



Regd. Office : 309, 3rd Floor,
Gayatri Chambers, R.C. Dutt Road, BARODA.



UNIVERSAL CREDIT AND SECURITIES LIMITED

11th ANNUAL REPORT**UNIVERSAL CREDIT AND SECURITIES LIMITED****BOARD OF DIRECTORS:**

SHRI APURVA R HATHI - CHAIRMAN
 SHRI DIVYANSHU T. VAISHNAV - DIRECTOR
 SHRI SURESH N. VEKARIA - DIRECTOR
 SHRI HARESH UDESHI - DIRECTOR

REGISTERED OFFICE:

309, 3RD FLOOR,
 GAYATRI CHAMBERS
 R.C. DUTT ROAD,
 BARODA

AUDITOR

VCA & ASSOCIATES
 CHARTERED ACCOUNTANTS
 402, CAPRI HOUSE,
 B/H. EXPRESS HOTEL,
 ALKAPURI
 VADODARA - 390 001

BANKERS :

PUNJAB NATIONAL BANK
 KOTAK MAHINDRA BANK

REGISTERAR AND TRANSFER AGENT

M/S. SHAREX DYNAMIC (I) PVT. LTD.
 17/B, 2ND FLOOR,
 DENA BANK BLDG.,
 HORIMAN CIRCLE FORT,
 MUMBAI - 400 001
 PH. : 022-22702485, 22641376.

ANNUAL GENERAL MEETING

DAY : FRIDAY
 DATE : SEPTEMBER 30, 2005
 TIME : 11.00 A.M.
 VENUE : 309, GAYATRI CHAMBERS,
 R. C. DUTT ROAD, BARODA-390 001.

PROPOSED DIVIDEND

5%

BOOK CLOSURE

Monday Sept. 26, 2005 to Friday Sept. 30, 2005

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11th ANNUAL REPORT**UNIVERSAL CREDIT AND SECURITIES LIMITED****NOTICE**

Notice is hereby given that the Eleventh Annual General Meeting of the members of **UNIVERSAL CREDIT AND SECURITIES LIMITED** will be held at the Registered Office of the Company at 309, Gayatri Chambers, R. C. Dutt Road, Baroda at 11.00 a.m. on Friday, the 30th September 2005 to transact the following business.

ORDINARY BUSINESS

1. To receive consider and adopt the audited Balance Sheet as at 31st March 2005 and Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Apurva Hathi , who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Suresh N. Vekaria , who retires by rotation and is eligible for reappointment.
4. To consider declaration of dividend to the Shareholders.
5. To appoint M/s. VCA & Associates, retiring auditor to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provision of Clause 49 of the Listing Agreement with Stock Exchange, the company be and is hereby approve payment of sitting fees to the directors for attending meetings of the Board of Directors and Committees thereof, as may be decided by the Board of Directors from time to time, within the limits prescribed under provisions of section 309, 310 and other applicable provisions, if any, of the Company Act, 1956 and Rules made there under and any modifications thereof”

7. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

“Resolved that Mr. Haresh Udeshi who was appointed as an Additional Director of the Company on 21-8-2005 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the Company and in respect of whom the company has received a notice in writing from a member under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

8. To consider and if thought fit, to pass the following resolution with or without modification(s), as an Special resolution.

“RESOLVED THAT, the new Article of Association of the Company, a copy of which is placed before the meeting, duly initialed by the Chairman, be and are hereby approved and adopted as the Article of Association of the company in substitution of the existing articles.

RESOLVED FURTHER that Mr. Haresh Udeshi, Director of the company is hereby authorized to take all steps for giving effect to the resolution.

9. To consider and if thought fit, to pass the following resolution with or without modification(s), as an Special resolution.

“RESOLVED that following object be inserted in the main object clause of the Memorandum of Association under the new object clause no. 3

- a. To do the business of commodity (including Commodity derivatives) broking, trading and hedging
- b. To carry on business as brokers and traders in all commodities and commodity derivatives, and to act as market makers, finance brokers, sub-brokers, underwriters, sub-underwriters, providers of service for commodity related activities.
- c. To buy, sell, take hold deal in, convert, modify, add value, transfer or otherwise dispose of commodities and commodity derivatives, and to carry on the above business in India and abroad for and on behalf of the company as well as for others.
- d. To apply for and obtain registration as Commodities Broker or Member of any Commodities Exchange anywhere in India and abroad
- e. To do the business of commodity warehousing, processing and consumption.

NOTES :

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and proxies need not be member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company at least 48 hours before meeting.
2. The Registered of Members and share transfer books of the company will remain close from Monday 26-9-2005 to Friday 30-9-2005 (both days inclusive).
3. Change of addresses, if any, may be communicated to the Registered Office of the Company.
4. The shares of the Company are listed on Stock Exchanges at Vadodara, Mumbai and Ahmedabad.
5. Members desiring any information as regards accounts are requested to write to the Company at least seven days in advance of the Annual General Meeting so as to enable the management to keep the information ready.
6. Shareholders are requested to bring their copies of the Annual Report at the meeting.
7. Information required to be furnished under the Listing Agreement:

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As required under the Listing Agreement, the particulars of the Director who is proposal to be re-appointed is furnished below

Item No.2 of the Notice:

Name : Mr. Apurva R Hathi
 Age : 44 Years
 Qualification : B. Com. , LLB
 Expertise : Leagal Matters
 Date of Appointment : 14-10-1996

Item No. 3 of the Notice:

Name : Mr. Suresh N Vekaria
 Age : 43 Years
 Qualification : Graduate
 Expertise : Share Market
 Date of Appointment : Since Incorporation

By Order of the Board of Directors
For UNIVERSAL CREDIT AND SECURITIES LTD.

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PLACE : BARODA
 DATE : 30-8-2005

SD/-
 (APURVA R HATHI)
 CHAIRMAN

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**Item no. 6**

Rules 10 B of the Companies (Central Government's) General Rules & Forms, 1956 permits payment thereof, in case of companies with a paid up share capital and free reserves of less than Rs.10 Crore or turnover of less than Rs.50. Crores.

Your company is in compliance of the above criteria and is therefore, permitted to pay sitting fees upto Rs.10,000 per meeting of the Board of Directors or a Committee thereof.

Accordingly your company is presently paying sitting fees of Rs.10,000 per meeting to non-executive independent directors for attending meetings of the Board of Directors and its Committees viz. Audit Committee, Shareholders Committee and Remuneration Committee.

Securities & Exchange Board of India, has by its circular dated 29th October, 2004 Clause 49 of the Listing Agreement pertaining to corporate governance. Revised Clause 49 inter-alia provides that all fees/compensation paid to non-executive directors including independent directors shall be fixed by the Board of Directors and shall require previous approval of shareholders in a general meeting.

Your Directors recommend the resolution for approval of the members.

Item no. 7

Mr. Haresh Udeshi was appointed by the Board of Directors of the Company as Additional w.e.f from 21-8-2005 Director pursuant to the relevant provisions of the Companies Act, 1956 and under Article 134 of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about Mr Haresh Udeshi are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the appointment of Mr. Haresh Udeshi, a Director of the Company liable to retire by rotation. Your Board of Director are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Mr. Haresh Udeshi himself.

Item no. 8

With the introduction of Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system.

The Securities Exchange Board of India has notified a list of Companies for Compulsory Dematerialisation, by Circular SMDRP/POLICY/CIR-23/2000 dated 29th May, 2000 has decided to include the shares of your company in list of Companies for Compulsory Dematerialisation.

Therefore the Article of Association of the Company has to be suitably replaced to confirm to the requirements under the Depositories Act, 1996.

As per Section 31 of the Companies Act, 1956 it is necessary to pass a Special Resolution for amending the Articles of Association of the Company. The Board therefore recommends the proposed resolution for your approval.

None of the Directors of the Company is deemed to be interested in the Resolution except to of their respective share holding in the company.

Item no. 9

The company wishes to register itself with Commodity exchange do business for its customer. This being new area of business, addition to object clause is necessary.

None of the Directors of the Company is deemed to be interested in the Resolution except to of their respective share holding in the company.

By Order of the Board of Directors
For UNIVERSAL CREDIT AND SECURITIES LTD.

SD/-
(APURVA R HATHI)
CHAIRMAN

PLACE : BARODA
DATE : 30-8-2005

11th ANNUAL REPORT**UNIVERSAL CREDIT AND SECURITIES LIMITED****DIRECTORS' REPORT**

The Directors have pleasure in presenting the 11th Annual Report of Universal Credit and Securities Limited (the Company), with the audited Statement of Accounts for the year ended March 31, 2005.

INDUSTRY OVERVIEW

The year FY05 saw the domestic economy overcome several constraining factors to maintain its growth momentum. The electoral verdict in the parliamentary elections in May 2004 impacted market sentiment for a while even as a poor monsoon distribution gave rise to fears about domestic growth. Global oil prices too started moving up steadily in Q1 of FY05 and notwithstanding frequent corrections, have risen by over 60% in FY05. Although households were largely insulated by Governmental policy from the full inflationary impact, the corporate sector was impacted. Other commodity prices also rose to multi-year high during the year. Overall, the economy is estimated to have grown at 6.9% despite farm output growth decelerating sharply to 1.1% (9.6% in FY04).

After remaining dormant in April 2004, inflation started moving up rapidly in the next four months to a peak level of 8.7% in August 2004, on the back of rise in fuel prices, minerals, metals and other manufactured goods. For FY05, inflation averaged 6.5% and ended the year at 5.1% in March 2005.

In response to the unforeseen rise in inflation, the Government took several steps to control prices and rein in inflation expectations. These included a mix of indirect duty cuts on various commodities and price control on petroleum products.

The Reserve Bank of India (RBI) hiked the Cash Reserve Ratio (CRR) by 50 bps in September 2004 and the reverse repo rate by 25 bps in its October 2004 monetary policy review. Interest rates remained in a narrow range in the first two months of FY05 before moving up in step with inflation. The 10 year yield, which began the year at 5.15% rose to 6.73% in August 2004 but dipped below 6.0% in September 2004 as RBI relaxed SLR accounting norms for commercial banks.

The effect of the U.S. rate rise was mitigated to some extent by the continued weakness in dollar against other major currencies and emerging market currencies. A sharp rise in FII inflows contributed to the rise in the rupee despite a widening trade deficit. The rupee ended the year at 43.76/US\$, down 0.7% over the year, but up 5.8% from the year's low. The central bank's foreign exchange reserves also mirrored this pattern and rose by US\$ 28 billion over the year to an all time high of US\$ 135 billion.

The key feature of M&A activity in FY05 was the dominance of cross-border transactions, both inbound and outbound. The year witnessed a pick up in large, outbound cross-border M&A as Indian companies started acquiring foothold in key overseas markets, especially in sectors like steel, telecom, textiles, oil & gas and pharmaceuticals. At the same time, the year witnessed several large-sized domestic transactions in telecom, information technology and cement sectors, with MNCs increasingly viewing India as a critical element in their strategic plans, either as a manufacturing/outsourcing hub or an explosive growth market.

Consolidation in the Indian public and private sector continued as large groups streamlined themselves to compete effectively on a global scale. Capital markets went through tumultuous times in FY05 as investors initially feared uncertainty due to change in government following general elections in May 2004.

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Investor confidence, however, returned as the new government demonstrated commitment to the ongoing reforms and investment process. Consequently, India witnessed a record FII inflow of US\$ 10 billion during FY05. Overall, the benchmark index, Nifty, returned 15% during the year. The NSE Midcap index, however, significantly outperformed with 73.5% return as investors took cognizance of the emerging stars of tomorrow. Primary markets, too witnessed, heightened activity as Indian companies raised US\$ 5.8 billion (a 20% increase over last year) through IPO and rights issuances. Fund-raising through overseas offerings (FCCBs and GDRs) also gained momentum. While the year saw maiden issues in sectors like airlines and power, information technology and banking too continued to tap the capital markets. The year witnessed the IPOs of the largest listed power generating company in Asia (NTPC), India's biggest technology company (Tata Consultancy Services) and the largest private sector airline (Jet Airways). These offerings clearly underscore the deepening of Indian capital markets providing more opportunities for investors to invest in global size companies.

FINANCIAL HIGHLIGHTS (Rupees in Lacs)

	2005-05
Gross Income	133.18
Profit before Interest, Depreciation & Tax	34.11
Depreciation	3.25
Interest	—
Profit before Tax	30.85
Provision for Tax	5.20
Proposed Dividend	7.28
Profit after Tax and Dividend	5.29

The profit after tax for the year ended March 31, 2005 was Rs. 30.85 lacs. The profit available for appropriation is Rs. 30.85 lacs of which Rs. 13.08 lacs marked for dividend and Rs. 5.29 lacs have been transferred to Retained Earning.

DIVIDEND

The Company wish to declare dividend @ 5% to shareholders on the paid-up value of Shares as dividend for the year subject to provision of Income tax.

OPERATIONAL REVIEW

The Company has come in to action and deliver remarkable performance, in line with its forefront position in the industry. During the year, the Company's net worth increased by Rs. 5.29 lacs

Fixed Income

During the year under review, despite the difficult operating environment our Company continued to maintain its premier position in all segments of the domestic fixed income market. The company also went in to Rental business.

Investment Banking

During the year under review, the Company strengthened its Advisory business with intensive marketing and by leveraging synergies with the various brokers This has enabled your Company to increase its presence in the advisory segment by effective service delivery and enabling revenue maximization in the advisory segment. The Company is planning to launch various initiatives to strengthen its presence in the U.S., Canada and to build presence in Singapore and U.K. markets by networking with intermediaries to identify opportunities in the cross border M&A space.

Your Company has set up a focused private equity team, which has built up a healthy pipeline of transactions across a cross-section of industries. In addition, the Company has been mandated by several clients in the infrastructure sector, another fast-growing area in India.

Equity Research

With markets being in frenzy, the role of equity research has become ever so important to provide independent and analytical views. Keeping this in mind, the company augmented its research efforts to become brokers of preferred choice for views on both established as well as emerging companies. The Equity Research team's well-structured ideas as well as strategy and theme reports across sectors have been well received and appreciated by major domestic and international clients. The investors' and brokers' conference at Singapore and New York witnessed excellent response from investors across the globe.

Risk Management

As a financial services company, the Company is committed to ensure that effective risk management policies and practices are incorporated as fundamental aspects of all its business operations. The Corporate Risk Management Group of the Company has a comprehensive risk management policy in place, addressing primarily areas such as market, credit and operation risks. This policy seeks to minimise the risks generated by the activities of the Company. The group continuously develops and enhances its risk management and control procedures in order to better identify and monitor risks and to proactively take appropriate actions to mitigate the same. The Company has also constituted an internal Risk Management Committee comprising the Managing Director & CEO and Senior Executives from cross-functional areas. The Committee is responsible for managing the liquidity and interest rate risk profile of the assets and liabilities of the Company.

FUTURE OUTLOOK

Fixed Income

The domestic growth outlook is positive and despite the likelihood of a slowdown in global growth, Indian GDP growth is likely to be higher than in FY05 on back of strong investment spending and resurgent consumerism. While inflation is likely to be sticky on account of strong GDP growth and also due to pressure from international commodity prices, a repeat of the FY05 scenario appears unlikely. Demand for funds is projected to be robust, given the budgeted fiscal deficit and likely corporate capital expenditure plans. Higher interest rates abroad could possibly have an adverse bearing on capital flows and in conjunction with widening current account deficit in India, it implies that a sustained appreciation of the Indian rupee is unlikely. The overall macro-economic environment thus could lead to further, albeit more moderate than FY05, upward movement in benchmark interest rates and bond yields in India. The Company wants to divert its capital to investment in real estate and thereby earn Rental income to meet fixed expenses of the company.

Investment Banking

The renewed focus of corporate to invest for growth and to establish an overseas footprint, assisted by the buoyancy in the capital markets will drive fund raising activities. The trend towards tapping the capital markets outside India through global offerings is expected to sustain

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and your Company has initiated efforts to launch these product offerings. This is already being complemented by the emergence of India as an attractive destination for private equity as well and a dedicated team of your Company is focused on opportunities in this space.

Capital markets

Continued emphasis on the economic reforms agenda by the new government has convinced investors on the political consensus towards sustaining economic growth for the country. Consequently, the Company expects India to remain the favoured emerging market destination for equity investments. The Company looks forward to another eventful year as India Inc. continues its march towards making its presence felt on the global investment map. The company is also planning Preferential or Right issue to part finance its expansion Program.

PUBLIC DEPOSITS

During the year, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956.

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Mr. Apurva Hathi and Suresh N Vekaria will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

AUDITORS

The Statutory Auditors, VCA & Associates, Chartered Accountants, Baroda, will retire at the ensuing Annual General Meeting. The Board at its Meeting has proposed their re-appointment as Auditors to audit the accounts of the Company for the financial year ending March 31, 2006. You are requested to consider their re-appointment.

FOREIGN EXCHANGE EARNING AND EXPENDITURE

There were no Foreign Exchange transactions during the year.

PERSONNEL AND OTHER MATTERS

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are not given as no employee was coming under the provisions of section 217 (2A).

Since the Company does not own any manufacturing facility, the disclosure of information relating to conservation of energy and technology absorption to be disclosed 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, are not applicable and hence not given.

AUDIT COMMITTEE

During the year, the Committee met to review the half-yearly and annual accounts, to discuss the audit findings and recommendations of the internal and statutory auditors and to review the internal control systems of the Company.