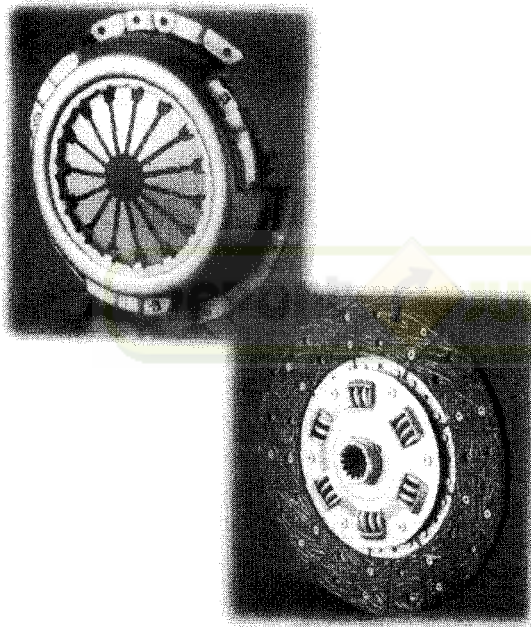


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ANNUAL REPORT
2004 - 2005



CEEKAY DAIKIN LIMITED

CEEKAY DAIKIN LIMITED



DIRECTORS

MAHESH B. KOTHARI	CHAIRMAN & MANAGING DIRECTOR
HOMI C. H. BHABHA	
SHREEKANT V. MEHTA	
BHARAT H. PATEL	
HIDEHITO HISAKAWA (upto 15.9.04)	
AKIRA HIRAI (w.e.f. 15.9.04)	Continues as DIRECTOR
N. P. SUBRAMANIAN	NOMINEE OF ICICI BANK LTD.
PRADEEP B. CHINAI	MANAGING DIRECTOR
YASUFUMI YAMABE (w.e.f. 15.9.04)	MANAGING DIRECTOR

COMPANY SECRETARY

DEEPAK N. TANNA

DEPUTY COMPANY SECRETARY

NARESH AGARWAL

BANKERS

BANK OF MAHARASHTRA
 THE UNITED WESTERN BANK LTD.
 THE SARASWAT CO-OPERATIVE BANK LTD.
 ICICI BANK LTD.

AUDITORS

D. L. SHAH & CO.
 CHARTERED ACCOUNTANTS, MUMBAI

REGISTERED OFFICE

PLOT NO. L - 4, M. I. D. C. INDUSTRIAL AREA,
 CHIKALTHANA, AURANGABAD - 431 210, MAHARASHTRA.

HEAD OFFICE

NKM INTERNATIONAL HOUSE, 4TH FLOOR,
 178, BABUBHAI M. CHINAI MARG, MUMBAI - 400 020.

MANUFACTURING FACILITIES

- UNIT 1** : PLOT NO. L - 4, M. I. D. C. INDUSTRIAL AREA,
 CHIKALTHANA, AURANGABAD - 431 210, MAHARASHTRA.
- UNIT 2** : PLOT NO.9, UDYOG KENDRA INDUSTRIAL AREA,
 GREATER NOIDA - 201304 (U.P.)

REGISTRAR & TRANSFER AGENTS

INTIME SPECTRUM REGISTRY PVT. LTD.
 C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG,
 BHANDUP (WEST), MUMBAI - 400 078.

CEEKAY DAIKIN LIMITED

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31ST ANNUAL REPORT 2004-2005**NOTICE**

NOTICE is hereby given that the Thirty First Annual General Meeting of the members of CEEKAY DAIKIN LIMITED will be held on Tuesday, 20th September, 2005 at 11.30 a.m. at the Registered Office at Plot L-4, MIDC Industrial Area, Chikalthana, P. O. CIDCO, Aurangabad - 431 210, Maharashtra, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditor's Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2005.
2. To appoint a Director in place of Mr. Homi C. H. Bhabha who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Shreekant V. Mehta who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Messrs D. L. Shah & Co., Chartered Accountants, Central Bldg. No. 2, Silk Bazar, Mumbai - 400 002, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to examine and audit the accounts of the Company at periodic intervals by mutual arrangement, on such remunerations as may be mutually agreed upon between the Board of Directors and the auditors, plus reimbursement of out-of-pocket expenses incurred by them in the course of the audit".

"RESOLVED FURTHER THAT the power to determine the remuneration to the Auditors be and is hereby delegated to the Board of Directors."

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Yasufumi Yamabe who was appointed on September 15, 2004 as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice u/s 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

"RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the appointment of Mr. Yasufumi Yamabe as Managing Director of the Company for a period of five years from 15th September 2004 to 14th September, 2009 on the terms and conditions setout here below :

CEEKAY DAIKIN LIMITED

- I. SALARY : Rs.61,500/- per month.
- II. PERQUISITES : In accordance with Part II of Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof. Perquisites are classified into three categories A, B, and C as follows:

CATEGORY A :

House rent allowance, leave travel concession, medical reimbursement, education allowance fees of clubs and personal accident insurance as under:

- (1) HOUSING : Furnished residential accommodation or house rent in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued in accordance with the Income Tax Rules, 1962. This shall however, be subject to a ceiling of ten percent of the salary of the Managing Director.
- (2) MEDICAL REIMBURSEMENT : Expenses incurred for the Managing Director and his family.
- (3) EDUCATION ALLOWANCE : Childrens education allowance subject to a maximum of Rs.5000/- per month per child up to maximum of two children.
- (4) LEAVE TRAVEL CONCESSION : For the Managing Director and his family, once in a year incurred in accordance with the Company's rules.
- (5) CLUB FEES : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (6) PERSONAL ACCIDENT INSURANCE : Premium as per the Company's rules.

CATEGORY B :

Contribution to provident fund, superannuation fund or annuity fund / gratuity fund under the Company's rules.

Encashment of leave not availed of by the Managing Director as per Company's rule.

CATEGORY C :

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Such other benefits amenities and facilities as per Company's rules, provided that the remuneration payable to the Managing Director (Including the salaries, commission, perquisites, benefit and amenities) does not exceed the limit laid down in section 198, 269 and 309 of the Companies Act, 1956 or any statutory modification or re-enactment.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to alter, vary and modify the said remuneration including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. Yasufumi Yamabe within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act or any amendment(s) and/or any

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statutory modification(s) thereto, and if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board and Mr. Yasufumi Yamabe."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where, in any financial year during the currency of the term of Mr. Yasufumi Yamabe as Managing Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Yasufumi Yamabe remuneration by way of salary, allowances and perquisites within the limits specified in Part II of Schedule XIII of the said Act or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that the accounts for the year ending 31st March, 2006, of the Company's branch at Greater Noida be audited otherwise than by the Company's Auditors and that for the audit of the accounts of that branch, the Company hereby authorizes its Board of Directors to appoint M/s. Ajay Sethi & Associates, of New Delhi, in consultation with the Company's Auditors, under Section 226 of the Companies Act, 1956, and to fix the terms and conditions of appointment and remuneration of such branch auditor(s)."

"RESOLVED FURTHER THAT the power to determine the remuneration to the Branch Auditors be and is hereby delegated to the Board of Directors."

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By Order of the Board of Directors

D. N. TANNA
COMPANY SECRETARY

Registered Office :
Plot L-4, MIDC Industrial Area,
Chikalthana, Aurangabad - 431 210.
Maharashtra.

Mumbai, 3rd August, 2005

CEEKAY DAIKIN LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2005 to 20.09.2005 (both days inclusive).
4. A Copy each of the Directors' Report, Auditors Report and Audited Profit & Loss Account of the Company for the financial year ended 31st, March 2005 and Balance Sheet as on that date are annexed.
5. Shareholders are requested to inform the Company immediately of any change in their address.
6. The documents relating to any of the items referred to in the Notice are available for inspection at the Registered Office of the Company between 11.00 a.m. to 3.00 p.m. on any working day.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed Dividends upto the financial year ended 31st March, 1997 have been transferred to the Investor Education and Protection Fund.
8. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by The Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for the period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed their dividend warrants, for the year 1997-98, and 1998-99 may approach the Company's Registrar & Transfer Agents, Messrs Intime Spectrum Registry Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

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ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956
ITEM No. 5.

Mr. Yasufumi Yamabe was appointed by the Board of Directors as an Additional Director and thereafter Managing Director of the Company at its meeting held on 15th September 2004.

Pursuant to Section 260 of the Companies Act, 1956 Mr. Yasufumi Yamabe will hold office as Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Yasufumi Yamabe for the office of Managing Director of the Company under the Provisions of Section 257 of the Companies Act, 1956.

The remuneration payable to Mr. Yasufumi Yamabe is as enumerated in the Resolution under item No. 5 of the Notice.

Mr. Yasufumi Yamabe is a Mechanical Engineer from Industrial University, Japan and has wide experience of almost 34 years working with Exedy Corporation, Japan as Assistant General Coordinator – Asia Market Team. Keeping in view his expertise in the field, the Board of Directors at its meeting held on 15th September, 2004 appointed him as a Managing Director of the Company to look after their Noida Plant for a period of five years with effect from 15th September, 2004, subject to the approval of shareholders at the Annual General Meeting.

The Board recommends the resolution for approval of the Members.

None of the Directors of the Company except Mr. Yasufumi Yamabe is in any way concerned or interested in the resolution set out at Item No.5.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below.

I. General information :
(i) Nature of Industry :

The Company is in the business of manufacture of different range of automotive Clutch Disc Assemblies and Clutch Cover Assemblies.

(ii) Date of expected date of commencement of commercial production :

The Company was incorporated on 3rd November, 1973 and commenced production in the year 1977.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :

Not applicable

CEEKAY DAIKIN LIMITED

- (iv) **Financial performance based on given indicators as per audited financial results for the year ended 31st March, 2005 :**

Particulars	Rupees in lacs
Turnover & Other Income	7104.19
Net profit as per Profit & Loss A/c (After Tax)	221.95
Profit as computed under section 309(5) read with section 198	284.09
Net Worth	1055.72

- (v) **Export performance and net foreign exchange collaborations :**

The FOB value of exports for the year ended 31st March 2005 was at Rs.38.07 lacs.

- (vi) **Foreign investments of collaborators, if any :**

Yes : 32.12%

II. Information about the appointee(s) :

- (i) **Background details:**

Mr. Yasufumi Yamabe

Mr. Yasufumi Yamabe, Managing Director of Ceekay Daikin Limited is in charge of total supervision and control of Noida Unit. Mr. Yasufumi Yamabe is a Mechanical Engineer from Industrial University, Japan and has wide experience of almost 34 years working with Exedy Corporation, Japan as Assistant General Coordinator – Asia Market Team. Keeping in view his expertise in the field, the Board of Directors at its meeting held on 15th September, 2004 appointed him as a Managing Director of the Company to look after their Noida Plant for a period of five years with effect from 15th September, 2004.

- (ii) **Past remuneration during the financial year ended 31st March, 2005.**

Mr. Yasufumi Yamabe

Rs.7.41 lacs.

- (iii) **Recognition or Awards :**

Nil

- (iv) **Job Profile and their suitability :**

Mr. Yasufumi Yamabe is a Mechanical Engineer and has worked with Exedy Corporation, Japan as assistant General Coordinator – Asia Market Team having experience of almost 34 years. He has been appointed Managing Director of the Company since September 15, 2004.

- (v) **Remuneration proposed :**

Managing Director

Mr. Yasufumi Yamabe

Salary of Rs.61,500/- per month and other perquisites, allowances and commission as fully set out in item No.5 of the Notice.

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- (vi) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).**

Taking into consideration the size of the company, the profile of Mr. Yasufumi Yamabe, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

- (vii) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :**

Besides the remuneration proposed to be paid to him, the Managing Director is also the representative of our Collaborators M/s. Exedy Corporation, Japan.

III. Other Information :

- (i) **Reasons of loss or inadequate profits :**

Not applicable, as the Company has posted a net profit after tax of Rs.221.95 lacs during the year ended 31st March, 2005.

- (ii) **Steps taken or proposed to be taken for improvement and**

- (iii) **Expected increase in productivity and profits in measurable terms :**

Not applicable as the Company has adequate profits. The Company posted an operating profit of Rs.969.48 lacs for the year ended 31st March, 2005.

ITEM NO.6.

The resolution is proposed in order to comply with the provisions of Section 228(3) of the Companies Act, 1956. This section makes it obligatory for the Company to have all its branches audited by persons qualified to be appointed as auditors of the Company under Section 226 of the said Act. The Company has a branch, inter alia, at Greater Noida and it being considered desirable, it is proposed, in accordance with the provisions of the said Section, to authorize the Board of Directors to appoint, in consultation with the Company's Auditors, M/s. Ajay Sethi & Associates for appointment as Branch Auditor under Section 226 of the Companies Act, 1956 to audit the accounts of the Greater Noida branch of the Company on such remuneration and upon such terms and conditions as the Board of Directors may deem fit.

By Order of the Board of Directors

D. N. TANNA
COMPANY SECRETARY

Registered Office :
Plot L-4, MIDC Industrial Area,
Chikalthana, Aurangabad - 431 210.
Maharashtra.

Mumbai, 3rd August, 2005