



GEMSTONE
INVESTMENTS LIMITED

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**11th Annual Report
2004-2005**



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 : ICICI Bank Limited

Auditors : M/s. Jagadish & Harish
Chartered Accountant

Registered Office : C/o. Bombay Alloy Street,
68/69, Kanjur Village Road,
Opp. Nitco Marbles,
Royal Park Compound,
Kanjur Marg (East),
Mumbai 400 042.

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.



NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Shareholders of GEMSTONE INVESTMENTS LIMITED will be held on Friday, 30th September, 2005 at 10.30 a.m. at registered office of the Company situated at C /o. Bombay Alloy Street, 68/69, Kanjur Village Road, Opp. Nitco Marbles, Royal Park Compound, Kanjur Marg (East), Mumbai – 400 042 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended 31st March, 2005 and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Premchand K. Shah, who retires by rotation and being eligible offers himself for re-appointment?
- 3) To appoint Auditors and to fix their remuneration.

Registered Office:

C /o. Bombay Alloy Street,
68/69, Kanjur Village Road, Opp. Nitco Marbles,
Royal Park Compound, Kanjur Marg (East),
Mumbai – 400 042

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

**Premchand K. Shah
Managing Director**

Place: Mumbai

Date: 25th August, 2005.

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 Thursday, 29th September, 2005 to Friday, 30th September, 2005 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 Agents, M/s. Sharex Dynamic (India) Private Limited having their office situated at 17/B, Dena Bank Building, 2nd 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.

GEMSTONE INVESTMENTS LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

To
The Members,

Your Director take pleasure in presenting the Eleventh Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS

PARTICULARS	(Rs. in Lakhs) Year Ended 31/03/2005	(Rs. in Lakhs) Year Ended 31/03/2004
Gross Income from Operations :	53.47	38.65
Less : Permanent decline in value of Long Term Investment :	---	5.08
Net Income from operations :	---	33.57
Add : Provisions for NPA not required :	0.04	---
Add : Provisions for permanent decline in Long Term Investment not required :	5.08	----
Other Income :	---	0.31
Provision for non-performing Assets :	---	0.06
Total Expenses :	---	7.80
Interest paid to Banks and others :	---	4.38
Bad Debts Written Off :	0.58	0.04
Profit / (Loss) before Depreciation and Tax :	---	26.0
Depreciation :	0.12	0.15
Provision for Taxation :	8.00	9.26
Profit/(Loss) after tax :	29.85	12.19

2. DIVIDEND

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

3. OPERATIONS

Company has sold all stock of shares during the year under review.

Year 2004-05 was better than 2003-04. Company has been able to restrict its expenses to 29% of the total turnover as compared to 32% in the last year and also bad debts written off were Rs. 58 thousand. NAV of the Company has increased to Rs. 9.26 as compared to Rs.8.07 for the last year.

4. BUSINESS PROSPECTS AND FUTURE PLANS

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



5. **DIRECTORS**

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

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 31st March, 2005, 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 31st March, 2005 on a going concern basis.

11. **CORPORATE GOVERNANCE**

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.

GEMSTONE INVESTMENTS LIMITED

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12. AUDITORS

M/s. Jagadish & Harish, 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.

Registered Office:

C/o. Bombay Alloy Street,
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Mumbai - 400 042

**For and on behalf of the Board
For GEMSTONE INVESTMENTS LIMITED**



Premchand K. Shah
Managing Director

Place: Mumbai

Date: 25th August, 2005.

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CORPORATE GOVERNANCE REPORT

As per Schedule of Implementation of Clause 49 of the Listing Agreement with the Stock Exchange, the said Clause 49 is applicable to your company from the Financial Year ending as on 31st March, 2005. As per the Clause 49 of Listing Agreement with Stock Exchange, incorporate certain mandatory disclosure requirements with regard to Corporate Governance. In pursuance of the requirements of Corporate Governance, the Board of Directors reports the following:

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance strives for attaining the optimum level of transparency and accountability in all facets of its operations and all dealings which is shareholders, employees, lenders, creditors, customers and the government.

The Board of Directors by considering itself as trustees of its Shareholders aims at maximizing shareholders value and protecting the interest of other stakeholders.

Achieve excellence in Corporate Governance by:

Adhering to all guidelines on Corporate Governance.

Review periodically the existing measures for conformity and improvement of Corporate Governance.

II. BOARD OF DIRECTORS;

- (i) The strength of the Board was 4 Directors as on 31st March, 2005 comprising of Two Executive Directors and Two Non-Executive Directors. One out of Four Directors is Independent. The independent Director does not have any material or pecuniary relationship or transaction with the Company, its promoters or its management, which may affect their judgement in any manner.
- (ii) None of the Directors hold Directorship in more than the permissible no. of Company under the relevant provision. Further, none of the Directors on the Board is a member of Ten Committees or Chairman of more than Five Committees.
- (iii) The Board met 9 times during the period from April, 2004 to March, 2005, i.e. 21st April, 2004, 25th April, 2004, 27th April, 2004, 5th July, 2004, 27th July, 2004, 19th August, 2004, 27th October, 2004, 30th December, 2004 and 27th January, 2005.
- (iv) All the Directors of the Company have attended all the Board Meetings and General Meetings.
- (v) None of the Directors are Director in any other public limited company.
- (vi) All the Directors of the Board are liable to retire by rotation as per the provisions of the Companies Act, 1956.
- (vii) Board Meeting Attendance record of the Directors in 2004 – 2005.

Name of the Director	Category of Directorship	No. of Meetings held	Attendance of Board Meeting	Attendance of Last AGM
Mr. Premchand K. Shah	Managing Director	9	9	Yes
Mr. Nihal P. Shah	Whole Time Director	9	9	Yes
Mr. Sharman P. Shah	Director	9	9	Yes
Mr. Lalit Gandhi	Independent	9	9	Yes

III. AUDIT COMMITTEE

The company is fully complying with the accounting standards prescribed by the Institute of Chartered Accountants of India under the Companies Act, 1956 and the same has been stated by the Directors in the Directors