

YUKEN INDIA LIMITED



YUKEN

TWENTY THIRD ANNUAL REPORT

1998 - 99

YUKEN INDIA LIMITED**YUKEN****BOARD OF DIRECTORS**

AS ON 29.05.1999

MR. S. YUKI - Chairman**MR. TAKASHI NISHIO****MR. M. EGI****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****BANKERS****STATE BANK OF INDIA****BANK OF TOKYO MITSUBISHI LTD.****AUDITORS****M/S FRASER & ROSS****Chartered Accountants****REGISTERED OFFICE AND WORKS****P.B. No. 16****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 is hereby given that the Twenty Third Annual General Meeting of the Share Holders of Yuken India Limited, will be held at Registered Office, Whitefield Road, Whitefield, Bangalore - 560 066 on Tuesday the 7th September 1999 at 10.00 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider approve and adopt the Balance Sheet as at 31st March 1999 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. Asvin Varadarajan, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Narayan, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with (or) without modifications the following resolution as a SPECIAL RESOLUTION

COMMISSION TO DIRECTORS :

RESOLVED that pursuant to section 309 (4) of the Companies Act 1956 and other applicable provisions if any, the approval of the members be and is hereby accorded for payment to the directors of the Company, other than Managing (or) Wholetime Director, commission at the rate not exceeding 1% of the net profits of the Company to be equally divided amongst them and that, this authorisation for payment of commission on net profits shall remain valid for a period of 5 years commencing from the financial year 1999-2000.

NOTES

1. The relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Special Business set out in the Notice is annexed hereto.
2. 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.
3. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 26-08-99 to 06-09-99 (both days inclusive)
5. 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.
6. Members are requested to intimate to the company changes, if any, in their registered addresses 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 : 99.05.29

YUKEN INDIA LIMITED

YUKEN

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956, IN RESPECT OF THE SPECIAL BUSINESS SET OUT IN THE NOTICE :

Item No 5 :

The members at their Nineteenth Annual General Meeting held on Thursday, the 28th September 1995, approved the Resolution for payment of Commission to the Directors, other than Managing or wholetime Directors, at the rate not exceeding 1% of the net profits of the Company to be equally divided amongst them. This Resolution was valid for a period of 5 years commencing from the financial year 1994-95. The proposed Resolution is for a further period of 5 years commencing from the financial year 1999-2000.

All the Directors are interested in the Resolution to the extent the Commission is payable to them in accordance with the proposed Resolution.

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

Your Directors have pleasure in presenting the 23rd Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

	Rs. in lacs	
	98-99	97-98
INCOME	2377.71	2536.92
Profit before Taxation	3.57	14.28
Surplus brought forward from previous year	17.49	7.21
Provision for dividend/dividend tax written back	---	49.50
Investment Allowance Reserve written back	18.00	---
	39.06	70.99
Less:		
Provision for Taxation	0.50	11.00
Balance available for appropriation	38.56	59.99
Your Directors recommend the following appropriation		
i) Transfer to General Reserves	---	5.00
ii) Transfer to Debenture Redemption Reserves	---	37.50
iii) Surplus carried to Balance Sheet	38.56	17.49
	38.56	59.99

YEAR IN RETROSPECT

During the year under review, the Company has achieved a turnover of Rs. 2378 lacs, declined by 6% 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. 308 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.

DIRECTORS

Under Section 256(1) of the Companies Act 1956, and Article 116 of the Articles of the Company, Mr. Asvin Varadarajan and Mr. M. Narayan are liable to retire by rotation at this Annual General Meeting. They are eligible offers themselves for re-appointment.

YUKEN INDIA LIMITED**YUKEN****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.

Explanation to Auditor's Report to the Members Sl.No 2 (e) :

The Auditors have referred to the over due debts of Rs 44.37 Lakhs. Due to the ongoing recession, the customers take long time to clear their outstandings. The Company reviews the outstandings from time to time and takes necessary steps to collect the overdue debts.

The Auditors have also referred to the non-provision of tax demands. The disputed liability has come down from Rs.47.89 lakhs during last year, to Rs 25.63 lakhs this year. The Directors expect that the demand will be withdrawn in the appeal filed before the Tribunal, and hence no provision is considered necessary. This is in line with the opinion of the experts.

Y2K COMPLIANCE :

The Company has in place a comprehensive plan to address Y2K compliance in a systematic manner. A detailed inventory of all critical application softwares and hardware systems has been identified and a significant part of these have been made Y2K compliant. The remaining portion is expected to be completed by September 1999. Hence the Company does not foresee any problem due to Y2K.

**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	839498	BE MIE	58	78.05.01	35	Director-Polyene General Industries (P) Ltd. Madras
2.	Yukihiro Kokubun	Resident Director	1497506	Graduate Engineer	60	1995.06.02	36	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

YUKEN INDIA LIMITED**YUKEN****INFORMATION UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT 1956 READ WITH COMPANIES (DISCLOSURE 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**a. Foreign Exchange Earnings**

Export sales	6,67,246
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b. Foreign Exchange outgo:

i) Import of Raw materials	
Components	2,16,67,945
ii) Royalty (net)	9,93,947
iii) Services Rendered	

3. Research and Development (R&D)**a) Specific areas in which R&D carried out by the Company.**

Continuous improvements in Pumps and Valves manufactured by the Company.

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

- Special Products developed to meet specific requirements of customers.

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 this department goes on increasing. The exact amount spent has not been apportioned this year.

4) Technology Absorption, Adaptation and Innovation:**a) Efforts in brief, made towards technology absorption, adaptation 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.
- Indigenisation is continuous, on going 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 new products.

YUKEN INDIA LIMITED**YUKEN**

- c) **Information regarding technology imported during the last five years reckoned from the beginning of the financial year.**
- i) **Technology imported**
None
 - ii) **Year of Import:**
Not applicable.
 - iii) **Has technology been fully absorbed:**
Not applicable.
 - 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

B.R. JAGAN
Director

C.P. RANGACHAR
Managing Director

Place : Bangalore
Date : 29/05/1999