

YUKEN

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28TH ANNUAL REPORT

2003-04

YUKEN INDIA LIMITED

YUKEN INDIA LIMITED**BOARD OF DIRECTORS****MRS YUKI** - Chairman**MR M EGI****MR K TAKAKU****MR M INOUE****MR R SRINIVASAN****MR ASHVIN VARADARAJAN****MR M NARAYAN****MR V BALAJI BHAT****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

FOUNDRY DIVISIONNo. 16-C, Doddanekundi Industrial Area,
IInd Phase, Mahadevapura,
Bangalore-560 048.**SALES OFFICES**26, Community Centre
Mayapuri, New Delhi - 110 064Indra Prastha, # 46A, Madan Mohan
Malaviya Sarani, Ground Floor,
Kolkatta - 700 020H-4, Ansa Indl. Premises
Co-op Society Limited
Saki Vihar Road, Sakinaka
Mumbai - 400 072No. 126, 'Harinivas' II Floor
4th Main, 11th Cross, Malleswaram
Bangalore - 560 003.

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● YUFLOW ENGINEERING PVT. LTD.	79
● CORETEC ENGINEERING INDIA PVT. LTD.....	99

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NOTICE

NOTICE is hereby given that the Twenty Eighth 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 30th August 2004 at 9.30 AM to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March 2004 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. R Srinivasan, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashvin Varadarajan, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To declare a dividend.
5. To appoint Auditors.

B. SPECIAL BUSINESS

6. 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) Whole time Director, Commission at the rate not exceeding 1% of the net profits of the Company to be equally divided amongst them and that, this authorization for payment of commission on net profits shall remain valid for a period of 5 years commencing from the Financial Year 2004-05.

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.

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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 24/08/2004 to 27/08/2004 (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 30/08/2004.
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:

P.B. No. 16, Whitefield Road,
Whitefield
Bangalore 560 066

By order of the Board

T. Ajay Joseph
Company Secretary

Place: Bangalore

Date: 23.06.2004

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

The members at their twenty third Annual General Meeting held on 7th September 1999, approved the Resolution for payment of Commission to the Directors, other than Managing or Whole time 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 1999-2000. The proposed Resolution is for a further period of 5 years commencing from the financial year 2004-05.

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

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DIRECTORS' REPORT**To the Members**

Your Directors are pleased to present the 28th Annual Report and the Audited Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

(Rs. in Lakhs)

	2003-04	2002-03	Consoli dated 2003-04	Consoli dated 2002-03
INCOME	4820.23	3948.00	5061.01	4081.32
Profit before Taxation	447.87	334.63	459.49	379.93
Surplus brought forward from previous year	388.42	228.11	458.03	228.11
TOTAL	836.29	562.74	917.52	608.04
Provision for Taxation	152.00	144.00	154.62	159.13
Deferred Tax Liability charge/(credit)	15.00	(6.76)	18.90	(5.10)
Minority Interest	-	-	0.66	11.41
Equity in Earnings of Associate	-	-	(12.84)	5.79
Equity in earnings of Associate as at 01/04/2004	-	-	-	46.71
Balance available for appropriation	669.29	425.50	756.18	495.11
Your Directors recommend the following appropriation				
i) Transfer to General Reserves	10.00	10.00	10.00	10.00
ii) Dividend @ 12%(8%) on the Equity Shares	36.00	24.00	36.00	24.00
iii) Tax and Surcharge on Dividend	4.61	3.08	4.61	3.07
iv) Surplus carried to Balance Sheet	618.68	388.42	705.57	458.03

YEAR IN RETROSPECT

The Company has been able to achieve a turn over of Rs 4820.23 Lakhs compared to Rs 3948.00 Lakhs in 2003. The operations of the Company for the year under review have resulted in a net profit of Rs 280.87 Lakhs. Consistent efforts are being made by the Company to improve the performance.

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DIVIDEND

Your Directors are pleased to recommend a dividend of 12% on the equity shares of the Company for the year ended 31st March 2004 and the same will be payable, if approved by the Company's Bankers and Members at the ensuing Annual General Meeting.

PERSONNEL

Industrial relationship remained cordial throughout the year. Your Directors would like to place on record their appreciation of the valuable contribution by the workmen representatives in arriving at an amicable wage settlement after series of negotiations. The Board also 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.

DIRECTORS

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

During the year, Yuken Kogyo Co. Ltd, Japan has withdrawn the nomination of Mr. M. Inoue from the Board and appointed Mr. S Yamanoi as a Director on the Board in place of Mr. M. Inoue. Mr. S Yuki, the founder Chairman of the Company retired from the Board of the Company. In view of his distinguished services to the Company, Your Board appointed him Chairman-Emeritus. The Board places on record its deep appreciation and sincere thanks for all the valuable contributions and services rendered by Mr. S. Yuki during his tenure as Chairman and Director on the Board. The Board also places on record the services rendered by Mr. M. Inoue as a Director.

Mr. M. Egi, President, Yuken Kogyo Co Ltd, Japan is appointed as the Company's Chairman. The Board welcomes Mr. M. Egi, the Chairman and Mr. S Yamanoi the Director.

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 31st March 2004, 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 31st March 2004 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 31st March 2004 have been prepared on a going concern basis.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:

A Report on Corporate Governance and Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with Stock exchanges is included in the Annual Report.

Consolidated Financial Statements:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for investments in Associates, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of the Annual Report and Accounts.

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

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

<u>Foreign Exchange Earnings:</u>	
Export sales	45.54
Others	2.24
<u>Foreign Exchange outgo:</u>	
i) Import of Raw materials / Components	488.72
ii) Travel	9.63
iii) Technical Fee (net)	16.00
iv) Royalty	0.30
v) ECB Loan processing Fee	6.79
vi) Dividend	10.83

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 and development of energy efficient Hydraulic solutions.

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

Special Products developed to meet specific requirements of customers, which enable your Company to develop niche markets for growth.

c) Future Plan of action:

- Development of additional range of products.
- Focus on process improvements to enable the Company to penetrate the Export market.
- Specific task forces to address key markets.

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.

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

- Reduction of material cost.
- Quality improvement and improvement in product performance characteristics.
- 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
- iv) **If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action:**
Not applicable.

Subsidiary Company:

The audited statement of Accounts of subsidiary Companies viz Yuflow Engineering (p) Limited and Coretec Engineering India (p) Ltd for the year ended 31st March 2004 along with the Report of the Board of Directors and Auditors thereon are 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

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the members, employees, Collaborators, Bankers, Customers and Vendors during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workmen of the Company.

For and on behalf of the Board of Directors,

(R Srinivasan)
Director

(C P Rangachar)
Managing Director

Place: Bangalore
Date: 23/06/2004