

# **JHAVERI CREDITS & CAPITAL LIMITED**

## **15<sup>TH</sup> ANNUAL REPORT**

ReportJunction.com **2008-2009**

**JHAVERI**<sup>TM</sup>  
| C O M M O D I T I E S |

*Let's Grow Together*

## 15th ANNUAL REPORT (2008-09)

**BOARD OF DIRECTORS** : Mr. Jitendra B. Jhaveri - Chairman  
Mr. Rajesh J. Jhaveri - Managing Director  
Mr. Kamlesh J. Jhaveri - Whole-time Director  
Mr. Bhadresh J. Jhaveri - Director  
Mr. Kantilal N. Patel - Director  
Mr. Ashesh Trivedi - Director

**AUDITORS** : Mukund & Rohit  
Chartered Accountant  
No. 8, 2<sup>ND</sup> Floor, Tower E  
Avishkar, Old Padra Road  
Vadodara-390007.

**REGISTERED OFFICE** : 301, Payal Tower - II,  
Sayajigunj,  
Vadodara-390 005  
Gujarat.

## NOTICE FOR 15th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15th Annual General Meeting of the Members of the Company will be held on Tuesday, the 1st day of September, 2009 at 11.00 a.m. at 301, PAYAL TOWER II, SAYAJIGUNJ, VADODARA-390005 to transact the following business:

**ORDINARY BUSINESS:** To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2009 along with Auditors' and Directors' Report thereon.

- To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2009 along with Auditors' and Directors' Report thereon.

2.	To appoint a Director in place of Mr. Kantilal N. Patel, who retires by rotation and being eligible offers himself for re-appointment.	
3.	To appoint a Director in place of Mr. Ashesh J. Trivedi, who retires by rotation and being eligible offers himself for re-appointment.	
4.	To appoint the Auditors and to fix their remuneration.	
<b>Regd. Office :</b> 301, Payal Towers-II, Sayajigunj, Vadodra-390 005. Date: July 2009		<b>By order of the Board,</b> <b>For JHAVERI CREDITS &amp; CAPITAL LTD.</b> <b>RAJESH J. JHAVERI</b> <b>MANAGING DIRECTOR</b>

### NOTES:

### DIVIDEND

The Directors do not recommend any dividend in view of retention of funds in business for future requirements.

i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.

### REVIEW OF OPERATIONS

The Register of Members and the Share Transfer Books will remain closed from Thursday, the 27th August 2009, to Tuesday, the 1st September, 2009 (both days inclusive).

The net profit for the year ended 31-03-2009 was Rs 20.37 lacs compared to Rs 10.39 lacs in the previous year. The company is giving special focus on the business of the year ended 31-03-2009.

As a means of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report along with admission slip while attending the Annual General Meeting.

The performance of the Company has been improved in the area of Company's Broking during the year on NCDX and MCX Exchanges. The company is expanding the developmental activities in the area of Broking and Real Estate.

iv. As required under Clause 49(VI) (A) of the Listing Agreement with the Stock Exchanges, information is provided in the Annual Report in respect of Director proposed to be appointed/ re-appointed.

**DIRECTORS' REPORT**

To,  
The Members  
Jhaveri Credits and Capital Ltd.  
Baroda.

The Directors of your Company present to you the 15th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2009.

**FINANCIAL PERFORMANCE**

(Rs. in lacs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Operational Income	130.13	190.08
Total Expenditure	96.27	161.55
Operating Profit	33.86	28.53
Interest & Finance Charges	1.09	1.80
Gross Profit/ (Loss) for the year	32.77	26.73
Depreciation	3.80	4.38
Profit / (Loss) for the year	28.97	22.35
Less: Provision for Taxation	8.50	7.55
Less: Deferred Tax Liability	0.10	4.41
Profit after Tax	20.37	10.39
Transfer to Special General Reserve (u/s 45-IC)	4.07	2.96
Balance carried forward to Balance Sheet	16.30	7.43

**DIVIDEND**

The Directors do not recommend any dividend in view of retention of funds in business for future requirements.

**REVIEW OF OPERATIONS**

The income for the year under review has been lower at Rs 110.18 lacs against the previous year's Rs. 179.16 lacs. However the company was able to generate other income and thereby was able to improve upon the bottom line. The net profit for the year ended 31-03-2009 was Rs 20.37 lacs compared to Rs10.39 lacs in the previous year. The company is giving special focus on the commodities broking business and expects higher volumes in the year 2009-10.

**BUSINESS PROSPECTS**

The performance of the Company has been improved in the area of Commodities Broking during the year on NCDEX and MCX Exchanges. The company is exploring the developmental activities at large scale by deploying Dealers, Franchises, and Terminals etc.. Your Company is also focusing on non-fund based activities to improve its financial performance in the coming years.

**FIXED DEPOSITS**

The Company is not accepting public deposits. The amount of unclaimed deposits as on 31<sup>st</sup> March, 2009 was NIL.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any.
- ii) The Directors have selected such accounting policies 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 the end of the financial year and of the profit of the Company for the year ending on 31<sup>st</sup> March, 2009.
- iii) The Directors have taken proper 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) The Directors have prepared the annual accounts on going concern basis.

**DIRECTORS**

In pursuance of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Kantilal N. Patel and Shri Ashesh J. Trivedi, directors retire by rotation and being eligible, offer themselves for reappointment.

**MANAGEMENT DISCUSSION & ANALYSIS**

This Annual Report contains a separate section on the Management Discussion and Analysis (Annexure I) which forms part of the Directors' Report.

**CORPORATE GOVERNANCE**

A report on Corporate Governance as required under Clause 49 of this Listing agreement is incorporated as a part of the Directors' Report (Annexure II).

Auditors' Certificate regarding compliance of conditions of Corporate Governance is given in the (Annexure IV).

**AUDITORS**

M/s. Mukund & Rohit, Chartered Accountants, Baroda, the Auditors of the company hold the office until the conclusion of ensuing Annual General Meeting, and are eligible for reappointment. You are requested to appoint the Statutory Auditors for the Company and to fix their remuneration.

**AUDITORS' REPORT**

The observations made in the Auditors' Report are self explanatory and, therefore, need not require any further comments under section 217 of the Companies Act, 1956.

**SUBSIDIARY COMPANY**

The Audited Accounts of Jhaveri High-tech Agro Limited (subsidiary company) for the year ended 31-03-2009, together with the Directors report are attached to the Accounts pursuant to the provisions of Section 212 of the Companies Act, 1956.

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

The information required under the provisions 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, is not applicable to the Company.

**PARTICULARS OF EMPLOYEES**

The Company has no employees whose particulars are to be disclosed in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**APPRECIATION**

Your Directors would like to place on record their appreciation and thanks to the Banks, Company's customers, suppliers, investors and employees for their valuable support and co-operation.

By Order of the Board of Directors

For Jhaveri Credits & Capital Ltd.

Place : Baroda.

Date : 20<sup>th</sup> July, 2009

Rajesh J. Jhaveri  
Managing Director



## ANNEXURE I

### Management Discussion and Analysis Report

#### Overall Review

Due to the deteriorating global outlook, the Indian economy registered a GDP rate moderated to 6% in 2008-09 and further it is expected to fall to 5.5% in 2009-10. The current economic scenario is loaded with high fiscal, trade and current account deficits, a weak rupee vulnerable to speculative trends of market mechanism.

The NBFC sector has been facing competitive pressure from MNCs, Banks and Financial Institutions.

The Company's operations continued to be focused on Commodity market-related activities and finding out of risk hedging tools further, your Company will continue to explore additional opportunities in areas related to its operations.

#### Company's Performance

Following the world wide financial crisis in the US, which spread to other countries, the year 2008-09 was one of the most difficult years faced by the most companies, locally as well as globally. This was particularly true for companies in the financial sector. Accordingly, the company's performance was affected during the year 2008-09. The company's focus is to give further impetus to the commodities business considering the huge untapped potential and also the fact that commodity futures' trading through exchanges is in its nascent stage in India. Our attempt to control administrative cost has given desired results and we expect that in the coming year with renewed focus on higher business generation, we shall be able to perform better.

#### Opportunities, Threats and Future Outlook

Commodity futures' trading is at a relatively nascent stage in the Indian context. While there is an attempt to improve awareness of commodities trading, and hence business, at the broker level, even at the exchange level, there is a clear thrust for creating awareness on the benefits of trading and hedging through commodity exchanges. Thus, going forward, the opportunities are immense. In this context the company is also strengthening its dealer network and the network of its sub-brokers as also organizing various seminars for awareness of the commodities market, in order to improve business. The industry, and hence the company, may face external threat in terms of a sluggish recovery from the global recession and consequent weak investor sentiment.

Notwithstanding the potential threats, we anticipate that the commodities trading business should see positive growth in the coming year as the awareness of its benefits spreads. Horizontal expansion of the market will be essential for future growth and our efforts will be in that direction.

**JHAVERI CREDITS & CAPITAL LIMITED****Internal Control System and their adequacy**

The Company has a proper and adequate system of internal controls developed over a period of time. The system is supported by management.

**Human Resources**

The Company's human resource policy lays stress on motivating people by encouraging better work culture and environment aimed at continuous improvement in production and quality.

**Cautionary statement**

Statements in the Management Discussion and Analysis describing the Companies objectives, projections, estimates, and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions in the domestic and overseas market in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

By Order of the Board of Directors

For Jhaveri Credits & Capital Ltd.

Place : Baroda.

Date : 20<sup>th</sup> July, 2009

Rajesh J. Jhaveri  
Managing Director



## JHAVERI CREDITS &amp; CAPITAL LIMITED

## ANNEXURE II

## REPORT ON CORPORATE GOVERNANCE

[Pursuant to clause 49 of the listing agreement]

**1. Corporate Governance Philosophy**

The Company's philosophy on Corporate Governance envisages commitment to ensure customer satisfaction through better services and satisfactory solution of grievances, if any, of all its share holders consistent with all the stakeholders and with due concern for social responsibility.

**2. Board of Directors**

(i) Composition, Category of Directors and their other Directorships and Membership/ Chairmanship of Committees

Sr. No	Name of the Director	Category	Number of other		
			Directorships	Committee Memberships	Committee Chairmanships
1	Shri Jitendra B. Jhaveri	Chairman	4	-	-
2	Shri Rajesh Jhaveri	Managing Director	5	-	-
3	Shri Kamlesh Jhaveri	Whole Time Director	5	-	-
4	Shri Bhadresh Jhaveri	Non- Executive Director	5	-	-
5	Shri Kantilal N. Patel	Independent Director	3	2	-
6	Shri Ashesh Trivedi	Independent Director	1	-	-

**(ii) Board Meetings held and attendance of Directors**

During the year under review, Twelve (12) Board Meetings were held. The attendance of each Director at these meetings was as follows:-

Sr. No	Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on 30.06.2008
1	Shri Jitendra B. Jhaveri	12	Yes
2	Shri Rajesh Jhaveri	12	Yes
3	Shri Kamlesh Jhaveri	12	Yes
4	Shri Bhadresh Jhaveri	12	Yes
5	Shri Kantilal N. Patel	-	No
6	Shri Ashesh Trivedi	3	Yes

**1. Audit Committee**

The Board has constituted an Audit Committee. There were five Audit Committee meetings held during the year April 2008 to March 2009 viz. 12<sup>th</sup> April, 2008, 7<sup>th</sup> May, 2008 22<sup>nd</sup> July, 2008, 23<sup>rd</sup> October, 2008 &

27<sup>th</sup> January, 2009, attendance of the Audit Committee Members are as under:-

Sr. No	Name of the Director	No. of Board Meetings attended	No. of Meetings	
			Held	Attended
1	Shri Ashesh Trivedi	Independent Non Executive Director, Chairman of Audit Committee	5	5
2	Shri Kantilal N. Patel	Independent Non Executive Director	5	0
3	Shri Jitendra B. Jhaveri	Non Executive Director	5	5

## JHAVERI CREDITS &amp; CAPITAL LIMITED

The term of reference stipulated by the board to the Audit Committee are, as contained in clause 49 of the Listing agreement and Section 292 A of the Companies Act, 1956, major terms of reference, inter alia as follows :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing Company's financial reporting process
- Reviewing with the management, Annual financial statement.
- Reviewing the Company's financial and risk management policies.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

#### 1. Remuneration of Directors

Details of Remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2009:-  
amt. (Rs.)                      amt. (Rs.)

Sr. No	Name of the Director	Sitting Fees (including Committee Meetings )	Gross Remuneration*	Contribution to Provident and Superannuation funds
1	Shri Jitendra B. Jhaveri	4000	--	--
2	Shri Rajesh Jhaveri	-	7,20,000	--
3	Shri Kamlesh Jhaveri	-	2,40,000	--
4	Shri Bhadresh Jhaveri	4000	--	--
5	Shri Kantilal N. Patel	-	--	--
6	Shri Ashesh Trivedi	4000	--	--

\* Gross remuneration includes salary, bonus, allowances and perquisites.

#### 1. Share Transfer /Shareholders' Grievance Committee

A Share Transfer/Shareholders' Grievance Committee takes care of matters relating to share transfers, transmission, issue of duplicate/consolidated/split share certificates etc. The Committee meets regularly to approve share transfers. This Committee also looks into the grievances, complaints and other issues concerning the shareholders / investors.

As on date the Committee comprises of three Directors.