



**GEMSTONE**  
**INVESTMENTS LIMITED**

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**13th Annual Report**  
**2006-2007**



## GEMSTONE INVESTMENTS LIMITED

### BOARD OF DIRECTORS

<b>Chairman &amp; Managing Director</b>	Shri Premchand K. Shah
<b>Whole – Time Director</b>	Shri Nihal P. Shah Shri Sharman P. Shah Shri Lalit D. Gandhi Shri Pravin H. Haria (w.e.f. 19/12/2005) Mrs. Mrudula V. Shah (w.e.f. 19/12/2005)
<b>Bankers</b>	ICICI Bank Limited
<b>Auditors</b>	M/s. Jagadish & Harish Chartered Accountants
<b>Registered Office</b>	C /o. Bombay Alloy Street, 68/69, Kanjur Village Road, Opp. Nitco Marbles, Royal Park Compound, Kanjur Marg (East), Mumbai – 400 042.
<b>Share Transfer Agents</b>	Sharex Dynamic (India) Private Limited, 17/B, Dena Bank Building, 2 <sup>nd</sup> Floor, Horniman Circle, Fort Mumbai – 400 001. Tel. No. 22 70 24 85, 22 64 13 76 Fax No. 22 64 13 49 E-mail : sharexindia@vsnl.com

## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Shareholders of GEMSTONE INVESTMENTS LIMITED will be held on Saturday, 29<sup>th</sup> September, 2007 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 31<sup>st</sup> March, 2007 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2007 and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Pravin H Haria, 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:  
C/o. Bombay Alloy Street,  
68/69, Kanjur Village Road, Opp. Nitco Marbles,  
Royal Park Compound, Kanjur Marg (East),  
Mumbai – 400 042

**Premchand K. Shah  
Managing Director**

Place : Mumbai  
Date : 30<sup>th</sup> June, 2007.

### **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 Saturday, 22<sup>nd</sup> September, 2007 to Saturday, 29<sup>th</sup> September, 2007 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, 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.

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**DIRECTORS' REPORT TO THE SHAREHOLDERS**

To  
The Members,

Your Director take pleasure in presenting the Thirteenth Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2007.

**1. FINANCIAL RESULTS**

PARTICULARS		(Rs. in Lakhs) Year Ended 31/03/2007	(Rs. in Lakhs) Year Ended 31/03/2006
Gross Income from Operations	:	23.01	31.11
Less : Permanent decline in value of Long Term Investment	:	----	----
Net Income from operations	:	23.01	31.11
Add : Provisions for NPA not required	:	----	----
Add : Provisions for permanent decline in Long Term Investment not required	:	----	----
Other Income	:	----	----
Provision for non-performing Assets	:	----	----
Total Expenses	:	22.38	10.41
Interest paid to Banks and others	:	----	----
Bad Debts Written Off	:		0.03
Profit / (Loss) before Depreciation and Tax	:	0.63	20.67
Depreciation	:	1.89	2.16
Provision for Taxation	:		7.30
Profit/(Loss) after tax	:	1.26	11.21

**2. DIVIDEND**

Your Directors do not recommend dividend for the financial year ended 31<sup>st</sup> March, 2007, in order to conserve the resources of the Company.

**3. OPERATIONS**

In the year 2006-2007, the gross income has reduced by 26%. NAV of the company has gone up to 9.10 as compared to 8.91 of 2005-2006



#### 4. BUSINESS PROSPECTS AND FUTURE PLANS

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

#### 5. DIRECTORS

Shri Pravin H Haria, 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 31<sup>st</sup> March, 2007, 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, 2007 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 revised Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.

## 12. AUDITORS

M/s. Jagdish & Harish, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made would be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.



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**

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

**Premchand K. Shah  
Managing Director**

Place : Mumbai  
Date : 30<sup>th</sup> June, 2007





## **CORPORATE GOVERNANCE REPORT**

### **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) Board Composition:**

The strength of the Board was 6 Directors as on 31<sup>st</sup> March, 2007. The composition and category of Directors on the Board of the Company are:

Executive Director

Mr. Premchand K. Shah (Chairman)

Mr. Nihal P. Shah

Non-executive Director

Mr. Sharman P. Shah

Mr. Lalit D. Gandhi (Independent)

Mr. Pravin H. Haria (Independent)

Mrs. Mrudula V. Shah (Independent)

The Non-Executive Directors do 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) **Other Directorship and Membership of Board Committees:**

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 more than Ten Committees or Chairman of more than Five Committees.

iii) **Board Meetings:**

The Board met 5 times during the period from 1<sup>st</sup> April, 2006 to 31<sup>st</sup> March, 2007, i.e. 25<sup>th</sup> April, 2006, 28<sup>th</sup> July, 2006, 25<sup>th</sup> August, 2006, 30<sup>th</sup> October, 2006 and 29<sup>th</sup> January, 2007.

iv) **Board Meeting Attendance record of the Directors in 2005 – 2006:**

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	5	5	Yes
Mr. Nihal P. Shah	Whole Time Director	5	5	Yes
Mr. Sharman P. Shah	Director	5	5	Yes
Mr. Lalit Gandhi	Independent	5	5	
Mr. Pravin H. Haria	Independent	5	5	
Mrs. Mrudula V. Shah	Independent	5	5	

v) **Directorship of Public Limited Company**

None of the Directors are Directors in any other public limited company.

vi) **Code of Conduct:**

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management have affirmed their compliance with the code. A declaration to this effect signed by the Managing Director of the Company is given elsewhere in the Annual Report.

### III. AUDIT COMMITTEE

The Company has constituted the Audit Committee at the Board meeting held on 19<sup>th</sup> December, 2005, the following Directors have been appointed as members of the audit committee.