It is in this context that the management feels splitting of face value of shares into smaller denomination, would enhance the Company's access to small investors.

In view of this, the Board at their meeting held on 3rd July, 2010, considered it desirable to sub-divide the nominal value of the Equity portion of the authorized capital of the Company. The shareholders may please note that presently the nominal value of the Equity shares is Rs. 10/- each and consequent to the sub-division it is being divided into 10 (Ten) Equity shares of Re. 1/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders approval, which will be notified through the Stock Exchanges.

The proposed resolution placed at Item no.4 of this Notice, is intended to give effect to the above proposal and is placed before the Members for according approval thereto by passing an Ordinary Resolution.

The Board of Directors recommend the resolution for approval of the members.

A copy of a Memorandum and Articles of Association of the company is open for inspection by any member of the Company between 4.30 p.m to 6.30 p.m at the Registered Office of the Company.

None of the Directors of the Company is in any way interested in the said resolution, except to the extent of their shareholding in the Company.

Item No. 5

Consequent to the sub division of nominal value of the Equity portion of the Authorized Share Capital of the Company (as per item no.4 of the notice), it is necessary to alter the Capital Clause of the Memorandum of Association of the Company.

Section 16 read with Section 94 of the Companies Act, 1956, provides inter alia, that subject to the provision of the Companies Act, 1956 and the conditions contained in its Articles, the Company may, alter its Memorandum of Association by passing an Ordinary Resolution, at a general meeting.

Accordingly, an Ordinary Resolution for item no. 5 is placed before the meeting to approve the corresponding amendments in Clause V of the Memorandum of Association in the manner set out in the text of the respective resolutions, so as to reflect the alteration in the Authorized Share Capital of the Company.

The Board of Directors of the Company accordingly, recommends the resolution for approval by the members.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

ITEM NO. 6

Consequent to the sub-division of the face value of the Equity Shares of the Company (as per item no. 4 of the notice); it is necessary to alter the Article 5 of the Articles of Association of the Company.

Section 31 read with Section 94 of the Companies Act, 1956, provides inter alia, that subject to the provision of the Companies Act, 1956 and the conditions contained in its Memorandum, the Company may, alter its articles by passing a Special Resolution, at a general meeting.

Accordingly, the Special Resolution is placed before the meeting to approve the corresponding amendments in Article 5 of the Articles of Association in the manner set out in the text of the respective resolutions, so as to reflect the alteration in the Authorized Share Capital of the Company.

The Board of Directors of the Company accordingly, recommends the resolution for approval by the members.

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

BY ORDER OF THE BOARD

Place : Mumbai
Date : 3rd July, 2010

Sd/-
Director

GEMSTONE INVESTMENTS LIMITED

REGISTERED OFFICE : A/310, ARYA ARCADE, STATION ROAD, VIKROLI (WEST), MUMBAI - 400 083.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the **SIXTEENTH ANNUAL GENERAL MEETING** of the Company to be held at A/310, Arya Arcade, Station Road, Vikroli (West), Mumbai - 400 083. **(Registered Office of the Company)** at 9.30 a.m. on Friday, 30th July, 2010.

NAME(S) OF THE SHAREHOLDER(S) (in block capital): _____

NAME OF THE PROXY (in block capitals): _____

FOLIO NO. / CLIENT ID NO. : _____

DP. ID NO.: _____

SIGNATURE(s) IF SHAREHOLDER : _____

IF PROXY : _____

NOTE : No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring your copy of the Notice of AGM to the Meeting. Photo copies of the Attendance slips will not be accepted.

GEMSTONE INVESTMENTS LIMITED

REGISTERED OFFICE : A/310, ARYA ARCADE, STATION ROAD, VIKROLI (WEST), MUMBAI - 400 083.

PROXY FORM

I/We _____ of (Place) _____

Being a member/ members of **Gemstone Investments Limited** under Folio No. / Client IDNo._____

hereby appoint Mr./Ms._____ of (Place) _____

failing him/her Mr./Ms. _____ of (Place) _____

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 30th Day of July, 2010 or at any adjournment(s) thereof.

Signed this _____ day of _____, 2010.

Affix Revenue Stamp and sign across

Note: The proxy form must be returned so as to reach the register office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

GEMSTONE INVESTMENTS LIMITED

(Registered Office: - A/310, Arya Arcade, Station Road, Vikhroli (West). Mumbai 400 083)

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GEMSTONE INVESTMENTS LIMITED

(Registered Office: - A/310, Arya Arcade, Station Road, Vikhroli (West). Mumbai 400 083)

Managing Director	:	Mr. Narendra Prabodh Ganatra
Directors	:	Mr. Lalit Dhirajlal Gandhi Mr. Pravinchandra Hansraj Haria Mr. Anant Haridas Palan Mr. Nimesh Prabodhkumar Ganatra
Auditors	:	M/s. Shah Jadavji & Co (Chartered Accountant) 3/302, Shiplyan Building ShivajiPath, Thane: - 400 601
Bankers	:	HDFC BANK, Mumbai
Registered Office	:	A/310, Arya Arcade, Station Road, Vikhroli (West) Mumbai- 400 083.

DIRECTORS' REPORT

To the Members,

The Directors have a pleasure in submitting their Annual Report together with the results of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

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

	31.03.2010 Amount (Rs. in Lakhs)	31.03.2009 Amount (Rs. in Lakhs)
Gross Income	87.89	08.09
Total Expenditure	31.13	14.68
Profit/Loss (Before Tax)	56.76	(06.59)

DIVIDEND:

Due to requirement of funds for the current working of the Company, your Directors express their inability to recommend any dividend on Equity Share Capital for the year under review.

OPERATIONAL REVIEW:

The Company at each Board meeting considers a number of performance parameters to access the Company's success in achieving the objectives.

The Key Performance Indicators (KPI's) used to measure the progress and performance of the Company over time are as follows:

- The movement in net asset value per ordinary share compared to benchmark.
- The movement in share prices.
- Total expense ratio.
- Earnings per Share.
- Dividend per Share.

In addition to this the Board considers peer group comparative performance.

The Company in its current Financial Year 2009-2010 has achieved a strong and desirable growth as compared to the previous year 2008-2009. Such growth is reflected from the increase in Gross income earned by the Company from its operations, the increase being from 0.89 lacs to 87.89 lacs. As compared to the loss earned by the Company in its previous financial year, the Company has risen in its parameters by achieving a profit of Rs. 56.76 lacs.

FUTURE OUTLOOK:

The Company's performance in the Financial Year 2009-2010 has been encouraging.

The Company has a preliminary view that distribution of financial products would be one of the main lines of business for the Company in future. The management has therefore decided to focus on distribution of financial products as a key business of the Company in the coming years.

The Company has made a cautious beginning in financial product distribution business with a limited product range. The product repertoire would be gradually expanded by taking up distribution of other financial products.

BUSINESS STRATEGY :

Your Directors strategy has been to restructure the Company thoroughly to impart to it the ability to meet the adverse conditions and to work continuously on cost reduction.

To meet its entire client's need, the Company needs to pursue a strategy of being customer centric and Cost effective. As a full service provider, the Company believes that it can increase its revenues from existing clients as well as attract new clients and markets.

The impressive financial results of the Company clearly demonstrate that your Company's strategy has worked and is possible to continue in future also.

CORPORATE GOVERNANCE:

The Board is committed to achieving and demonstrating high standards of Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement of Stock Exchange are complied with.

The Directors recognize the importance of succession planning for Company Boards and the board composition is reviewed annually.

- **The Board**

  The Board has overall responsibility of the Company's affairs and it has set out a number of matters that are subject to Board approval including strategy, investment policy and Corporate Governance Policy. The Board also reviews the financial statements, investment transactions, revenue budget and performance. Full and timely information is provided to the Board to enable the Board to function efficiently and allow the Directors to discharge their responsibility.

  The Board currently comprises of five directors out of which three are independent Directors.

  The Directors believe that the Board has a combination of skill and experience which enables it to provide effective strategic leadership and proper governance of the Company

  Auditors' certificate on corporate governance regarding its compliance is produced as a part of Annual Report.

- **Directors:**

  Mr. Narendra Ganatra is appointed as Managing Director of the Company w.e.f 01/08/2007 for a period of five years and whose period of appointment is due to expire on 31/07/2012.

  Mr. Nimesh Ganatra and Mr. Anant Palan, who possessed vast knowledge and expertise in relation to the business of investments of the Company, are proposed for appointment under section 257 of the Companies Act, 1956.

  During the year, the Board was in receipt of Resignation from Mrs. Mrudula Shah and the resignation tendered by her was accepted by the members at the AGM.

  Your Board places on record its gratitude for the services rendered by the outgoing Director during the tenure of her Directorship of the Company.

- **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 ensuing year. The Company has received a certificate from them stating that appointment if made, is within the prescribed limit u/s 224(1B) of the Companies Act, 1956. Members are requested to appoint Auditors and fix their remuneration.

- **Acceptance of deposits :**

  The Company has not accepted any deposits during the year.

- **Particulars Of Employees :**

  Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees), Rules, 1975, none of the employees of the Company is drawing salary or commission which exceeds the limit set out in the above Section. The Board is, therefore, not required to furnish any information in this regard.

- **Conservation of energy, technology absorption and foreign exchange earnings and outgo :**

  Since the Company is not carrying any manufacturing activities, the details relating to conservation of energy and technology absorption is not quite relevant to the Company.

- **Director's Responsibility Statement :**

  Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility Statement, it is hereby confirmed:

  That in the preparation of the accounts for the financial year ended 31st March, 2010; the applicable accounting standards have been followed along with proper explanation relating to material departures.

That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under review;

That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

That the directors have prepared the Accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

- **Management Discussion & Analysis Report :**

  In conformity with Clause 49 of the Listing Agreement with the Stock Exchange, a Report on Management Discussion & Analysis is appended to this Directors' Report.

- **Acknowledgement :**

  Your Directors take this opportunity to place on record their appreciation and gratitude for the cooperation, assistance, guidance and support extended by the Company's Bankers, Shareholders, customers and various Central and State Government Agencies and Local Authorities, personnel at various levels of the Organization.

- **Recommendation :**

  The Board unanimously recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

For and on behalf of Board of Directors

Place : Mumbai
Date : 3rd July, 2010

Sd/-
(ManagingDirector)