

YUKEN INDIA LIMITED

YUKEN

BOARD OF DIRECTORS

Mr Y MUKAIDE - Chairman

Mr Y SAKAKIBARA

Mr R SRINIVASAN

Mr V BALAJI BHAT

CAPT. N S MOHANRAM

Dr. PREMCHANDER

Mr C P RANGACHAR - Managing Director

Mr S YAMANOI - WHOLE TIME DIRECTOR

COMPLIANCE OFFICER

Mr S ANTONY CRUZ

CHIEF FINANCIAL OFFICER

Mr H M NARASINGA RAO

BANKERS

1. STATE BANK OF INDIA
2. BANK OF TOKYO MITSUBISHI UFJ LTD.
3. MIZUHO CORPORATE BANK LTD.

AUDITORS

M/S DELOITTE HASKINS & SELLS
Chartered Accountants

REGISTERED OFFICE AND WORKS

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

FOUNDRY DIVISION

No. 16-C, Doddanekundi Industrial Area,
IInd phase, Mahadevapura,
Bangalore - 560 048

SALES OFFICES

26, Community Centre
Mayapuri, New Delhi - 110 064

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

H-4, Ansa Indl. Premises
Co-op Society Limited
Saki Vihar Road, Sakinaka
Mumbai - 400 072

B-80, 2nd Cross, 1st Phase
Peenya Industrial Area,
Bangalore - 560 058.

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NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the members of Yuken India Limited will be held at Hotel Woodlands (P) Limited, Raja Ram Mohan Roy Road, Bangalore-560025 on Friday, the 3rd September 2010 at 10.00 AM to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Capt N S Mohan Ram, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

"RESOLVED that M/s Deloitte Haskins & Sells, Chartered Accountants, the retiring auditors be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **ORDINARY RESOLUTION:**

5. Re-appointment of Whole Time Director

"RESOLVED THAT pursuant to the provisions of Section 198 and 309 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of shareholders, approval be and is hereby accorded for the re-appointment of Mr S Yamanoi as whole time Director of the Company with effect from 1st April 2010 for a period of 3 years on contractual basis, renewable at the end of third year subject to the term that the gross remuneration including salary and all other perquisites shall not exceed Rs 2,00,000/- (Rupees Two Lakhs Only) per month.

"FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to the whole time director Mr S Yamanoi shall not exceed Rs 200000/- (Rupees Two Lakhs only) per month which include salary, perquisites and other benefits.

"FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorized to take all such actions as may be necessary, desirable (or) expedient to give effect to the above resolution."

To consider and if thought fit, to pass, with or without modification(s), the following resolutions as a **SPECIAL RESOLUTION:**

6. Re-appointment of Managing Director:

RESOLVED that subject to the provisions of section 198,269 and 309 of the Companies Act 1956, read with Schedule XIII thereto, and other applicable provisions if any, of the Companies Act 1956, or any statutory modification(s) or re-enactment thereof, the approval of the shareholders be and is hereby accorded for the re-appointment of Mr. C P Rangachar as the Managing Director of the Company for a further period of 5 (Five) years commencing from 1st May 2010 and for payment of following remuneration for first 3 (three) years, that is from 01.05.2010 to 30.04.2013.

- | | |
|--------------------------------|---|
| 1. Salary | : In the scale of Rs.350000 – Rs. 600000 with authority to Board to fix such annual increment as it deem fit. |
| 2. Commission on Net Profits | : As may be determined by the Board of Directors subject to over all remuneration not exceeding 5% of the net profits of the company. |
| 3. Perquisites | : |
| a) Housing | : Free Furnished Accommodation. |
| b) Gas, Electricity, Water | : Actual. |
| c) Medical re-imbursement | : Self and Family at Actual |
| d) Leave Travel Allowance | : Self and Family once a year. Actual reimbursement. |
| e) Club Fees | : Club Fees subject to a maximum of two clubs.
No Life Membership. |
| f) Personal Accident Insurance | : Self and Family. Premium not to exceed Rs 6000/- p a. |
| g) Provident Fund | : As per Company's rules. |
| h) Superannuation | : As per Company's rules |
| i) Gratuity | : Half month's salary for each completed year of service. |
| j) Motor Car | : Free use of car with driver |
| k) Telephone & Fax | : Free Telephone & Fax at residence |
| l) Earned Leave | : One month's leave with full pay and allowances for every completed 11 months of service. |
| m) Encashment of Leave | : Leave accumulated and not availed of during his term as Managing Director may be allowed to be encashed at the end of his term. |

"FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to the Managing Director shall not exceed the limits prescribed under Schedule XIII, Part II, Section II, 1(B) "

"FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorized to take all such actions as may be necessary, desirable (or) expedient to give effect to the above resolution."

REGISTERED OFFICE:

PB 16, Whitefield Road

Whitefield

Bangalore 560 066

By order of the Board

C P Rangachar

Managing Director.

Place: Bangalore

Date: 22nd May, 2010

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 members are aware that Mr S Yamanoi was appointed as a whole time director up to the period 31st March 2010. The Board on the recommendation of Remuneration Committee has re-appointed him for another period of 3 (Three) years with effect from 1st April 2010, on the terms as indicated in the Resolution. The proposed remuneration is commensurate with the qualification and experience of Mr S Yamanoi and as per current market trend. Hence the Resolution is placed before you which the Board of Directors recommend for adoption.

Except Mr S Yamanoi, no other director is interested in the resolution.

ITEM NO: 5

The members are aware that Mr. C P Rangachar has been in charge of overall Management and Administration of the affairs of the Company since inception. Due to the dedicated services rendered by Mr. C P Rangachar, the Company has grown from strength to strength.

The members are also aware that when the Engineering industry was down with recession last year, it was Mr C P Rangachar, with the guidance of the Board of Directors and the senior management kept the momentum going by achieving a respectable performance during the year. The compensation being paid to Mr. Rangachar is below market levels of compensation. In the context of the company being poised for rapid growth it is necessary to extend Mr. Rangachar's services. This will also help Yuken India to realize some of the major growth plans. It is proposed to re-appoint him for further period of 5 years with effect from 1st May 2010 on remuneration as indicated in the resolution.

Further the remuneration payable to Mr C P Rangachar, Managing Director by way of salary, perquisites and other allowances in any financial year shall not exceed 5% of the net profits of the Company for the relevant financial year.

None of the Directors except Mr. C P Rangachar is interested in the Resolution.

The information required to be provided under Schedule XIII, Part II, Section II, 1(B) is set out herein below:

I. General Information :

- | | | |
|--|---|---------------------------|
| 1. Nature of Industry : Manufacturing Industry | - | Oil Hydraulic Equipments. |
| 2. Date of Commencement of Commercial Production: | : | 28/06/1976 |
| 3. In case of New Company | : | Not Applicable. |
| 4. Financial Performance based on given indicators | : | |

(Rs in Lakhs)
Year ended 31st March
2008-09 2007-08

i) Total Revenues	9,916	10,394
ii) Profit/(Loss) Before Dep, Interest and Tax (PBDIT)	775	1,429
iii) Less Interest	380	262
iv) Profit/(Loss) Before Depreciation and Tax (PBDT)	395	1,167
v) Less Depreciation	243	207
vi) Profit/(Loss) After Tax (PAT)	65	612
vii) Dividend.	0	75

5. **Export Performance and net foreign exchange collaborations**

i) FOB Value of Sales	288	145
ii) Expenditure in FC	148	98
iii) Value of Import	1,234	1,471

6. Foreign investments or Collaborators, if any: **40% by Collaborators in the equity of the Company**

II. Information about the appointee:

1) Background Details: **Mr Rangachar is an Electrical Engineer from BITS, Pilani. Had extensive training in Plastics in Europe, US & Japan. Involved in wide range of activities such as Technology Transfer and Collaborations.**

2) Past remuneration: 2008-09 Total Gross remuneration drawn : Rs.45.43 Lakhs.

3) Recognition or awards: **CII-Award for Continuous Contribution.**

4) Job Profile and is suitability: **Mr Rangachar continues as the Managing Director right from inception of the Company (ie from the year 1976).**

5) Remuneration proposed : **as indicated in the Notice of AGM.**

6) Comparative Remuneration:

The Company comes under unique segment of Hydraulics and hence the comparative remuneration profile with respect to industry, size of the Company, profile of the position and persons are not available and hence not comparable. However, companies nearly similar to our size are paying its Managerial persons Rs 5 lakhs to Rs 6 lakhs per month.

7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr C P Rangachar as an individual member and along with his family is holding less than 1% of the Companies shares.

III. Other Information:

- | | | |
|--|---|-----|
| 1. Reasons of loss or inadequate profits | : | N/A |
| 2. Steps taken or proposed to be taken for improvement | : | N/A |
| 3. Expected increase in productivity and profits in measurable terms | : | N/A |

IV. Disclosures :

1. Shareholders of the Company shall be informed of the remuneration package of the managerial person. **incorporated in the notice.**
2. The following disclosures shall be mentioned in the Board of Directors' Report under the heading "Corporate Governance" attached to the Annual Report.
 - all elements of remuneration package }
 - details of fixed component and performance linked incentives. } **incorporated**
 - Service contract, notice period }
 - Stock option details , if any. }

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 appointing proxy in order to be effective should 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 01/09/2010 to 03/09/2010 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.
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 any changes, if any, in their registered addresses at an early date.
6. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend through ECS. In case of any change in the bank particulars, kindly contact the respective depository accounts for effecting the changes.

9. Under section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government and under Section 205-C of the Companies Act, 1956, no claim shall lie against the company or the said Fund, in respect of Individual amount/s which remained unclaimed or unpaid for a period of seven years from the date of payment, and no payment shall be made in respect of any such claims.

10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 11.00 am and 1.00 pm upto the date of the meeting.

Details of Directors seeking appointment /re-appointment at the forthcoming AGM.

Particulars	Capt N S Mohan Ram	S Yamanoi
Date of Birth	10/04/1936	23/10/1949
Date of appointment/ Re-appointment	03/09/2010 (Re-appointment)	01/04/2010 (Re-appointment)
Qualifications	B.Tech (Hons) in Naval Architecture from IIT, Kharagpur. Post graduate in Warship Design (UK). MBA (Faculty of Management Studies), New Delhi.	Graduate Engineer
Expertise	In Indian Navy, he has designed a number of warships and other crafts. Developed India's indigenous major warship INS Godhavari. He was Head of Divisions in Mukhund Group. He is recipient of major awards such as VKRV Rao Gold Medal and Das Gupta Gold Medal for standing first in MBA. Vishist Seva Medal for designing INS Godhavari from Rashtrapathi. Fellow of Indian National Academy of Engineering (INAE)	Well versed Hydraulic Systems Engineer. Handled International Marketing Department. Worked as a Systems Engineer with Yuken in early 1980s.
Directorships held in other public Companies	NIL	NIL
Membership/Chairmanship of committees of other public Companies (only Audit & shareholders/investor grievance committee)	NIL	NIL
No of shares held in the Company	NIL	NIL

DIRECTORS' REPORT

Dear Members,

The Board of Directors is pleased to present the performance of your Company for the year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

(Rs in Lakhs)

Particulars	2009-10	2008-09
Total Income	11,632	9,916
Total Expenditure	10,064	9,142
Profit before Interest, Depreciation & Tax	1,568	775
Interest	279	380
Depreciation	252	243
Profit Before Tax	1,036	151
Provision for Taxation (Net of deferred tax)	343	86
Profit After Tax	693	65
Appropriations:		
Proposed Dividend	75	-
Tax on Proposed Dividend	12	-
Transfer to General Reserve	70	-

REVIEW OF PERFORMANCE

During the year under review, the Company performed reasonably well, given the very difficult conditions prevailing in the domestic and world markets for the greater part of the year. The Company achieved a turn over of Rs 11,632 Lakhs compared to Rs 9,916 Lakhs in 2009. The operations of the Company for the year under review have resulted in a net profit of Rs.693 Lakhs.

DIVIDEND

Your Directors are pleased to recommend a dividend of 25 % on the equity shares of the Company for the year ended 31st March 2010, subject to the approval of the members at the ensuing Annual General Meeting.

INDUSTRIAL RELATIONS

Employee relations continue to be cordial. Mutual trust, built over decades of fair-mindedness and justice, is the bedrock on which the Company continues to build. This augurs well to take on various challenges in these difficult times.