

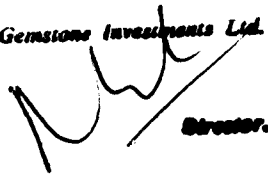
# **GEMSTONE**

**INVESTMENTS LIMITED**

Report  junction.com

**CERTIFIED TRUE COPY**

*For Gemstone Investments Ltd.*

  
**Director.**

**10th Annual Report  
2003-2004**

## GEMSTONE INVESTMENTS LIMITED

---

### BOARD OF DIRECTORS

**Chairman & Managing Directors** : Shri Premchand K. Shah

**Whole-Time Directors** : Shri Nihal P. Shah

Shri Sharman P. Shah

Shri Lalit D. Gandhi

**Bankers** : Bank of Baroda  
ICICI Bank Limited

**Auditors** : M/s. Jagadish & Harish  
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** : Sharex (India) Private Limited.  
17/B, Dena Bank Building, 2nd Floor,  
Horniman Circle, Fort,  
Mumbai 400 001.  
Tel. No. 2270 2485, 2264 1376  
Fax No. 2264 1349  
E-mail : [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)



## NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Shareholders of GEMSTONE INVESTMENTS LIMITED will be held on Monday, 27<sup>th</sup> September, 2004 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, 2004 and the Profit and Loss Account for the year ended 31st March, 2004 and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Lalit D. Gandhi, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

- 4) To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to sub section (1) of Section 163 of the Companies Act, 1956 the Company hereby approves that the Register of Members, Index of Members and copies of the annual returns prepared under section 159 of the Act together with the copies of the certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, be kept at the Registrar and Transfer Agents of the Company M/s. Sharex (India) Private Limited having their office situated at 17/B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort Mumbai – 400 001 in place of the Company's erstwhile Share Transfer Agents M/s. R & D Consultants Limited, 610, Dalamal Towers, 211, Nariman Point, Mumbai- 400 021, for which the necessary special resolution passed at the Second Annual General Meeting held on 1<sup>st</sup> July, 1996".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII the said Act as amended up-to-date and subject to approval by the members in the Annual General Meeting, consent and approval be and is hereby accorded to the appointment of and the remuneration and perquisites being paid or provided to Shri Premchand K. Shah as the Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2004 at a remuneration of Rs. 50,000/- per month and other perquisites as per annexure and with such increase in remuneration and perquisites, if permissible as per the provisions of the Act and as may be decided by the Board of Directors from time to time and on the terms and conditions set out in Draft Letter of Appointment a copy whereof initialed by Shri Sharman P. Shah, Director of the Company, for the purpose of identification has been placed before this Meeting, which Draft Letter of Appointment is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said Draft Letter of Appointment to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Shri Premchand K. Shah shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder and the terms of the aforesaid Letter of Appointment between the Company and Shri Premchand K. Shah shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri Premchand K. Shah office as Managing Director, the remuneration and perquisites set out in the aforesaid Draft Letter of Appointment be paid or granted to Shri Premchand K. Shah as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II (1) (A) (ii) of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof".

**GEMSTONE INVESTMENTS LIMITED**

2

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII the said Act as amended up-to-date and subject to approval by the members in the Annual General Meeting, consent and approval be and is hereby accorded to the appointment of and the remuneration and perquisites being paid or provided to Shri Nihal P. Shah as the Whole-Time Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2004 at a remuneration of Rs. 40,000/- per month and other perquisites as per annexure and with such increase in remuneration and perquisites, if permissible as per the provisions of the Act and as may be decided by the Board of Directors from time to time and on the terms and conditions set out in Draft Letter of Appointment a copy whereof initialed by Shri Sharman P. Shah, Director of the Company, for the purpose of identification has been placed before this Meeting, which Draft Letter of Appointment is hereby specifically approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said Draft Letter of Appointment to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Shri Nihal P. Shah shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder and the terms of the aforesaid Letter of Appointment between the Company and Shri Nihal P. Shah shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri Nihal P. Shah office as Whole - Time Director, the remuneration and perquisites set out in the aforesaid Draft Letter of Appointment be paid or granted to Shri Nihal P. Shah as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II (1) (A) (ii) of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof".

**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: 19<sup>th</sup> August, 2004.

**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 explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, for item nos. 4 to 6 of the Notice are annexed.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Monday, 20<sup>th</sup> September, 2004 to Monday, 27<sup>th</sup> September, 2004 both the days are inclusive.
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 Sharex (India) Pvt. Ltd., 17/B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai- 400 001.
- 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.

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

#### **ITEM NO. 4**

Under section 163 of the Companies Act 1956, certain documents which are normally required to be kept at the registered office of the Company may be kept at any other place within the city, town or village in which the registered office is situated, if such other place has been approved by special resolution passed by the Company in General Meeting.

At the Second Annual General Meeting held on 1<sup>st</sup> July, 1996 the Company has passed the Special Resolution u/s 163 (1) of the Companies Act, 1956, to keep the Register of Members, Index of Members and copies of the annual returns prepared under section 159 of the Act together with the copies of the certificates and documents required to be annexed thereto at the Registrar and Share Transfer Agents M/s. R & D Consultants Limited, 610, Dalamal Towers, 211, Nariman Point, Mumbai- 400 021. M/s. R & D Consultants Limited has expressed their inability to continue as Registrar and Share Transfer Agents. Accordingly the Company has appointed M/s. Sharex (India) Private Limited having their office situate at 17/B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort Mumbai – 400 001 as Registrar and Share Transfer agent of the Company. The Company has to shift the Register of Members, Index of Members and copies of the annual returns prepared under section 159 of the Act together with the copies of the certificates and documents required to be annexed thereto to M/s. Sharex (India) Private Limited having their office situate at 17/B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort Mumbai – 400 001.

As per the provisions of Section 163 (1) of the Companies Act, 1956, for maintaining the Register of Members, Index of Members and copies of the annual returns prepared under section 159 of the Act together with the copies of the certificates and documents required to be annexed thereto at other than the Registered Office of the Company than the Company has to pass the Special Resolution. Accordingly for maintaining the Register of Members, Index of Members and copies of the annual returns prepared under section 159 of the Act together with the copies of the certificates and documents required to be annexed thereto with to M/s. Sharex (India) Private Limited having their office situate at 17/B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort Mumbai – 400 001, the Company has to pass the Special Resolution u/s 163 (1) of the Companies Act, 1956.

Advance notice of this resolution has been given by the Company to the Registrar of Companies, Maharashtra by the Company's letter dated 23<sup>rd</sup> August, 2004.

The Directors recommend the special resolution proposed at item No. 4 of the notice for approval.

None of the directors is interested or concerned in this resolution.

#### **ITEM NO. 5 and 6**

The Company has appointed Shri Premchand K. Shah as Managing Director and Shri Nihal P. Shah as Whole-Time Director with effect from 1<sup>st</sup> July, 2004 for a period of 5 years. They are having vast experience in the Capital Market. Due to their untiring efforts the Company has progressed well and was able to wipe-off the losses of the earlier years. It will be in the interest of the Company to take the benefit of their experience in the industry.

**GEMSTONE INVESTMENTS LIMITED**

4

The terms and conditions of their appointments are as follows :

**Salary**

Shri Premchand K. Shah Rs. 50,000/- per month.

Shri Nihal P. Shah Rs. 40,000/- per month.

**Perquisites****Category A****i. Medical Reimbursement:**

Expenses incurred for self and his family subject to ceiling of Rs. 15,000/- per annum.

**Category – B**

They shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling of remuneration as per Schedule XIII of the Companies Act, 1956.

**i. Provident Fund:**

The Company's contribution to Provident Fund, as per the rules of the Company.

Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income Tax Act, 1961.

**ii. Gratuity :**

Gratuity not exceeding one-half months' salary for each completed year of service.

**iii. Superannuation**

Superannuation premium as applicable and to the extent it is not taxable under the provisions of the Income Tax Act, 1961.

**iv. Leave Travel Allowance**

Leave Travel Allowance as per the rules of the company.

**v. Leave Encashment**

Leave encashment as per the rules of the company.

**C) MINIMUM REMUNERATION**

1. The above remuneration and perquisites has been fixed on the basis of inadequate profits as per the audited balance sheet as on 31<sup>st</sup> March, 2003 and has been fixed as provided in Section II (1) (A) (ii) of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof and shall be considered as minimum remuneration.
2. During the tenure of their appointment, if the Company earns profits in excess of the limits prescribed under Schedule XIII or if the profits are adequate in any financial year, then the remuneration of Shri Premchand K. Shah and Shri Nihal P. Shah shall be paid as per the profits earned by the Company in that particular financial year.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement of concern or interest under Section 302 of the Companies Act, 1956.



The resolutions are recommended for approval of Members.

All the Directors of the Company except Shri Lalit Gandhi shall be concerned or interested in these resolutions.

**By order of the Board  
For GEMSTONE INVESTMENTS LIMITED**

Registered Office:  
1<sup>st</sup> 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**  
Managing Director

Place: Mumbai  
Date : 19<sup>th</sup> August, 2004.



**GEMSTONE INVESTMENTS LIMITED**

6

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To  
The Members,

Your Director take pleasure in presenting the Tenth Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2004.

**1. FINANCIAL RESULTS**

PARTICULARS	(Rs. in Lakhs) Year Ended 31/03/2004	(Rs. in Lakhs) Year Ended 31/03/2003
Gross Income from Operations :	<b>38.65</b>	46.92
Less : Permanent decline in value of Long Term Investment :	<b>5.08</b>	7.19
Net Income from operations :	<b>33.57</b>	39.73
Add : Provisions for NPA not required :	—	11.89
Add : Provisions for permanent decline in Long Term Investment not required :	<b>Nil</b>	Nil
Other Income :	<b>0.31</b>	18.31
Provision for non-performing Assets :	<b>0.06</b>	0.56
Total Expenses :	<b>7.80</b>	20.01
Interest paid to Banks and others :	<b>4.38</b>	9.06
Bad Debts Written Off :	<b>0.04</b>	11.40
Profit / (Loss) before Depreciation and Tax :	<b>21.60</b>	28.90
Depreciation :	<b>0.15</b>	0.21
Provision for Taxation :	<b>9.26</b>	Nil
Profit/(Loss) after tax :	<b>12.19</b>	28.69

**2. DIVIDEND**

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

**3. OPERATIONS**

Company has sold major stock of shares during the year under review. Company has planned to reduce its investments in capital market.

Year 2003-04 was better than 2002-03. Company has been able to reduce its expenses nearly by 61% and also bad debts written off were Rs. 0.04 lakhs as compared to Rs. 11.40 lakhs in the year 2002-03. NAV of the Company has increased to Rs. 8.07 as compared to Rs. 7.63 for the last year.

**4. BUSINESS PROSPECTS AND FUTURE PLANS**

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



## 5. **DIRECTORS**

Shri Lalit D. Gandhi, Director who retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

The Company has appointed Shri Premchand K. Shah as Managing Director and Shri Nihal P. Shah as Whole-Time Director with effect from 1<sup>st</sup> July, 2004 for a period of five years. The terms and conditions of their appointments is given in the Notice convening Annual General Meeting. The Boards recommends their appointments in the best interest of the Company.

## 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. **LISTING OF SHARES**

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

## 10. **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 31<sup>st</sup> March, 2004, 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 judgment 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 31<sup>st</sup> March, 2004 on a going concern basis.