

YUKEN INDIA LIMITED

TWENTY FIFTH ANNUAL REPORT
2000 - 01

YUKEN

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

Mr S Yuki Chairman

Mr M Egi

Mr T Misawa
(upto 23.06.2001)

Mr K Takaku

Mr R Srinivasan

Mr M Narayan

Mr Asvin Varadarajan

Mr B R Prabhakara
(upto 23.06.2001)

Mr B R Jagan

Mr H Sathyanarayana Reddy
(upto 05.09.2001)

Mr C P Rangachar Managing Director

REGISTERED OFFICE AND WORKSP.B. No. 16
Whitefield Road
Whitefield, Bangalore - 560 066**Sales Offices :****North :**26, Community-Centre
Mayapuri, New Delhi - 110 064**East :**41-B, Rash Behari Avenue
Calcutta - 700 026**West :**H-4, Ansa Indl. Premises
Co-op Society Limited
Saki Vihar Road, Sakinaka
Mumbai - 400 072**South :**No.126, 'Harinivas', II Floor
4th Main, 11th Cross, Malleswaram
Bangalore - 560 003.

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AUDITORS**M/s. FRASER & ROSS**
Chartered Accountants
Millers Road
Bangalore**BANKERS****STATE BANK OF INDIA**Overseas Branch
87, Mahatma Gandhi Road
Bangalore - 560 001**The Bank of Tokyo Mitsubishi Limited**6th Floor, 563/2,
Anna Salai, Teynampet,
Chennai - 600 018.

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Share Holders of Yuken India Limited, will be held at Hotel Woodlands, Raja Ram Mohan Roy Road, Bangalore- 560025 on Wednesday, the 5th September 2001 at 4.30 pm to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March 2001 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.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Securities Contract Regulation Act, 1956, the listing agreements entered into with the stock exchanges and other applicable provisions, if any, consent of the company be and is hereby accorded to the Board of Directors for de-listing of the company's shares which have been listed with the Ahmedabad Stock Exchange."

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 28/08/2001 to 04/09/2001 (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 : June 23, 2001

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 4 :

The shareholders are aware that the shares of the company are listed with the Bangalore, Mumbai and Ahmedabad Stock Exchanges. It is noted that the volume of trading of the company's shares in the Ahmedabad Stock Exchange is very minimal. The company has to pay substantial amount every year as listing fees. Since members of the public are not being benefited by the continued listing of the company's shares with the Ahmedabad Stock Exchange, it is proposed to de-list the shares from the said exchange. By reason of de-listing the investor public will not be prejudiced since the listing arrangement will continue with the Bangalore and Mumbai Stock Exchanges. Any proposal for de-listing of shares from the stock exchanges requires the approval of the shareholders by means of a special resolution. Hence the special resolution is placed before the members, which the Board recommends adoption in the best interests of the company. No director is personally interested in the resolution.

DIRECTORS' REPORT**To the Members**

Your Directors have pleasure in presenting the 25th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

	Rs. in Lacs	
	2000-01	1999-00
<u>INCOME</u>	3184.14	2806.68
Profit before Taxation	171.95	67.06
Surplus brought forward from previous year	90.62	38.56
	262.57	105.62
<u>Less:</u>		
Provision for Taxation	51.00	10.00
Balance available for appropriation	211.57	95.62
Your Directors recommend the following appropriation		
i) Transfer to General Reserves	12.00	5.00
ii) Surplus carried to Balance Sheet	199.57	90.62

YEAR IN RETROSPECT

The Company has been able to achieve a turn over of Rs 3184 Lacs compared to Rs 2807 Lacs in 2000, an increase of 13 %. The operations of the Company for the year under review have resulted in a net profit of Rs 120.95 Lacs. 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

During the year Mr H K Shivananda, IAS (Retd) has been nominated as the Nominee Director of Karnataka State Industrial Investment & Development Corporation Limited, in place of Mr B R Prabhakara IAS (Retd). Mr. Masayuki Inoue has been nominated as a Director representing Yuken Kogyo Co. Ltd, Japan, in place of Mr. T. Misawa. The Board welcomes them into its fold. The Board of Directors place on record its deep appreciation of the valuable services rendered by Mr B R Prabhakara and Mr T. Misawa.

Under Section 256(1) of the Companies Act 1956, and Article 116 of the Articles of the Company, Mr. R Srinivasan and Mr H Sathyanarayana Reddy are liable to retire by rotation at this Annual General Meeting. They are eligible offers themselves for re-appointment. However, Mr H Sathyanarayana Reddy 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. H. Sathyanarayana Reddy.

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.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Companies (Amendment) Act 2000 requires that the directors ensure that the financial statements of the Company are prepared in such manner to give a true and fair view of the state of affairs of the Company as at the end of 31st march 2001 and the profit of the Company for the year to that date. Your directors confirm compliance in this regard. Your directors to the best of their knowledge and belief , state that the Company maintains proper accounting records which disclose with reasonable accuracy , the financial position of the Company.

Further, your directors state that these accounting records have formed the basis in the preparation of financial statements of the Company in compliance with the provisions of the Companies Act , 1956 including any amendments thereto.

Your directors state that in preparing the aforesaid financial statements of the Company, appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates. Your directors also believe that all accounting standards which are considered to be applicable have been followed and that these financial statements have been prepared on going-concern basis.

Further, your directors to the best of their knowledge and belief, state that appropriate internal control systems are in place which are reasonably expected to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

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	Yukihiro Kokubun	Resident Engineer	2286562	Graduate Engineer	62	1995.06.02	38	Engineer – Yuken Kogyo Co Ltd., Japan

Note:

1. Employment throughout the year under review and were in receipt of remuneration for that year in the aggregate of not less than Rs.12,00,000 or more
2. Annual remuneration as above include salary, perquisites, commission and Company contribution to PF and superannuation funds.
3. The above appointment is contractual.

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 -

(Rs)

Foreign Exchange Earnings:-

Export sales	920386
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Foreign Exchange outgo:

i) Import of Raw materials Components	42073863
ii) Capital Goods	-
iii) Travel	579656
iv) Dividend (net)	-
v) Technical Fee (net)	-
vi) Royalty(net)	197981
vii) 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.

b) Benefits derived as a result of the above efforts.

- Reduction of material cost.
- Quality improvement
- Ability to innovate and produce new products.

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 therefore and future plan of action:

Not applicable.

AUDITORS

The Auditors M/s. Fraser & Ross, Chartered Accountants retire at the forth coming 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,

R Srinivasan
Director

B R Jagan
Director

C P RANGACHAR
Managing Director

Place : Bangalore

Date : June 23, 2001