

<b>BOARD OF DIRECTORS</b>	<b>Mr OSAMU TANAKA</b> - Chairman <b>Mr Y MUKAIDE</b> <b>Mr R SRINIVASAN</b> <b>Mr V BALAJI BHAT</b> <b>CAPT. N S MOHANRAM</b> <b>Dr. PREMCHANDER</b> <b>Mr C P RANGACHAR</b> - Managing Director <b>Mr S YAMANOI</b> - Whole Time Director
<b>CFO &amp; COMPLIANCE OFFICER</b>	<b>Mr H M NARASINGA RAO</b>
<b>BANKERS</b>	1. STATE BANK OF INDIA 2. BANK OF TOKYO MITSUBISHI UFJ LTD. 3. MIZUHO CORPORATE BANK LTD.
<b>AUDITORS</b>	<b>M/S DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants
<b>REGISTERED OFFICE AND WORKS</b>	<b>P.B. No. 16</b> <b>Whitefield Road</b> <b>Whitefield, Bangalore-560 066.</b>
<b>FOUNDRY DIVISION</b>	<b>No. 16-C, Doddanekundi Industrial Area,</b> <b>IInd phase, Mahadevapura,</b> <b>Bangalore - 560 048.</b>  <b>SY.No. 52, Khatha No. 84/171, 85/172,</b> <b>Hedegabanahalli Village,</b> <b>Madivala Post, Malur Taluk,</b> <b>Kolar Dist. - 569 130.</b>
<b>SALES OFFICES</b>	<b>26, Community Centre</b> <b>Mayapuri, New Delhi - 110 064.</b>  <b>Indra Prastha, # 46A, Madan Mohan</b> <b>Malaviya Sarani, Ground Floor,</b> <b>Kolkata - 700 020.</b>  <b>H-4, Ansa Indl. Premises</b> <b>Co-op Society Limited</b> <b>Saki Vihar Road, Sakinaka</b> <b>Mumbai - 400 072.</b>  <b>B-80, 2nd Cross, 1st Phase</b> <b>Peenya Industrial Area,</b> <b>Bangalore - 560 058.</b>

# **CONTENTS**

1. NOTICE
2. DIRECTORS REPORT
3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT
4. REPORT ON CORPORATE GOVERNANCE
5. AUDITORS REPORT TO THE MEMBERS
6. BALANCE SHEET
7. STATEMENT OF PROFIT AND LOSS
8. CASH FLOW STATEMENT
9. NOTES TO THE FINANCIAL STATEMENTS
10. AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
11. CONSOLIDATED BALANCE SHEET
12. CONSOLIDATED STATEMENT OF PROFIT AND LOSS
13. CONSOLIDATED CASH FLOW STATEMENT
14. CONSOLIDATED SCHEDULES
15. NOTES TO CONSOLIDATED FINANCIALS

**NOTICE** is hereby given that the Thirty Sixth Annual General Meeting of the members of Yuken India Limited will be held at Registered Office , P B No 16, Whitefield Road, Whitefield, Bangalore 560 066 on 30th August 2012 at 10.30 am to transact the following business:

1. Reports of the Board of Directors and Auditors thereon.

**A.ORDINARY BUSINESS:**

To consider and adopt the audited Balance Sheet

2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr.R Srinivasan, who retires by rotation, but being eligible, offers him for re-appointment.
4. To appoint a Director in place of Mr.V Balaji Bhat, who retires by rotation, but being eligible, offers him for re-appointment.
5. To appoint Auditors and to fix their remuneration.

“RESOLVED that M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration No.008072S) 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.”

REGISTERED OFFICE :

PB 16, Whitefield Road  
Whitefield  
Bangalore 560 06

Place: Bangalore  
Date:21st May 2012

By order of the Board

**C P Rangachar**  
Managing Director.

**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 27/08/2011 to 29/08/2011(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 up to the date of the meeting.

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

Particulars	Mr.R Srinivasan	Mr V Balaji Bhat
Date of Birth	10.09.1941	19.06.1964
Date of appointment/ re-appointment	From the date of AGM	From the date of AGM
Qualifications	Graduate in Mechanical Engineering (BE Hons)	Chartered Accountant
Expertise	Managed Widia India Ltd as Managing Director from 1981 to 1994 and transformed to become a market leader. Past chairman of CII, Karnataka , Governing council of CMTI , Bangalore. Past president of Greater Mysore Chamber of Commerce and IMTMA Founder member of TQM Division started by CII in 1987. Closely involved with the Business Excellence initiative of CII. Closely associated with IMTMA and involved in establishing Bangalore International Exhibition Centre.	Expertise in Merger & Acquisitions, Business Advisory services, International Taxation & Strategic advice. Corporate Finance consultancy to more than 100 medium size Companies in India and APAC. Founder Partner of Gnanobha & Bhat. Served for More than 13 years founder partner at Gnanobha & Bhat, a firm of, Chartered Accountants at Bangalore. Was in charge of the Consultancy practice.
Directorships held in other public Companies	ACE Designers Ltd Cholamandalam MS General Insurance Co Ltd Kirloskar Oil Engines Ltd Murugappa Morgan Thermal Ceramics Ltd Nettur Technical Training Foundation TTK Healthcare Ltd TTK Prestige Ltd Tube Investments of India Ltd Sundaram Fasteners Ltd Mind Tree Ltd Sterling Abrasives Ltd	Subex Ltd Subex Technologies Ltd Indus Fila Ltd Indus Age Advisors Ltd
Membership/ Chairmanship of committees of other public Companies	<b>Audit Committee Chairman</b> Sundaram Fasteners Ltd ACE Designers Ltd Cholamandalam MS General Insurance Company Ltd <b>Audit Committee Member</b> Tube Investment of India Ltd TTK Prestige LTD Kirloskar Oil Engines Ltd Mind Tree Ltd <b>Remuneration Committee Member</b> TTK Prestige LTD Mind Tree Ltd Tube Investment of India Ltd	<b>Audit Committee Chairman</b> Subex Ltd Indus Fila Ltd  <b>Compensation Committee Member</b> Subex Ltd
No of shares held in the Company	NIL	NIL

**REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the Organization. As stake holders across the globe evince keen interest in the practices and performance of Companies, corporate governance has emerged on the center stage.

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its Operations, and in all its interactions with its stake holders, including share holders, employees, lenders, Government and the society at large. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value on a sustained basis.

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. The details of compliance are as follows:

**BOARD OF DIRECTORS:**

At the core of our Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. We believe that an active, well informed and Independent Board is necessary to ensure the highest standards of Corporate Governance.

**Composition**

The Board comprises of Executive and Non-Executive Directors who are eminent persons with considerable professional experience in various fields. There are two Executive Directors. Mr C P Rangachar, Managing Director and Mr S Yamanoi, whole time director. All others are Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board deliberations and decisions. During the year, the Company had a Non- Executive Chairman and more than one third of the Directors were Independent Directors.

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

Attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting , the number of Directorship and Committee Membership held by them in domestic public companies as at March 31, 2012 are as indicated below:

Director	Whether Promoter/ Executive/Non- Executive/ Independent/Non- Independent	Attendance particulars		* LOA	No. of outside Director ship held	No. of Board Committees of other Companies in which a member	Chairman/ Member of Board Committees of other Companies in which a member
		Board Meeting	Last AGM				
1.Mr. Y Mukaide	Non-Executive & Non-Independent (Collaborator)	1	-	Yes	-	-	-
2. Mr. O. Tanaka (Chairman)	Non- Executive & Non-Independent (Collaborator)	1	Yes	Yes	-	-	-
3. Mr. S Yamanoi	Executive & Non- Independent (Collaborator)	4	Yes	Yes	-	-	-
4. Mr. R Srinivasan	Non- Executive & Independent	5	Yes	-	12	4 6	Chairman Member
5. Mr. V Balaji Bhat	Non- Executive & Independent	5	Yes	-	5	2 1	Chairman Member
6. Capt N S Mohan ram	Non- Executive & Independent	4	Yes	Yes	-	-	-
7. Dr. Premcha nder	Non- Executive & Independent	3	Yes	Yes	-	-	-
8. Mr. C P Rangachar- Managing Director	Executive & Non-Independent (Promoter Group)	5	Yes	-	4	1	Member

\* LOA- Leave of Absence.

#### Board Meetings

As per the Listing Agreement, the Board of Directors must meet at least four times in a year, with a maximum time gap of four months between any two meetings.

During the financial year 2011-12 our Board met five times on 14/05/2011, 23/07/2011, 02/09/2011, 22/10/2011, & 21/01/2012.

The information as required under Annexure – I A to clause 49 of the listing agreement is being regularly placed before the Board.

#### Board committee:

As per the Listing Agreement, no director can be a member of more than ten committees or act as Chairman of more than five committees across all Companies in which he is a director. None of the directors of our

Company were members in more than ten committees nor acted as Chairman of more than five committees across all Companies in which they were directors.

#### **CODE OF CONDUCT:**

The Company's Code of Conduct as adopted by the Board of Directors, is applicable to all Directors, Senior Management and employees of the Company. This code is derived from the principles of good corporate governance, good corporate citizenship and exemplary personal conduct. The code is available on the Company's Corporate Website. All the Board members and senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2012. A certificate to this effect, duly signed by the Managing Director is annexed thereto.

#### **AUDIT COMMITTEE:**

The Audit Committee of the Board and its constitution is in conformation with the requirements of section 292A of the Companies Act, 1956 and also in conformation with requirements of Clause 49(II)(A) of the Listing Agreement.

The Audit Committee of the Board, inter alia, provides reassurance to the Board of the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of Operations.
- Safeguarding of assets and adequacy of provisions for all liabilities.
- Reliability of financial and other management information and adequacy of disclosures
- Compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- a) Investigate any activity within its terms of reference.
- b) Seek information from any employee.
- c) Obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **The terms of reference of the Audit Committee are as under:**

- a) Oversight of the Company's financial reporting process and the disclosures of the financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board the appointment and removal of external auditors, fixation of audit fees and approval for payment for any other services.
- c) Reviewing, with management, the annual financial statements before submission to the Board for approval with particular reference to
  - Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices



- Major accounting entries involving estimates based on the exercise of judgment by the management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliances with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
- d) Reviewing, with the management, statutory and internal auditors, and the adequacy of the internal control systems.
  - e) Reviewing the adequacy of the internal audit functions, including the structure of the internal audit department, approval of the audit plan and its execution and frequency of audit plan.
  - f) Discussion with internal auditors any significant findings and follow up thereon.
  - g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - h) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
  - i) Reviewing of management letters issued by statutory auditors.
  - j) Reviewing the Company's financial and risk management policies.
  - k) Looking into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
  - l) Seek assistance from statutory auditors in such areas and in such manner as desired by the audit Committee from time to time.
  - m) Reviewing the Management Discussion and Analysis of financial condition and results of operations.
  - n) Reviewing with the Management, the quarterly financial statements before submission for approval.
  - o) Appointment of Chief Financial Officer (CFO) after the assessing the qualifications, experience & background of the candidate.

The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act 1956 and of the Listing Agreement.

Though the financial results are sent to the Audit Committee and the Board at the same time, the Audit Committee reviews the quarterly and yearly financial results and places a report on the same to the Board for its consideration and approval.

As at the year end, the Audit Committee comprises of Mr. V Balaji Bhat, Chairman besides Mr. R Srinivasan, Capt N S Mohanram and Mr. C P Rangachar as members. While Mr. V Balaji Bhat, Mr. R Srinivasan and Capt. N S Mohanram are Non-Executive & Independent Directors, Mr. C P Rangachar is an Executive Director. The Vice President - Finance and representatives of Internal and Statutory Auditors are invitees to the meeting.

The Compliance Officer functions as Secretary to the Committee.

All the members are financially literate and have relevant finance and/or audit exposure. Mr. V Balaji Bhat is a financial expert.

During the year, four meetings of the Audit Committee were held, the dates being 14/05/2011, 23/07/2011, 22/10/2011 & 21/01/2012. The quorum as required under Clause 49(II)(B) was maintained at all the meetings.

**The composition of the Audit Committee as at 31st March, 2012 and the attendance of the members at the Audit Committee Meetings are as follows:**

Director	No of Meetings held during the year	No of Meetings attended during the year
Mr. V Balaji Bhat (Chairman)	4	4
Mr R Srinivasan	4	4
Capt N S Mohan Ram	4	3
Mr. C P Rangachar	4	4

The Chairman of the Audit Committee Mr.V Balaji Bhat was present at the Annual General Meeting held on 2nd September 2011.

#### **REMUNERATION COMMITTEE:**

The purpose of the Remuneration Committee of the Board shall be to discharge the Board's responsibilities relating to the compensation of the Company's executive directors, non-executive directors and senior management. The Committee has overall responsibility for approving and evaluating the executive directors, non-executive directors and senior management compensation plans, policies and programs.

The Company's remuneration strategy is to attract and to retain high caliber talents. The remuneration policy, therefore, is market- lead and takes into account the competitive circumstances of business so as to attract and to retain quality, talent and leverage performance significantly.

As at the year end, the Remuneration Committee comprises of three Non-executive & Independent Directors, Mr. R Srinivasan as Chairman besides Mr. V Balaji Bhat and Dr. Premchander as members.

During the year, no meeting took place.

#### **SHARES TRANSFERS AND INVESTORS GRIEVANCE COMMITTEE:**

The Shares Transfers and Investors Grievance Committee are authorized to:

1. Monitor the system of share transfer, transmission, sub-division, consolidation, De-Materialization and Re-Materialization.
2. Deal with all investor related issues including redressed Complaints from shareholders relating to transfer of shares, non-receipt of Balance Sheet etc.,
3. To delegate such powers to Companies Officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take actions in relation to shareholder related matters.

During the year, the Board has authorized Mr H M Narasinga Rao, CFO & Compliance Officer, Mrs U S Geetha Pushpa, General Manager-Finance to be the member of share transfer committee to look into share transfer related matters and to the grievances of investors. The proceedings are to be reported at the Board Meetings for the Board to take note of.