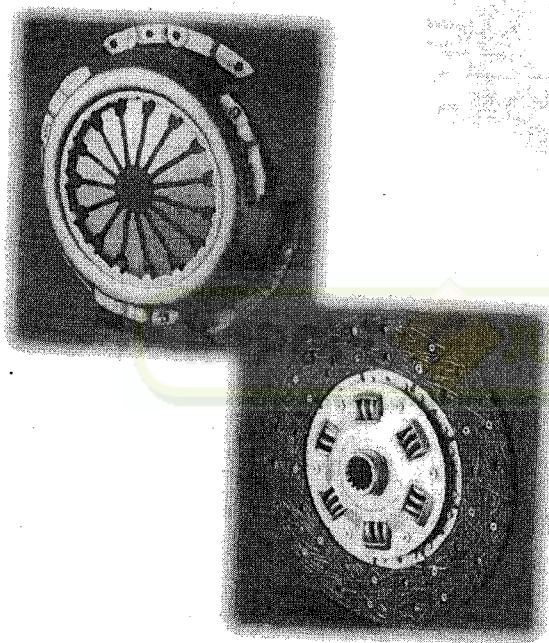


CEEKAY CLUTCH



ANNUAL REPORT
2006 - 2007

CEEKAY



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	
AKASHDEEP SARPAL (w.e.f. 01.08.06)	NOMINEE OF ICICI BANK LTD.
PRADEEP B. CHINAI	MANAGING DIRECTOR
YASUFUMI YAMABE	MANAGING DIRECTOR

COMPANY SECRETARY

DEEPAK N. TANNA

BANKERS

BANK OF MAHARASHTRA
IDBI 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.

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NOTICE

NOTICE is hereby given that the Thirty Third Annual General Meeting of the members of CEEKAY DAIKIN LIMITED will be held on Saturday, 29th September, 2007 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, 2007.
2. To consider declaration of dividend.
3. To appoint a Director in place of Mr. Homi C. H. Bhabha who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Shreekant V. Mehta who retires by rotation and being eligible offers himself for reappointment.
5. 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 the various locations of the Company at periodical intervals by mutual agreement, 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

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

"RESOLVED that the accounts for the year ending 31st 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. ASA & 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)."

CEEKAY DAIKIN LIMITED

"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, 24th July, 2007



33RD ANNUAL REPORT 2006-2007**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 25.09.2007 to 29.09.2007 (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 2007 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, 1999 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.
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 reequsted to advise their depository participants about such change with complete details of Bank Account.

CEEKAY DAIKIN LIMITED

ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956

As required by Section 173(2) of the Companies Act, 1956 and in conformity with the provisions, the following Explanatory Statement sets out all material facts relating to Item No. 6.

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 authorise the Board of directors to appoint, in consultation with the Company's Auditors, M/s. ASA & 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, 24th July, 2007



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DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting the Thirty Third Annual Report together with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2007.

1) FINANCIAL RESULTS:

	2006-07 Rs. in Lacs	2005-06 Rs. in Lacs
i) INCOME		
Sale of products & other services (Net of Excise & Inter division sales)	9198.43	8780.00
ii) EXPENSES		
Manufacturing and other expenses	(7993.47)	(7487.93)
iii) OPERATING PROFIT (before interest & depreciation)	1204.96	1292.07
iv) INTEREST	(314.35)	(345.66)
v) GROSS PROFIT (before depreciation)	890.61	946.41
vi) DEPRECIATION	(427.31)	(383.69)
vii) PROFIT (after depreciation)	463.30	562.72
viii) PROVISION FOR DEFERRED TAX	(236.15)	(59.62)
ix) PROVISION FOR CURRENT TAX	(51.56)	(48.26)
x) PROVISION FOR FRINGE BENEFIT TAX	(14.94)	(14.48)
xi) TAX IN RESPECT OF EARLIER YEARS	(28.95)	(38.00)
xii) TRANSFER FROM GENERAL RESERVES	265.10	97.62
xiii) PROFIT AFTER TAX	396.80	499.98
xiv) Balance of profit brought forward from previous year	671.62	303.58
xv) Amount available for appropriations	1068.42	803.56
xvi) APPROPRIATIONS		
a) Dividend (Proposed)	80.63	80.63
b) Dividend Tax	13.70	11.31
c) Transfer to General Reserve	10.00	40.00
d) Balance carried to Balance Sheet	964.09	671.62

CEEKAY DAIKIN LIMITED

2) DIVIDEND

The revenue account of your Company for the year has shown a profit of Rs.396.80 lacs after providing for interest, depreciation, Income Tax, Fringe Benefit Tax and deferred tax liability. Your directors have pleasure in recommending for the year ending 31st March 2007, the payment of dividend of Rs. 2/- per share, subject to the approval by members at the Annual General Meeting.

3) OPERATIONS

The high growth of the Indian economy in the year under review has fuelled the growth of the Indian automotive industry and vehicle production has increased tremendously. Given the high growth expectations from the Indian automotive industry your Company's sales performance for the year under review has improved marginally.

Your Company achieved production and sales of 1.00 million Clutch Disc and 0.90 million Clutch Covers in 2006-07.

The Sale of products during the year is as follows:

	2006-07	2005-06
CLUTCH DISC ASSLY	10,25,561 Nos.	10,07,538 Nos.
CLUTCH COVER ASSLY	9,05,132 Nos.	9,02,893 Nos.
KITS & COMPONENTS	Rs. 267.71 lacs	Rs. 152.57 lacs

Your Company was able to achieve operating profit of Rs.1204.96 lacs, during the current year against Rs.1292.07 lacs of the previous year. The Sales (net of excise and inter division sales) and other income for the financial year under review was Rs. 9198.43 lacs as against Rs. 8780.00 lacs for the previous financial year.

The profit after provision for taxation is at Rs.396.80 lacs as against profit of Rs.499.98 lacs in the previous year.

The Sales from April to June 2007-08 as compared to the same period in 2006-07 is as follows :

	2007-08 (APRIL-JUNE)	2006-07 (APRIL-JUNE)
Clutch Disc Assly	2,66,443	2,43,976
Clutch Cover Assly	2,40,247	2,12,008
Net Turnover (net of excise and Inter division sales)	Rs. 2391.39 lacs	Rs. 2074.87 lacs

The current year has shown a promising start and our production and turnover having stabilized at a

higher level than 2006-07 has increased compared to the same period of last year.

Company focused mainly on increasing capacity at existing plants, a ramp up of its Noida plant as well as on rigorous cost reduction.

To meet growing demand, Company has undertaken expansion of manufacturing activity over a period of next two years.

New Business -

- During the year Company has commenced supplies to new models of Maruti Udyog Ltd. namely Zen Estilo & SX4.
- Tata Motors Ltd. has selected Company for their, 1 lakh car project as a supplier.

4) COLLABORATORS

Exedy Corporation your Collaborators have continued their valuable support in technology transfer, training our personnel at their as well as your factory and for upgradation in technology. The Directors would like to place on record their appreciation for continuous patronage given by them.

5) BANKS AND INSTITUTIONS

The Banks have continued their assistance by giving adequate working capital facilities to the Company which has been of immense help in the day to day cash flow. The term lending Institution through the Nominee Director, has been giving their fullest support. Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from both the members of the Consortium Banks as well as the term lending Institution.

6) DIRECTORS' RESPONSIBILITY STATEMENT

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

- the applicable accounting standards have been followed by the Company in preparation of the annual accounts for the year ended 31st March, 2007, along with proper explanation relating to material departures;

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- ii) they have selected accounting policies and applied them consistently and made judgements 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 ended 31st March, 2007 and of the profits of the Company for the year under review;
- iii) they 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) they have prepared the annual accounts on a 'going concern' basis.

7) PERSONNEL

Industrial relations between Management, Labour and Staff in the establishments at Aurangabad and Greater Noida have continued to be pleasant and harmonious during the year under review. Your Directors wish to place on record their deep appreciation of the excellent work done and cooperation extended by the employees at all levels in achieving the assigned tasks and goals.

8) INSURANCE

All the properties including buildings, plant and machinery, stock etc. have been adequately insured.

9) PARTICULARS OF EMPLOYEES

There are no such employees, whose particulars are required to be furnished u/s 217 (2A) of Companies Act, 1956.

10) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT-GO

The required details are furnished in Annexure to this report.

11) AUDITORS

The Company's Auditors, Messrs D. L. Shah & Company, Chartered Accountants, retire and being eligible, offer themselves for reappointment as Auditors. Specific notes forming part of the accounts referred to in the Auditors' Report are self explanatory and give the complete information.

12) DEMATERILISATION OF SHARES

Your Company entered into an agreement with National Depository Services Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), Mumbai for dematerialization of the equity shares of the Company. The members now have an option of dematerializing the shares with NSDL and CDSL. 64.04% of the total Equity capital is held in a dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL)

13) CORPORATE GOVERNANCE**1. Philosophy of Corporate Governance:**

The Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis.

2. Board of Directors:

The Board of Directors consist of three Managing Directors and five Non-executive Independent / Nominee Directors.

During the year 5 Board meetings were held on:

- (i) 25.04.2006
- (ii) 01.08.2006
- (iii) 16.09.2006
- (iv) 17.10.2006
- (v) 23.01.2007

The composition of the Board of Directors and their attendance at the meetings during the year and the last Annual General Meeting as also number of other directorships / memberships of committees of each of the directors as on 31st March, 2007 are as follows: