

**YUKEN**

**27<sup>TH</sup> ANNUAL REPORT**

**2002-03**

**YUKEN INDIA LIMITED**

**YUKEN INDIA LIMITED**

**BOARD OF DIRECTORS**

**MR S YUKI** - Chairman  
**MR M EGI**  
**MR K TAKAKU**  
**MR M INOUE**  
**MR R SRINIVASAN**  
**MR M NARAYAN**  
**MR ASVIN VARADARAJAN**  
**MR B R JAGAN** (upto 21/06/2003)  
**MR V BALAJI BHAT** (from 21/06/2003)  
**MR C P RANGACHAR** - Managing Director

**COMPANY SECRETARY**

**MR T AJAY JOSEPH**

**BANKERS**

**STATE BANK OF INDIA**  
**BANK OF TOKYO MITSUBISHI LTD.**  
**MIZUHO CORPORATE BANK 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**

**Indra Prastha, # 46A, Madan Mohan**  
**Malaviya Sarani, Ground Floor,**  
**Kolkatta - 700 020**

**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.**

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

**NOTICE** is hereby given that the Twenty Seventh Annual General Meeting of the shareholders of Yuken India Limited, will be held at Registered Office, P B 16, Whitefield Road, Whitefield, Bangalore -560066 on, the 3<sup>rd</sup> September 2003 at 10.00 AM to transact the following business:

**A. ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March 2003 and the Profit and Loss account for the year ended on that date together with reports of Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. M Inoue, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr K Takaku, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To declare a dividend.
5. To appoint Auditors and fix their remuneration.

**B. SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with (or) without modifications the following Resolution as an **ORDINARY RESOLUTION**.

RESOLVED that Mr V Balaji Bhat, in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under the provisions of section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.

**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 29/08/03 to 02/09/03 (both days inclusive)
5. Any dividend approved at the meeting will be paid only to those members whose names appear in the register of members as on 03/09/03.

**YUKEN INDIA LIMITED**

6. 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.
7. 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

T. Ajay Joseph  
Company Secretary

Place: Bangalore

Date: 21.06.2003

**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 : 6**

Mr V Balaji Bhat was co-opted as an Additional Director by the Board at its meeting held on 21<sup>st</sup> June 2003, who is an Independent and Non-Executive Director, holds office till the date of this AGM. The Company has received a notice u/s 257 (1) of the Companies Act 1956 in writing from a member along with a requisite deposit of Rs 500/- proposing the candidature of Mr V Balaji Bhat for the office of Director liable to retire by rotation

A brief resume of Mr. V Balaji Bhat is given in the Report on Corporate Governance in the Annual Report of the Company

Your Directors recommend his appointment and seek your approval

None of the Directors of the Company are interested or concerned in the above Resolution except Mr V Balaji Bhat.

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

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2003.

**FINANCIAL RESULTS**

(Rs. in Lakhs)

	<b>2002-03</b>	<b>2001-02</b>	<b>Consolidated 2002-03</b>
<b>INCOME</b>	<b>3948.00</b>	<b>3190.00</b>	<b>4081.22</b>
Profit before Taxation	334.63	38.49	379.94
Surplus brought forward from previous year	228.11	199.58	228.11
<b>TOTAL</b>	<b>562.74</b>	<b>238.07</b>	<b>608.05</b>
Provision for Taxation	144.00	20.00	20.00
Deferred Tax Benefit	(6.76)	(10.00)	(5.10)
Minority Interest	-	-	11.41
Equity in Earnings of Associate	-	-	(5.79)
Equity in earnings of Associate as at 01/04/2002	-	-	(46.71)
<b>Balance available for appropriation</b>	<b>425.50</b>	<b>228.11</b>	<b>495.11</b>
Your Directors recommend the following appropriation			
i) Transfer to General Reserves	10.00	-	10.00
ii) Dividend @ 8% on the Equity Shares	24.00	-	24.00
iii) Tax and Surcharge on Dividend	3.08	-	3.08
<b>v) Surplus carried to Balance Sheet</b>	<b>388.42</b>	<b>228.11</b>	<b>458.03</b>

**YEAR IN RETROSPECT**

The Company has been able to achieve a turn over of Rs 3948 Lakhs compared to Rs 3190 Lakhs in 2002. The operations of the Company for the year under review have resulted in a net profit of Rs 197.39 Lakhs. Consistent efforts are being made by the Company to improve the performance.

**DIVIDEND**

Your Directors are pleased to recommend a dividend of 8% on the equity shares of the Company for the year ended 31<sup>st</sup> March 2003 and the same will be payable, if approved by the Company's Bankers and Members at the ensuing Annual General Meeting.

**PERSONNEL**

The Board wishes to place on record its appreciation to all employees in the Company, for their sustained efforts and immense contributions to the high level of performance and increased profits that your Company has achieved during the year.

**Information required under section 217(2A) of the Companies Act 1956  
read with Companies (Particulars of Employment) Rules 1975**

No employee was in receipt of remuneration for the year in the aggregate of Rs 24,00,000 per annum or was in receipt of remuneration for any part of the year in the aggregate of Rs 2,00,000 per month.

**YUKEN INDIA LIMITED****DIRECTORS**

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

During the year, Indian Renewable Energy Development Agency (IREDA) has withdrawn the nomination of Mr B R Jagan from the Board of the Company. The Board places on record its deep appreciation of the distinguished services rendered by Mr. B R Jagan during his tenure of office as a director with the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

1. In the preparation of the accounts for the year ended 31<sup>st</sup> March 2003, the applicable accounting standards have been followed.
2. Such accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the financial year ended 31<sup>st</sup> March 2003 and of the profit of the Company for that year.
3. Proper and sufficient care has been taken 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.
4. The accounts for the year ended 31<sup>st</sup> March 2003 have been prepared on a going concern basis.

**CORPORATE GOVERNANCE**

A Report on Corporate Governance is included in the Annual Report as per clause 49 of the Listing Agreement.

**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 Operations of Your Company are not energy intensive. However, all necessary care is being taken to conserve energy

**2. Foreign Exchange Earnings and outgo  
(Rs in Lakhs )**

<b>Foreign Exchange Earnings:-</b>	
Export sales	12.78
Others	0.95
<b>Foreign Exchange outgo:</b>	
i) Import of Raw materials	
Components	441.05
iii) Travel	9.07
v) Technical Fee (net)	12.00

**YUKEN INDIA LIMITED****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  
For manufacture of 'Parison Controllers'
- ii) Year of Import:  
2002-03
- iii) Has technology been fully absorbed:  
Yes

**iii) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action:**

Not applicable.

**Subsidiary Companies:**

Statement on subsidiary Companies viz Yuflow Engineering (p) Limited and Coretec Engineering India (P) Ltd., for the year ended 31<sup>st</sup> March 2003 is attached as per provisions of section 212 of the Companies Act 1956.

**AUDITORS**

M/s Fraser & Ross, Chartered Accountants, who are willing to continue in office, are recommended for re-appointment as the Company's Auditors.

**ACKNOWLEDGEMENTS**

The Board acknowledges the support given by the members, employees, Collaborators, Bankers, Customers and Suppliers of the Company and look forward for their continued assistance.

For and on behalf of the Board of Directors,

**(R. Srinivasan)**  
Director

**(C P Rangachar)**  
Managing Director



## REPORT ON CORPORATE GOVERNANCE

The Board is pleased to present a report on the compliance of Corporate Governance requirements as per the Listing Agreement with the Stock Exchanges.

### **1. Company's philosophy on Corporate Governance :**

As a Company engaged in the business of manufacture of Hydraulic Products for a large variety of end users, the Company's principal objective is to deliver to its customers, quality products and a pro-active satisfactory services. The Company complies with the Listing Requirements of the Stock Exchanges where its shares are listed.

The Company's policy therefore, envisages the assurance of product quality, transparency, accountability and integrity in its operations and in its relation with all stakeholders i.e. customers, suppliers, investors, employees, the Government and other associates.

### **2. Board of Directors :**

#### **a) Composition**

The Board comprises of Executive and Non-Executive Directors who are eminent persons with considerable professional experience in various fields. The Managing Director is an Executive Director. All others are Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board deliberations and decisions.

The Company has not had any pecuniary relationship / transaction with any of the Executive & Non-Executive Directors.

## YUKEN INDIA LIMITED

YUKEN

The details of Board composition as of March 31, 2003 are appended below :

Director	Whether Promoter/ Executive/Non- Executive /Independent	Attendance particulars		No of outside Directorship held	No of Board Committees of other Companies in which a member	Chairman/ Member
		Board Meeting	Last AGM			
1. Mr S YUKI (Chairman )	Non-Executive (Collaborator )	-	-	-	-	-
2. Mr M Egi	Non-Executive ( Collaborator )	-	-	-	-	-
3. Mr M Inoue	Non-Executive ( Collaborator )	-	-	-	-	-
4. Mr K Takaku	Non-Executive ( Collaborator )	-	-	-	-	-
5. Mr R Srinivasan ( Chairman, Audit Commit- tee, Share- holders & Investors Grievance Committee & Remuneration Committee )	Non- Executive & Independent	4	Yes	1	4	Chairman
				11	3	Member
6. Mr Ashvin Varadarajan	Non- Executive & Independent	-	-	-	-	-
7. Mr M. Narayan	Non- Executive & Independent	4	Yes	2	-	Member
8. Mr B R Jagan (Director up to June 21, 2003 )	Non- Executive & Independent ( Nominee) Director-IRED A)	4	Yes	1	-	Member
9. Mr C P Rangachar ( Managing Director )	Executive (Promoter Group)	4	Yes	2	-	Chairman
				6	1	Member