

<b>ANNUAL</b>
<b>REPORT</b>
<b>1998 - 99</b>

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**CEEJAY FINANCE LIMITED**



**6TH ANNUAL REPORT 1998-99**

<b>BOARD OF DIRECTORS</b>	SHRI PRAFUL PATEL	CHAIRMAN
	DEEPAK PATEL	MANAGING DIRECTOR
	HARSHAD DALAL	DIRECTOR
	KIRAN PATEL	DIRECTOR
	SHAILESH PATEL	DIRECTOR

**COMPANY SECRETARY** KAMLESH UPADHYAYA

**STATUTORY AUDITORS** M/S. KANTILAL PATEL & CO.  
"PARITOSH", 2ND FLOOR,  
USMANPURA, AHMEDABAD - 380 013.

**INTERNAL AUDITORS** VIPINCHANDRA C. SHAH & CO.  
133-134, SANTRAM SUPER MARKET,  
NR. LAXMI CINEMA,  
NADIAD-387 001.

**BANKERS** BANK OF BARODA  
UNION BANK OF INDIA  
BANK OF PUNJAB LTD.  
NATPUR CO-OPERATIVE BANK LTD.

**REGD. OFFICE** C. J. HOUSE,  
MOTA PORE,  
NADIAD - 387001.

**CORPORATE OFFICE** 603, HEMKOOT BUILDING,  
ASHRAM ROAD,  
AHMEDABAD - 380009.

**NOTICE**

NOTICE is hereby given that the Sixth Annual General Meeting of CEEJAY FINANCE LIMITED will be held at "C. J. House", Mota Pore, Nadiad on Saturday 25th September, 1999 at 11.00 A.M. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt Balance Sheet as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend for the year ended 31st March, 1999.
3. To appoint a Director in place of Shri Kiran Patel who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Deepak Patel who retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**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 in pursuance to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII prescribed under the Companies Act, 1956 (including any statutory modifications or reenactment thereof, for the time being in force) Shri Deepak Patel, Managing Director of the Company be and is hereby, re-appointed as a Managing Director of the Company for the period of Five Years, commencing on and from 01.12.1999 to 30.11.2004 on the following terms and conditions as to remuneration :

**1. REMUNERATION****(a) Salary :**

- (i) Not exceeding Rs. 50,000/- per month as decided by Board from time to time.
- (ii) At absolute discretion of the Board of Directors, he may be paid performance linked incentive, bonus or ex-gratia not exceeding Rs. 1,20,000/- per annum. The payment may be made on a pro-rata basis every month or on an annual basis or by way of any other method as may be decided by the Board of Directors from time to time.

**(b) Perquisites, allowances and benefits :**

In addition to Salary, Incentive, Bonus or Ex-gratia payments, he shall be eligible for the following perquisites, allowances and benefits :

**(i) Residential Accommodation :**

Rent free accommodation (furnished or otherwise) for occupation by self and family and house rent allowance in lieu thereof : house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property tax etc.

**(ii) Perquisites :**

This shall include medical reimbursements, medical / personal accident insurance, leave travel allowance / concession for self and family, club fees and such other perquisites,

**CEEJAY FINANCE LIMITED**

allowances and benefits in accordance with the Rules of the Company and/or as may be agreed by Board of Directors and the appointee from time to time.

The aggregate value of such perquisites, allowances and benefits as mentioned in Clause 1(b)(i) and (ii) shall not exceed Rs. 25000/- per month.

- (iii) He shall be eligible for Provident fund, Pension Fund and Gratuity in accordance with the rules of the Company.
- (iv) However, the following perquisites, allowances and benefits shall not be included in the computation of the ceiling of Rs. 25,000/- stipulated in clause 1(b)(i) and (ii) above.
  - Provision for use of company car with driver (owned/leased or hired) for official duties and telephone at residence including payment for local calls and long distance official calls.
  - Encashment of unavailed earned leave as per Rules of the company during the period of service or at the time of retirement / cessation of service.
- (c) Unless otherwise stipulated, for the purpose of this resolution, the perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.
- (2) Total remuneration payable to Shri Deepak Patel as per Clause 1 shall not exceed Rs. 10.20 lacs per annum.  
Remuneration for a part of the year should be computed on pro-rata basis.  
Company's contribution to Provident Fund, Pension Fund and Gratuity payable as per the rules of the company shall not be included in the computation of aforesaid ceiling.
- (3) The total remuneration and perquisites, allowances and benefits contemplated as per Clause 1 above, payable to the Managing Director shall be calculated in accordance with Section 198 and Section 309 of the Companies Act, 1956.
- (4) The limits stipulated in this Resolution are the maximum limits and the Board may in its absolute discretion pay lower remuneration and revise the same from time to time within the maximum overall limits stipulated by this resolution.
- (5) FURTHER RESOLVED that where in any financial year closing on or after 31.03.2000, the Company has no profits or its profits are inadequate, aforesaid remuneration as per Clause 1 be paid or granted to Shri Deepak Patel provided that total remuneration shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II of the part II of the Schedule XIII of the Companies Act, 1956.
- (6) The Agreement may be terminated by either party giving the other party one month's notice, or the Company paying one month's salary in lieu of the notice.
- (7) If at any time the appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Whole Time Director of the Company.
- (8) The appointee is liable to retire by rotation.
- (9) If at any time, the appointee ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- (10) "FURTHER RESOLVED that in the event of any re-enactment or recodification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder."



- (11) "FURTHER RESOLVED that any Director of the company be and is hereby authorised to take all necessary actions including execution of agreement with other terms and conditions, if any with Shri Deepak Patel, to give effect to this resolution."

**Registered Office :**

C.J. House, Mota Pore,  
Nadiad-387 001.

Date : 26th June, 1999

By order of the Board  
For CEEJAY FINANCE LIMITED

**Kamlesh Upadhyaya**  
Company Secretary

**NOTES :**

1. An Explanatory Statement under Section 173 (2) of the Companies Act, 1956, in respect of the Special Business referred to at Item No. 6 is hereto annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will be closed from Monday 6th September, 1999 to Saturday 25th September, 1999 (both days inclusive).
4. The dividend as recommended by the directors, if sanctioned by the members, will be paid within 42 days from the date of the meeting to those members whose names stands on Register of members of the Company on 25th September, 1999.
5. The members are requested to intimate to the Company, change in their Registered Address, if any.

**EXPLANATORY STATEMENT**

In terms of Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts, relating to the Special Business at Item No.6 of the accompanying Notice dated 26th June, 1999.

**ITEM No. 6**

Shri Deepak R. Patel was appointed as the Managing Director of the Company by the Board of Directors in its meeting held on 5th December, 1994. He has been actively taking interest in the business of the Company, thus it would be in the best interest of the Company as well as for better administrative control and convenience of the affairs of the Company to re-appoint him as the Managing Director of the Company with a monthly salary not exceeding Rs. 50,000/- per month and any bonus or exgratia not exceeding Rs. 1,20,000/- per annum.

The Explanatory Statement together with the Notice should be treated as an abstract of the draft agreement proposed to be entered between the Company and Shri Deepak Patel and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

Shri Kiran Patel and Shri Shailesh Patel are relatives of Shri Deepak Patel.

**Registered Office :**

C.J. House, Mota Pore,  
Nadiad-387 001.

Date : 26th June, 1999

By order of the Board  
For CEEJAY FINANCE LIMITED

**Kamlesh Upadhyaya**  
Company Secretary

**CEEJAY FINANCE LIMITED****DIRECTORS' REPORT**

To,  
THE MEMBERS OF  
**CEEJAY FINANCE LIMITED**

Your Directors present their SIXTH Annual Report together with the audited Accounts of the Company for the year ended 31st March, 1999.

**FINANCIAL RESULTS :**

(Rs. in Lacs)

Particulars	Year ended 31-03-99	Year ended 31-03-98
Total Income	741.34	760.60
Profit before Interest, Depreciation & Tax	592.73	587.46
Interest	357.32	339.05
Profit before Depreciation & Tax	235.41	248.41
Depreciation	123.09	90.75
Provision for Tax	12.00	55.00
Profit after Tax	100.32	102.66
Balance of Profit brought forward from Previous Year	37.34	44.81
Profit available for Appropriation	137.66	147.47
<b>APPROPRIATION</b>		
Transferred to Statutory Reserve	20.06	20.53
Proposed Dividend	36.00	36.00
Tax on Dividend	3.96	3.60
Transfer to General Reserve	50.00	50.00
Balance Carried to Balance Sheet	27.64	37.34

**DIVIDEND**

Your Directors are glad to maintain a tax free dividend of 12% P.A. for the year under review, amounting to Rs. 36 lacs.

**FINANCIAL SECTOR OUTLOOK**

The consolidation process in the financial sector continued during the year and several non-banking financial companies (NBFCs) have either closed down or been taken over by stronger players. In such a scenario, mere survival itself is creditable and, after passing through the ongoing shakeout, the survivors in the industry should emerge as stronger players. The company has been able to withstand the economic turmoil of the last few years and is confident of playing a major role in the financial sector because of its inherent strength of substantial network, skilled manpower, large customer base and its willingness to re-strategise and keep pace with developments.



## OPERATIONS

Despite the year having particularly difficult one for the financial sector, your Company's well defined retail strategy ensured consistent growth. Your company has performed exceedingly well, with the lease and Hire Purchase business increase to Rs. 2000.79 lacs. The Stock on Hire of Company is Rs. 2417.14 lacs. The Gross Income of the Company is Rs. 741.34 lacs and the net profit is Rs. 100.32 lacs in the Current Year.

The assets of the company are properly and adequately insured and recoveries are at satisfactory level.

## RESOURCE MOBILISATION

The most critical function during 1998-99 was the mobilisation of Resources to feed the asset based financing activities of your Company which continued to account for the majority share of your company's business plan. In this grim scenario your company successfully raised additional Rs. 600 lacs from various Banks. The company's resource position continues to be comfortable and its bankers and investors continue to repose confidence in the Company.

## CAPITAL ADEQUACY / RBI REGISTRATION

The revised Guidelines issued by R.B.I. for recognition of income, asset classification, investment accounting, provision for non performing assets and capital adequacy have been followed by your Company. Based on above, the capital adequacy work out to 28.44% as on 31st March, 1999 as against the minimum capital adequacy of 12% prescribed by R.B.I. The Company has also made the bad debts provision in case of sub-standard and / or loss assets of the Company. The Company has obtained Registration from Reserve Bank of India.

## FIXED DEPOSITS

In tune with the money market conditions and softening interest rates during the year, your Company effected downward revisions in the interest rates on its deposits from time to time. Although the public's negative perception of NBFCs in general affected fresh mobilisation and renewals for most NBFCs, the Company's deposit Scheme continue to be well received. While deposits on hand came down by Rs. 18.41 lacs compared to the last years' level, the Company actually benefited thereby, since the overall cost of its deposits fell significantly over the previous years' levels. At the close of the year deposits amounting to Rs. 3.45 lacs remained unclaimed or due to be renewed by 32 depositors. The Company has sent reminders before the due dates to all depositors. The Company does not have any, claimed but unpaid deposits.

## DIRECTORS

Shri Kiran Patel and Shri Deepak Patel retire by rotation at the Sixth Annual General Meeting and being eligible offer themselves for reappointment.

## AUDITORS

Kantilal Patel & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

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

The Company has no activities relating to conservation of energy or technology absorption. The Company has had no foreign exchange earnings or out goes during the year under review.