

ANNUAL REPORT 2007-2008

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CEEJAY FINANCE LIMITED



CEEJAY FINANCE LIMITED

15TH ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS	HARSHAD DALAL	CHAIRMAN
	DEEPAK PATEL	MANAGING DIRECTOR
	KIRAN PATEL	DIRECTOR
	SHAILESH PATEL	DIRECTOR
	KIRITKUMAR DALAL	DIRECTOR
	BHARAT AMIN	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	
	CENTURION 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 FIFTEENTHS 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, 2008 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 Mr. Kiritkumar Dalal who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Bharat Amin who retire by rotation and being eligible, offers himself for re-appointment.
4. 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: 30th June, 2008

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 Thursday, 18th September 2008 to Saturday, 27th September, 2008 (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: 30th June, 2008

Kamlesh Upadhyaya
Company Secretary



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DIRECTORS' REPORT

To,
THE MEMBERS OF
CEEJAY FINANCE LIMITED

Your Directors hereby present their FIFTEENTHS Annual Report together with the audited accounts of the company for the year ended 31st March 2008.

FINANCIAL RESULTS:

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31/03/2008	YEAR ENDED 31/03/2007
Total Income	598.03	600.66
Profit Before Depreciation & Tax	121.55	184.41
Depreciation	7.92	9.65
Profit before Tax	113.63	174.76
Provision for tax		
• Current	30.50	51.32
• Deferred	6.08	3.47
• Fringe Benefit Tax	0.97	1.13
Short Provision of Income Tax of earlier period	—	(0.79)
Profit After Tax	76.08	119.63
Balance of Profit brought forward	56.63	51.36
Profit available for Appropriation	132.71	170.99
APPROPRIATION		
Proposed Dividend	—	34.50
Corporate tax on Dividend	—	5.86
Transferred to		
• Statutory reserve	15.22	24.00
• General reserve	60.00	50.00
Balance Carried to Balance Sheet	57.49	56.63

DIVIDEND:

Looking to the financial performance and in order to conserve the resources to consolidate the financial position, your Directors have decided to plough back the profits of the current financial year. This will help the company to retaining capital and Reserve to maintain a healthy capital adequacy ratio to support future growth. As a result your Director do not recommended any dividend for the year ended 31st March 2008.

OPERATIONS:

The total income for the year under review has been declined marginally from Rs.600.66 lacs in the previous year to Rs.598.03 lacs in the current year. The Company posted net profit of Rs.76.08 lacs for the financial year 2007-2008 as against Rs 119.63 lacs in the previous year. The profit has declined by 36.40 % in the current year. The major reason for decline in profit is increase in the finance charges by the Banks. The finance charges have been increased from Rs.205.19 lacs in the previous to Rs.246.50 lacs in the current year showing increase of almost 20%.Also looking to the inflationary trend prevailing in the economy of the country, the Administrative and Other expenses of the company has been increased to Rs.166.27 lacs in the current year from Rs.152.99 lacs in the previous year. However to some extent, it is due to continuous expansion of branch network in smaller places/towns.

The disbursement in the current year also remained at Rs 2466.37 lacs compared to Rs.2647.20 lacs in previous year. The Company's strategy to focus for the business in smaller places and specialization in two wheeler segment has remained unchanged. Hypothecation / loan stock of the Company has also increased from Rs.2619.62 lacs in previous year to Rs.2666.12 lacs in the current year.

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



CEEJAY FINANCE LIMITED

FUTURE OUTLOOK:

The Indian economy seems limping to see some decline in growth rates in 2008-2009 compare to couple of previous years. In spite of marginally decline, It is likely to experience reasonable growth in absolute terms and will probably remain among one of the fastest growing economics in the world. However with a lower GDP growth coupled with tighten liquidity norms by RBI and increase in interest rates, the company's performance and growth is likely to be under pressure. Nonetheless, continuous threats to small/medium Company like us, from global/giant players in the consumer finance market especially with large size/volume, lower rate of interest and ability to sustain in the market is inevitable for the company to sustain in the market. However recent trend to slow down the business strategy in the two/three wheeler segment by some of the large banking sector may provide reasonably good opportunity to the company, especially in the rural markets, as you know the company's experience with its model for rural/semi rural markets has been positive so far. Your company has since last couple of years targeted potential outreach locations within a certain radius of its semi-urban and rural branches, offering a set of product including personal/hypothecation loan along with its routine business. The company's range of retail financial products and excellent services and branches net work is fairly exhaustive to meet the up coming challenges.

The continuous efforts to search for cheaper money is constant threats, looking to the continued risks of inflation from global markets linked with hike of oil and commodity prices.

So far as volume of business and segment of the business is concern, your company is confident to maintain its existing business

MANAGEMENT DISCUSSION AND ANALYSIS:

The real GDP growth in the current year is expected at 8 % to 9%. Since last couple of years, GDP growth has been faster at approximately 8.8%. Investment expenditure and domestic saving rates are also on increasing trend. Especially, the growth of service sector is phenomenal with a share of nearly 60% in India's GDP . Thus service sector, in coming years continues to be the key driver.

However, for most part of the year, liquidity in the Banking sector was volatile. The RBI followed a tight monetary policy to check inflationary pressure arising to a large extent mainly due to energy and commodity prices. The RBI, to control the same, raised CRR by 150 basis points during the financial year ended March 31, 2008. Consequent upon that the finance charges have been jumped to Rs.246.50 lacs in the current year from Rs. 205.19 lacs in the previous, effecting directly to the bottom line of the company. Also some sign of moderation in growth became apparent in 2007-2008. Retail consumer borrowing and spending slowed down in the wake of monetary tightening. This has impacted sectors like automobiles and consumer durables, as consumer credit has played a key role in demand, especially the major impact of hike in interest rate on one hand and attractive rate of saving deposits on the other hand. On the other hand RBI did not allow any surplus liquidity in the system, resulting in interest rates remaining firm.

The company foresee the moderation in growth in 2008-09 could be more broad-base, especially in consumer durables and auto loans. This may have impact on retail, financial and wholesale segment. A low 2.1% growth in capital goods component of the index of IIP for January 2008 seems to indicate a further decline in demand, which could affect overall credit growth for the company.

Obviously, company is determined to overcome the existing circumstances in a best possible way using its past expertise and experience. Company will also concentrate toward Risk Management and portfolio quality, by minimizing its NPA. Sound risk management policy and balancing the sound portfolio are major consideration for the company. The company has taken enough pre caution to overcome the credit risk, market risk and operational risk. Overall portfolio diversification in area as well as product, on-going post disbursement monitoring and remedial management procedural will help the company to reach at expected height. There is not much increase or decrease in NPA level of the company in the current year.

RESOURCE MOBILATION:

Due to increase in the rate of interest by banking industries, company finds it slightly difficult to rise or increased its fixed deposits. During the year review, the fixed deposits of the company have marginally decreased from Rs.385.35 lacs in previous year to Rs.367.61 lacs in the current year. The company's utilization of its cash credit limits remained constant from 963.15 lacs in previous to Rs.918.31 lacs in the current year. During the year under review, the company has managed for lower rates ICD, helping company to perform at competitive level.

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. Your company's capital adequacy ratio stood at healthy 36.65 as on 31st March, 2008 well above the regulatory minimum 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 loss assets as per R.B.I. guidelines.



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FIXED DEPOSITS:

In spite of lowering interest rates, the company's deposit scheme continued to be well received by depositors. The Company has raised fixed deposits of Rs 367.61 lacs as on 31st March, 2008. At the close of the year, deposits amounting to Rs. 04.05 lacs remained unclaimed or due to be renewed by 30 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 Bharat Amin and Shri Kiritkumar Dalal 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. 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, 2008, 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 2008 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.

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 : June 30, 2008.

Shailesh Patel
Director

Bharat Amin
Director

Deepak Patel
Managing Director



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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 Chairman of the company.

During the year ended March 31st 2008, Five Board meetings were held on the following dates:

30-06-2007, 31-07-2007, 30-10-2007, 31-01-2008, 31-03-2008

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. 29-9-07
Mr. Harshad Dalal	Chairman / Non-Exe. / Promoter	3	—	5	No
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	No
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.

COMMITTEES OF THE BOARD

There are 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 Board 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



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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 30-06-2007, 31-07-2007, 30-10-2007, 31-1-2008 and 31-03-2008. All the members attended five meetings. The Company Secretary and G.M. (Finance) of the Company also attended all the meetings.

The member 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 2007-08 Mr. Deepak Patel, Managing Director of the company, has been paid total remuneration of Rs. 6,09,000/- comprising Salary of Rs. 6,00,000/- 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 30-06-2007,30-09-2007,31-12-2007 and 31-3-2008. 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 4 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
2004-2005	24-09-2005	11.00 A.M.	C.J. House, Mota pore, Nadiad
2005-2006	30-09-2005	11.00 A.M.	C.J. House, Mota pore, Nadiad
2006-2007	29-09-2007	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 10 of Schedule 17 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 30th June, 2008.

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 presentations 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	:	27-09-2008, Saturday, at 11.00 A.M. C.J. House, Mota pore, Nadiad – 387 001
Financial Calendar	:	1 st April, 2007 to 31 st March, 2008
Date of book closure	:	Thursday 18-09-2008 to Saturday 27-09-2008.
Dividend Payment date	:	Not Applicable
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, 2007	13.50	9.51
May, 2007	13.79	9.23
June, 2007	13.16	8.74
July, 2007	12.70	9.61
August, 2007	13.10	10.86
September, 2007	14.00	10.63
October, 2007	12.44	10.46
November, 2007	12.55	10.46
December, 2007	19.75	11.90
January, 2008	25.75	16.75
February, 2008	19.60	11.95
March, 2008	13.80	10.60



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Registrar and Transfer Agent	:	Pinnacle Share Registry Pvt. Ltd., Near Asoka Mills, Naroda Road, Ahmedabad-380 025 w.e.f. 01-04-02 as the common agency both in respect of physical and demat shares. Tel. Nos. 22204226 / 22200338 Fax : 91-079-22202963
Share Transfer System	:	All the transfers are received and processed by Share transfer agents and are approved by share transfer committee. Share transfer requests received in physical form are registered within 15 days and demat requests are confirmed within 21 days.
Share holding pattern	:	Share holding pattern as on 31-03-2008

Sr.no	Category	No. of shares	% of total shares
1	Promoters	1924040	55.77
2	Person acting in concert	—	—
3	Institutional Investors	—	—
4	Mutual funds and UTI	—	—
5	Banks, Financial Institution etc	—	—
6	FII's	2000	0.06
7	Private Bodies Corporate	161049	4.67
8	Indian Public	1362911	39.50
	Total	3450000	100.00

Distribution of share holding : As on 31-03-2008

Shareholding Class	No. of Shareholders	No. of Share Held	% of Total
UPTO 500	3894	465616	13.50
501-1000	150	116704	3.38
1001-2000	71	106851	3.10
2001-3000	102	256779	7.44
3001-4000	31	106895	3.10
4001-5000	30	143019	4.15
5001-10000	17	137693	3.99
10001-ABOVE	55	2116443	61.34
TOTAL	4350	3450000	100.00

Directors Shareholding :

SR. NO.	NAME OF DIRECTOR	NO. OF SHARES HELD
1	Harshad Dalal	5200
2	Deepak Patel	7285
3	Kiran Patel	7285
4	Shailesh Patel	7285
5	Kirit Dalal	1500

Dematerialization of shares : As on 31-03-08 DEMAT shares accounted for 21.08% (727280 Equity Shares) of total equity.