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JHAVERI CREDITS & CAPITAL LIMITED

18th ANNUAL REPORT (2011-12)

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**BOARD OF
DIRECTORS :-**

Mr. Jitendra B. Jhaveri
Mr. Rajesh J. Jhaveri
Mr. Kamlesh J. Jhaveri
Mr. Bhaderesh J. Jhaveri
Mr. Kantilal N. Patel
Mr. Ashesh Trivedi
Mr. Bimal D. Mehta

Chairman
Managing Director
Whole Time Director
Director
Director
Director
Director

AUDITORS :-

Mukund & Rohit
Chartered Accountants,
No. 8, 2nd Floor, Tower E
Avishkar, Old Padra Road
Vadodara- 390 007
Gujarat.

**REGISTERED
OFFICE :-**

301, Payal Towers-II
Sayajigunj,
Vadodara-390 005
Gujarat
India

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NOTICE FOR 18th ANNUAL GENERAL MEETING


NOTICE is hereby given that the 18th Annual General Meeting of the Members of the Company will be held on Saturday, the **11th day of August, 2012 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, 2012 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 a Director in place of Mr. Bimal D. Mehta, who retires by rotation and being eligible offers himself for re- appointment.
5. To appoint M/s Mukund & Rohit, Chartered Accountants, Vadodara the retiring auditors as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next annual general meeting of the company and to fix their remuneration.

Regd. Office :
301, Payal Towers II,
Sayajigunj,
Baroda-390 005
Date: 28-05-2012

**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 Friday the **3rd August 2012 to Friday the 10th September 2012 (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. Details pursuant to listing agreement regarding directors to be appointed are as under:
 - A. Mr. Kantilal N. Patel : is an Engineer, being a professional he is having vast experience in the field of Technical and Metallurgical Matters.
 - B. Mr. Ashesh Trivedi : is a B.com, Grad.CS being a professional having vast experience in the field of Finance and Accounts.
 - C. Mr. Bimal D. Mehta : is a M.com, being a professional having vast experience in the field of Finance and Accounts.

DIRECTORS' REPORT

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

The Directors of your Company present to you the 18th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Sales & Other Income	425.67	398.96
Total Expenditure	368.43	347.14
Operating Profit	57.24	51.82
Interest, Finance Charges & Exchange variation	22.46	3.94
Gross Profit/ (Loss) for the year	34.78	47.88
Depreciation	6.66	4.65
Profit / (Loss) for the year	28.12	43.23
Less: Provision for Taxation	8.00	8.00
Less: Differed Tax Liability	(0.69)	(0.40)
Add: Excess provision of Income Tax	0.00	0.00
Profit after Tax but before Prior Period Adjustment	22.80	35.63
Prior Period Adjustments	0.00	0.00
Profit After tax and prior period adjustments	22.80	35.63

DIVIDEND

The Directors do not recommend any dividend in view of retention of funds in the business.

REVIEW OF OPERATIONS

The income for the year 2011-12 has increased to **425.87** Lacs from Rs **398.96** lacs in year 2010-11.

The Company has earned profit of Rs **28.12** Lacs for the year ended 31.03.2012 as against a profit of Rs. **43.23** lacs in the previous year 2010-11 before provision for taxation. The performance of the Company is taking upward trend as increase in the Volume, Profit and various business operations. The expansion stage is costing also forms infrastructural and development expenses. The management is very conscious with higher achievements. The company is ready to take operations at "National Spot Exchange Ltd" in very short period, to have expansion opportunity and advantages with deployment of Branches and Authorized Person's network at all over Gujarat.

Company is able to establish its brand into " Jhaveri " as the member of MCX, NCDEX and NSEL , the growth, positive results and stability is reached in the commodities like Gold, Silver, Other Precious Metals, Pulses and cereals with broking involvement in the past few years. The Results of the year under operations are also encouraging and we optimistic to have breakthrough in brand in the commodity market in the time to come.

FIXED DEPOSITS

The Company is not accepting public deposits. The amount of unclaimed deposits as on 31st March, 2012 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 31st March, 2012.
- 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, Shri Ashesh J. Trivedi and Shri Bimal D. Mehta, 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 Auditor 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.

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, are 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 : 28.05.2012


Rajesh J. Jhaveri
Managing Director



ANNEXURE I

Management Discussion and Analysis Report

Overall Review

The Indian economy registered a GDP rate at 6.9% in the year 2011-2012 and able to decline the GDP rate up to 5.3% in the year 2012-2013 due to the deteriorating global outlook. The current economic scenario is loaded with high fiscal, trade and current account deficits, a weak rupee vulnerable to speculative trends of market mechanism. However optimistic to sustain and grow in terms of volume and Income.

The Company's operations are 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 Euro Zone , which spread to other countries, the year 2011-12 was one of the difficult year 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 2011-12. The company could achieve volumes and brokerage at higher scale in the year 2011-12, but the results are diluted with rocket speed increase in other cost of business and admin and resulted less surplus as compared to Previous year at the year end.

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 Authorised Persons 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.

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 : 28.05.2012



Rajesh J. Jhaveri
Managing Director



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		
			Director ships	Committee Member ships	Committee Chairman ships
1	Shri Jitendra B. Jhaveri	Chairman	4	-	-
2	Shri Rajesh Jhaveri	Managing Director	5	-	-
3	Shri Kamlesh Jhaveri	Whole Time Director	6	-	-
4	Shri Bhadresh Jhaveri	Non- Executive Director	6	-	-
5	Shri Kantilal N. Patel	Independent Director	-	-	-
6	Shri Ashesh Trivedi	Independent Director	3	-	-
7	Shri Bimal D. Mehta	Independent Director	1		

(ii) Board Meetings held and attendance of Directors

During the year under review, 17th Board Meetings were held. The Sixteenth Annual General Meeting was held on 26th September, 2011. 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 26.09.2011
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	10	Yes
6	Shri Ashesh Trivedi	12	Yes
7	Shri Bimal D. Mehta	03	No

3. Audit Committee

The Board has constituted an Audit Committee. There were four Audit Committee meetings held during the year April 2011 To March 2012 Viz. 6th April '11, 6th July '11, 6th October '11 and 6th January, 2012. The attendances of the Audit Committee Members are as under:

Sr. No.	Name	Category	No. of Meetings	
			Held	Attended
1	Shri Ashesh Trivedi	Independent Non Executive Director Chairman of Audit Committee	4	4
2	Shri Kantilal N. Patel	Independent Non Executive Director	4	4
3	Shri Jitendra B. Jhaveri	Non Executive Director	4	4

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.

4. Remuneration Committee

The Company constituted the "Remuneration Committee" to recommend the Board of Directors, the composition and remuneration of Directors and senior Managerial Personnel.

TERMS OF REFERENCES:

The remuneration policy of the company is directed towards rewarding performance, based on periodic review of performance and achievements and is primarily based on the following criteria:

- Performance of the Company, its divisions and units.
- Track record, potential, personal attitude & performance of individual manager and external competitive environment.

Composition and Attendance:

The Remuneration committee meeting was held on 6th April'2011. The attendance of the remuneration committee as under:-

Sr. No.	Name	Category	No. of Meetings	
			Held	Attended
1	Shri Ashesh Trivedi	Independent Non Executive Director Chairman of Audit Committee	1	1
2	Shri Kantilal N. Patel	Independent Non Executive Director	1	1
3	Shri Bimal D. Mehta	Independent Non Executive Director	1	1

5. Remuneration of Directors

Details of Remuneration paid to the Directors for the year ended 31st March, 2012.

Sr.No.	Name of the Director	Sitting Fees (including Committee Meetings)	Gross Remuneration*	(Amt In Rs.) Contribution to Provident and Superannuation funds
1	Shri Jitendra B. Jhaveri	6000		--
2	Shri Rajesh Jhaveri		1800000	144000
3	Shri Kamlesh Jhaveri		300000	--
4	Shri Bhaderesh Jhaveri	6000	---	--
5	Shri Kantilal N. Patel	--	---	--
6	Shri Ashesh Trivedi	2000	---	--
7	Shri Bimal Mehta	2000	---	--

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