



# ANNUAL REPORT 2006-2007

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## CEEJAY FINANCE LIMITED



# CEEJAY FINANCE LIMITED

## 14TH ANNUAL REPORT 2006-2007

<b>BOARD OF DIRECTORS</b>	HARSHAD DALAL	CHAIRMAN
	DEEPAK PATEL	MANAGING DIRECTOR
	KIRAN PATEL	DIRECTOR
	SHAILESH PATEL	DIRECTOR
	KIRITKUMAR DALAL	DIRECTOR
	BHARAT AMIN	DIRECTOR
<b>COMPANY SECRETARY</b>	KAMLESH UPADHYAYA	
<b>STATUTORY AUDITORS</b>	M/s. KANTILAL PATEL & CO., (A Member Firm of Polaris IA International, U.S.A.) "PARITOSH", 2ND FLOOR, USMANPURA, AHMEDABAD - 380 013.	
<b>INTERNAL AUDITORS</b>	VIPINCHANDRA C. SHAH & CO. 133-134, SANTRAM SUPER MARKET, NR. LAXMI CINEMA, NADIAD-387 001.	
<b>BANKERS</b>	BANK OF BARODA UNION BANK OF INDIA CENTURION BANK OF PUNJAB LTD.	
<b>REGD. OFFICE</b>	C. J. HOUSE, MOTA PORE, NADIAD-387 001.	
<b>CORPORATE OFFICE</b>	9TH FLOOR, ABHIJIT-II, MITHAKHALI SIX ROADS, ELLISBRIDGE, AHMEDABAD-380 006.	



## CEEJAY FINANCE LIMITED

### NOTICE

NOTICE is hereby given that the FOURTEENTH Annual General Meeting of CEEJAY FINANCE LIMITED will be held at C.J. House, Mota Pore, Nadiad on Saturday 29<sup>th</sup> September, 2007 at 11.00 A.M. to transact the following business.

### ORDINARY BUSINESS:

1. To receive consider and adopt Balance sheet as at 31<sup>st</sup> March, 2007 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 31<sup>st</sup> March, 2007.
3. To appoint a director in place of Mr. Kiran Patel who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Deepak 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

### Register Office

C.J. House, Mota Pore,  
Nadiad – 387 001  
Dated: 30<sup>th</sup> June, 2007

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 REGISTER 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 Monday, 17<sup>th</sup> September 2007 to Saturday, 29<sup>th</sup> September, 2007 (both days inclusive).
3. 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.
4. 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.
5. 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.
6. The detailed profile of the proposed re-appointed directors is attached separately.

By order of the Board  
For CEEJAY FINANCE LIMITED

### Register Office

C.J. House, Mota Pore,  
Nadiad – 387 001  
Dated: 30<sup>th</sup> June, 2007

Kamlesh Upadhyaya  
Company Secretary



# 14th Annual Report 2006-2007

## DIRECTORS' REPORT

To,  
THE MEMBERS OF  
CEEJAY FINANCE LIMITED

Your Directors' here by present their FOURTEENTH Annual Report together with audited accounts of the company for the year ended 31<sup>st</sup> March 2007.

## FINANCIAL RESULTS:

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31/03/2007	YEAR ENDED 31/03/2006
Total Income	600.66	558.42
Profit Before Depreciation & Tax	184.41	160.48
Depreciation	9.65	9.08
Profit before Tax	174.76	151.40
Provision for tax		
• Current	51.32	45.05
• Deferred	3.47	4.00
• Fringe Benefit Tax	1.13	1.32
Short Provision of Income Tax of earlier period	(0.79)	(0.63)
Profit After Tax	119.63	101.66
Balance of Profit brought forward	51.36	59.61
Profit available for Appropriation	170.99	161.27
APPROPRIATION		
Proposed Dividend	34.50	34.50
Corporate tax on Dividend	5.86	4.84
Transferred to		
• Statutory reserve	24.00	20.57
• General reserve	50.00	40.00
Balance Carried to Balance Sheet	56.63	51.36

## DIVIDEND:

Your directors are pleased to recommend a dividend of 10% for the year ended 31st March 2007, amounting to Rs.34.50 lacs. This dividend would be paid upon approval by the members in the ensuing Annual General Meeting, to the registered members as on the book closure date.

## OPERATIONS:

The total income for the year under review has been increased from Rs.558.42 lacs in the previous year to Rs.600.66 lacs. The Company posted net profit after tax of Rs. 119.63 lacs for the financial year 2006-2007 as against Rs 101.66 lacs in the previous year. The profit has increased by 17.68 % in the current year. The disbursement in the current year also remained high at Rs 2647.20 lacs compared to Rs.2133.00 lacs in previous year. This is mainly due to expansion of branch net work in smaller town/places. 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/disbursement. Hypothecation / loan stock of the Company has also increased from Rs.2235.21 lacs in previous year to Rs.2619.62 lacs. in the current year increasing by 17.20%.

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

## FUTURE OUTLOOK:

Global scenario with present economic environment provides an opportunity to improve the business climate. However continuous threats from private sector banks and other N.B.F.C.'s, the Company is facing Keen competition in the margin and volume. However recent increase in the lending rate by private sector banks has



## CEEJAY FINANCE LIMITED

marginally ease the Company's pressure to mobilize its nitch business from semi urban and rural areas in two wheeler and three wheeler segment.

Looking to the present infationary pressure in our present finance system, it seems that interest rate will take its journey to upward level which will ultimately increase overall cost of capital and will reduce profitability margin. However your Company is in continuous search for cheaper long term funds to maintain the margin. Your Company is very much confident for reasonably good business as Company has developed its own nitch market.

### MANAGEMENT DISCUSSION AND ANALYSIS :

The Indian finance industry has changed significantly over the last decade with all its segments opening to competition. This market is now highly competitive, complex and evolving rapidly.

The above competition with upward trend in inflationary pressure will ultimately result in to increase in interest rates in India as well as globally. This ultimately will have major impact on the banking and finance industry. It can be visible from some recent slow down in the major industries including finance. However recent increase in the Bank rates may be benefited to smaller finance companies due to its nitch market.

The major thrust of operations of the Company is in retail segment including two wheelers and three wheelers in semi urban and rural areas. In the recent past automobiles manufacturer has also started financing their own products which added the pressure of existing competition with private banks and large N.B.F.C.'s. Overall demand outlook for the year 2007-2008 does not seem positive. There might be some slow down in overall volume growth during the year. The Company expects also some margin pressure along with some volume pressure during the year.

To take up the challenges and to stay in the competition, the Company will continue its business in rural and semiurban areas where the competition is less. The company will utilised the low cost fund which has already raised and passes on the resultant benefit to the consumer to achieve higher volume and margin.

Generally, NBFC's and Banking Sector is exposed to credit risk/liquidity risk arising from mismatch of tenure of funds borrowed and funds deployed. However, your Company has taken suitable measures that such risks have been reduced substantially by availability of adequate funds from banking sector / private funds 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.

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 :

Due to increase in the deposit rate by banking industries, company finds it slightly difficult to raise or increase its fixed deposits. During the year under review, the fixed deposits of the company have marginally decreased from Rs.424.69 lacs in previous year to Rs.349.75 lacs in the current year. Due to increase in the volume of business, the company's utilization of its cash credit limits increased from 573.73 lacs in the previous year to Rs.963.15 lacs in the current year. The Company has continuously utilised the short term low interest bearing fund of Rs. 600 lacs which was raised in the last year.

### 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 36.19 % as on 31st March, 2007 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 as per R.B.I. guidelines.

### 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. 349.75 lacs as on 31-03-2007. At the close of the year,



## 14th Annual Report 2006-2007

deposits amounting to Rs. 11.51 lacs remained unclaimed or due to be renewed by depositors from 59 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 Kiran Patel and Shri Deepak Patel are liable to retire by rotation at the ensuing 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, 2007, 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;
- (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 2007 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. 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.

### **ACKNOWLEDGMENT :**

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 : June 30, 2007.**

**HARSHAD DALAL  
CHAIRMAN**





# CEEJAY FINANCE LIMITED

## CORPORATE GOVERNANCE REPORT

(In compliance with Clause 49 of the Listing Agreement)

Given below is a report on corporate governance:

### I COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value to all its stakeholders through sound and professional governance.

### II BOARD OF DIRECTORS:

The Board comprises of a Non-Executive Chairman, a Managing Director and four Non-executive Directors of which two are independent directors.

Mr. Harshad Dalal is appointed as a chairman of the company by the Board of Directors of the company.

During the year ended March 31<sup>st</sup> 2007, Five Board meetings were held on the following dates:

30-06-2006, 31-07-2006, 31-10-2006, 31-01-2007, 31-03-2007

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. 30-9-06
Mr. Harshad Dalal	Chairman / Non-Exe. / Promoter	3	—	5	Yes
Mr. Kiran Patel	Non-Exe. / Promoter	3	—	5	Yes
Mr. Deepak Patel	Executive / Promoter	3	—	5	Yes
Mr. Shailesh Patel	Non-Exe. / Promoter	2	—	5	Yes
Mr. Kiritkumar Dalal	Non-Exe. / Independent	Nil	—	5	Yes
Mr. Bharatbhai Amin	Non-Exe. / Independent	Nil	—	5	Yes

The information as required under Annexure I A to the clause 49 of the listing agreement is made available to the Board of Directors. Particulars of directors retire by rotation have been provided in the notice of this report.

### COMMITTEES OF THE BOARD

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

- o Audit Committee
- o 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.

### III AUDIT COMMITTEE:

This Committee comprises of two Non-executives, Independent Directors and a Managing Director. The composition of Audit Committee is as under:

- o Mr. Kiritkumar Dalal (Chairman) — Non executive/ Independent
- o Mr. Bharat Amin (Member) — Non executive / independent
- o Mr. Deepak Patel (Member) — Executive/Promoter

The terms of reference of this Committee are as required by SEBI under Clause 49 of the Listing Agreement. Besides having access to all the required information from within the company, the committee can obtain



## 14th Annual Report 2006-2007

external professional advice whenever required. The committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorised to select and established accounting policies, review reports of the Statutory and Internal Auditors and to discuss their findings, suggestions, other related matters and to implement their suggestions. The committee is empowered to recommend the appointment and removal of Statutory and Internal Auditors and fixation of fees for the same. During the year Five-audit committee meetings were held on 30-06-2006, 31-07-2006, 31-10-2006, 31-1-2007 and 31-03-2007. All the members attended five meetings. The Company Secretary and G.M. (Finance) of the Company also attended all the meetings.

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

#### IV REMUNERATION COMMITTEE:

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

During the year 2006-07 Mr. Deepak Patel, Managing Director of the company, has been paid total remuneration of Rs. 6,35,000/- comprising Salary of Rs. 6,00,000/-, contribution to Gratuity Fund of Rs. 26,000/- and contribution to Provident Fund of Rs. 9,000/-.

No sitting fees are paid to any directors.

#### V SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE:

This Committee comprises of two Non-executives, Independent Directors and a Managing Director. The composition of Committee is as under:

- o Mr.Kiritkumar Dalal(Chairman) — Non executive/ Independent
- o Mr Bharat Amin (Member) — Non executive / independent
- o Mr.Deepak Patel (Member) — Executive/Promoter

The function of the Investors' Grievances committee is to review and redress Shareholder's grievance/ complaints on matters relating to transfer of shares, non-receipt of dividend etc.

The Board has designated Mr. K P Upadhyay, Company Secretary, as the compliance officer.

During the year four committee meetings were held on 30-06-2006,30-09-2006,31-12-2006 and 31-3-2007.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 received 5 complaints during the year and all were solved up to the satisfaction of the investors. There is no pending complaint from any investor.

#### VI (a) GENERAL BODY MEETINGS:

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

FINANCIAL YEAR	DATE	TIME	VENUE
2003-2004	25-09-2004	11.00 A.M.	C.J.House, Mota pore, Nadiad
2004-2005	24-09-2005	11.00 A.M.	C.J.House, Mota pore, Nadiad
2005-2006	30-09-2006	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.

#### VI (b) CODE OF CONDUCT

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the company. The Board Members and Senior Management have affirmed their compliance with the code of conduct for the year under review.

#### VII 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.





## CEEJAY FINANCE LIMITED

Transactions with related parties during the period are disclosed in note no 9 of Schedule 18 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.

### VIII CEO/CFO CERTIFICATION / COMPLIANCE

Mr. Deepak Patel, Managing Director issued a certificate to the Board as prescribed under sub-Clause V of clause 49 of the Listing Agreement. The said certificate was placed before the meeting of Board of Directors held on 30<sup>th</sup> June, 2007.

The company has complied with all the mandatory requirements of the Corporate Governance Norms as enumerated in Clause 49 of the listing agreement with the Stock Exchanges.

### IX 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 web site of the company is under preparation. The code of conduct shall be published on the completion of the web site.

There were no presentation made to the institutional investors or analysts

### X MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The contents of the Management Discussion and Analysis Report have been included in the Director's Report at the appropriate places and thus the said report forms part of the Annual Report.

### XI GENERAL SHAREHOLDERS INFORMATION:

Annual General Meeting

DATE/ TIME/ VENUE	:	29-09-2007, Saturday, at 11.00 A.M. C.J. House, Mota pore, Nadiad – 387 001
Financial Calendar	:	1 <sup>st</sup> April, 2006 to 31 <sup>st</sup> March, 2007
Date of book closure	:	Monday 17-09-2007 to Saturday 29-09-2007.
Dividend Payment date	:	Within 25 days of AGM
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	
	HIGH	LOW
April, 2006	12.24	8.91
May, 2006	15.82	9.05
June, 2006	11.50	8.00
July, 2006	16.24	9.40
August, 2006	14.66	9.16
September, 2006	13.23	8.33
October, 2006	10.39	8.67
November, 2006	14.00	7.23
December, 2006	13.05	7.25
January, 2007	13.00	8.21
February, 2007	14.45	9.60
March, 2007	14.95	9.32