

ANNUAL REPORT 2004-2005

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CEEJAY FINANCE LIMITED

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CEEJAY FINANCE LIMITED

12TH ANNUAL REPORT 2004-2005

BOARD OF DIRECTORS

HARSHAD DALAL

CHAIRMAN

DEEPAK PATEL

MANAGING DIRECTOR

KIRAN PATEL

DIRECTOR

SHAILESH PATEL

DIRECTOR

VITHALBHAI PATEL

DIRECTOR

KANUBHAI PATEL

DIRECTOR

COMPANY SECRETARY

KAMLESH UPADHYAYA

STATUTORY AUDITORS

M/s. KANTILAL PATEL & CO.,

(A Member Firm of Polaris IA International, U.S.A.)

"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 TWELFTH Annual General Meeting of CEEJAY FINANCE LIMITED will be held at C.J. House, Mota Pore, Nadiad on Saturday 24TH September, 2005 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive consider and adopt Balance sheet as at 31st March, 2005 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 a dividend for the year ended 31st March, 2005.
3. To appoint a director in place of Shri Vithalbhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Kanubhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By order of the Board
For CEEJAY FINANCE LIMITED

Registered Office

C.J. House, Mota Pore,

Nadiad - 387 001

Dated : 30th June, 2005

Kamlesh Upadhyaya
Company Secretary

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 Thursday 15th September to Saturday 24th September, 2005 (both days inclusive).
3. Dividend if approved, will be paid to those members whose name appear in the Register of members as on 15th September, 2005.
4. Trading in equity shares of the company through stock exchanges was made compulsory in dematerialized 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.
5. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
6. Unpaid / unclaimed dividends for period of seven years have been transferred to the Investors' education and protection fund pursuant to section 205 C of the Companies Act 1956. As such, no claim of the shareholder shall be entertained after that period.
7. The detailed profile of the proposed reappointed directors is attached separately.

By order of the Board
For CEEJAY FINANCE LIMITED

Registered Office

C.J. House, Mota Pore,

Nadiad - 387 001

Dated : 30th June, 2005

Kamlesh Upadhyaya
Company Secretary



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DIRECTORS' REPORT

To,
THE MEMBERS OF
CEEJAY FINANCE LIMITED

Your Directors hereby present their TWELFTH Annual Report together with the audited accounts of the company for the year ended 31st March 2005.

FINANCIAL RESULTS:

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31/03/2005	YEAR ENDED 31/03/2004
Total Income	688.24	542.92
Profit Before Depreciation & Tax	199.03	107.90
Depreciation	9.79	22.05
Profit before Tax	189.24	85.85
Provision for tax		
Current	52.62	6.76
Deferred	15.49	34.18
Short Provision of Income Tax of earlier period	3.28	NIL
Profit After Tax	117.85	44.91
Balance of Profit brought forward	54.60	23.02
Profit available for Appropriation	172.45	67.93
APPROPRIATION		
Proposed Dividend	34.50	NIL
Corporate tax on Dividend	4.84	NIL
Transferred to		
Statutory reserve	23.50	9.00
General reserve	50.00	4.33
Balance Carried to Balance Sheet	59.61	54.60

DIVIDEND :

The policy of the Company is to plough back the profits of the Company in order to conserve the resources and consolidate financial position. However, in line with this policy and in recognition of healthy performance during 2004-2005, your directors are pleased to recommend a dividend of 10% for the year ended 31st March 2005. This dividend shall be subject to tax on dividend to be paid by the Company, but will be tax free in the hands of the members.

OPERATIONS :

The Company posted total income and net profit after tax of Rs 688.24 lacs and 117.85 lacs respectively for the financial year 2004-2005 as against Rs 542.92 lacs and Rs 44.91 lacs respectively in the previous year. The profit has increased by 162 % in the current year due



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to successful implementation of long term business strategies. The disbursement in the current year also remained high at Rs 2730.06 lacs in the consecutive second year. The Company's strategy to focus for the business in smaller places and specialization in two wheeler segment has rewarded the Company to achieve higher yield. Hypothecation / loan stock of the Company is Rs 2529.27 lacs in the current year as against Rs 2359.87 lacs in the previous year.

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

FUTURE OUTLOOK :

Economic environment provides an opportunity to improve the business climate. However, looking to the continuous threats from the private banking sector, the Company is facing keen competition in the rate of interest and consequently, in the volume of the business. The Company is also exploring the possibility of tie up with private sector bank as Corporate Associate. The Company will continue its business thrust on two wheeler segment in smaller places.

MANAGEMENT DISCUSSION AND ANALYSIS :

The Indian economy registered a growth of 8.5 % in the fiscal year 2003-04. The initial growth for the fiscal year 2004-05 is estimated at 6.9 % in GDP. The inflationary situation has not been very favorable in 2004-05 as compared to the previous year. However, current year position seems to be within the control.

Domestic financial market remained broadly stable during 2004-05 in spite of hike in fuel prices and upturn in the international interest rate.

The Company has successfully raised financial resources for its business at lower rate of interest compared to earlier period, and pass on the resultant benefit to the customers to achieve higher business volume. However, very low rate of interest to the consumers offered by the private banking sector has remained constant threats to the Company. The Company will have to put constant emphasis to reduce cost of capital to offer lower rate to the consumer to continue its competitive position in the market.

The Company continued its policy of retail lending through loans against two wheelers, commercial vehicles and consumer durables. The Company will also continue to focus the business in semi-urban and rural area for retail financing.

Introduction of Fringe benefit tax in the last budget is a major concern for the industry and financial sector. However, the Company expects that negative impact of this tax to the Company will be nullified by reduction in income tax rate.

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 minimize 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.



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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 MOBILATION:

In efforts to reduce over all cost of capital of the company, your company has raised short term low interest bearing funds of Rs 615 lacs to finance higher volume of business. The bank limit has continued to remain at Rs. 975 Lacs level. There is marginal change in the level of fixed deposits raised by the Company. The company's resource position continued to be comfortable and its Bankers and investors including depositors continued to repose confident in the Company.

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 37.72% as on 31st March, 2005 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 assets over and above the prudential norms issued by R.B.I.

FIXED DEPOSITS :

In spite of lowering interest rates, the company's deposit scheme continued to be well received by depositors. The Fixed Deposits of the Company remained at Rs. 404.21 lacs as on 31st March, 2005. At the close of the year, deposits amounting to Rs. 13.28 lacs remained unclaimed or due to be renewed by 81 depositors. The Company has sent reminders before the due dates to all depositors. The company does not have any claimed but unpaid deposits.

DIRECTORATE :

Shri Vithalbhai Patel and Shri Kanubhai Patel retire by rotation at the Twelfth Annual General Meeting and being eligible offer themselves for reappointment.

Shri Praful Patel, Director of the Company has resigned as a Director w.e.f. 15-11-2004.

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, 2005, the applicable Accounting Standards had been followed along with 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;



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- (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, 2005 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.

DEPOSITORY SYSTEM :

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

FOR AND ON BEHALF OF THE BOARD

PLACE : NADIAD.
DATED : 30th June, 2005.

HARSHAD DALAL
CHAIRMAN



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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 six directors, out of them five are non-executive directors, of which two are independent directors, and one executive director. Four directors are promoter directors. The chairman of the Board is non-executive promoter director. Mr. Praful Patel, Chairman of the company resigned as a director of the company on 15th November 2004. Mr. Harshad Dalal appointed as a chairman of the company by the Board of Directors of the company.

During the year ended March 31st 2005, five Board meetings were held on the following dates:

30-06-2004, 31-07-2004, 30-10-2004, 20-11-2004 31-01-2005,

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. Harshad Dalal	Chairman / Non-Exe. / Promoter	3	—	5	Yes
Mr. Kiran Patel	Non-Exe. / Promoter	3	—	5	No
Mr. Deepak Patel	Executive / Promoter	3	—	5	Yes
Mr. Shailesh Patel	Non-Exe. / Promoter	3	—	5	Yes
Mr. Vithalbhair Patel	Non-Exe. / Independent	Nil	—	5	Yes
Mr. Kanubhai Patel	Non-Exe. / Independent	Nil	—	5	Yes

3. COMMITTEES OF THE BOARD :

The Board of Directors has constituted two committees of the Board viz.

- Audit Committee
- Investors Grievance Committee

The Board determines the terms of reference of these committees from time to time. The respective committee's Chairman/Company secretary conveys meetings of these committees. At each board meeting, Minutes of these committees are placed before the Directors for their perusal and noting.



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AUDIT COMMITTEE :

The Audit committee comprises of following directors:

- | | | |
|------------------------|------------|-------------------------------|
| - Mr. Vithalbhai Patel | — Chairman | — Non executive / Independent |
| - Mr. Shailesh Patel | — Member | — Non executive / Promoter |
| - Mr. Kanubhai Patel | — Member | — Non executive / Independent |

Brief description of terms of reference:

- Review the financial reporting process and disclosure of its financial information.
- Review with the management the Annual financial statements before submission to the Board
- Review with the management, Statutory Auditors and Internal Auditors, the adequacy of internal control systems.
- Review the company's accounting and risk management policies.
- Review the company's accounting and management reporting systems and update the same from time to time.
- Recommend the appointment and removal of Statutory and Internal Auditors and fixation of fees for the same.

During the year, four audit committee meetings were held on 30-06-2004, 31-07-2004, 30-10-2004 and 31-1-2005. All the members attended four meetings. The Company Secretary and G.M. (Finance) of the Company also attended the meeting.

The Chairman of Audit Committee remained present in the Annual General Meeting to reply the shareholders questions.

REMUNERATION COMMITTEE:

Since no remuneration is paid to any non-executive director, no Remuneration Committee has been formed.

SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE:

The Investors' Grievance Committee comprises of following directors

- | | | |
|------------------------|------------|-------------------------------|
| - Mr. Vithalbhai Patel | — Chairman | — Non-executive / Independent |
| - Mr. Shailesh Patel | — Member | — Non Executive / Promoter |
| - Mr. Kanubhai Patel | — Member | — Non-executive / Independent |

The Board has designated Mr. K. P. Upadhyay, company secretary, as the compliance officer.

During the year four committee meetings were held on 30-06-2004, 30-09-2004, 31-12-2004 and 31-3-2005. All the members attended four meetings. The Company Secretary of the Company also attended the meeting.

The Committee reviewed redressal of Investors' Grievances pertaining to share transfer, dematerialisation of shares, replacement of lost, mutilated and old share certificates, change of address etc. The committee has also taken steps to strengthening investors' relations.

The Company has not received any complaint / there is no pending complaint from any investor. There is no request pending for share transfer till date.

4 GENERAL BODY MEETINGS:

Venue and time of last three annual general meetings were as under:

FINANCIAL YEAR	DATE	TIME	VENUE
2001-2002	28-09-2002	11.00 A.M.	C.J. House Mota pore, Nadiad
2002-2003	27-09-2003	11.00 A.M.	C.J. House Mota pore, Nadiad
2003-2004	25-09-2004	11.00 A.M.	C.J. House Mota pore, Nadiad

No special resolutions were passed in the last Annual General Meeting. No special resolutions were put through postal ballot last year. There is no item on Agenda that needs approval by postal ballot in the ensuing Annual general Meeting.

5 DISCLOSURES:

There are no materially significant related party transactions made by the Company with promoters, directors or management, subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.



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Transactions with related parties during the period are disclosed in note no 10 of Schedule 19 to the accounts in annual report.

During the last three years, there were no penalties, strictures imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market.

6 MEANS OF COMMUNICATIONS :

Annual, half yearly, quarterly results are communicated to all the stock exchanges whereby the Company's shares are listed, immediately after the Board of Directors' meeting. Results are published in Western Times, English and Gujarati editions. The half yearly and quarterly results are not sent individually to the shareholders.

The company does not have its own web site.

There were no presentation made to the institutional investors or analysts.

The management discussion and analysis report forms part of the directors' report.

7 GENERAL SHAREHOLDERS INFORMATION :

Annual General Meeting

DATE/ TIME/ VENUE : 24-09-05, Saturday, at 11.00 A.M.
C.J. House, Mota pore, Nadiad - 387 001

Tentative Financial Calendar for the
Financial year 2005-2006

- Financial reporting for the first quarter ended June-30' 05 : Last week of July 2005
- Financial reporting for the second quarter ended September 30'05 : Last week of October 2005
- Financial reporting for the third quarter ended December 31 '05 : Last week of January 2006
- Financial reporting for the fourth quarter / Year ended March 31 '06 : Last week of June 2006
- Annual General Meeting : Last week of September 2006

Date of book closure : Thursday 15-09-2005 to Saturday 24-09-2005.

Dividend Payment date : First Week of October, 2005

Listing on Stock Exchanges : The Stock Exchange, Ahmedabad

The Stock Exchange, Mumbai

Stock Code : The Stock Exchange, Mumbai - 530789

The Stock Exchange, Ahmedabad - 23829

Demat ISIN no for NSDL/ CDSL - INE 358C01010

Stock Market Data : Monthly high and low of closing quotations
Of share traded on the Stock Exchange,
Mumbai is furnished below.No share price
Quoted on the Stock Exchange, Ahmedabad.

Month	BSE PRICES		BSE SENSEX	
	High	Low	High	Low
2004				
April	1.21	1.21	5979.25	5599.12
July	1.00	0.67	5200.85	4723.04
August	0.80	0.80	5269.22	5022.29
October	6.25	0.96	5803.82	5558.14
November	7.95	5.45	6248.43	5649.03
December	7.00	6.09	6617.15	6176.09
2005				
January	7.05	5.41	6696.31	6069.33
February	6.50	5.75	6721.08	6508.33
March	7.64	6.32	6954.86	6321.31