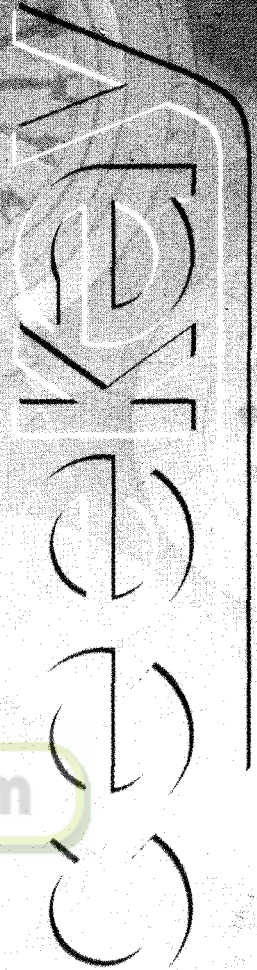


# ceekay CLUTCH



**ANNUAL REPORT**  
**2005 - 2006**



# CDL

# 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	(w.e.f. 25.4.06)
AKIRA HIRAI	(upto 25.4.06)
N. P. SUBRAMANIAN	NOMINEE OF ICICI BANK LTD.
PRADEEP B. CHINAI	MANAGING DIRECTOR
YASUFUMI YAMABE	MANAGING DIRECTOR

**COMPANY SECRETARY**

DEEPAK N. TANNA

**DEPUTY COMPANY SECRETARY**

NARESH AGARWAL

**BANKERS**

BANK OF MAHARASHTRA  
 THE UNITED WESTERN BANK LTD.  
 KOTAK MAHINDRA 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 - 201 304 (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

**CONTENTS**

Notice .....	3
Directors' Report .....	14
Auditors' Report .....	28
Balance Sheet .....	32
Profit & Loss Account .....	33
Schedules .....	34
forming part of the Balance Sheet & Profit and Loss Account	
Cash Flow Statement .....	43
Notes to Accounts .....	47
Balance Sheet Abstract and .....	54
General Business Profile	

**32ND ANNUAL REPORT 2005-2006****NOTICE**

NOTICE is hereby given that the Thirty Second Annual General Meeting of the members of CEEKAY DAIKIN LIMITED will be held on Saturday, 16th September, 2006 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, 2006.
2. To consider declaration of dividend.
3. To appoint a Director in place of Mr. Bharat H. Patel 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. Hidehito Hisakawa who was appointed on April 25, 2006 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."

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

"RESOLVED THAT in accordance with the provisions of Section 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 re-appointment of Mr. Mahesh B. Kothari as Managing Director of the Company for a further period of three years from 1st October, 2006 to 30th September, 2009 on the terms and conditions set out here below:

- I. SALARY : Rs. 1,25,000/ per month, in the scale of Rs. 1,25,000 - Rs. 25,000 - Rs. 1,75,000/.

**CEEKAY DAIKIN LIMITED**

- II. COMMISSION : 1% of the net profits of the Company subject to the overall ceilings laid down in Section 198 and Section 309 of the Companies Act, 1956.
- III. PERQUISITES : Perquisites shall be restricted to an amount equal to the annual salary. Perquisites are classified into three categories A, B, and C as follows .

**CATEGORY A:**

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

- (1) HOUSING : Unfurnished residential accommodation subject to a ceiling of sixty percent of salary, over and above ten percent payable by the Managing Director or house rent allowance of sixty percent in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued in accordance with 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 subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (3) LEAVE TRAVEL CONCESSION : For the Managing Director and his family, once in a year incurred in accordance with the Company's rules.
- (4) CLUB FEES : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (5) PERSONAL ACCIDENT INSURANCE : Premium as per the Company's rules.

**CATEGORY B :**

Contribution to provident fund, superannuation fund or annuity fund / gratuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and as per the rules of the Company.

Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

**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.

"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. Mahesh B. Kothari 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 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. Mahesh B. Kothari".

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where, in any financial year during the currency of the term of Mr. Mahesh B. Kothari as Managing Director, the Company incurs a loss or its profit are inadequate, the Company shall pay to Mr. Mahesh B. Kothari

## 32ND ANNUAL REPORT 2005-2006



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 perscribed by the Central Government from time to time as minimum remuneration".

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

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

"RESOLVED THAT in accordance with the proviosions of Section 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 re-appointment of Mr. Pradeep B. Chinai as Managing Director of the Company for a further period of three years from 1st October, 2006 to 30th September, 2009 on the terms and conditions setout here below:

- I. SALARY : Rs. 1,25,000/ per month, in the scale of Rs. 1,25,000 - Rs. 25,000 - Rs. 1,75,000/.
- II. COMMISSION : 1% of the net profits of the Company subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.
- III. PERQUISITES : Perquisites shall be restricted to an amount equal to the annual salary. Perquisites are classified into three categories A, B, and C as follows :

#### CATEGORY A:

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

- (1) HOUSING : Unfurnished residential accommodation subject to a ceiling of sixty percent of salary, over and above ten percent payable by the Managing Director or house rent allowance of sixty percent in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued in accordance with 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 subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (3) LEAVE TRAVEL CONCESSION : For the Managing Director and his family, once in a year incurred in accordance with the Company's rules.
- (4) CLUB FEES : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (5) PERSONAL ACCIDENT INSURANCE : Premium as per the Company's rules.



**CEEKAY DAIKIN LIMITED****CATEGORY B :**

Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and as per the rules of the Company.

Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

**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.

"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. Pradeep B. Chinai 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 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. Pradeep B. Chinai".

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where, in any financial year during the currency of the term of Mr. Pradeep B. Chinai as Managing Director, the Company incurs a loss or its profit are inadequate, the Company shall pay to Mr. Pradeep B. Chinai 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 for the purpose of giving effect to this Resolution the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

8. 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 Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force) read with Schedule XIII of the Act and subject to the approval of the Central Government, if necessary and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the revision in remuneration payable to Mr. Yasufumi Yamabe, Managing Director of the Company (herewith referred to as "Managing Director") with effect from 1st April, 2005 for the remainder of his term of office. Revised salary and perquisites will be as follows.

**32ND ANNUAL REPORT 2005-2006**

- I. SALARY : Rs. 80,000/ per month, (from 1st April, 2006 to 30th September, 2006) in the scale of Rs. 80,000 - Rs. 45,000 - Rs. 1,25,000 - Rs. 25,000 - Rs. 1,75,000/.
- II. COMMISSION : 1% of the net profits of the Company subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.
- III. PERQUISITES : Perquisites shall be restricted to an amount equal to the annual salary. Perquisites are classified into three categories A, B, and C as follows :

**CATEGORY A:**

House rent allowance, leave travel concession, medical reimbursement, educational 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 furnishing shall be valued in accordance with 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) EDUCATIONAL ALLOWANCE : Children's 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 at the end of the tenure will not be included in the computation of ceiling on perquisites.

**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



**CEEKAY DAIKIN LIMITED**

limits prescribed in Schedule XIII to the said Act or any amendment(s) and/or any 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 profit 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 for the purpose of giving effect to this Resolution the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

9. 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 31<sup>st</sup> March, 2007, 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."

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, 1st August, 2006

**32ND ANNUAL REPORT 2005-2006****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 12.09.2006 to 16.09.2006 (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 2006 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, 1998 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 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.

9. The Securities and Exchange Board of India has made it mandatory for all Companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and Bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available on the payment instrument for distribution of dividend. The Company will not entertain any direct request from shareholders holding shares in electronic form for deletion or change in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore reequested to advise their depository participants about such change with complete details of Bank Account.