

# YUKEN INDIA LIMITED

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIW	NA
TRA	✓		AC	✓
AGL	✓	✓	SH	✓
YE	✓	✓		



**TWENTY SECOND ANNUAL REPORT**

**1997 - 98**

**YUKEN INDIA LIMITED****YUKEN****BOARD OF DIRECTORS****AS ON 29.06.1998****Mr. S. YUKI** - Chairman**Mr. TAKASHI NISHIO****Mr. M. EGI****Mr. Y. KOKUBUN****Mr. C.P. RANGACHAR** - Managing Director**Mr. R. SRINIVASAN****Mr. M. NARAYAN****Mr. ASVIN VARADARAJAN****Mr. S. G. ARAOKAR****Mr. B.R. JAGAN****Mr. B.R. PRABHAKARA****Mr. DIPAK AGARWALLA****BANKERS****STATE BANK OF INDIA****BANK OF TOKYO MITSUBISHI LTD.****AUDITORS****M/S FRASER & ROSS****Chartered Accountants****REGISTERED OFFICE AND WORKS****Whitefield Road****Whitefield, Bangalore - 560 066****SALES OFFICES****26, Community Centre****Mayapuri, New Delhi - 110 064****41-B, Rash Behari Avenue****Calcutta - 700 026****H-4, Ansa Indl. Premises****Co-op Society Limited****Saki Vihar Road, Sakinaka****Mumbai - 400 072****No. 126, 'Harinivas', II Floor****4th Main, 11th Cross, Malleswaram****Bangalore - 560 003.**

**YUKEN INDIA LIMITED****YUKEN****NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of the Share Holders of Yuken India Limited, will be held at Registered Office, Whitefield Road, Whitefield, Bangalore - 560 066 on Friday, the 11th September 1998 at 11.00 AM to transact the following business.

**A Ordinary Business**

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March 1998 and the Profit and Loss account for the year ended on that date together with the reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Mr. R. Srinivasan, who retires by rotation, but being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act 1956, M/s Fraser & Ross, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on the existing yearly remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus their out of pocket expenses and such other fees which may be paid to them for certification and taxation matters.

**Notes**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy for use at the meeting must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 04-09-98 to 10-09-98 (both days inclusive).

4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 15 days in advance from the date fixed for the Annual General Meeting to enable the Management to keep the information ready.
5. Members are requested to intimate to the Company changes, if any, in their registered address at an early date.

**Registered Office**  
Whitefield Road  
Whitefield  
Bangalore - 560 066

By order of the Board

**C.P. RANGACHAR**  
Managing Director

Place : Bangalore  
Date : 29.06.98

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**YUKEN INDIA LIMITED****DIRECTORS' REPORT****To the Members**

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 1998.

**FINANCIAL RESULTS**

	Rs. in lacs	
	97-98	96-97
<b>INCOME</b>	<b>2536.92</b>	<b>2885.42</b>
Profit before Taxation	14.28	132.95
Surplus brought forward from previous year	7.21	40.26
Provision for dividend/ dividend tax written back	49.50	-
	<b>70.99</b>	<b>173.21</b>
<b>Less:</b>		
Provision for Taxation	11.00	74.00
Balance available for appropriation	59.99	99.21
Your Directors recommend the following appropriation		
i) Transfer to General Reserve	5.00	5.00
ii) Transfer to Debenture Redemption Reserve	37.50	37.50
iii) Dividend : NIL (15%)	-	*45.00
iv) Tax on Dividend	-	*4.50
v) Surplus carried to Balance Sheet	17.49	7.21
	<b>59.99</b>	<b>99.21</b>

\* Since reversed

**YEAR IN RETROSPECT**

During the year under review, the Company has achieved a turnover of Rs. 2537 lacs, declined by 12% over the previous year. This is due to general recession in Engineering Industry. The operations for the year have resulted in a Gross Profit of Rs. 300 lacs before tax, interest and depreciation. Consistent efforts are being made by the Company to improve the performance.

**Dividend**

In view of marginal surplus available, your Directors do not consider it prudent to recommend a dividend for the year.

**POWER PROJECT**

Members are aware that the Company has been in the process of implementation of the 'Attihalla' Project situated at Mandya District. The Project has been successfully commissioned during the month of July 1998.

**DIRECTORS**

During the year Messrs. M. Egi, Y. Kokubun, Asvin Varadarajan, M. Narayan and B.R. Prabhakara were appointed as Directors. The Board welcomes them into its fold.

Under Section 256(1) of the Companies Act 1956, and Article 116 of the Articles of the Company, Mr. Dipak Agarwalla and Mr R. Srinivasan are liable to retire by rotation at this Annual General Meeting. Mr. R. Srinivasan being eligible offers himself for re-appointment. However, Mr. Dipak Agarwalla has expressed his desire not to seek re-appointment. The Board of Directors place on record its deep appreciation of the valuable services rendered by Mr. Dipak Agarwalla right from the inception of the Company as a Director.

During the year, Mr. N.K. Prabhakara Rao, Nominee Director of Karnataka State Industrial Investment & Development Corporation, has passed away. He was a great source of strength and support. The board places on record the useful contribution by late Sri. N.K. Prabhakara Rao.

**Explanation to Auditor's Report to the Members****Sl. No. 2**

The Auditors have referred to the non-provision of Tax Demands in their Report to the Members. As the Directors expect that the demand will be withdrawn in the Appeal filed before the Tribunal, no provision is considered necessary. This is in line with the opinion of the experts.

**PERSONNEL**

Industrial relations remained cordial throughout the year. Your Directors would like to place on record their appreciation of the valuable contribution by the employees and look forward to even higher level of performance in the current year.

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**INFORMATION REQUIRED UNDER SECTION 217 (2A) OF  
THE COMPANIES ACT, 1956 READ WITH COMPANIES  
(PARTICULARS OF EMPLOYMENT) RULES 1975**

Sl. No.	Name	Designation	Gross Remuneration Rs.	Qualification	Age	Date of Commencement of Employment	Experience (including previous years if any)	Last employment held / designation/ Organisation
1.	C.P. RANGACHAR	MD	741464	BE MIE	56	78.05.01	33	Director Polyene General Industries (P) Ltd Madras
2.	YUKIHIRO KOKUBUN	Resident Director	1346052	Graduate Engineer	58	95.06.02	34	Engineer Yuken-Kogyo Co. Ltd. Japan

Note : Employment throughout the year under review and were in receipt of remuneration for that year in the aggregate of not less than Rs. 3,00,000

**INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT 1956,  
READ WITH COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF  
DIRECTORS) RULES 1988**

**1. Conservation of Energy :**

- The manufacturing activities of the Company do not consume substantial power/energy. Hence no specific steps have been taken to conserve energy.

**2. Foreign Exchange Earnings and Outgo**

**Foreign Exchange Earnings :-**

Export Sales Rs 8,40,529

**Foreign Exchange Outgo :-**

i) Import of Raw materials / components 2,97,59,945  
 ii) Capital goods Nil  
 iii) Travel 6,18,262  
 iv) Dividend (Net) Nil  
 v) Technical Fee (Net) Nil  
 vi) Royalty (Net) 9,15,420  
 vii) Services Rendered Nil

**3. Research & Development (R&D)**

**a) Specific areas in which R&D carried out by the Company.**

- Development of a new range of pumps
- Development of an integral Pump-Motor assembly.
- Development of a special 'donut' type Power Pack.
- Development of special valves.
- Development of new range of relief and direction control valves.
- Development of special valves and products for machine tool application.

**b) Benefits derived as a result of above R&D efforts.**

- The pump motor assembly saves cost, reduces space and eliminates errors in assembly. This has been received well in the market and sales are expected to pick up.
- The 'donut' type power pack is very compact and offers significant improvement in oil cooling efficiency. This is expected to do well in the machine tool market.
- The development of special pumps and valves will extend the Company's range of products to cover new markets. This will also help us in selling other products in our range to these markets.

**c) Future plan of action:**

- Development of additional range of products.
- Focus on process improvements to enable the Company to penetrate the export market.

**d) Expenditure on R&D :**

There is a continuous increase on R&D expenditure as the scope of activities carried out by the Company goes on increasing. The exact amount spent has not been apportioned this year.

**4. Technology Absorption, Adoption and Innovation.**

**a) Efforts in brief, made towards technology absorption, adoption and innovation.**

- Special models of pumps and valves have been designed to meet specific needs of customers and these have enabled us to extend our customer base to include a wider range of industries.

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- Indigenisation is continuous, ongoing effort.
  - Training of our Engineers at Japan is another effort at technology absorption.
- b) Benefits derived as a result of the above efforts.**
- Reduction of material cost
  - Quality improvement
  - Ability to innovate and produce items like the pump-motor assembly and the 'donut' power pack.
- c) Information regarding technology imported during the last five years reckoned from the beginning of the financial year.**
- i) Technology Imported :** For manufacture of new series of pumps, valves with energy saving devices and low noise levels.
- ii) Year of Import :** 1992
- iii) Has technology been fully absorbed :** Yes
- iv) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :** Not applicable.

**AUDITORS**

The Auditors M/s. Fraser & Ross, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**Acknowledgements**

Your Directors express their sincere thanks to the Company's Foreign Collaborators, Banks, Financial Institutions and Government Bodies for their continued assistance and co-operation. Our employees are an invaluable resource in times of far reaching changes and your Directors wish to acknowledge their contribution with a sense of great pride.

For and on behalf of the Board of Directors,

**B.R. PRABHAKARA**  
Director

**DIPAK AGARWALLA**  
Director

**C.P. RANGACHAR**  
Managing Director

Place : BANGALORE

Date : 29/06/1998

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**AUDITOR'S REPORT  
TO THE MEMBERS OF YUKEN INDIA LIMITED**

We have audited the attached Balance Sheet of Yuken India Limited as at 31st March 1998 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditors Report) order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account read together with the Accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject to non-provision of disputed Income Tax demands of Rs.47.89 lakhs under appeal (Note B1c) give a true and fair view:
    - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 1998 and
    - ii) In so far as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.

for **FRASER & ROSS**  
Chartered Accountants

**C.S. KRISHNASWAMY**  
Partner

Place: Bangalore  
Date: 29/06/1998

**ANNEXURE TO THE AUDITOR'S REPORT  
(Referred to in Paragraph 1 of our Report of even Date)**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The physical verification of Fixed Assets is being conducted in a phased programme by the management over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of the assets.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of finished goods, stores and spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In the case of stocks lying with subcontractors, confirmations of stock have been obtained.
4. The procedures of physical verification of stock followed are reasonable and adequate in relation to the size of the

Company and the nature of its business.

5. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken/granted any loans from Companies, Firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956. The Company has certified that there are no companies under the same management as this Company.
8. In respect of interest free loans and advances in the nature of loans given by the Company to its employees and others, the parties are repaying the principal amounts as stipulated.
9. In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
10. The Company has made purchase of goods and materials aggregating during the year to Rs. 50000/- or more in value from Yuken Kogyo Company Limited, Japan, and services from a firm in which a Director of the Company is interested. Taking into consideration the proprietary nature of the goods and specialised nature of services, the prices paid are not capable of comparison. We are informed that there are no sale of goods or materials to the parties listed in the Register maintained under section 301 of the Companies Act 1956.
11. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
12. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A of the Companies Act 1956 and the rules framed thereunder, for acceptance of deposits from public.
13. In our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.
14. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
15. We are informed that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act 1956, for the products of the Company.
16. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
17. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were