



# **ANNUAL REPORT 2009-2010**



**CEEJAY FINANCE LIMITED**



# CEEJAY FINANCE LIMITED

## 17TH ANNUAL REPORT 2009-2010

### BOARD OF DIRECTORS

HARSHAD DALAL  
DEEPAK PATEL  
KIRAN PATEL  
SHAILESH PATEL  
KIRITKUMAR DALAL  
BHARAT AMIN  
BHIKHUBHAI PATEL  
JAIMIN PATEL

CHAIRMAN  
MANAGING DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
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

### REGD. OFFICE

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

### CORPORATE OFFICE

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

## NOTICE

NOTICE is hereby given that the SEVENTEENTH Annual General Meeting of CEEJAY FINANCE LIMITED will be held at C.J. House, Mota Pore, Nadiad on Saturday 25th September, 2010 at 11.00 A.M. to transact the following business.

### ORDINARY BUSINESS:

1. To receive consider and adopt Balance sheet as at 31st March, 2010 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, 2010.
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.

### 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 pursuant to the provisions of section 257 and all other provisions if any, of the Companies Act, 1956 Mr. Bhikhubhai Patel be and is hereby appointed as a Director of the company, liable to retirement by rotation.
7. To consider and 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 provisions if any, of the Companies Act, 1956 Mr. Jaimin Patel be and is hereby appointed as a Director of the company, liable to retirement by rotation.

### Register Office

C.J. House, Mota Pore,  
Nadiad – 387 001  
Dated: 29th May, 2010

By order of the Board  
For **CEEJAY FINANCE LIMITED**

**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 Saturday, 18th September 2010 to Saturday, 25th September, 2010 (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.
7. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to items of Special Business is annexed hereto.

### Register Office

C.J. House, Mota Pore,  
Nadiad – 387 001  
Dated: 29th May, 2010

By order of the Board  
For **CEEJAY FINANCE LIMITED**

**Kamlesh Upadhyaya**  
Company Secretary

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.****Item No. 6**

Mr. Bhikhubhai Patel was appointed as an Additional Director on 31st March 2010 pursuant to section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company. As per the existing provision, he will vacate office at the ensuing Annual General Meeting of the company.

The company has received notice under section 257 of the Companies Act, 1956 from a member signifying the intention to propose at the ensuing general meeting, the appointment of Mr. Bhikhubhai Patel as director of the company.

Mr. Bhikhubhai Patel, aged 60 is II, B.com., II B.B.A. (U.S.A). He is at present engaged in the profession of Tobacco Merchant. He is also active as Educationalist. He is Managing Trustee-Secretary at Sardar Patel Educational Trust, Anand, Shivam Education Trust, Anand, President of Gujarat Tobacco Merchant Association since 2006 and Vice President of Akhil Bhartiya Gujarati Samaj. His varied experience will help the company in their growth.

He does not hold any shares in the company. He is not a director in any company. Accordingly the resolution set out under item no.6 of the notice is submitted for the approval of the members.

He is an independent director. No director is interested or concerned in the resolution.

**Item No. 7**

Mr. Jaimin Patel was appointed as an Additional Director on 31st March 2010 pursuant to section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company. As per the existing provision, he will vacate office at the ensuing Annual General Meeting of the company.

The company has received notice under section 257 of the Companies Act, 1956 from a member signifying the intention to propose at the ensuing general meeting, the appointment of Mr. Jaimin Patel as director of the company.

Mr. Jaimin Patel, aged 28 is B.Sc in business administration. He is at present engaged in the business of finance.

He holds 41430 Equity shares in the company. He is a director in Ceejay Auto Limited. Accordingly the resolution set out under item no.7 of the notice is submitted for the approval of the members.

No directors except Mr. Kiran Patel and Mr. Deepak Patel are interested or concerned in the resolution.

By order of the Board  
For **CEEJAY FINANCE LIMITED**

**Register Office**

C.J. House, Mota Pore,  
Nadiad – 387 001  
Dated: 29th May, 2010

**Kamlesh Upadhyaya**  
Company Secretary

## DIRECTORS' REPORT

To,  
THE MEMBERS OF  
CEEJAY FINANCE LIMITED

Your Directors hereby present their SEVENTEENTH Annual Report together with the audited accounts of the company for the year ended 31st March 2010.

## FINANCIAL RESULTS:

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31/03/2010	YEAR ENDED 31/03/2009
Total Income	639.51	639.22
Profit Before Depreciation & Tax	226.82	155.95
Depreciation	8.75	8.62
Profit Before Tax	218.07	147.33
Provision for Tax		
• Current	76.00	51.20
• Deferred	(1.64)	(1.95)
• Fringe Benefit Tax	-	1.14
Provision of Income Tax of earlier period	0.05	(2.95)
Profit After Tax	143.66	99.89
Balance of Profit Brought forward	47.02	57.49
Profit available for Appropriation	190.68	157.38
APPROPRIATION		
• Proposed Dividend	41.40	34.50
• Corporate Tax on Dividend	6.88	5.86
Transferred to		
• Statutory reserve	28.73	20.00
• General reserve	60.00	50.00
Balance Carried to Balance Sheet	53.67	47.02

## DIVIDEND:

Your company has consistent dividend policy, maintaining balance between appropriate rewards to the shareholder as well as retaining capital to maintain healthy capital adequacy ratio to support future growth.

In consistent with this policy, and looking to the current year overall performance during 2009-10, your directors are pleased to recommend a dividend of 12% p.a, i.e. Rs.1.20/- per equity share aggregating Rs.41.40 lacs for the year ended March 31, 2010 as against Rs.1/- per share for the year ended March 31, 2009. This dividend shall be subject to tax on dividend to be paid by the Company.

## OPERATIONS:

The financial performance during the fiscal year 2009-10 remained healthy. Total revenue including income from operations and other income remained constant to Rs.639.51 lacs from Rs.639.22 lacs in previous year. Personnel expenses increased marginally from 69.03 lacs in the previous year to Rs.72.13 lacs in the current year mainly due to increase in the remunerations. However the profit before tax increased by 48.01% from Rs.147.33 lacs in the previous year to Rs.218.07 lacs in the current year 2009-10. This mainly due to concentration of the company toward its recovery systems, which helped the company to curb NPA and recovery of earlier debts, at considerable level. Your company also able to raise cheaper funds during the year. Company, after providing tax of Rs.76.00 lacs in the current year (Rs.51.20 lacs in previous year) profit after tax remained 143.66 lacs against Rs.99.89 lacs in the previous year, registering growth of 43.82%.

The disbursement in the current year also remained slightly higher at Rs 2506.94 lacs compared to Rs.2390.87 lacs in previous year. The Company's strategy to focus for the business in smaller places and specialization in two/three wheeler segment has remained unchanged. Hypothecation / loan stock of the Company has slightly decreased from Rs.2513.13 lacs in previous year to Rs.2388.18 lacs in the current year.

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

#### **FUTURE OUTLOOK/ MANAGEMENT DISCUSSION AND ANALYSIS:**

India's growth rate was hampered last year by the global economic crises and poor monsoon. Fortunately, after witnessing significant slowdown in the fiscal year ended March 31, 2009, the Indian economy bounced back during the last financial year. This is mainly due to strong domestic consumption and monetary and fiscal measures undertaken by government helped the economy to turnaround performance. GDP growth is around 7.8% for the fiscal year ended March 31, 2010 as against 6.7% for the year ended March 31, 2009.

As far as growth of service sector is concerned, growth was led by community, social and personal services reflecting increased government expenditure. However private services such as trade, transport and communication gathered pace and are likely to keep service sector growth strong through the next financial year. Overall service sector growth was estimated at 8.5% in the last fiscal year as against 9.7% a year ago while private services are estimated to have recovered from growth rate of 8.4% in the year ended March 31, 2009 to 8.9% in the last fiscal year. However agricultural growth and drought is giving major effect on the performance of the company. In spite of poor rainy season, ongoing recovery was the fact that the economy successfully weathered a drought. Our company's growth is more important especially looking to the concentration in rural area for the business.

In spite of decline in effective lending rates, system credit growth remained subdued over the year with some signs of a pick up in the growth rates in the last quarter of the year. Banking sector also yet having some negative complex to lend and passing off the effect of decline lending rates to small regional NBFCs. The company has partly succeeded to avail cheaper sources of fund. The continuous efforts to search for cheaper money is constant threats, however banking rates are tends toward on the lower side compared to last year.

The company grew its retail assets portfolio in a well balanced manner focusing on both returns as well as risk. Company intends to follow conservative view in the coming years. Company also expects continuous threats to small/medium Company like us, from global/giant players in the retail finance market especially with large size/volume, lower rate of interest and ability to sustain in the market. The objective of the company is to continue building sound customer base, excellent dealership relations and focused towards semi-urban/rural sector to sustain with stability and sound growth. The company's range of retail financial products and excellent services and branches net work is fairly exhaustive to meet up the coming challenges. The objective is continue to build sound customer/dealer friendly atmosphere to achieve healthy growth in profitability, consistent with company's risk appetite. It is also focus of the company to continue to develop products and services that reduce its cost of funds and focus on healthy earning growth with low volatility. So far as volume of business and segment of the business is concern, your company is confident to maintain its existing business. Simply India is one of the fastest growing economies and is having young and expanding workforce along with huge consumer market. Growing education among the youth in India, expansion of middle class and trickle down effects of overall prosperity in rural areas augur well for economic development in India. The need for effective and efficient transportation will rise more rapidly than before. At the same time the value consciousness of Indian middle class will mean that market growth will be mainly focused in areas of two wheelers/ motorcycles and small cars.

The company in the course of its business is exposed to various risks, of which the most important are credit risk, market risk, liquidity risk and operational risk. An increase in NPA will restrict the ability of the company to grow further. Sound risk management supported by recovery strategy and continuous exercise to build health portfolio is the key factor for the company. Especially a small capital based company faces multiple problems due to poor recovery systems. The credit cycle in retail assets business is managed through appropriate front-end

credit, operational and collection processes. The specific NPA provisions that the company has made continue to be more conservative than the regulatory requirements. This will help the company to maintain high standards for assets quality through disciplined credit risk management. The current year operation is reflection of the credit monitoring system of the company.

**RESOURCE MOBILATION:**

As mentioned earlier, company is in constant search to avail cheaper fund to reduce our cost of funds. However there is no change in overall cash credit limits of Rs.975 lacs with the Banks.

Despite of lower rates of interest, the fixed deposit of the company increased from Rs.397.53 lacs in the previous year to Rs.440.54 lacs in current year. Inter Corporat Deposit reduced from 853.50 lacs in the previous year to Rs.506 lacs in current year. However utilization banks limits increased from Rs.484.12 lacs to Rs.649.93 lacs in current year.

**CAPITAL ADEQUACY:**

Your company's Capital Adequacy Ratio stood at 45.10%, well above the regulatory minimum of 15%. 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. 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.

**FIXED DEPOSITS:**

The Company has raised fixed deposits of Rs. 440.54 lacs as on 31st March, 2010. At the close of the year, deposits amounting to Rs. 1.17 lacs remained unclaimed or due to be renewed by 8 depositors. The Company has sent reminders before the due dates to all depositors. The company does not have any claimed but unpaid deposits.

**DIRECTORATE:**

Mr.Kiran Patel and Mr. Deepak Patel are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr. Bhikhubhai Patel and Mr. Jimin Patel were appointed as an Additional Director on 31st March 2010 pursuant to section 260 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company. As per the existing provision, they will vacate office at the ensuing Annual General Meeting of the company. The company have received notice under section 257 of the Companies Act, 1956 from a members signifying the intention to propose at the ensuing general meeting, the appointment of Mr.Bhikhubhai Patel and Mr.Jaimin Patel as director of the company.

**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, 2010, 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 2010 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 on 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 : 29th May, 2010

**Harshad Dalal**  
Chairman



## 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. The Company endeavors to constantly comply with and continuously improve on these aspects.

### II Board of Directors:

The Board comprises of a Non-Executive Chairman, a Managing Director and six Non-executive Directors of which three are independent directors. The Company is in the process of appointing a director so as to comply with the proviso to provisions of clause 49 - I - A - (ii) of the Listing Agreement.

Mr. Harshad Dalal is Chairman of the company.

During the year ended March 31, 2010, five Board meetings were held on the following dates:

30.6.2009, 31.7.2009, 30.10.2009, 30.1.2010 and 31.3.2010

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. 19-9-09
Mr. Harshad Dalal	Chairman	4	—	5	Yes
Mr. Kiran Patel	Non-Exe. / Promoter	4	—	5	Yes
Mr. Deepak Patel	Non-Exe. / Promoter	4	—	5	Yes
Mr. Shailesh Patel	Executive/ Promoter	4	—	5	Yes
Mr. Kiritkumar Dalal	Non-Exe. / Promoter	3	—	4	Yes
Mr. Bharatbhai Amin	Non-Exe. / Independent	Nil	—	4	No
Mr. Jaimin Patel	Non-Exe. / Independent	Nil	—	4	Yes
Mr. Bhikhubhai Patel	Non-Exe. / Promoter	1	—	1	NA
	Non-Exe. / Independent	Nil	—	1	NA

The information as required under Annexure I A to the clause 49 of the listing agreement is made available to the Board of Directors. Mr. Deepak Patel and Mr. Kiran Patel are liable to retirement by rotation, being eligible offers themselves for re-appointment. Mr. Bhikhubhai Patel and Mr. Jaimin Patel were appointed as an additional director during the year.

### 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:

The Audit Committee has been reconstituted at the Board meeting held on 31.3.2010 and comprises of three Non-executives, Independent Directors and a Managing Director. The composition of Audit Committee is as under:

- o Mr. Bhikhubhai Patel (Chairman) — Non executive/ Independent
- o Mr. Kiritkumar Dalal (Member) — 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 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, and other related matters and to implement their suggestions. Committee also looks after Management Discussion, financial conditions and results of operations. The committee is empowered to recommend the appointment and removal of Statutory and Internal Auditors.

During the year Five-audit committee meetings were held on 29-06-2009, 31-07-2009, 30.10.2009, 30.1.2010 and 31-03-2010. The audit Committee members have attended all meetings of committee except Mr. Bhikhubhai Patel who was appointed as Committee member on 31.3.2010. The Company Secretary and G.M. (Finance) of the Company also attended all the meetings.

In the absence of Mr. Kirit Dalal, the then Chairman of the Audit Committee, Mr. Bharat Amin member of the Audit Committee replied the queries of the members at previous Annual General Meeting.

#### IV REMUNERATION COMMITTEE:

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

During the year 2009-10 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:

The shareholders / investors grievances Committee has been reconstituted at the Board meeting held on 31.3.2010 and comprises of three Non-executives, Independent Directors and a Managing Director. The composition of Audit Committee is as under:

- o Mr. Bhikhubhai Patel (Chairman) — Non executive/ Independent
- o Mr. Kiritkumar Dalal (Member) — 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. Upadhyaya, Company Secretary, as the compliance officer.

During the year four committee meetings were held on 29-06-2009, 30-09-2009, 31-12-2009 and 31-3-2010. The Committee members have attended all meetings of committee except Mr. Bhikhubhai Patel who was appointed as Committee member on 31.3.2010. The Company Secretary has attended all the meetings.

The Committee reviewed redressal of Investors' Grievances pertaining to share transfer, dematerialization 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 complaints during the year.

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

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

FINANCIAL YEAR	DATE	TIME	VENUE
2006-2007	29-09-2007	11.00 A.M	C.J. House, Mota pore, Nadiad
2007-2008	27-09-2008	11.00 A.M.	C.J. House, Mota pore, Nadiad
2008-2009	19-09-2009	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.