

A

NUAL REPORT 2002-2003

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CEEJAY FINANCE LIMITED



CEEJAY FINANCE LIMITED

10th Annual General Meeting
Saturday, the 27th September, 2003 at 11.00 A.M.

ATTENDANCE SLIP

Place : C.J.HOUSE, Mota Pore, Nadiad.
Folio No. : _____

Signature of member / Proxy
Attending the meeting _____

Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

----- ✂ Tear from here -----



CEEJAY FINANCE LIMITED

Regd. Office :
C. J. House, Mota Pore;
Nadiad-387001

FORM OF PROXY

Folio No.: _____

I/We _____ of
_____ in the district of _____ being member / s of the above named
Company hereby appoint _____ Of _____ in the
district of _____ Or failing
him _____
Of _____ in the district of _____ as my / our Proxy to attend and vote for me / us
on my / our behalf at the 10th Annual General Meeting of the Company, to be held on Saturday, the 27th
September, 2003 and at any adjournment thereof.

Signed the _____ day of _____ 2003

Signature _____

Affix
30 p.
Revenue
Stamp

N. B.: This Proxy must be deposited at the Registered Office of the Company, C.J.House, Mota Pore, Nadiad-387001, not less than 48 hours before the time of the meeting



CEEJAY FINANCE LIMITED

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BOARD OF DIRECTORS

PRAFUL PATEL
DEEPAK PATEL
HARSHAD DALAL
KIRAN PATEL
SHAILESH PATEL
VITHALBHAI PATEL
KANUBHAI PATEL

CHAIRMAN
MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

COMPANY SECRETARY

KAMLESH UPADHYAYA

STATUTORY AUDITORS

M/s. KANTI LAL 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.

REGD. OFFICE

C.J. HOUSE
MOTA PORE
NADIAD-387 001.

CORPORATE OFFICE

9TH FLOOR, ABHIJIT-II,
MITHAKHALI SIX ROADS,
ELLISBRIDGE, AHMEDABAD-380 006.



CEEJAY FINANCE LIMITED

NOTICE

NOTICE is hereby given that the TENTH Annual General Meeting of CEEJAY FINANCE LIMITED will be held at C.J. House, Mota Pore, Nadiad on Saturday 27th September, 2008 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt Balance sheet as at 31st March, 2003 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 appoint a director in place of Shri Praful Patel who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Shailesh Patel who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To appoint Shri Vithalbhai R. Patel as a Director of the company and to consider if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions if any of the Companies Act 1956, Shri Vithalbhai Patel be and is hereby appointed a director of the company liable to retire by rotation."

6. To appoint Shri Kanubhai K Patel as a Director of the company and to consider if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions if any of the Companies Act 1956, Shri Kanubhai Patel be and is hereby appointed a director of the company liable to retire by rotation."

Registered office :
C. J. House, Mota Pore,
Nadiad 387 001.
Date : 30th June, 2003.

By order of the Board
For, CEEJAY FINANCE LIMITED

Kamlesh Upadhyaya
Company Secretary



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NOTES :

1. 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.
2. The Register of Members and Share Transfer Books of the Company will be closed from Saturday 20th September to Saturday 27th September, 2003 (both days inclusive).
3. Trading in equity shares of the company through stock exchanges was made compulsory in dematerialised electric form. The company has entered into agreement with National Securities Depository Services (India) Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL). Shareholders can open the account with any of the Depository Participant registered with any of these Depositories.

EXPLANATORY STATEMENT :

Explanatory statement pursuant to section 173(2) of the companies act,1956.

ITEM NO.5

As required under section 257 of the said Act, notice has been received from members signifying their intention to propose Shri Vithalbhair R. Patel as a candidate for the office of Director. Your Directors recommend his appointment as a director of the company. He is independent, non-promotor director.

None of the directors are interested in the resolution.

ITEM NO.6

As required under section 257 of the said Act, notice has been received from members signifying their intention to propose shri Kanubhai K. Patel as a candidate for the office of Director. Your Directors recommend his appointment as a director of the company. He is independent, non-promotor director.

None of the directors are interested in the resolution.

A detailed profile of the directors have been submitted to the shareholders.

Registered office :
C. J. House, Mota Pore,
Nadiad 387 001.
Date : 30th June,2003.

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 hereby present their TENTH Annual Report together with the audited accounts of the company for the year ended 31st March, 2003.

FINANCIAL RESULTS :

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31/03/2003	YEAR ENDED 31/03/2002
Total Income	458.51	603.54
Profit Before Depreciation & Tax	79.27	162.27
Depreciation	53.82	122.59
Profit before exceptional items	25.45	39.68
Exceptional items	67.83	Nil -
Less : withdrawal from General Reserve/ Deferred tax liability reversed	67.23	Nil -
Profit after exceptional items	25.45	39.68
Provision for Tax		
Current	Nil	4.25
Deferred	4.07	19.49
Excess Provision of income tax	(1.30)	(1.52)
Profit After Tax	22.68	18.49
Excess depreciation written back	Nil	1.56
Balance of Profit brought forward	28.88	62.86
Profit available for Appropriation	51.56	82.88
APPROPRIATION		
Transferred to Statutory Reserve	4.54	4.00
Transferred to General Reserve	15.00	50.00
Transferred to Contingency Reserve	9.00	Nil -
Balance Carried to Balance Sheet	23.02	28.88

DIVIDEND

In order to conserve the resources and consolidate the financial position, your Directors have decided to plough back the profits of the current financial year. As a result your Directors do not recommended any Dividend for the year ended 31st March 2003.

FUTURE OUTLOOK

After the amalgamation of CEEJAY FINANCE LIMITED with the company, the principal business of your company has been changed to Loan, Hire Purchase, Leasing and financing. Accordingly company has changed its main objects and name of the company. The accumulated income of the company reflects all the income from



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finance division and all the assets reflect assets of finance division. The company intends to carry on finance business as its principal business in the years to come.

As stated in the last year, the management has implemented necessary action to dispose off the inefficient and unutilized assets. Accordingly company has disposed off all the remaining assets of packaging division.

FINANCIAL SECTOR OUTLOOK

The year under review witnessed minor revival in industrial Growth and key sectors including finance showing moderate rate of growth.

To take up the opportunities, your company has shifted the focus from urban to semi urban and rural areas. Your company has already tapped semi urban and rural areas for financing of vehicles and thrust would be for majority business in two wheelers segment.

OPERATIONS

The total operating income for the year under review was Rs.456.95 lacs, which showed a reduction of 23.93% as compared to previous year. Although there was an increase in the disbursement from Rs. 1460 lacs to Rs.1636 lacs, the reduction in income was due to discontinued fresh financing activities for leasing. The Stock on Hire (net) of the company is Rs.1541.02 lacs as against Rs.1601.91 lacs. The Net Profit of the company is Rs.22.68 lacs in the current year. The assets of the company are properly and adequately insured and recoveries are at satisfactory level.

MANAGEMENT DISCUSSION AND ANALYSIS

The major area of operations of the Company is in retail lending through hire purchase / leasing / loan of commercial vehicles, automobiles, two wheelers and consumer durables. In the last few years, entry of commercial banks has focused on retail lending. As a result, which have advantage of lower cost of funds, are taking major share in retail financing and providing strong competition to NBFCs. Automobile industry has also started financing their products.

Service tax is also another area of concern for NBFCs vis-à-vis banking sector.

Looking to the above, thrust has been to develop rural and semi-urban areas to enable the Company to face less competition of the banking sector. There is also given on the retail financing as compared to four-wheeler automobiles.

Your company is exposed to credit risk / liquidity risk arising from mismatch of tenure of funds borrowed and funds deployed. However, such risks have been reduced substantially by availability of adequate funds from banking sector and by following prudent financial policies. To minimise the risk of NPA and interest risks, your company is having strong and proven appraisal/recovery systems.

A firm of chartered accountants carries out the internal audit function. The Audit Committee of the Board regularly reviews internal audit reports and the same is also reported to the Board as and when required.

The financial and operational performance of the Company and business review is discussed elsewhere in this report.

The turnover ratio of the manpower has remained negligible since inception. The employee relations continue to be cordial at all branches of the company.

RESOURCE MOBILISATION

Bank Finance continued to account for the majority share of your company's business plan. In efforts to reduce overall cost of capital of the company, your company has reduced its Bank Limit to Rs. 975 Lacs. The company's resource position continued to be comfortable and its Bankers and investors including depositors continued to repose confidence in the Company.



CEEJAY FINANCE LIMITED

CAPITAL ADEQUACY

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 48.45% as on 31st March, 2003 as against the minimum capital adequacy of 15% prescribed by R.B.I. The company has also made the provision for non performing assets in case of Sub-standard, doubtful and bad assests as per R.B.I. guidelines.

FIXED DEPOSITS

Your company has continued its efforts for downward revision in the interest on Deposit to reduce over all cost of borrowing. In spite of lowering interest rates, the company's deposit scheme continued to be well received by depositors. At the close of the year, deposits amounting to Rs. 7.99 lacs remained unclaimed or due to be renewed by depositors. The Company has sent reminders before the due dates to all depositors. The company does not have any claimed but unpaid deposits.

DIRECTORATE

During the year, Mr. Vithalbhai R Patel and Mr. Kanubhai K. Patel were appointed as additional Directors with effect from March 10, 2003. The committees of directors, viz. Audit committee and Shareholders/Investors Grievance committee were constituted during the year. Mr. V. R PATEL and Mr. K.K.PATEL hold office as additional directors up to the date of the forthcoming Annual General Meeting of the company. The company has received notices from the members of the company under section 257 of the companies act, 1956, proposing their candidature for the office of directors.

Shri Praful Patel and Shri Shailesh Patel retire by rotation at the Tenth Annual General Meeting and being eligible offer themselves for reappointment.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with stock exchanges, your company was required to implement the code of corporate Governance by March 2003. Accordingly, your company has complied in all material respects with the features of the said code. A report on the same is given separately.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm:

- (i) that in the Preparation of the Annual Accounts for the Financial Year ended 31st March, 2003, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had 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 under review;
- (iii) that the Directors have taken proper and sufficient 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; and
- (iv) that the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

LISTING AGREEMENT WITH STOCK EXCHANGES

Pursuant to the provisions of listing agreement with stock exchanges, the equity shares of the company are listed at Ahmedabad (regional) and Mumbai stock exchanges.



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DEPOSITORY SYSTEM

Your company has established electronic connectivity with National Securities Depository (India) Ltd. (NSDL) and Central Depository Services (India) Ltd. In view of the compulsory dematerialisation of company's equity shares on stock exchanges, members are requested to dematerialise the shares on either of the depositories as aforesaid.

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 reappointment.

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

As the main Business of the company is of finance, 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.

PARTICULARS OF EMPLOYEES

There are no Employees covered by section 217 (2A) of the Companies Act, 1956 read with companies (Particular of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENT

The Directors would like to place record their sincere appreciation to all the employees of their continued effort towards the growth of the company and would also like to express their thanks to the Bankers, Shareholders and Fixed Depositors for their support and contribution which enabled the company to achieve its goals for the year.

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For and on behalf of the board

Place : Nadiad.
Dated. : 30th June 2003.

Praful Patel
Chairman



CEEJAY FINANCE LIMITED

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company supports the broad principles of corporate governance. Given below is a report on corporate governance:

1 Company's philosophy on Code of Governance

The company's philosophy on the corporate governance lays strong emphasis on transparency, accountability and integrity. All employees are guided by the company's policy on important issues, relationship with customers, shareholders and statutory authorities.

2. Board of Directors

The Board of directors of the company comprises seven directors, out of them six are non-executive directors of which two are independent directors, and one executive director. Five directors are promoter directors. The chairman of the Board is non-executive promoter director.

During the year ended March 31st 2003, Six Board Meetings were held on the following dates:

29-06-2002, 31-07-2002, 30-10-2002, 31-01-2003, 10-03-2003 31-03-2003

The constitution of the Board and other relevant details are given below:

NAME OF DIRECTOR	CATEGORY	DIRECTORSHIP IN OTHER CO.	MEMBERSHIP IN BOARD COMMITTEES OF OTHER CO.	ATTENDANCE AT MEETINGS	
				BOARD	LAST A.G.M.
Mr. Praful Patel	Chairman/ Non-Exe. / Promoter	7	—	3	—
Mr. Harshad Dalal	Non-Exe. / Promoter	3	—	6	Yes
Mr. Kiran Patel	Non-Exe. / Promoter	3	—	6	Yes
Mr. Deepak Patel	Executive/ Promoter	3	—	6	Yes
Mr. Shailesh Patel	Non-Exe. / Promoter	3	—	6	Yes
Mr. Vithalbai Patel	Non-Exe. / Independent	Nil	—	1	N.A.
Mr. Kanubhai Patel	Non-Exe. / Independent	Nil	—	1	N.A.

3. AUDIT COMMITTEE

The Company has constituted an Audit Committee pursuant to clause 49 of the Listing Agreement and consisting of the following directors:

Mr. Vithalbai Patel	Chairman	Non executive / Independent
Mr Shailesh Patel	Member	Non executive / promoter
Mr Kanubhai Patel	Member	Non executive / Independent

A brief description of terms of reference of Audit Committee is to oversee company's financial reporting systems and disclosure of financial information, to review reports of internal and statutory auditors and to ensure adequate follow up action and reviewing compliance with accounting standards. The audit committee has adequate powers as per clause 49 II (C) and (D) of the listing agreements.

The first meeting of the Audit Committee was held on 10-03-03. The second meeting of the Committee was held on 30-06-03. All members attended both the meetings. The Committee reviewed the matters pertaining to various issues of governance. The meetings were attended by the secretary and G.M.