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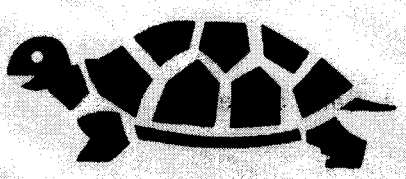

GEMSTONE

INVESTMENTS LIMITED

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8th Annual Report
2001-2002

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BOARD OF DIRECTORS

Directors	: Shri Premchand K. Shah	Chairman
	Shri Nihal P. Shah	
	Shri Sharman P. Shah	
	Shri Lalit D. Gandhi	
Bankers	: Bank of Baroda	
Auditors	: M/s. D. L. Joshi Chartered Accountant	
Registered Office	: 1st Floor, Building No.1, Above Central Govt. Warehouse Office, J. V. Patel ITI Compound, Madurkar Marg, Opp. Elphinstone Station (West), Mumbai 400 013.	
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 Eighth Annual General Meeting of the Shareholders of GEMSTONE INVESTMENTS LIMITED will be held on Thursday, 12th September, 2002 at 10.30 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. Elphinstone 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, 2002 and the Profit and Loss Account for the year ended 31st March, 2002 and the Report of the Directors and the Auditors thereon.

2) To appoint a Director in place of Mr. Sharman P. Shah, who retires by rotation and being eligible offers himself for re-appointment.

3) To appoint Auditors and to fix their remuneration.

By order of the Board
For GEMSTONE INVESTMENTS LIMITED

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

Premchand K. Shah
Director

Place: Mumbai
Date : 19th July, 2002.

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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. Proxy, in order to 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 Monday, 9th September, 2002 to Thursday, 12th September, 2002 both the days are inclusive.

4. The members are requested to:-

   a) Intimate changes, if any, in their Registered address to the Company at the Company's Share Transfer Agent 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 shares transferred in joint names if they are held in single name to avoid inconvenience in future.

   d) Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.

   e) Write at least 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.

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DIRECTORS REPORT TO THE SHAREHOLDERS

To
The Members,

Your Director take pleasure in presenting the Eighth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

PARTICULARS	(Rs. in lakhs) Year Ended 31/03/2002	(Rs. in lakhs) Year Ended 31/03/2001
Gross Income from Operations	**43.03**	72.75
Less : Permanent decline in value of Long Term Investments	**–**	(28.69)
Net Income from operations	**43.03**	44.06
Add : Provisions for NPA not required	**1.13**	–
Add : Provisions for permanent decline in Long term investment not required	**9.99**	–
Other Income	**17.55**	7.40
Provision for non-performing Assets	**0.59**	12.28
Total Expenses	**30.33**	9.91
Interest paid to Banks and others	**9.18**	33.33
Bad Debts Written Off	**0.67**	0.03
Profit/(Loss) before Depreciation and Tax	**30.93**	(4.09)
Depreciation	**0.27**	0.28
Provision for Taxation	**—**	—
Profit/(Loss) after tax	**30.66**	(4.37)

2. DIVIDEND

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

3. OPERATIONS

During the current year also, Company continued its operation in consumer finance, since it is contributing significantly to its profits.

Company has suffered loss in investment operations due to downfall in capital markets. Company also reduced its unsecured loans during the year, resulting in drastic decrease in finance expenses.

4. BUSINESS PROSPECTS AND FUTURE PLANS

As Company suffered loss in investments operations, we decided to reduce the investments in capital market.

However consumer finance is contributing more to profits and also it is safer field to operate in, we wish to continue our operations in consumer finance.

5. DIRECTORS

Shri Sharman P. Shah, Director who retires by rotation at the forthcoming Annual General Meeting and being offers himself for reappointment.

Shri Premchand K. Shah and Shri Nihal P. Shah, Wholetime Directors, whose term was expired on 31st March, 2002, the Company has not re-appointed them as Wholetime Directors of the Company.

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6. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, your Directors wish to state that the same is not applicable to the Company.

Foreign Exchange Earnings/Outgo :	Rs.
Foreign Exchange Earned	Nil
Foreign Exchange Outgo	Nil

7. FIXED DEPOSITS

The Company has not accepted any deposits from the public.

8. PARTICULARS OF EMPLOYEES

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended is not given as there was no employee drawing the salary as per the limits mentioned in that Section.

9. DIRECTORS RESPONSIBILITY STATEMENT

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

i) That in the preparation of the Annual Accounts for the financial year 31st March, 2002, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.

ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) 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.

iv) That the Directors have prepared the Accounts for the financial year ended 31st March, 2002 on a going concern basis.

10. LISTING OF SHARES

The Company's shares are listed on Mumbai Stock Exchange and the Company has paid the listing fees for the same.

12. AUDITORS

M/s. D. L. Joshi, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. You are requested to appoint them and fix their remuneration.

13. ACKNOWLEDGMENT

Your Directors wish to place on record their deep appreciation for the whole hearted and sincere co-operation received by the Company from its customers, business community and employees for improving the performance of the Company.

For and on behalf of the Board
For GEMSTONE INVESTMENTS LIMITED

Premchand K. Shah
Director

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

Place: Mumbai
Date : 19th July, 2002.

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REPORT OF THE AUDITOR TO THE MEMBERS OF GEMSTONE INVESTMENTS LIMITED

I have audited the attached Balance Sheet of **Gemstone Investments Limited** as at 31st March, 2002 and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, I give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order,

2 Further to my comments in Annexure referred to in para 1 above, I report that :

a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;

b) In my opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from my examination of the books;

c) The Balance Sheet and Profit & Loss Account, dealt with by this report, are in agreement with the books of account;

d) In my opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

e) On the basis of the written representations received from the Directors as on 31st March, 2002, and taken on record by the Board of the Directors, I report that none of the directors is disqualified as on 31st March, 2002, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

f) In my opinion and to the best of information and according to the explanations given to me, the accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002.

And

ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

Mumbai
19th July, 2002

Dhananjay Joshi
Chartered Accountant

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ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF GEMSTONE INVESTMENTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

(Referred to in paragraph (1) of my report of even date)

1. The Company is not a manufacturing company and hence the requirement of the items (iii), (iv), (v), (vi), (xii), (xiv), and (xvi) of clause A of paragraph 4 of the order are not applicable to the Company.

2. The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets. The fixed assets have been physically verified by the management during the year. As explained to me, no discrepancies were noticed on such verification.

3. None of the fixed assets have been revalued during the year.

4. In my opinion, the rate of interest and other terms and conditions on which loans have been obtained from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.

5. The Company has not granted unsecured loan to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and/or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

6. The Company has granted loans or advances in the nature of loans. The Company has written off as bad, a loan and advance amounting to Rs. 67,455/- which as per the assessment of the management of the Company was not recoverable. The Company has also provided for loans and advances doubtful of recovery amounting to Rs. 42,79,968.83. The other parties are generally repaying the principal amounts and interest as stipulated. The Company has taken reasonable steps, wherever it deems necessary, for the recovery of the principal and interest on such loans/advances.

7. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of equipment and other assets.

8. The Company has not entered into any transactions of purchase of goods, materials and sale of goods, material and services during the year from/to firms, companies or other parties in which Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956.

9. The Company has not accepted any deposits from the public to which the provision of Section 58A of the Companies Act, 1956, and rules made thereunder would apply.

10. The Company has an internal audit system whose scope needs to be widened and strengthened.

11. I am informed that, Employees Provident Fund Act and Employees State Insurance Act were not applicable to the Company for the year ended 31st March, 2002.

12. There are no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Custom duty and Excise duty as at 31st March, 2002 which are outstanding for a period of more than six months from the date they became payable.

13. In my opinion and according to the information and explanations given to me, personal expenses

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