



ANNUAL REPORT 2010-2011



CEEJAY FINANCE LIMITED

Harshad Dalal	<i>Chairman</i>
Deepak Patel	<i>Managing Director</i>
Kiran Patel	<i>Director</i>
Shailesh Patel	<i>Director</i>
Kiritkumar Dalal	<i>Director</i>
Bharat Amin	<i>Director</i>
Bhikhubhai Patel	<i>Director</i>
Jaimin Patel	<i>Director</i>

Kamlesh Upadhyaya

M/S. Kantilal Patel & Co.,
(A Member Firm Of Polaris IA Internation, USA.)
"Paritosh", 2nd Floor, Usmanpura,
Ahmedabad -380 013

Vipinchandra C. Shah & Co.
133-134, Santram Super Market,
Nr Laxmi Cinema, Nadiad-387 001

Bank of Baroda
Union Bank Of India

C. J. House.
Mota Pore, Nadiad-387 001.

9th Floor, Abhijit-II,
Mithakhali Six Roads,
Ellisbridge, Ahmedabad-380006.

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NOTICE is hereby given that the EIGHTEENTH Annual General Meeting of CEEJAY FINANCE LIMITED will be held at C.J. House, Mota Pore, Nadiad on Saturday 24th September, 2011 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive consider and adopt Balance sheet as at 31st March, 2011 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, 2011.
3. To appoint a director in place of Mr. Kiritkumar Dalal who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Shailesh Patel who retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Bharat Amin who retire by rotation and being eligible, offers himself for re-appointment
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

RESOLVED THAT subject to the provisions of Section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 and in pursuance to the provisions of Schedule XIII to the companies Act, 1956, Mr. Deepak Patel, Director of the Company be and is hereby re-appointed as Managing director of the Company for a period of five years commencing on and from 1st September, 2011 to 31st August 2016 on the terms and conditions set out below.

RESOLVED FURTHER THAT the terms and conditions of remuneration of Mr. Deepak Patel as Managing Director shall be as follows:

1. Salary : Not exceeding Rs.50000 P.M.

2. Perquisites : Effective from 1st September, 2011.

I. Medical reimbursement for self and family:

Actual expenses incurred by the appointee and his family. Family means spouse and dependent children.

II. Transportation

To provide car for office use, including cost of fuel, insurance and maintenance thereof.

III. Other perquisites:

To provide any other perquisites, benefits, amenities as applicable to senior management staff of the Company or as may be sanctioned by the Board to the appointee, from time to time.

The total perquisite value shall not exceed 2 months' salary in each financial year. For the purpose of the above, the perquisites shall be valued as per income tax rules. In the absence of any such rules, the same shall be evaluated at actual cost.

Further the perquisites for the part of the year of service shall be computed proportionately.

3. Incentive Scheme:

The appointee shall also be eligible for special incentive as may be determined by the Board from time to time.

PROVIDED THAT the total remuneration payable under 1, 2 and 3 above to the Managing director during his tenure as such shall not exceed the limit of 5% of the net profits of the Company for each financial year computed in the manner prescribed in Sections 349 and 350 read with Section 198 of the Companies Act, 1956

4. General

The appointee shall also be eligible for the following, which shall be excluded from the total value of perquisites:

1. Contribution to provident fund to the extent these either singly or together are not taxable under the Income Tax Act, 1961.
2. He shall be eligible for Gratuity at a half month's salary for each completed year of service
3. Encashment of leave as per Rules of the Company at the end of the tenure.
4. Provision of car for official use and provision of telephone at residence [including payment of local calls and long distance calls] shall not be reckoned as perquisites. However personal long distance call would be borne by the Managing Director.

5. Minimum Remuneration:

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits, the appointee shall be entitled to such minimum remuneration as determined in accordance with the overall limit as prescribed under the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 with the then applicable provisions of the Act, rules, schedules and regulations thereof."

Register Office
C.J. House, Mota Pore,
Nadiad – 387 001

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

Dated: 30th May, 2011

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 Friday, 16th September 2011 to Saturday, 24th September, 2011 (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/ Managing Director is attached herewith.

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By order of the Board
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Company Secretary

CEEJAY FINANCE LIMITED**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 7.**

Mr. Deepak Patel is 50 years of age. He is a Graduate in commerce, followed by a course in Management in U.S.A. He has been acting as a Managing Director of the Ceejay Finance Limited since inception. He has also varied experience in the field of tobacco, real estate etc.

In spite of keen competition in the field on finance and NBFC's, Mr. Deepak Patel has managed the company with stability and steady growth. He was appointed as a Managing Director for the period of five years w.e.f.1st September 2006 to 31st August 2011. Accordingly his tenure shall be expired on 31st August 2011. The Board of Directors considered it necessary and appropriate to re-appoint him as a Managing Director of the company from 1st September, 2011 to 31st August 2016.

The terms of remuneration of Mr. Deepak Patel are given in the resolution under item no.7 of the Notice. As per requirements of scheduled XIII of the Companies Act,1956 the appointment and terms of remuneration of the Managing Director is required to be approved by the shareholders of the company. Accordingly the Ordinary Resolution set out under item no.7 of the notice is submitted for the approval of the members.

He is director in another four companies of the group. He is a member of Audit and Shareholder committee of the company. He holds 7285 shares in the company.

Mr.Kiran Patel and Mr.Shailesh Patel, Mr.Harshad Dalal and Mr.Jaimin Patel are interested in the resolution.

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

Dated: 30th May, 2011

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Company Secretary

DIRECTORS' PROFILE**KIRITKUMAR DALAL**

Mr. Kiritkumar S. Dalal is 63 years of age. He is Graduate in Commerce, followed by LL.B. He was Ex-Chairman of Natpur Co-Operative Bank Limited, Nadiad. He is engaged in the business of tobacco since last 35 years.

He holds 1500 equity shares of Rs.10/-each in the company. He is neither a Director nor a Member of committee in any other company. He is member in audit and shareholder committee of the Company.

SHAILESH PATEL

Mr.Shailesh R.Patel, aged 46 is F.Y.B.Com, in the commerce faculty. He is engaged in the business of Bidis, Tendu leaves and Tobacco since last 20 years. He has also experience in the business of finance and real estate.

He is also director in another two companies of the group. He is not a member of any committee. He holds 7285 shares of the company.

BHARAT AMIN

Mr.Bharatbhai M. Amin is 50 years of age. He is Graduate in Commerce. He is leading Income Tax Practitioner since last 25 years.

He does not hold any shares in the company. He is neither a Director nor a member of committee in any other company. However he is a member in audit and shareholder committee of the Company.

To,
THE MEMBERS OF
CEEJAY FINANCE LIMITED

Your Directors hereby present their EIGHTEENTH Annual Report together with the audited accounts of the company for the year ended 31st March 2011.

FINANCIAL RESULTS:-

	(Rs. in Lacs)	
PARTICULARS	YEAR ENDED 31/03/2011	YEAR ENDED 31/03/2010
Total Income	710.02	639.51
Profit Before Depreciation & Tax	285.98	226.82
Depreciation	7.99	8.75
Profit before Tax	277.99	218.07
Provision for tax		
Current	95.00	76.00
Deferred	—	(1.64)
Provision of Income Tax of earlier period	(5.92)	0.05
Profit After Tax	188.91	143.66
Balance of Profit brought forward	53.67	47.02
Profit available for Appropriation	242.58	190.68
APPROPRIATION		
Proposed Dividend	41.40	41.40
Corporate tax on Dividend	6.72	6.88
Transferred to		
Statutory reserve	37.84	28.73
General reserve	99.64	60.00
Balance Carried to Balance Sheet	56.98	53.67

DIVIDEND:-

Your company has had a consistent dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support future growth. It has had a consistent track record of moderate but steady increases in dividend declarations over its history. Consistent with this policy, and in recognition of the overall performance during this financial year, your directors are pleased to recommend a dividend of Rs.1.20 per share (i.e.12% p.a.) for the financial year ended March 31, 2011. This dividend shall be subject to tax on dividend to be paid by the company.

OPERATIONS:-

The financial performance during the fiscal year 2010-11 remained healthy and encouraging. Total revenue including income from operations and other income increased to Rs.710.02 lacs in the current year from Rs.639.51 lacs in previous year. Due to inflation hike, Personnel expenses increased from Rs.72.13 lacs in

CEEJAY FINANCE LIMITED

the previous year to Rs.80.81 lacs in the current year. In spite of increase in bank interest, your company could succeed to raise cheaper funds during the year. The bank charges have been reduced to Rs.194.45 lacs in the current year compared to Rs.201.66 lacs in previous year. Accordingly the profit before tax increased by 27.47% from Rs.218.07 lacs in the previous year to Rs.277.99 lacs in the current year 2010-11. 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. Company, After providing tax or Rs.95.00 lacs in the current year (Rs.76.00 lacs in previous year) profit after tax remained 188.91 lacs against Rs.143.66 lacs in the previous year, registering growth of 31.50%.

The disbursement in the current year also remained slightly higher at Rs 3090 lacs compared to Rs.2506.94 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 increased from Rs.2396.50 lacs in previous year to Rs.2818.80 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:-

Confirming fears of a slowdown, India's economy grew by just 7.8 per cent in the fourth quarter ending March this year, mainly due to poor performance of the manufacturing sector, as against 9.4 per cent in the same three-month period of the previous fiscal.

However, economic growth, as measured by the Gross Domestic Product, improved to 8.5 per cent in 2010-11 from 8 per cent in 2009-10 due to better farm output and construction activities and financial services performance.

Meanwhile, the GDP growth figures for the first and third quarters of FY'11 have been revised upward. While the GDP growth figure for Quarter 1 has been pegged at 9.3 per cent — as against the earlier estimate of 8.9 per cent — the Q3 GDP growth has been revised upward to 8.3 per cent from 8.2 per cent.

The service sector has remained strong with services such as finance, insurance, trade, transportation and communication performing well and taking overall service sector growth to 9.6% against 10% a year ago, despite a visible slowdown in government related services such as community, personal and social services. Further, a good monsoon season has meant that agricultural production has recovered from last year's drought.

While the rural sector has added to the robustness of the domestic growth cycle it has also contributed to the stickiness in inflationary pressures. Strong agricultural growth has meant that food inflation has cooled from 21% in June, 2010 to 9.2% in March, 2011. As a result, while WPI inflation has fallen from a peak of 11.0 % in April, 2010 it has been slower to ease than initially anticipated settling in the 8.5-9.0% range in the fourth quarter of the fiscal year ended March 31, 2011 and averaging a rate of 9.4% in the full fiscal year. Monetary policy has, as a result, become more restrictive over the past year with the RBI changing policy focus from calibrating the exit from an accommodative stance to tackling inflation more aggressively. Policy rates (repo and reverse repo rate) have been hiked by 225-275 basis points over the last year but the effective tightening in rates has been far higher. Lending rates have moved higher by an average of 100-150 basis points as funding conditions have come under strain. However, credit growth has been robust despite interest rate increases.

So far as automotive industry is concern, its reported higher growth for the second successive year, despite high interest rates and rising prices due to increase in the input costs. All sectors of the industry performed well, the two wheeler segment grew 26% and passenger cars by 30%. A large portion of this growth came from the rural sector, where a combination of favorable monsoon, higher output and higher price realization for agricultural products translated into higher disposable incomes. The increased in the auto products by the industry was thus quickly absorbed. This has helped the company to post a considerable growth in volume and profit, in spite of higher rate of interest and inflation prevailing in the country.

Your company's mission is to be sound NBFC among regional players in terms of product offerings, technology, service levels, risk management and audit and compliance etc. The objective is to continue building sound customer /franchises across distinct businesses so as to be a preferred provider of NBFC services for its target retail and customer segments, and to achieve a healthy growth in profitability, consistent with the company's risk appetite. 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 company also emphasizes to develop innovative products and services that attract its Customers, Increase its market share as NBFC and financial services industry by following a disciplined growth strategy focusing on balancing quality and volume growth while delivering high quality customer service, maintain reasonably good standards for asset quality through disciplined credit risk management; and continue to develop products and services that reduce its cost of funds; and Focus on healthy earnings growth with low volatility. Our company growth is more important especially looking to the concentration in rural area for the business. 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.

Risk Management and Portfolio Quality

Taking on various types of risk is integral to the NBFC business. Sound risk management and balancing risk-reward trade-offs are critical to a company's success. Business and revenue growth have therefore to be weighed in the context of the risks implicit in the company's business strategy. Of the various types of risks your company is exposed to, the most important are credit risk, market risk including liquidity risk and price risk and operational risk. The identification, measurement, monitoring and management of risks accordingly remain a key focus area for the Company. For credit risk, appropriate distinct policies and processes are in place for the retail businesses. Overall portfolio diversification and reviews also facilitate mitigation and management. Especially a small capital based company faces multiple problems due to poor recovery systems. 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.

However, while the balance of risks in the last financial year were largely external, rising domestic interest rates as well as firm inflationary pressures have meant that domestic factors have now emerged as points of concern for growth in the current fiscal year. Even as food inflation is likely to stabilize, firm international commodity prices are likely to keep manufactured goods inflation strong. It is anticipated that inflation is likely to average close to 8.5% in the fiscal year ended March 31, 2012 just slightly lower than the average inflation rate of 9.4% in the past year, this is likely to see the Reserve Bank of India (RBI) hike its repo and reverse repo rate by a total of 100-125 basis points this year. The risk however is that further escalation in oil prices and a faster than expected build up of inflation could push the central bank to tighten interest rates to a level that could impinge on private investment and leveraged consumer spending and constrain future growth.

As on 31st March, 2011, against hypothecation of loan stock of Rs.2818.80, company has made provision for Non Performing assets for Rs.3.58 lacs. Against the sundry debtors (over six months) of Rs.225.13 lacs, company has provided Rs.90.09 lacs for Non Performing debtors.

INTERNAL AUDIT AND COMPLIANCE:-

The Company has Internal Audit and Compliance functions which are responsible for independently evaluating the adequacy of all internal controls and ensuring operating and business units adhere to internal processes and procedures as well as to regulatory and legal requirements. The audit function also recommends improvements in operational processes and service quality. To mitigate operational risks, the Company has

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put in place extensive internal controls including restricted access to the company's computer systems, appropriate segregation of front and back office operations and strong audit trails. The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines.

RESOURCE MOBILIZATION:-

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.

The fixed deposit of the company remained Rs.423.40 lacs in current year showing marginal reduction. Inter Corporat Deposit increased from 506.00 lacs in the previous year to Rs.843.50 lacs in current year. However utilization banks limits increased from Rs.665.70 lacs to Rs.769.85 lacs in current year. However finance charges reduced from Rs.201.66 in the previous year to Rs.194.45 lacs in current year ended 31st March, 2011.

CAPITAL ADEQUACY:-

Your company's Capital Adequacy Ratio (CAR) stood at 44.54%, 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 423.40 lacs as on 31st March, 2011. At the close of the year, deposits amounting to Rs. 4.25 lacs remained unclaimed or due to be renewed by 28 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.Shailesh Patel, Mr.Kiritkumar Dalal and Mr. Bharat Amin are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. 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 re-appointment of Mr.Shailesh Patel, Mr.Kiritkumar Dalal and Mr. Bharat Amin as director of the company. The terms of Mr.Deepak Patel as Managing Director expires on 31st August, 2011. Subject to the approval of ensuing general meeting, Board proposes reappointment of Mr. Deepak Patel as managing Director for further period of five years. The details terms and conditions of his appointment has been placed at notice to convey ensuing general meeting.

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 the requirement of Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:-

- (i) in the Preparation of the Annual Accounts for the Financial Year ended 31st March, 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- (ii) 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) 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) the Directors have prepared the Annual Accounts for the financial year ended 31st March 2011 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 for 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 May 2011

Harshad Dalal
Chairman