

## 16th ANNUAL REPORT (2009-10)

**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 Accountants,  
No. 8, 2<sup>nd</sup> Floor, Tower E  
Avishkar, Old Padra Road  
Vadodara- 390 0076

**REGISTERED OFFICE** : 301, Payal Towers,  
Sayajigunj,  
Vadodara-390 005



## **NOTICE FOR 16th ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 16th Annual General Meeting of the Members of the Company will be held on Thursday, the 30th day of September, 2010 at 11.00 a.m. at 301, PAYAL TOWERS II, SAYAJIGUNJ, VADODARA-390005 to transact the following business :

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss Accounts for the year ended 31st March, 2010 along with Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr. Rajesh Jhaveri, who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of Mr. Kamlesh Jhaveri, who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint the Auditors and to fix their remuneration.

### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

“**RESOLVED THAT** in session to all earlier resolutions and subject to the approval of shareholders and pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 as amended and subject to such permissions, consents and approvals from various authorities, as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and upon the recommendation of Remuneration Committee of the Board of Directors, the Company hereby accords its consent and approval to the re-appointment of Mr. Rajesh Jhaveri as Managing Director of the Company, not liable to retire by rotation, for a further period of three years with effect from 1<sup>st</sup> August 2010 on the terms and conditions set out below:

#### **A. Period of Appointment:**

From 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2013.

#### **B. Remuneration:**

- (a) By way of Salary, perquisites and Allowance, subject to a maximum of **Rs. 2,00,000/- p.m. or Rs. 24,00,000/- p.a.** with such break-up and inclusive of salary, perquisites and allowances as may be agreed between the Managing Director and the Company.

Provided that the Board or any Committee thereof, be and is hereby authorized in its absolute discretion and from time to time, to fix within the limits prescribed under Schedule XIII [Section II.--Part II (A)] of the Companies Act, 1956, the remuneration payable to Mr. Rajesh Jhaveri.

- (b) In addition to above mentioned remuneration, the Managing Director shall be entitled to the following perquisites and allowances, which shall not be included in computation of said ceiling limit for the remuneration:
- (b.1) Company's contribution to provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income-Tax Act, 1961.
  - (b.2) Gratuity payable as per the rules of the Company.
  - (b.3) Leave encashment at the end of the tenure.
  - (b.4) The provision for use of Company's car with driver for official use. However, use of car for private purposes shall be borne by Mr. Rajesh Jhaveri.
  - (b.5) Company's telephone at his residence (including local and long distance official calls). However, personal long distance calls on telephone provided by the Company and use of car for private purposes shall be borne by Mr. Rajesh Jhaveri.
  - (b.6) Reimbursement of all reasonable expenses including entertainment expenses incurred bonafide in connection with business of the Company.

**C. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of Mr. Rajesh Jhaveri, if the Company has no profits or its profits are in-adequate, the Company will pay the minimum remuneration by way of salary, perquisites and allowances, as specified above, which shall be governed by the limits prescribed under Schedule XIII [Section II.--Part II (A)] of the Companies Act, 1956 and any amendments thereto.

**D. Entrusted Duties:**

Subject to the supervision and control of the Board of Directors of the Company, the Chairman & Managing Director shall look after the day to day affairs and overall operations of the Company and shall carry out such other duties as may be entrusted to her by the Board of Directors from time to time.

**E. Confidentiality:**

Mr. Rajesh Jhaveri will perform his duties truly and faithfully and comply with the directives given to her from time to time by the Board, and further not disclose to any person, firm or Company any confidential information.

**F. Not Liable to Retire by Rotation:**

During his tenure as Managing Director of the Company, the office of Mr. Rajesh Jhaveri shall not be reckoned for the purpose of arriving Directors liable to retire by rotation.

**G. Sitting Fees:**

As long as Mr. Rajesh Jhaveri functions as Managing Director, he will not be paid any sitting fees for attending the meetings of the Board of Directors or any committee(s) thereof.

**H. Re-imbursement of Expenses, Costs etc.:**

Mr. Rajesh Jhaveri shall be entitled to be paid / reimbursed all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

**I. Termination:**

Either party shall have liberty to terminate the aforesaid appointment, by giving three months notice in writing to the other.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps including issuing a Letter of Appointment to Mr. Rajesh Jhaveri or enter into a contract with him, subject to consent of members as they may think fit and necessary for the purpose of implementing this resolution.”

**6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:**

“RESOLVED THAT in session to all earlier resolutions and subject to the approval of shareholders and pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 as amended and subject to such permissions, consents and approvals from various authorities, as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and upon the recommendation of Remuneration Committee of the Board of Directors, the Company hereby accords its consent and approval to the appointment of Mr. Kamlesh Jhaveri as Whole Time Director of the Company, not liable to retire by rotation, for a period of three years with effect from 1<sup>st</sup> August 2010 on the terms and conditions set out below:

**a. Period of Appointment:**

From 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2013.

**b. Remuneration:**

- (a) By way of Salary, perquisites and Allowance, subject to a maximum of Rs. 1,00,000/- p.m. or Rs. 12,00,000/- p.a. with such break-up and inclusive of salary, perquisites and allowances as may be agreed between the Whole Time Director and the Company.

Provided that the Board or any Committee thereof, be and is hereby authorized in its absolute discretion and from time to time, to fix within the limits prescribed under Schedule XIII [Section II.--Part II (A)] of the Companies Act, 1956, the

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## JHAVERI CREDITS & CAPITAL LIMITED

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- remuneration payable to Mr. Kamlesh Jhaveri.
- (b) In addition to above mentioned remuneration, the Whole Time Director shall be entitled to the following perquisites and allowances, which shall not be included in computation of said ceiling limit for the remuneration:
- (b.1) Company's contribution to provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income-Tax Act, 1961.
  - (b.2) Gratuity payable as per the rules of the Company.
  - (b.3) Leave encashment at the end of the tenure.
  - (b.4) The provision for use of Company's car with driver for official use. However, use of car for private purposes shall be borne by Mr. Kamlesh Jhaveri.
  - (b.5) Company's telephone at his residence (including local and long distance official calls). However, personal long distance calls on telephone provided by the Company and use of car for private purposes shall be borne by Mr. Kamlesh Jhaveri.
  - (b.6) Reimbursement of all reasonable expenses including entertainment expenses incurred bonafide in connection with business of the Company.

**c. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of Mr. Kamlesh Jhaveri, if the Company has no profits or its profits are in-adequate, the Company will pay the minimum remuneration by way of salary, perquisites and allowances, as specified above, which shall be governed by the limits prescribed under Schedule XIII [Section II.--Part II (A)] of the Companies Act, 1956 and any amendments thereto.

Regd. Office :  
301, Payal Towers II,  
Sayajigunj,  
Baroda-390 005  
Date: 02-09-2010

By order of the Board,  
For **JHAVERI CREDITS & CAPITAL LTD.**

RAJESH JHAVERI  
MANAGING DIRECTOR

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO PPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books will remain closed from Saturday the 25<sup>th</sup> September 2010 to Wednesday the 30<sup>th</sup> September 2010 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report and Admission Slip to the meeting. Annual Reports will not be distributed at the venue of the meeting.
4. The explanatory Statement, relating to Special Business mentioned in items no. 5 of the Notice, as required under Section 173 (2) of the Companies Act, 1956, is attached herewith.
5. Details pursuant to listing agreement regarding directors to be appointed are as under:
  - A. Mr. Rajesh Jhaveri : is a learned post graduate in commerce, with about 20 year exposure in financial business. He has on his credit a exposure to agricultural business too, managing about 250 people & 120 acre of land. He has well versed background in the field of taxation. With all this he offers him self to the services of the company.
  - B. Mr. Kamlesh J. Jhaveri : is a B.com, professional having vast experience in the field of Finance and Accounts.

## **ANNEXURE TO THE NOTICE**

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

#### **Item No. 5 & 6**

The Board of Directors at its meeting held on 30<sup>th</sup> July 2010, upon recommendations of Remuneration Committee, has re-appointed Mr. Rajesh Jhaveri as Managing Director of the Company for a period of three years, made effective from 1<sup>st</sup> August 2010 at the revised terms of remuneration and perquisites as stated in the resolution at item no. 05. The Agreement recording the terms and conditions of appointment will be executed with Mr. Rajesh Jhaveri subject to necessary approval of the shareholders being sought herein.

Shri Rajesh Jhaveri has been associated with the Company as one of the Promoter Directors since its incorporation. He is a B.Com & LL.B with and possesses more than 20 years of experience in the various areas of business including finance and capital market.

Shri Rajesh Jhaveri has been shouldering the responsibility of Managing Director since inception and with his zeal and hard working, put the Company on a path of success. Apart from looking after and monitoring day to day affairs, he has been playing pivotal role in timely execution of huge contracts undertaken by the Company during the previous year. Considering his untiring efforts in the operations vice versa the remuneration presently drawn by him, it was thought fit by the Board and Remuneration Committee to make his re-appointment with suitable revision in terms of remuneration and accordingly, his re-appointment was made as Managing Director of the Company for a further period of three years, subject to the terms of remuneration and other conditions as detailed out in the resolution set out at Item No. 5 of this Notice and re-produced herein below.

Further, The Board of Directors at its meeting held on 30<sup>th</sup> July 2010, upon recommendations of Remuneration Committee, has appointed Mr. Kamlesh Jhaveri as Whole Time Director of the Company for a period of three years, made effective from 1<sup>st</sup> August 2010 at the terms of remuneration and perquisites as stated in the resolution at item no. 06. The Agreement recording the terms and conditions of appointment will be executed with Mr. Kamlesh Jhaveri subject to necessary approval of the shareholders being sought herein.

Shri Kamlesh Jhaveri has been associated with the Company as one of the Promoter Directors since its incorporation. He is a B.Com with and possesses more than 20 years of experience in the various areas of business including finance and capital market.

The aforesaid appointment of Mr. Rajesh Jhaveri as Managing Director and Mr. Kamlesh Jhaveri as Whole Time Director is subject to the approval of shareholders. Following is the gist of terms and conditions for appointment of Mr. Rajesh Jhaveri as Managing Director and Mr. Kamlesh Jhaveri as Whole Time Director.

#### **Job Profile and His Suitability:**

As a Managing Director, Mr. Rajesh Jhaveri is responsible for the overall management of the Company and assisted by Senior Executives. He is working under the Superintendence and control of the Board of Directors. He is responsible for all the day to day activities of the Company.

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## JHAVERI CREDITS & CAPITAL LIMITED

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As a Whole Time Director, Mr. Kamlesh Jhaveri is responsible for the day to day management of the Company and assisted by Senior Executives. He is working under the Superintendence and control of the Board of Directors.

### **Remuneration Proposed:**

- (a) Mr. Rajesh Jhaveri: By way of Salary, perquisites and Allowance, aggregating to Rs. 2,00,000/- p.m. or Rs. 24,00,000/- p.a. with such break-up and inclusive of salary, perquisites and allowances as may be agreed between the Chairman & Managing Director and the Company.

Mr. Kamlesh Jhaveri: By way of Salary, perquisites and Allowance, aggregating to Rs. 1,00,000/- p.m. or Rs. 12,00,000/- p.a. with such break-up and inclusive of salary, perquisites and allowances as may be agreed between the Whole Time Director and the Company.

Provided that the Board or any Committee thereof, be and is hereby authorized in its absolute discretion and from time to time, to fix within the limits prescribed under Schedule XIII [Section II.--Part II (A)] of the Companies Act, 1956, the remuneration payable to Mr. Rajesh Jhaveri and Kamlesh Jhaveri.

- (b) In addition to above mentioned remuneration, the Managing Director and Whole Time Director shall be entitled to the following perquisites and allowances, which shall not be included in computation of said ceiling limit for the remuneration:
- (b.1) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income-Tax Act, 1961.
  - (b.2) Gratuity payable as per the rules of the Company.
  - (b.3) Leave encashment at the end of the tenure.
  - (b.4) The provision for use of Company's car with driver for official use. However, use of car for private purposes shall be borne by Mr. Rajesh Jhaveri and Mr. Kamlesh Jhaveri.
  - (b.5) Company's telephone at his residence (including local and long distance official calls). However, personal long distance calls on telephone provided by the Company and use of car for private purposes shall be borne by Mr. Rajesh Jhaveri and Mr. Kamlesh Jhaveri.
  - (b.6) Reimbursement of all reasonable expenses including entertainment expenses incurred bonafide in connection with business of the Company.

### **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of Mr. Rajesh Jhaveri and Mr. Kamlesh Jhaveri, if the Company has no profits or its profits are in-adequate, the Company will pay the minimum remuneration by way of salary, perquisites and allowances, as specified above, which shall be governed by the limits prescribed under Schedule XIII [Section II.--Part II (A)] of the Companies Act, 1956 and any amendments thereto.



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Mr. Rajesh Jhaveri and Mr. Kamlesh Jhaveri themselves and Mr. Jitendra Jhaveri and Mr. Bhadresh Jhaveri are deemed to be considered as interested directors.

The particulars set above may be treated as an abstract of the terms of appointment of Mr. Rajesh Jhaveri as Managing Director and Mr. Kamlesh Jhaveri as Whole Time Director of the Company as required to be given under the provisions of section 302(2) of the Companies Act, 1956.

The Board of Directors feels that aforesaid re-appointment of Mr. Rajesh Jhaveri as Managing Director and Mr. Kamlesh Jhaveri as Whole Time Director, is in the interest of the Company and therefore, recommends the resolution set out at item no. 5 & 6 of this notice.

Regd. Office :  
301, Payal Towers II,  
Sayajigunj,  
Baroda-390 005  
Date: 02-09-2010

By order of the Board,  
For JHAVERI CREDITS & CAPITAL LTD.

RAJESH JHAVERI  
MANAGING DIRECTOR

## DIRECTORS' REPORT

To,  
The Members  
Jhaveri Credits & Capital Ltd.  
Vadodara.

The Directors of your Company present to you the 16th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2010.

### FINANCIAL RESULTS

(Rs. in lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Other Income	192.02	130.13
Total Expenditure	145.28	96.27
Operating Profit	46.74	33.86
Interest, Finance Charges & Exchange variation	3.17	1.09
Gross Profit/ (Loss) for the year	43.57	32.77
Depreciation	4.20	3.80
Profit / (Loss) for the year	39.37	28.97
Less: Provision for Taxation	20.00	8.50
Less: Differed Tax Liability	0.12	0.10
Add: Excess provision of Income Tax	1.59	0.00
Profit after Tax but before Prior Period Adjustment	20.84	20.37
Prior Period Adjustments	0.21	0.00
Profit After tax and prior period adjustments	20.63	20.37
Balance Brought Forward	27.22	10.92
Transfer to Special General Reserve	NIL	4.07
Balance Carried forward to Balance Sheet	47.85	27.22

### DIVIDEND

The Directors do not recommend any dividend in view of insufficient profit.

### REVIEW OF OPERATIONS

The income for the year under review has increased to 163.23 Lacs from Rs 110.18 lacs in year 2009-10. The Company has earned profit of Rs 20.64 Lacs as against a profit of Rs. 20.37 lacs in the previous year ended on 31.03.2009. The performance of the Company has been adversely affected mainly due to large NPAs in assets and investments and tightening of norms by the regulatory authorities. Your Company is also focusing on non-fund based activities and establish its brand in commodities broking on MCX and NCDEX. The positive results and sustainability is with commodities broking involvement and development in past few years.