



ANNUAL REPORT 2011-2012



CEEJAY FINANCE LIMITED

CORPORATE INFORMATION

Board Of Directors

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>

Company Secretary

Kamlesh Upadhyaya

Statutory Auditors

M/S. Kantilal Patel & Co.,
(A Member Firm Of Polaris IA Internation, USA.)
“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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

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NOTICE

NOTICE is hereby given that the NINETEENTH Annual General Meeting of CEEJAY FINANCE LIMITED will be held at C.J. House, Mota Pore, Nadiad on Saturday 29th September, 2012 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive consider and adopt Balance sheet as at 31st March, 2012 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, 2012.
3. To appoint a director in place of Mr. Harshad Dalal who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Bhikhubhai Patel who retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Kiran Patel who retire by rotation and being eligible, offers himself for re-appointment
6. To appoint Auditors and to fix their remuneration.

Register Office
C.J. House, Mota Pore,
Nadiad – 387 001
Dated: 30th May, 2012

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, 22nd September 2012 to Saturday, 29th September, 2012 (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. There is no amount due and outstanding to be credited to Investor education and Protection Fund in respect of amount outstanding as on 31-03-2012. Unpaid / unclaimed dividends for earlier 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 herewith.

Register Office
C.J. House, Mota Pore,
Nadiad – 387 001
Dated: 30th May, 2012.

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

Kamlesh Upadhyaya
Company Secretary

DIRECTORS' REPORT

To,

THE MEMBERS OF

CEEJAY FINANCE LIMITED

Your Directors hereby present their NINETEENTH Annual Report together with the audited accounts of the company for the year ended 31st March 2012.

FINANCIAL RESULTS:

(Rs. in Lacs)

PARTICULARS	YEAR ENDED 31/03/2012	YEAR ENDED 31/03/2011
Revenue From Operations	921.47	715.12
Total Revenue	962.54	720.16
Profit Before Depreciation & Tax	444.77	285.98
Depreciation	8.51	7.99
Profit before Tax	436.26	277.99
Provision for tax		
Current	130.50	95.00
Deferred	11.67	—
Provision of Income Tax of earlier period	7.29	(5.92)
Profit After Tax	286.80	188.91
Balance of Profit brought forward	56.98	53.67
Profit available for Appropriation	343.78	242.58
APPROPRIATION		
Proposed Dividend	41.40	41.40
Corporate tax on Dividend	6.72	6.72
Transferred to		
Statutory reserve	57.40	37.84
General reserve	162.00	99.64
Balance Carried to Balance Sheet	76.26	56.98

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. Your Directors have recommend a dividend of 12% p.a. (i.e.Rs.1.20 per share) on the Equity Share Capital of the Company for the financial year ended March 31, 2012 that is same rate declared for the previous financial year.

OPERATIONS:

Despite a challenging market environment, management focus towards improving competitiveness has helped the company to achieve robust growth and profitability. The financial performance during the fiscal year 2011-12 remained healthy and encouraging. Total revenue including income from operations and other income increased to Rs.962.54 lacs in the current year from Rs.720.16 lacs in previous year. Due to inflation hike Personnel expenses increased from 80.81 lacs in the previous year to Rs.90.48 lacs in the current year. Due to increase in bank interest, the bank charges have been increased to Rs.249.43 lacs in the current year compared to Rs.195.45 lacs in previous year. Accordingly the profit before tax increased by 57.20% from

Rs.277.99 lacs in the previous year to Rs.436.26 lacs in the current year 2011-12. 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 of Rs.130.50 lacs in the current year (Rs.95.00 lacs in previous year) profit after tax remained 286.80 lacs against Rs.188.91 lacs in the previous year, registering growth of 51.82%.

The disbursement in the current year also remained higher at Rs 3830 lacs compared to Rs.3090 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.2818.80 lacs in previous year to Rs.3450.24 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:

Global economy continues to face strong headwinds with growth projected to drop from 3.8% in 2011 to 3.3% in 2012. The Indian economy continues to face strong challenges in the forms of rising fiscal deficit, increase in oil import bill, declining rupee and infrastructural bottleneck. The Indian Index of Industrial production grew only by 2.8% during 2011-12 as compared to 8.2% in 2010-11. Fiscal deficit remains at a high level of 5.6% with debt to GDP ratio of 74%. Also, oil import bill increase by 47% in 2012 compared to 2011. Taking into account all these factors along with other leading indicators including government spending, foreign investment, inflation and export growth, NCAER has projected an average growth of GDP at 6.7 per cent during the tenth five-year plan.

Despite tough economic conditions, the Indian economy has shown strong resilience registering GDP growth of 6.5% in 2012. Indian's GDP is expected to grow between 6.3% to 7.5% in 2012-13. A cyclical upturn in investment, stronger external demand and the effects of recent monetary easing will boost growth, although high inflation and falling value rupee would dampen the investment climate.

The economic backdrop continued to be an important factor impacting the performance of companies across sectors including organized retail. Consumer sentiment and business confidence registered significant improvement in the first three quarters of the financial year 2010-11, and a host of sectors including auto, IT services and NBFC's witnessed strong off take. However, in the period thereafter economic growth has decelerated and both business and consumer sentiment has been increasingly muted. Inflation continues to be an important concern area. Elevated inflation and inflation expectations has meant that the Reserve Bank of India has been compelled to maintain the benchmark interest rates at a much higher level than expected earlier.

Despite high inflation, disaffection with political situation and daunting infrastructure bottlenecks, the Indian consumers remain inspirational and confident about their income and employment outlook keeping the Indian consumption story intact.

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. The Indian two-wheeler (2W) industry recorded sales volumes of 13.4 million units in 2011-12, a growth of 14.0% over the previous year. In a year wherein growth in other automobile segments particularly, passenger vehicle (PV) and medium & heavy commercial vehicle (M&HCV), slowed down to single digits - marred by demand slowdown due to northward movement of inflation, fuel prices and interest rates - the 14% growth recorded by the 2W industry remained steady. However, the momentum in the 2W industry's volume growth too has been losing steam lately as evident from the relatively lower volume growth of 11.0% recorded in H2, 2011-12 (YoY) against a growth of 17.1% recorded in H1, 2011-12 (YoY). The deceleration in growth is largely attributable to the motorcycles segment which grew at a much lower rate of 7.8% (YoY) in H2, 2011-12 vis-à-vis 16.4% in H1, 2011-12; even as the scooters segment continued to post 20%+ (YoY) expansion during both halves of the last fiscal. With this, the share of the scooters segment in the domestic 2W industry volumes increased to 19.1% in 2011-12 from 17.6% in 2010-11.

Very recently, IMF has portrayed a sustained global recovery in World Economic Outlook. A significant shift has also been observed in Indian households from the lower income group to the middle income group in recent years. The finance companies are also more aggressive in their marketing compared to previous years. Combining all these factors, one may visualise a higher growth rate in two-wheeler demand particularly for the motorcycle segment. 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.

Our 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 objective is continue to build sound customer/dealer friendly atmosphere to achieve healthy growth in profitability, consistent with company's risk appetite. 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 is inevitable for the company to sustain in the market.

Overall, in spite of various pros and cons your company has demonstrated outstanding achievement in terms of earned valued and well built market presence. Your company is cash rich, has better liquidity, improved working capital and it has shown its readiness to accept market challenges. All of these are signs of strong fundamentals which the company has been able to establish with the help of batter and professional management support.

RISK MANAGEMENT AND PORTFOLIO QUALITY:

Your company has comprehensive Risk Management System towards identification and evaluation of all potential business risks. Management has developed Risk Management Plan and reviews its implementation regularly. The company is exposed to external and internal risk associated with its business. To counter these risks, the company continues to broaden its product portfolio, increase customer profile and geographic reach.

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.

While the possibility of negative impact due to one or more such risks can't be totally ruled out, the company proactively takes conscious and reasonable steps, making efforts to mitigate the significant risks that may affect it.

As on 31st March, 2012, against hypothecation of loan stock of Rs.3450.24 lacs (previous year Rs.2818.80) company has made provision for Non Performing Hypothecation loan stocks for Rs.3.60 lacs (previous year Rs.3.58 lacs) Against the sundry debtors of Rs.358.88 lacs (previous year 445.88 lacs) (over six months Rs.153.55 lacs (previous year Rs. 225.13)), company has provided Rs.50.99 lacs (previous year Rs.90.09) for Non Performing debtors. The NPA during the year is positive of Rs.+15.79 lacs reflecting recovery of previous year NPA.

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 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 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.

The Company has discontinued accepting or renewing fresh deposits, therefore the fixed deposit of the company reduced to Rs.208.97 lacs in current year from 423.40 lacs in previous year. Inter Corporat Deposit almost remain constant from 843.50 lacs in the previous year to Rs.873.75 lacs in current year. However utilization banks limits increased from Rs.769.85 lacs to Rs.1045.85 lacs in current year.

CAPITAL ADEQUACY:

Your company's Capital Adequacy Ratio (CAR) stood at 44.25%, 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:

As reported earlier, the Company has discontinued to accept or renewed fresh/existing fixed deposits. The outstanding deposit remains Rs. of Rs 208.97 lacs as on 31st March, 2012. At the close of the year, deposits amounting to Rs. 0.23 lacs remained unclaimed, however there is no amount outstanding as on report date. The company does not have any claimed but unpaid deposits.

DIRECTORATE:

Mr.Harshad Dalal, Mr.Kiran Patel and Mr.Bhikhubhai 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 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, 2012, 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 2012 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 : 30th May 2012

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 Promoter, Chairman of the company.

During the year ended March 31st 2012, five Board meetings were held on the following dates:

30-5-2011, 30-7-2011, 31-10-2011, 31-1-2012 and 31-3-2012.

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. 24.09.2011
Mr. Harshad Dalal	Chairman Non-Exe. /Promoter	4	—	5	Yes
Mr. Kiran Patel	Non-Exe. /Promoter	4	—	5	Yes
Mr. Deepak Patel	Executive/Promoter	4	—	5	Yes
Mr. Shailesh Patel	Non-Exe. /Promoter	3	—	5	Yes
Mr. Kiritkumar Dalal	Non-Exe. /Independent	Nil	—	4	Yes
Mr. Bharatbhai Amin	Non-Exe. /Independent	Nil	—	5	Yes
Mr. Jaimin Patel	Non-Exe. /Promoter	1	—	5	Yes
Mr. Bhikhubhai Patel	Non-Exe. /Independent	Nil	—	4	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. Mr. Harshad Dalal and Mr. Kiran Patel and Mr. Bhikhubhai Patel are liable to retirement by rotation, being eligible offers themselves for re-appointment.

COMMITTEES OF THE BOARD:

There are two committees of the Board viz.

- Audit Committee
- Investors Grievance Committee

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

- | | |
|-----------------------------------|-------------------------------|
| • Mr. Bhikhubhai Patel (Chairman) | — Non executive/ Independent |
| • Mr. Kiritkumar Dalal (Member) | — Non executive / independent |
| • Mr Bharat Amin (Member) | — Non executive / independent |
| • 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 30-5-2011, 30-7-2011, 31-10-2011, 31-1-2012 and 31-3-2012. Mr. Deepak Patel and Mr. Bharat Amin have attended all the meetings while Mr. Bhikhubhai Patel and Mr. Kirit Dalal has attended four meetings. The Company Secretary and G.M. (Finance) of the Company also attended all the meetings.

Mr. Bhikhubhai Patel remained and 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 2011-2012 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 Committee is as under:

- | | |
|-----------------------------------|-------------------------------|
| • Mr. Bhikhubhai Patel (Chairman) | — Non executive/ Independent |
| • Mr. Kiritkumar Dalal (Member) | — Non executive / independent |
| • Mr Bharat Amin (Member) | — Non executive / independent |
| • 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 30-06-2011, 30-09-2011, 31-12-2011 and 31-3-2012.

The Committee members have attended all meetings of committee. 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 no pending complaints during the year.