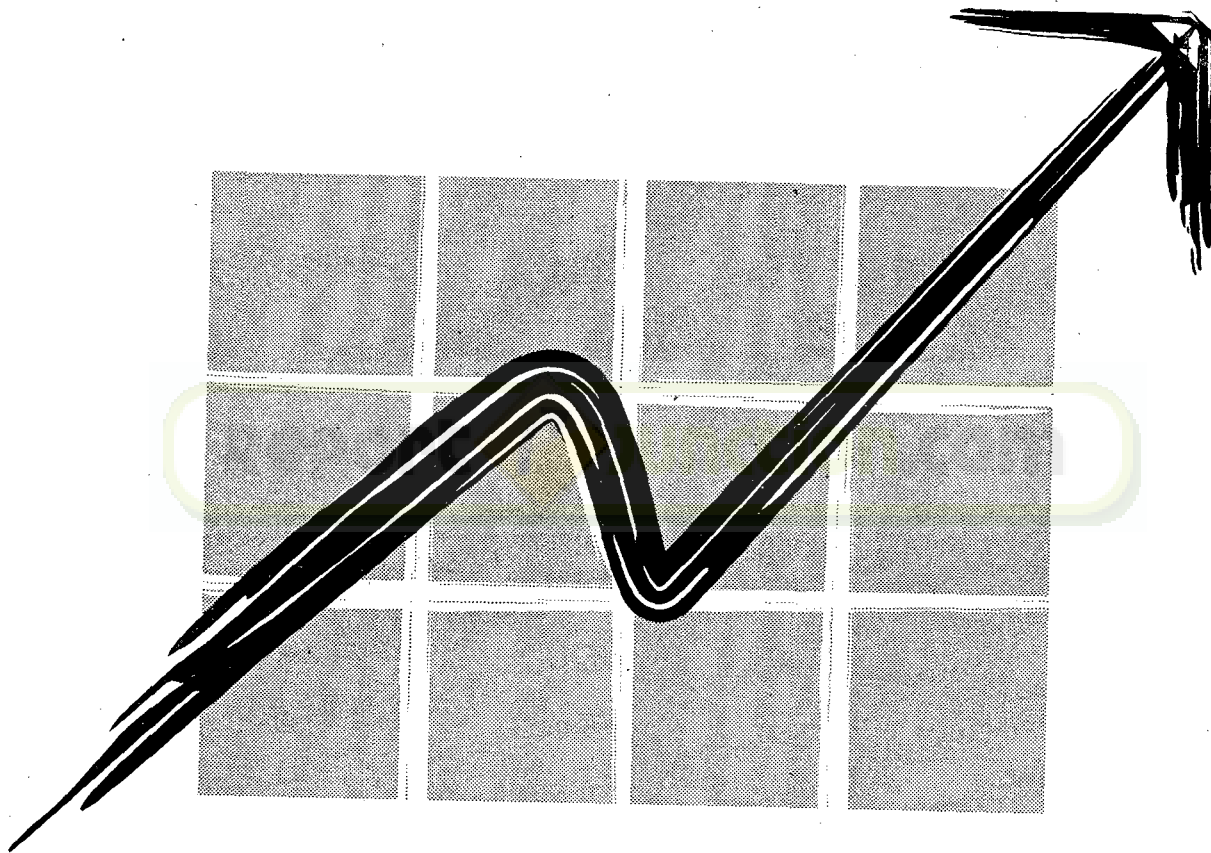


**GCCL**



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**GUJARAT CREDIT CORPORATION LIMITED**

Annual Report 2008-09

## **GUJARAT CREDIT CORPORATION LIMITED**

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**BOARD OF DIRECTORS :** SHRI BAHUBALI S. SHAH - CHAIRMAN  
SHRI AMAM S. SHAH - MANAGING DIRECTOR  
SHRI SHRIRAJ S. JHAVERI - DIRECTOR  
SHRI VIPUL H. RAJA - DIRECTOR  
SHRI L. N. PATEL - DIRECTOR

**AUDITORS :** M/S. PARIKH MEHTA & ASSOCIATES

**CHARTERED ACCOUNTANTS**

2, HAPPY HOME APPARTMENTS,  
10, SAMPATRAO COLONY,

R.C.DUTT ROAD,

BARODA - 390 005.

**REGD. OFFICE :** 606, SAKAR-I,  
OPP. NEHRU BRIDGE,  
ASHRAM ROAD,  
AHMEDABAD - 380 009

## **GUJARAT CREDIT CORPORATION LIMITED**

Regd. Office : 606, SAKAR-1, Opp. Nehru Bridge, Ashram Road, Ahmedabad – 380 009.

### **NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Gujarat Credit Corporation Limited will be held on Wednesday, 30<sup>th</sup> September, 2009 at 11.00 a.m. at 606, Sakar-1, Opp.Nehru Bridge, Ashram Road, Ahmedabad to transact the following business.

### **ORDINARY BUSINESS**

1. To receive consider & adopt the Balance Sheet as at 31<sup>st</sup> March, 2009, the profit & Loss Account for the year ended on that date and the reports of the Directors' & Auditors thereon.
2. To appoint Director in place of Shri Shiraj S. Jhaveri, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri L.N.Patel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Parikh Mehta & Associates, Chartered Accountants, Vadodra as Auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company.

By Order of the Board of Directors

Date : 30th June 2009

Registered Office:

606, Sakar-I, Ashram Road,  
Ahmedabad- 380009.

Amam S. Shah

Managing Director

# GUJARAT CREDIT CORPORATION LIMITED

## : 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 PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of the Members & Share Transfer Books of the Company will remain closed from Wednesday, 23/09/09 to Wednesday, 30/09/09 [both days inclusive].
4. Shareholders desirous of asking any question at the Annual General Meeting are requested to send in their questions so as to reach the Company at least five days before the Annual General Meeting so that the same can be suitably replied.
5. Share transfer documents and all correspondence relating thereto, should be addressed to Registrar and Share Transfer Agents of the Company, M/s Pinnacle Shares Registry Private Ltd., Nr. Ashoka Mills, Naroda Road, Ahmedabad-380 025, Tel.: 079- 22200338, 22200582, Fax: +91-79-2220 29 63 E-mail [girish.patel@psrpl.com](mailto:girish.patel@psrpl.com).
6. Members who hold shares in physical form are requested to notify immediately any changes in their addresses to the Registrar and Share Transfer Agents at the above address and to their depository participants, in case shares are held in electronic mode.
7. At the ensuing Annual General Meeting, Shri Shriraj S. Jhaveri and Shri L. N. Patel shall retire by rotation and being eligible, offer themselves for reappointment.

Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors to be reappointed are given below.

- 1) Name : Shri Shriraj.S.Jhaveri  
 Address : D/202,Chandanbala Flat,Opp Suvidha Shoping Center  
 : Mahalaxmi Char Rasta, Paldi, Ahmedabad-380007  
 Age : 57 years  
 Nationality : Indian  
 Occupation : Business  
 Qualification : B.Com.  
 Experience : 17 years  
 Date of Appointment : 1/11/1993

Following are the companies in which he is Director :

1. GCCL Infrastructure & Projects Limited
2. Lipi Mercantile Limited
3. Dipshikha Impex Limited

He is Non-Executive Non Independent Director of the Company.

- 2) Name : Shri L.N.Patel  
 Address : 9-B Jadav Chambers Nr Income Tax  
 : Ashram Road Ahmedabad 380009  
 Age : 52 years  
 Nationality : Indian  
 Occupation : Business  
 Qualification : C.A  
 Experience : 18 years  
 Date of Appointment : 4/10/2005

Following are the companies in which he is Director :

1. DMCC Oil Terminals(Navlakhi)Ltd

He is an Independent Director of the Company. He does not held any shares in the Company.

By Order of the Board of Directors

Date : 30<sup>th</sup> June 2008

Registered Office :

606, Sakar-I, Ashram Road,  
 Ahmedabad-380009.

Amam S. Shah  
 Director

## DIRECTORS' REPORT

To  
The Members  
Gujarat Credit Corporation Limited  
Ahmedabad-380009.

Your Directors presents their Sixteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS :

Particulars	2008-2009(Rs in Lac)	2007-2008(Rs in Lac)
Profit/[-]Loss before depreciation & Tax:	12.36	192.22
Depreciation	3.78	4.17
Taxation	0.37	0.44
Profit/[-]Loss for the year	8.21	187.61
Profit/[-]Loss brought forward from previous year.	188.26	72.50
Profit /[-]Loss Carried To Balance Sheet	196.47	260.03

### OPERATIONS:

The company has earned Rs. 45.32 lakhs towards development income and no income from computer business. The business in dealing with computers is discontinued. The company has incurred loss in its capital market related activities.

### MANAGEMENT DISCUSSION & ANALYSIS

#### Real Estate Industry Structure & Development

India's GDP growth rate has averaged 8% over the last three years, up from an average of around 6% during the 1990s, and highlights India's emergence as a land of opportunities. The principle drivers of India's GDP are changing demographics, rising levels of foreign investment, a vibrant services sector and buoyant exports.

This economic growth has stimulated demand for property to help meet the needs of business, such as modern offices, warehouses, hotels and retail shopping centers. It has also boosted housing demand as a wealthier populace seeks upgraded accommodation. Moreover, shrinking household size and improved access to housing finance have boosted the demand for residential property. Tax incentives have also been granted to interest and principal paid on home loans, which has made owner-occupied property more attractive.

In recent years has India's property sector changed substantially. These trends of growth and modernization are set to continue, with some market participants forecasting that real estate development in India will grow from US\$12 billion in 2005 to US\$90 billion by 2015. Global capital has become more interested in Indian property and is seeking transparent and liquid ways to invest.

Indian cities are customarily divided into three groups: Tier I, comprising of major urban centres like Delhi, Mumbai and Bangalore; Tier II, including such cities as Hyderabad, Kolkata and Pune; and Tier III, consisting of cities such as Ahmedabad, Gaziabad, Indore, Jaipur, Lucknow and Nagpur.

Over the last few years, modern real estate development has spread beyond Tier 1 cities to Tier II and Tier III cities. However, the longevity of this development is not certain.

The Indian government has constituted the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) – a national level framework program covering 63 cities. The objectives of this mission are: i) improvement of India's urban infrastructure; ii) planned development of all urban regions — especially suburban ones — thus relieving pressure on better-developed areas; and iii) increased accountability of urban local bodies.

Private sector real estate development companies currently underway are undertaking a significant part of the urban development activities. To raise resources from the capital markets and to achieve economies of scale, these private sector developers are adopting better corporate governance and financial transparency practices.



## GUJARAT CREDIT CORPORATION LIMITED

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Property financing remains largely conducted through conventional mortgages, with the volume of more modern, transparent and liquid products — such as shares in public property firms and CMBS — still negligible. This is partly due to high registration charges and transaction costs and structural impediments in the securitization legal framework. Industry databases on transaction volumes, structures and prices are also largely undeveloped.

### **Opportunities & Threats:**

#### **Opportunities:**

There appears to be opportunities galore for construction companies in the medium to long term in Gujarat.

#### **Threats:**

India has one of the highest levels of Property Taxes and Stamp Duty among the major countries in Asia — stamp duty is running at 5-10%. This leads to high incidence of cash transactions.

A multitude of Approving Agencies for planning permission also boosts costs, and adds time to development. A creaky Land Title monitoring system also means that ownership problems are all too common.

The mushrooming of property players without a track record has exacerbated these issues.

### **SEGMENT WISE PERFORMANCE**

During the year under review, the Company was engaged in construction activities, computer trading and capital market related activities. It earned its income in the form of development charges from construction business and profit from trading in computers. Your directors have now decided to concentrate on real estate development business

### **OUTLOOK**

The changing structure of the construction industry has paved the way for the organized sector to play a more active role in the development of the sector. Your Company plans to develop new projects during current year. Acquisition of Land is under progress.

### **RISK & CONCERNS**

The property business in India faces political risks. These risks may come in various forms, but include the stalling of decisions over acquisitions or planning permission during elections, while some approvals have even been rescinded following elections and changes to state governments.

The property industry is also wrestling with oversupply in certain areas, such as in India's commercial property sector, which may lead to rent reductions and value drops. Meanwhile, property firms must also cope with a reduction in customer advances on new construction, increasing land values (making acquisition and development deals tougher), rising interest rates since 2005, and increased difficulty in arranging capital. The latter is exacerbated by rising interest rates and property prices, which have encouraged banks to become more selective in granting loans as they try to pre-serve asset quality.

Moreover, the Reserve Bank of India (RBI) has increased risk weighting for real estate exposure, which has served to curtail direct lending to this sector. Furthermore, mutual funds lack the appetite for long-tenure deals, and mostly invest in high quality debt, while pension funds and insurance companies have yet to invest in structured paper either.

### **INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

The company has proper & adequate system of internal controls proportionate to its size and business. The internal control systems of the company are designed to ensure that the financial and other records are reliable for preparing financial statements and other data.

### **CAUTIONARY STATEMENT:**

The Management Discussion & Analysis Report may contain certain statement that might be considered forward looking within the meaning of applicable securities, laws and regulations. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, tax laws, political and economic development.

### **CODE OF CONDUCT**

The code of conduct for all Board members and senior management of the Company has been laid down

and is being complied in words and spirit. The declaration on compliance of code of conduct signed by CEO of the Company is included as a part of this annual report.

### **CORPORATE GOVERNANCE**

Pursuant to clause 49 of the listing agreement, a report on corporate governance along with auditors' certificate of its compliance is included as part of the annual report.

### **DIRECTORS:**

Shri Shriraj S. Jhaveri and Shri L.N.Patel Directors will retire by rotation and being eligible, offers themselves for reappointment.

### **AUDITORS AND AUDITORS' REPORT:**

The Auditors' M/s Parikh Mehta & Associates Chartered Accountants, vadodra holds office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment for the year 2009-2010. The Company has received certificate from the Auditors' to the effect that the reappointment if made, would be within prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

The notes at schedule 12 are self-explanatory and do not require further clarifications.

### **FIXED DEPOSITS:**

The Company has not accepted any deposits from the public.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

Part A and B pertaining to conservation and technology absorption are not applicable to the Company. However the Company endeavored to conserve energy consumption wherever feasible.

The Company has neither used nor earned any foreign exchange during the year under review.

### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to sub-Section (2AA) of Section 217 of Companies Act'1956 the Board of Directors of the Company hereby State and confirm that:

- (i) in preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at end of the financial year and of the profit or loss of the company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES:**

The information as required under Section 217(2A) of the Companies Act.1956 read with Companies (particulars of employees' amendment) Rules, 1988 as amended from time to time is nil.

### **ACKNOWLEDGMENTS:**

The Board expresses their appreciation for continued co-operation and support extended to the Company by bankers, employees & shareholders.

Place: Ahmedabad  
Date : 30/6/2009

For and on behalf of the Board of Directors  
**Bahubali Shah**

Registered office:  
606, Sakar I, Ashram Road,  
Ahmedabad- 380 009.

Chairman