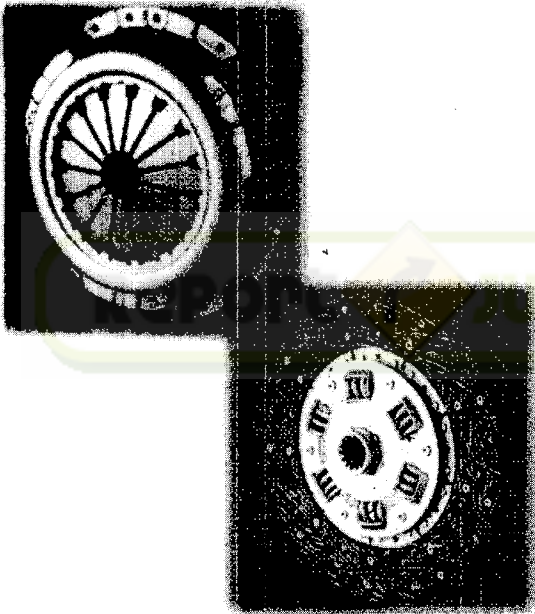


# CEEKAY CLUTCH



ANNUAL REPORT  
2007 - 2008

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 (upto 06.12.07)	NOMINEE OF ICICI BANK LTD.
PRADEEP B. CHINAI	MANAGING DIRECTOR
YASUFUMI YAMABE	MANAGING DIRECTOR

**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.

## CEEKAY DAIKIN LIMITED

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**34TH ANNUAL REPORT 2007-2008****NOTICE**

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the members of CEEKAY DAIKIN LIMITED will be held on Thursday, 18th September, 2008 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, 2008.
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 appoint a Director in place of Mr. Hidehito Hisakawa 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 31<sup>st</sup> March, 2008, 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 authorises 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

**MAHESH B. KOTHARI**  
MANAGING DIRECTOR

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

Mumbai, 31st July, 2008



**34TH ANNUAL REPORT 2007-2008****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 11.09.2008 to 18.09.2008 (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 2008 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, 2000 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 requested 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 authorize 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

MAHESH B. KOTHARI  
MANAGING DIRECTOR

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

Mumbai, 31st July, 2008



### 34TH ANNUAL REPORT 2007-2008

#### DIRECTORS' REPORT

TO

#### THE MEMBERS

Your Directors have pleasure in presenting the Thirty Fourth Annual Report together with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2008.

1) FINANCIAL RESULTS:	2007-08 Rs. in Lacs	2006-07 Rs. in Lacs
i) INCOME		
Sale of products & other services (Net of Excise & Inter division sales)	10257.31	9198.43
ii) EXPENSES		
Manufacturing and other expenses	(9103.76)	(7993.47)
iii) OPERATING PROFIT (before interest & depreciation)	1153.55	1204.96
iv) INTEREST	(319.01)	(314.35)
v) GROSS PROFIT (before depreciation)	834.54	890.61
vi) DEPRECIATION	(462.55)	(427.31)
vii) PROFIT (after depreciation)	371.99	463.30
viii) PROVISION FOR DEFERRED TAX	(75.32)	(236.15)
ix) PROVISION FOR CURRENT TAX	(87.04)	(51.56)
x) PROVISION FOR FRINGE BENEFIT TAX	(15.70)	(14.94)
xi) TAX IN RESPECT OF EARLIER YEARS	(2.40)	(28.95)
xii) TRANSFER FROM GENERAL RESERVES	75.32	265.10
xiii) PROFIT AFTER TAX	266.85	396.80
xiv) Balance of profit brought forward from previous year	964.09	671.62
xv) Amount available for appropriations	1230.94	1068.42
xvi) APPROPRIATIONS		
a) Dividend (Proposed)	60.47	80.63
b) Dividend Tax	10.28	13.70
c) Transfer to General Reserve	15.00	10.00
d) Balance carried to Balance Sheet	1145.19	964.09



## CEEKAY DAIKIN LIMITED

### 2) DIVIDEND

The revenue account of your Company for the year has shown a profit of Rs.266.85 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 2008, the payment of dividend of Rs. 1.50 per share, subject to the approval by members at the Annual General Meeting.

### 3) OPERATIONS

The steady growth of the Indian economy in the year under review has maintained the growth of the Indian automotive industry and vehicle production has increased. Considering expectations from the Indian automotive industry your Company's sales performance for the year under review has improved. However, at the same time input cost have increased dramatically. High energy costs have also affected profitability.

Your Company achieved production of 1.13 million Clutch Disc and 1.04 million Clutch Covers in 2007-08.

The automotive sector grew at 10% y-o-y. During the year, supplies to OEMs in the automotive sector improved.

The Sale of products during the year is as follows:

	2007-08	2006-07
CLUTCH DISC ASSLY	11,35,388 Nos.	10,25,561 Nos.
CLUTCH COVER ASSLY	10,35,320 Nos.	9,05,132 Nos.
KITS & COMPONENTS	Rs. 274.75 lacs	Rs. 267.71 lacs

Your Company was able to achieve operating profit of Rs.1153.55 lacs, during the current year against Rs.1204.96 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. 10257.31 lacs as against Rs. 9198.43 lacs for the previous financial year.

The profit after provision for taxation is at Rs. 266.85 lacs as against profit of Rs.396.80 lacs in the previous year. Your company has been impacted by the surge in input costs mainly steel, castings and forgings, thereby adversely affecting profitability.

The Sales from April to June 2008-09 as compared to the same period in 2007-08 is as follows :

	2008-09 (APRIL-JUNE)	2007-08 (APRIL-JUNE)
Clutch Disc Asslys.	2,98,244 Nos.	2,66,443 Nos.
Clutch Cover Asslys.	2,67,312 Nos.	2,40,247 Nos.
Net Turnover (net of excise and inter division sales)	Rs. 2703.12 lacs	Rs. 2391.39 lacs

Although the sales have increased by 13.03 %, the profits have declined owing to very high increase in inputs costs. The company has approached customers for price increase.

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 three years.

#### New Product Line – One Way Clutch

Your company will introduce it's new product "One Way Clutch" for two wheelers, i.e. motorcycles and scooters having the automatic starter feature. The technology for this product will be availed from Exedy Thailand, with whom your company has entered into a "Technical Assistance Agreement". The planned capacity is 1.00 million pcs/ yr. Most equipments have been ordered and received. The total investment will be Rs. 25.00 crores. This project is being financed through internal accruals and debt. Your company has already received orders from two major motorcycle manufacturers.

#### New Business

Your company has been in discussion for clutches with various customers for their new vehicles.

Tata Motors has selected your company for supply of clutches for their NANO vehicle. Pilot lots have been already supplied.

#### Finances

Your Company is considering various options to raise funds to finance additional manufacturing capabilities.

### 4) COLLABORATORS

Exedy Corporation your Collaborators have continued their valuable support in technology transfer, training our personnel at their as well as



## 34TH ANNUAL REPORT 2007-2008

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, 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 :

- i) the applicable accounting standards have been followed by the Company in preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2008, along with proper explanation relating to material departures;
- 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 31<sup>st</sup> March, 2008 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) DIRECTORS

Mr. Akashdeep Sarpal, has resigned as the Director of the Company, on 06.12.2007. Board places on record it's deep appreciation for the services rendered by him during his tenure.

### 8) 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.

### 9) INSURANCE

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

### 10) PARTICULARS OF EMPLOYEES

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

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

The required details are furnished in Annexure to this report.

### 12) 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.

### 13) 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. 64.49% of the total Equity capital is held in a dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL)