



Gemstone Investments Limited

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**5th
Annual Report
1998-99**

GEMSTONE INVESTMENTS LIMITED

BOARD OF DIRECTORS

Directors	Shri Premchand K. Shah	Chairman & Whole-time director
	Shri Nihal P. Shah	Whole-time Director
	Shri Sharmar P. Shah	
	Shri Lalit D. Gandhi	
	Shri Arunkant K. Shah	

Bankers	Standard Chartered Bank
	Bank of Baroda

Auditors	M/s. D. L. Joshi
	Chartered Accountants

Registered Office	1st Floor, Bldg. No. 1, Above Central Govt. Ware House Office, J. V. Patel ITI Compound, Madurkar Marg, Opp. Elphinstone Station (W.), Mumbai - 400 013.
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Share Transfer Agents	R & D Consultants Pvt. Ltd. 610, Dalamal Towers, 211, Nariman Point, Mumbai 400 021.
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NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Shareholders of GEMSTONE INVESTMENTS LIMITED will be held on Thursday, 19th August, 1999 at 10.00 a.m. at registered office of the Company, situated at 1st Floor, Building No. 1, Above Central Govt. Warehouse Office, J. V. Patel ITI Compound, Madurkar Marg, Opp Elphonstone Station (West), Mumbai 400 013 to transact the following business.

ORDINARY BUSINESS

- 1) To receive, consider, and adopt the Audited Balance Sheet as at 31st March 1999 and the Profit and Loss Account for the year ended 31st March, 1999 and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Lalit Gandhi, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration. M/s. D. L. Joshi, Chartered Accountants, Mumbai, retires and are eligible for re-appointment.

SPECIAL BUSINESS

- 4) To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

To appoint a Director in place of Mr. Premchand Shah, who was appointed as an Additional Director under Article 121 of Articles of Association of the Company and who by virtue of Section 260 of the Companies Act, 1956, holds office up to the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received Notice in writing under Section 257 of the Companies Act, 1956 from certain members proposing his candidature for the office of Director.

- 5) To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

To appoint a Director in place of Mr. Nihal Shah, who was appointed as an Additional Director under Article 121 of Articles of Association of the Company and who by virtue of Section 260 of the Companies Act, 1956, holds office up to the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received Notice in writing under Section 257 of the Companies Act, 1956 from certain members proposing his candidature for the office of Director.

- 6) To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

To appoint a Director in place of Mr. Sharman Shah, who was appointed as an Additional Director under Article 121 of Articles of Association of the Company and who by virtue of Section 260 of the Companies Act, 1956, holds office up to the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received Notice in writing under Section 257 of the Companies Act, 1956 from certain members proposing his candidature for the office of Director.

- 7) To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 read with Schedule XIII and

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all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Mr. Premchand K. Shah, as whole-time Director of the Company for a period of 3 (Three) years with effect from 1st April, 1999 on a monthly remuneration of Rs. 20,000/- with increment of Rs. 3,000/- every year per month.

RESOLVED FURTHER THAT where in any financial year on or after 1st April, 1999, the Company has no profits or its profits are inadequate, the Company may pay Mr. Premchand K. Shah, a minimum remuneration by way of salary not exceeding the ceiling limit prescribed under Schedule XIII.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, commission, perquisites, allowances, ect. within such prescribed limit of ceiling without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to issue appointment letter and to take such steps as may be necessary to give effect to this resolution."

8. Ton consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Mr. Nihal P. Shah, as whole-time Director for a period of 3 (three) years with effect from 1st April, 1999 on a monthly remuneration of Rs. 15,000/- with increment of Rs. 3,000/- every year per month.

RESOLVED FURTHER THAT where in any financial year on or after 1st April, 1999 the Company has no profits or its profits are inadequate, the Company may pay Mr. Nihal P. Shah, a minimum remuneration by way of salary not exceeding the ceiling limit prescribed under Schedule XIII.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc, within such prescribed limit or ceiling without any further reference to the Company in general meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to issue appointment letter and to take such steps as may be necessary to give effect to this resolution."

By order of the Board
For GEMSTONE INVESTMENTS LIMITED

Premchand K. Shah
Director

Registered Office

1st Floor, Bldg. No. 1,
Above Central Govt. Ware House Office,
J. V. Patel ITI Compound, Madurkar Marg,
Opp. Elphinstone Station (W.), Mumbai - 400 013.

Date : 14th June, 1999

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Register of the Company will remain closed from 12th August, 1999 to 19th August, 1999 both the days are inclusive.
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item No. 4 to 8 is annexed and forms part of this Notice.
5. The members are requested to :-
 - a) Intimate changes, if any, in their Registered address to the Company at the Company's Share Transfer Agents M/s. R. & D. Consultants Pvt. Ltd., 610, Dalamal Towers, 211, Nariman Point, Mumbai 400 021.
 - b) Quote ledger folio numbers in all their correspondence.
 - c) Get the multiple folios consolidated and also get the share transferred in joint names if they are held in single name to avoid inconvenience in future and
 - d) Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
 - e) Write atleast 10 days prior to the date of Meeting, any information which they desire on the accounts, to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956.**ITEM NO. 4 to 6**

Mr. Premchand Shah, Mr. Nihal Shah and Mr. Sharman Shah were appointed as Additional Directors under Article 121 of the Articles of Association of the Company on 9th February, 1999, pursuant to Section 260 of the Companies Act, 1956. As per their term of appointment, their term as Directors expire at the forthcoming Annual General Meeting. The Company in turn has received notices from some members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to appoint them as Directors. The Directors recommend their appointment in the best interest of the Company.

None of the Directors except Mr. Premchand Shah, Mr. Nihal Shah and Mr. Sharman Shah shall be considered to be interested in the passing of these resolutions.

ITEM NO. 7 & 8

Mr. Premchand Shah and Mr. Nihal Shah were appointed as whole-time Directors by the Board of Directors at its meeting held on 1st April, 1999 for a period of 3 years with effect from 1st April, 1999 on a monthly remuneration of Rs. 20,000/- and Rs. 15,000/- respectively and with an increment of Rs. 3,000/- per month per year to both of them. Where in any financial year, during the tenure of

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Mr. Premchand Shah and Mr. Nihal Shah as whole-time Directors, if the Company has no profit or its profits are inadequate, the Company shall pay remuneration not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. Premchand Shah will look after overall management, administration, finance and marketing of the Company.

Mr. Nihal Shah will look after consumer finance and marketing of the Company.

The Board recommends the resolutions mentioned that item No. 7 and 8 of the Notice for your approval in the best interest of the Company.

None of the Directors except Mr. Premchand Shah, Mr. Nihal Shah and Mr. Sharman Shah shall be considered to be interested in the passing of these resolutions.

ABSTRACTS OF THE TERMS AND CONDITIONS OF APPOINTMENTS OF MR. PREMCHAND SHAH AND MR. NIHAL SHAH AS WHOLE-TIME DIRECTORS OF THE COMPANY UNDER SECTION 302 OF THE COMPANIES ACT, 1956 AND MEMORANDUM OF INTEREST.

The content of the resolution contained in item No. 7 and 8 of the Notice and the Explanatory Statement annexed thereto under Section 173 of the Companies Act, 1956 shall be deemed to be the Abstracts of the terms and conditions of the appointment of Mr. Premchand Shah and Mr. Nihal Shah as whole-time Directors, under Section 302 of the Companies Act, 1956 and the Memorandum of Interest.

By order of the Board
For GEMSTONE INVESTMENTS LIMITED

Premchand K. Shah
Director

Registered Office

1st Floor, Bldg. No. 1,
Above Central Govt. Ware House Office,
J. V. Patel ITI Compound, Madurkar Marg,
Opp. Elphinstone Station (W.),
Mumbai - 400 013.

Date : 14th June, 1999



DIRECTORS' REPORT TO THE SHAREHOLDERS

To,
The Members,

Your Directors take pleasure in presenting the **Fifth Annual Report** of the Company together with the Audited Accounts for the year ended, 31st March, 1999.

1. FINANCIAL RESULTS

	Year Ended 31-3-1999	(Rs. in lakhs) Year Ended 31-3-1998
Gross Income from Operations	-50.64	58.83
Less : Permanent decline in value of Long Term Investment	-0.28	8.00
Net Income from Operation	-50.92	50.83
Other Income	1.73	1.30
Provision for Non-performing Assets reversed	71.24	—
Total Expenses	38.05	105.22
Interest paid to Banks and Others	2.34	5.89
Bad Debts Written off	135.40	—
Profit before Depreciation and Tax	-153.74	-58.98
Depreciation	1.70	2.17
Provision for Taxation	—	9.75
Taxation for earlier years	—	15.91
Profit after Tax	-155.44	-86.81

2. DIVIDEND

In view of losses incurred by the Company, your Directors do not recommend any dividend.

3. OPERATIONS

Year 1998-1999 was no better off then the year 1997-1998. With subdued investment, climate in both the primary and secondary markets there was hardly any scope for doing business in the investment market. We tried to explore other areas of business activity and ultimately decided to go in Consumer Finance which is comparatively safer field to operate in.

4. BUSINESS PROSPECTS & FUTURE PLANS

In the current year also we wish to continue our operations in Consumer Finance and at the same time we are exploring other profitable areas of business.

5. DIRECTORS

Mr. Lalit Gandhi, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Premchand Shah, Mr. Nihal Shah and Mr. Sharman Shah were appointed as additional Directors on 9th February, 1999. Pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association, their term as Directors expires on the date of Annual General Meeting. However,