

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 3<sup>rd</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.<br>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: 22<sup>nd</sup> 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 31<sup>st</sup> March 2010. The Board on the recommendation of Remuneration Committee has re-appointed him for another period of 3 (Three) years with effect from 1<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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
<b>Appropriations:</b>		
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 31<sup>st</sup> 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.

## CORPORATE GOVERNANCE

Your Company is committed to maintaining high standards of Corporate Governance. A Report on Corporate Governance along with a certificate from the statutory auditors on compliance of Corporate Governance norms, is part of this Annual Report.

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/ organization
1	C P Rangachari	MD	Rs.5,553,444	BEMIE	67	1978.05.01	45	Director- PGI(P) Ltd, Chennai
2	S Yamanoi	Whole Time Director	Rs.1,763,550	Graduate Engineer	60	2009.04.01	36	Manager- International Dept, Yuken Kogyo, Japan

1. Employment throughout the year under review and were in receipt of remuneration for that year in the aggregate of not less than Rs 2,400,000 or more.

2. Annual remuneration as above includes salary, allowances and perquisites.

3. The above appointment is contractual.

II. Employees of the Company who were employed for part of the financial year and in receipt of remuneration at a rate, which in aggregate was not less than Rs 200,000/- pm - NIL

## DIRECTORS

Under section 256(1) of the Companies Act, 1956, and article 116 of the Articles of the Company, Capt N S Mohan Ram, Director is liable to retire by rotation at this Annual General Meeting. He is eligible and offers himself for re-appointment. Brief Resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and membership, their share holding in the Company are provided in the notice of AGM.

The Board of Directors have re-appointed Mr Shigeyoshi Yamanoi for a period of 3 years as a Whole-time Director with effect from 1<sup>st</sup> April 2010 on contractual basis, renewable at the end of third year subject to the approval of the shareholders at the Annual General Meeting. Mr S Yamanoi's brief resume is also provided in the notice of AGM.

**DIRECTOR'S 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 2010, 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 2010 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 2010 have been prepared on a going concern basis.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MDA), which forms part of this Directors' Report, sets out an analysis of business including the industry scenario, performance, financial analysis and risk mitigation.

**SUBSIDIARY COMPANIES**

An application has been made under section 212(8) of the Companies Act 1956 to the Ministry of Corporate Affairs seeking exemption from publishing the Annual Accounts of the subsidiary Companies and the related detailed information for the year ended March 31, 2010. Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to clause 32 to the Listing Agreement entered into with Stock Exchanges. The Company will make available the Annual Accounts of the subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary Companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the respective subsidiary Companies. The consolidated Financial Statements presented by the Company include financial results of its subsidiary Companies.

During the year under review, Your Company has the following subsidiary Companies viz (i) Coretec Engineering India Pvt Ltd, Bangalore (ii) Yuflow Engineering Pvt. Ltd, Chennai and (iii) Prism Hydraulics Pvt Ltd, Belgaum.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company recognizes the community as an important stakeholder in our business and believes in 'sustainability' as a core parameter of its business strategy.

The Company provides opportunities to Engineering and Management Institute students to undergo in-plant training/projects as part of their academic curriculum, thus enabling to appreciate application of theoretical knowledge and get an exposure to the industrial practices.

The Company's employees participate in blood donation camps every year and donate blood.

Employees are trained in 'First -Aid' regularly. The Company has rain water harvesting systems in place covering the entire Factory premises.

The Company's products and services have very little or marginal impact on the environment and it adheres to all related legal and statutory requirements.

#### **Health , Safety & Environment. (HSE)**

Health, Safety and environment are high priority issues in your Company.

Your Company conducts annual medical check up for its employees and assists the employees who need medical attention or counseling. The employees and their dependents are covered under Health Insurance Scheme.

Awareness workshops on Safety in Industries are being conducted to the employees in collaboration with the Directorate of Factories and Boilers, Government of Karnataka.

With no reportable injuries during the year, we are committed to enhance occupational health and safety. Apart from personnel safety, process safety is in the top priority of the Management. Well documented standards, emphasis on line management responsibility, an improved and standardized process for safety observations are helping the manufacturing sites achieve higher employee participation in the safety management.

All manufacturing locations remained fully compliant with Environmental Regulations. High emphasis was placed on the productive use of raw materials, natural resources, energy and on reducing wastes. We believe that a sustainable Organization can be built only with the highest standards of performance on economic, social and environmental parameters.

#### **Disclosure of particulars under section 217(1)(e) of the Companies Act, 1956**

Energy conservation is a consistent focus area for the Company both from a cost control and a social responsibility perspective. Energy conservation is a consistent endeavor of your Company. The power factor is regularly monitored and maintained between 0.99 and 1.00.

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, necessary care is being taken to conserve energy by various measures.

##### **2. Foreign Exchange Earnings and outgo**

###### **Foreign Exchange Earnings:-**

Export sales	Rs.20,936,227
Others	Rs.23,778

**Expenditure in Foreign Currency on account of (on payment basis)**

Interest	Rs.7,511,068
Others	Rs.6,005,878
Brand Fee	Rs.3,558,170

**Remittance in Foreign currency on account of:**

Dividends	Nil
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**3. Research and Development (R&D)**

The Company continues to invest in R&D activities towards development of new products and applications, improvement in operating efficiencies, and reduction in manufacturing costs.

**(a) Specific areas in which R&D carried out by the Company.**

Development of larger size valves for process & steel industries, rugged vane pumps for special applications and development of high efficiency gear pumps are some of the areas where R&D was carried out by the Company.

**(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.
- Strong focus on employee involvement to eliminate waste in Operations through focused initiatives.

**(d) Expenditure on R & D.**

There is a continuous increase on R & D expenditure as the scope of activities carried out 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.
- Indigenization is continuous, on going effort.

**(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                   | : | NIL |
| ii Year of Import                       | : | N/A |
| iii Has technology been fully absorbed? | : | N/A |

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

N/A

#### AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, retiring at the ensuing Annual General Meeting, pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

#### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words "anticipate", "believe", "estimate", "expect", "intend", "will" and other similar expressions as they relate to your Company and / or its business are intended to identify such forward-looking statements. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and notes thereto.

#### ACKNOWLEDGEMENTS

Your Directors thank the customers, vendors, financial institutions, banks, Collaborators, and investors for their continued support. Your Directors also wish to place on record their appreciation of the contribution made by all the employees of the Company for their performance in the year under review.

**For and on behalf of the Board**

**R. Srinivasan**  
Director

**V. Balaji Bhat**  
Director

**C. P. Rangachar**  
Managing Director

**H.M.Narasinga Rao**  
Chief Financial Officer

Place : Bangalore

Date : 22<sup>nd</sup> May 2010

**MANAGEMENT DISCUSSION AND ANALYSIS****Overview**

The global economy seems to be recovering after the recent economic setback. The Indian economy, however, was hit in the latter part of the global recession and the real economic growth witnessed a sharp fall, followed by lower exports, lower capital outflow and corporate restructuring. It is expected that the global economies will continue to sustain in the short-term, as the effect of stimulus programs is yet to bear fruit and tax cuts are working their way through the system in 2010. Due to the strong position of liquidity in the market, large Corporations now have access to capital in the corporate credit markets.

After a bad monsoon and its negative impact on the economy last year, investors are hoping that a normal monsoon this year will lower inflationary expectations and boost economic growth.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

Changing economic and business conditions are creating increasingly competitive market environment that is driving corporations to transform the manner in which they operate. The index of the industrial production showed robust growth against the growth posted in the previous year. The record growth was seen in consumer goods as against negative growth recorded in the previous year.

The Hydraulic Industry is a measure of the progress of a nation in terms of industrialization as well as social development. Obviously, extensive use of sophisticated hydraulics co-relates with a high level of development. Inspired by Yuken, Japan our value system comprises-service to customers; deep sense of responsibility; respect for human beings; quality and frugality in all we do.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS****OPPORTUNITIES:**

The Company is one of the leading manufacturers and suppliers of power saving Oil Hydraulics with state of the art, technology, efficiency and reliability. We provide a comprehensive range of hydraulic products, services both within and outside India.

We believe our competitive strengths which include leadership in solutions that enable our customers to optimize the efficiency of their business, commitment to superior quality, long standing client relationships and competitive pricing. Some of the key trends in the Industry that are favorable to the Company to exploit these emerging opportunities are,

- i) Customers are more comfortable in continuing to partner with us in view of enhanced quality, reduced lead time and competitive prices.
- ii) Customers are also demanding delivery excellence from distributed business units using uniform processes globally to deliver a high quality of service.

In order to leverage these opportunities, the Company has over the years, extended its geographic foot print for effectively marketing its offers.



**THREATS:**

Some of the key changes in the Industry unfavorable to the Company are,

- i) To cater to increasing customer demand with strong technology and domain knowledge, the Company will have to invest increasingly higher amounts in equipments and facilities.
- ii) Our business may suffer if we fail to anticipate and develop new products in a fixed time schedule and enhance the existing products in order to keep pace with rapid changes in technology and in the industries on which we focus. A strong Engineering base is needed to accomplish this.
- iii) There is continuing concerns on input cost increases, it may not be possible for the Company to pass on the cost increase through pricing.
- iv) Lack of knowledge in handling SAP aided programs may jeopardize timely generation of reports and warranting more investment on up gradation.
- v) High inventory and receivables may hamper the process of financial planning.

**RISK IDENTIFICATION & MITIGATION**

The Company assess the risks, priorities them and take necessary action to mitigate the same. Identification of risks is done through focused discussions at various management levels and at the Board Meeting.

The internal control systems are designed to provide reasonable assurance that assets are safeguarded; transactions are executed in accordance with management's authorization and properly recorded and accounting records are adequate for preparation of financial statements and other financial information. The internal audit function performs internal audit periodically to ascertain their adequacy and effectiveness. The internal audit function also carries out Operations Review Audits to improve the processes and strengthen controls of the existing processes.

**FINANCIAL STATEMENTS**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

## FINANCIAL OVERVIEW

Rupees in Lakhs

Year ending 31st March	2006	2007	2008	2009	2010
Sales	7045	8510	10296	9702	11,422
Profit before tax	417	699	960	151	1036
Profit before tax to Sales%	5.92	8.21	9.32	1.55	9
Profit after tax	242	442	612	65	693
Profit after tax to Sales%	3.44	5.19	5.94	0.67	6
Return on Capital Employed%	12	18	20	8	24
Return on Net worth%	14	20	23	2	21
Book value per share Rupees	60	73	87	89	112
Earning per share Rupees	8.07	14.78	20.42	2.17	23.11
Dividend %	18	25	25	0	25

## HUMAN RESOURCE MANAGEMENT

The Company continues to believe in the policy that people are the vital assets. The Company is aware of the present market condition and hence has retention policy in place by considering special packages to the employees. The Company constantly endeavors to provide a platform for individual opportunities and growth of its people across the board.

## CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's situation may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from that either expressed or implied.

**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, the Managing Director and Mr S Yamanoi, the whole time director. All others are Non-Executive Directors. The Non-Executive Directors bring independent judgement 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, 2010 are as indicated below:

Director	Whether Promoter/ Executive/Non- Executive/ Independent/ Non Independent	Attendance particulars		* LOA	No of outside DirectorShip 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 (Chairman)	Non-Executive & Non Independent (Collaborator)	-	-	Yes	-	-	-
2. Mr. Y Sakakibara	Non-Executive & Non Independent (Collaborator)	-	-	Yes	-	-	-
3. Mr. S Yamanoi	Non-Executive & Non Independent (Collaborator)	5	yes	-	-	-	-
4. Mr. R Srinivasan	Non-Executive & Independent	5	Yes	-	11	3 4	Chairman Member
5. Mr. V Balaji Bhat	Non-Executive & Independent	5	Yes	-	4	2 1	Chairman Member
6. Capt NS Mohanram	Non-Executive & Independent	5	yes	-	-	-	-
7. Dr Premchander	Non-Executive & Independent	4	Yes	Yes	1	-	-
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 2009-10, our Board met five times on 11/04/2009, 20/06/2009, 31/07/2009, 24/10/2009, & 23/01/2010.

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 31<sup>st</sup> March, 2010. 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 to be 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 judgement 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, 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, share holders (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. 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, five meetings of the Audit Committee were held, the dates being 11/04/2009, 20/06/2009, 31/07/2009, 24/10/2009 & 23/01/2010. The quorum as required under Clause 49(II)(B) was maintained at all the meetings.

**The composition of the Audit Committee as at 31<sup>st</sup> March, 2010 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)	5	5
Mr R Srinivasan	5	5
Capt N S Mohan Ram	5	5
Mr. C P Rangachar	5	5

The Chairman of the Audit Committee Mr.V Balaji Bhat was present at the Annual General Meeting held on 26<sup>th</sup> August 2009.

#### **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, two meetings of the Remuneration Committee were held, the dates being 20/06/2009 & 23/01/2010. Both the meetings were attended by Mr R Srinivasan, Mr Balaji Bhat & Dr Premchander.

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

The Shares Transfers and Investors Grievance Committee is 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 share holder related matters.

Mr. S Antony Cruz, functions as the compliance Officer of the Company.

The attendance of the members at the Shares Transfers and Investors Grievance Committee Meeting held during the year is as follows:

Director	No of Meetings held during the year	No of Meetings attended during the year
Mr. R Srinivasan	5	5
Dr Premchander	5	3
Mr. C P Rangachar	5	5

The statistics of shareholders complaints received/redressed during the year is furnished below:

Sl. no	Nature of Complaints	Received	Addressed	Pending
1	Complaints with regard to non-receipt of share certificates	2	2	-
2	Complaints with regard to non-receipt of Dividend warrant	9	9	-
3	Complaints with regard to non-receipt of Annual Report	2	2	-
4	Others (complaints received through SE/SEBI)	2	2	-
	<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>-</b>



**SUBSIDIARY COMPANIES:**

The Company does not have any material non-listed Indian subsidiary company and hence it is not mandatory to have an Independent Director on the Board of such subsidiary company. The Audit Committee reviews the financial statements, particularly, the investments made by the Company's non-listed subsidiary companies. The minutes of unlisted subsidiary companies have been placed before the Board for their attention.

The accounts of all subsidiary companies are placed before the Directors of the Company on a regular basis and the attention of the directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

**DISCLOSURES:****(A) Related Party transactions:**

During the financial year ended 31<sup>st</sup> March 2010, besides the transactions reported in Note 5 of Schedule 13 to the Financial Statements in the Annual Report, there were no other material related party transactions. These transactions do not have any potential conflict with the interest of the Company at large. Further, there are no material individual transactions that are not in the normal course of business or not on arm's length basis.

**(B) Disclosure of Accounting treatment:**

The Company has followed all relevant Accounting Standards while preparing the Financial Statements.

**(C) Risk Management:**

The Company has in place an integrated approach to manage risks inherent in various aspects of our business. The Company has established procedures to periodically place before the Board the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks.

**(D) Proceeds from public issue, right issue, preferential issue etc:**

The Company has not raised any capital during the year ended 31<sup>st</sup> March, 2010.

**(E) Remuneration of Directors****Executive Director:**

The Company has during the year paid remuneration to its Managing Director within the limits approved by the shareholders. The Remuneration Committee met on January 23, 2010 and recommended re-appointment of Mr C P Rangachar as Managing Director for a period of 5(Five) years with effect from 1<sup>st</sup> May 2010 and payment of remuneration for first three years, the salary in the scale of Rs. 350,000 – Rs. 600,000 with authority to Board to fix the annual increments. Commission is calculated based on the net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendation of the Remuneration Committee in the succeeding financial year, subject to the overall ceiling as stipulated in Section 198 and

309 of the Companies Act, 1956. Commission is the only component of remuneration, which is performance-linked and the other components are fixed. At the same meeting, the Remuneration Committee has recommended re-appointment of Mr S Yamanoi as whole time director for a period of 3 years with effect from 1<sup>st</sup> April 2010, with gross remuneration including salary and all perquisites not exceeding Rs 2,00,000/- p.m

Commission payable to Non – Executive Directors:

Director	Amount payable (Rs.)
Mr. Y Mukaide	185,161
Mr. Y Sakakibara	185,161
Mr. R Srinivasan	185,161
Mr. Balaji Bhat	185,161
Capt N S Mohanram	185,162
Dr Premchander	185,162

Details of remuneration paid to the Executive Directors for the year 2009-10 \*:

(In Rupees)

Description	31st March 2010	
	C P Rangachar (Managing Director)	S Yamanoi (Whole Time Director)
Salary	3,256,911	1,019,736
Contribution to Provident and Superannuation Fund	972,000	113,308
Monetary Value of Perquisite	434,533	630,506
Leave salary for the year	300,000	-
Commission	590,000	-
Total *	5,553,444	1,763,550

\* excludes charge for gratuity as separate actuarial valuation figures are not available

There are no stock options issued to the Managing Director.

During the year Mr S Yamanoi, was appointed as a whole time director with effect from 1<sup>st</sup> April 2009.

Non-Executive Directors:

The compensation of the Non-Executive Directors is in the form of sitting fees and commission not exceeding 1% of the net profits of the Company so long as the Company has a whole time Director and / or Managing Director, as recommended by the remuneration committee and Board of Directors and approved by the shareholders.

The Non-Executive Directors were in receipt of sitting fees of Rs 5625/- per meeting.

Sitting Fees paid to Non-Executive Directors:

Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Shares Transfers and Investors Grievance Committee Meeting	Total (Rs)
Mr. Y Mukaide	-	-	-	-	-
Mr. Y Sakakibara	-	-	-	-	-
Mr. R Srinivasan	5	5	2	5	95625
Mr. V Balaji Bhat	5	5	2	-	67500
Capt N S Mohanram	5	5	-	-	56250
Dr. Premchander	4	-	2	3	50625
				TOTAL	270000

None of the Non-Executive Directors hold shares or debentures of the Company.

There is no notice period and severance pay. No stock options have been given to any of the directors.

**(F) Management Discussion and Analysis :**

The management's discussion and analysis report forms part of Annual Report.

**CEO/CFO CERTIFICATION:**

The Managing Director being the Chief Executive Officer (CEO) and the Vice President- Finance being the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31,2010, which is annexed there to.

**GENERAL BODY MEETING:**

Particulars of the past three Annual General Meetings held is furnished below:

Location, date and time of last three Annual General Meetings held:

Year	Date	Location	Time
2006-07	4 <sup>th</sup> September 2007	Hotel Woodlands (P) Ltd,Raja Ram Mohan Roy Road,Bangalore-560025	10.00 am
2007-08	8 <sup>th</sup> September 2008	Hotel Woodlands (P) Ltd,Raja Ram Mohan Roy Road,Bangalore-560025	10.00 am
2008-09	26 <sup>th</sup> August 2009	Regd Office:PB16, Whitiefield Road,Whitefield. Bangalore-560066.	10.00 am

The Company has passed a special resolution in AGM held on 26<sup>th</sup> August 2009, appointing Mr S Yamanoi as a whole time director of the Company for a period of one year with effect from 1<sup>st</sup> April 2009 on a remuneration including salary and other perquisites not exceeding Rs 150000/- per month. Further no special resolution has been passed through postal ballot. The Company does not intend to pass any special resolution this year through postal ballot

**MEANS OF COMMUNICATION:**

The quarterly financial results of the Company were sent to the Stock Exchanges immediately after the Board took the same on record.

The quarterly financial results are being published in the Business Standard (English) and Hosa Digantha (Kannada) newspapers.

No presentation has been made to Institutional Investors or to the Analysts.

**GENERAL SHAREHOLDER INFORMATION:**

a). **Annual General Meeting:** 03/09/2010 at 10.00 am at Hotel Woodlands (P) Limited, Raja Ram Mohan Roy Road, Bangalore-560025.

b) **Financial Calender:**

- i) Financial Year : April to March
- ii) First Quarter Results : July
- iii) Second Quarter Results : October
- iv) Third Quarter Results : January
- v) Results for the year ending : June

c) **Date of Book Closure** 01/09/2010 to 03/09/2010 (both days inclusive)

d) **Proposed Dividend** : 25%

e) **Dividend Payment Date** : 06/09/2010

f) **Listing on Stock Exchanges** :

- i) Bangalore Stock Exchange Limited, Bangalore
- ii) Bombay Stock Exchange Limited, Mumbai
- iii) Ahmedabad Stock Exchange Limited, Ahmedabad

The listing fees for the year 2009-10 have been paid to the above Stock Exchanges.

**Listing of Shares:****Company's shares are listed at:**

1. Bangalore Stock Exchange Limited (BgSE)  
Stock Exchange Towers,  
51, 1<sup>st</sup> Cross, J C Road,  
Bangalore-560027  
Scrip Code: 522108
2. Bombay Stock Exchange Limited (BSE)  
Phiroz Jeejeebhoy Towers  
Dalal Street,  
Mumbai-400 001  
Scrip Code: 522108
3. Ahmedabad Stock Exchange Limited, (ASE)  
Kamadhenu Complex  
Panjra Pole  
Ambawadi  
Ahmedabad-380015.

**Registrar of Share Transfer Agents:**

Karvy Computershare Pvt Ltd,  
17-24, Vittal Rao Nagar,  
Madhapur,  
Hyderabad-500 081  
Phone: 040 23420815-28

**(g) Market Price Data:**

- High – Low during each month in the year 2009 -10 at Mumbai Stock Exchange is furnished below:

Sl. No.	Month	High	Low
1	April '09	61.00	44.00
2	May '09	85.00	50.30
3	June '09	83.90	56.70
4	July '09	74.90	50.00
5	August '09	93.25	61.00
6	September '09	99.35	78.00

7	October '09	92.00	72.35
8	November '09	109.65	82.15
9	December '09	130.75	105.00
10	January '10	154.90	122.65
11	February '10	148.30	126.55
12	March '10	169.95	132.15

The trading in the other Stock Exchanges was negligible during the year ended 31<sup>st</sup> March 2010.

#### (h) Share Transfer System

All the transfers received are processed and approved by the Shares Transfers and Investor Grievance Committee at its meeting.

The Company's Registrars and Share Transfer Agent M/s Karvy Computershare Limited, Hyderabad has adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc as may be required by the Registrars and Share Transfer Agents. In compliance with the Listing Guidelines, every six months a Practicing Company Secretary audits the system and a certificate to that effect is issued and the same is filed with the Stock Exchanges.

The Company has not issued any GDRs / ADRs / Warrants or any Convertible Instruments.

The Company had no transfer of shares pending as on 31<sup>st</sup> March 2010.

#### (i) Distribution of Shareholding as on 31st March 2010:

Shareholding of Nominal value of		Share Holders		Share Amount Nominal Value	
From	To	No of cases	% of cases	Amount	% of Amount
Upto	5000	4157	91.22	5056050.00	16.85
5001	10000	225	4.94	1794740.00	5.98
10001	20000	77	1.69	1145200.00	3.82
20001	30000	34	0.75	831650.00	2.77
30001	40000	13	0.29	458280.00	1.53
40001	50000	14	0.31	666690.00	2.22
50001	100000	19	0.42	1377830.00	4.59
100001	and above	18	0.39	18669560.00	62.23
<b>TOTAL</b>		<b>4557</b>	<b>100.00</b>	<b>30,000,000</b>	<b>100.00</b>

**(j) Plant Location / address for correspondence:**

The Company's plant is located at Bangalore, Karnataka.

**Address for Communication:**

**Yuken India Limited,**  
PB 16, Whitefield Road,  
Whitefield,  
Bangalore-560066  
Karnataka, India.  
Telephone: 080 28453810, 28452262  
Fax: 080 28452261, 28451560  
e-mail: [yilinfo@yukenindia.com](mailto:yilinfo@yukenindia.com)

**(k) Shareholding Pattern as on 31<sup>st</sup> March, 2010:**

Category	No of Shares	Percentage of Held Shareholding
Promoter's Holding	1,576,282	52.54
Mutual Funds and UTI	1,500	0.05
FIs	0	0
Private Corporate Bodies	219813	7.33
Indian Public	1154268	38.47
NRIs/OCBs	47050	1.57
Others	1087	0.04
<b>Grand Total</b>	<b>3,000,000</b>	<b>100.00</b>

**(l) Directors seeking appointment/ re-appointment**

As required under Clause 49(IV)(G), particulars of Directors seeking appointment/ re-appointment are given in the Explanatory Statement and Annexure to the Notice of the Annual General Meeting to be held on 03/09/2010.

**STATUS OF COMPLIANCE OF NON MANDATORY REQUIREMENTS:****1. The Board:**

No separate office is maintained for Non-Executive Chairman.

The Board has not specifically determined the maximum tenure for Independent directors. They are liable to retire by rotation as per applicable provisions and if eligible, may be re-appointed at the Annual General Meeting of the Company.

**2. Remuneration Committee:**

Details are given under the heading 'Remuneration Committee'.

**3. Shareholder rights:**

The quarterly and annual financial results of the Company are published in leading newspapers and/are provided to stock exchanges in compliance with the provisions of the Listing Agreement. The complete annual report is sent to each and every shareholder of the Company.

**4. Audit qualifications:**

During the year under review, there was no audit qualification in the Company's financial statements.



**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION.**

We, C. P. Rangachar, Chief Executive Officer & the Managing Director and H M Narasinga Rao, Chief Financial Officer & Vice President-Finance of Yuken India Limited, Bangalore, to the best of our knowledge and belief, certify that in respect of the Financial year ended on 31<sup>st</sup> March, 2010 :

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief,
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee,
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system for financial reporting.

**(H M NARASINGA RAO)**

Chief Financial Officer &  
VP-Finance.

**(C P RANGACHAR)**

Chief Executive Officer &  
Managing Director.

Place: Bangalore

Date: 22<sup>nd</sup> May, 2010

**CERTIFICATE**

**To the Members of Yuken India Limited**

We have examined the compliance of conditions of Corporate Governance by Yuken India Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bangalore

Date: July 15, 2010

**for Deloitte Haskins & Sells**

Chartered Accountants

(Registration No.008072S)

**S. Sundaresan**

Partner

(Membership No. 25776)

## AUDITORS' REPORT

## TO THE MEMBERS OF YUKEN INDIA LIMITED

1. We have audited the attached Balance Sheet of **YUKEN INDIA LIMITED** ("the Company") as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

for **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Registration No 008027S)

**S.SUNDARESAN**

Partner

(Membership No. 25776)

Place: Bangalore  
Date: May 22, 2010

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (x), (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the reconciliation of physical stock with book records is in progress.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has generally maintained proper records of its inventories.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion and according to the information and explanations given to us there are no contracts or arrangements that needed to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58 and Section 58AA or any other relevant provisions of the Companies Act 1956.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for the Company as prescribed under Section 209(1) (d) of

the Companies Act, 1956, for the products of the Company.

- (x) According to the information and explanations given to us, in respect of Provident Fund (PF) dues relating to an international worker, the Company has been legally advised that PF is payable only on salaries paid by the Company and not on salaries paid by any other employer outside India. In respect of other statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited as on 31st March, 2010 on account of disputes.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no borrowings from financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us the Company has not issued debentures.
- (xviii) The Management has not raised any money by public issues in the current year.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

for **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No.008072S)

**S. SUNDARESAN**

Partner

(Membership No. 25776)

Place: Bangalore

Date: May 22, 2010

## BALANCE SHEET AS AT 31ST MARCH 2010

	SCHEDULE	As at 31/03/2010		As at 31/03/2009	
	No	Rs.	Rs.	Rs.	Rs.
<b>I SOURCES OF FUNDS</b>					
1. Shareholders' Funds:					
a) Share Capital	1		30,000,000		30,000,000
b) Reserves and Surplus	2		298,588,743		238,000,698
			328,588,743		268,000,698
2. Loan Funds	3				
a) Secured Loans		175,447,596		368,429,060	
b) Unsecured Loans		32,500,000		37,500,000	
			207,947,596		405,929,060
3. Deferred Tax Liability (Net)			15,906,783		16,991,000
(Refer note 9 of Schedule 13B)					
<b>Total</b>			552,443,122		690,920,758
<b>II APPLICATION OF FUNDS</b>					
1. Fixed Assets	4				
a) Gross Block		425,354,764		435,874,643	
b) Less: Accumulated Depreciation / Impairment		187,185,679		166,438,912	
		238,169,085		269,435,731	
c) Capital Work in Progress		4,266,398		5,495,744	
			242,435,483		274,931,475
2. Investments	5		22,081,250		21,711,250
3. Current Assets, Loans & Advances	6				
a) Inventories		164,823,412		179,483,470	
b) Sundry Debtors		367,370,119		317,929,203	
c) Cash and Bank Balances		23,135,464		21,898,701	
d) Loans and Advances		57,472,799		65,838,600	
		612,801,794		585,149,974	
Less: Current Liabilities & Provisions	7				
a) Liabilities		290,953,258		179,330,115	
b) Provisions		33,922,147		19,225,156	
		324,875,405		198,555,271	
<b>Net Current Assets</b>			287,926,389		386,594,703
4. Miscellaneous expenditure	8				7,683,330
(To the extent not written off or adjusted)					
<b>Total</b>			552,443,122		690,920,758

Significant Accounting policies and Notes on Accounts

The schedules referred to above form an integral part of the Balance sheet

In terms of our report attached

for Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board

S. Sundaresan  
PartnerV. Balaji Bhat  
DirectorR. Srinivasan  
DirectorC.P. Rangachar  
Managing DirectorPlace: Bangalore  
Date: 22nd May, 2010H.M. Narasinga Rao  
Chief Financial Officer

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	Current Year	Previous year
		Rs	Rs
<b>Income</b>			
Gross Sales		1,239,328,013	1,090,456,586
Less: Excise Duty		97,143,532	120,227,433
Net Sales		1,142,184,481	970,229,153
Other Income	9	21,003,628	21,404,406
		1,163,188,109	991,633,559
<b>Expenditure</b>			
Raw Materials, Components and Stores consumed	10	551,029,310	467,576,483
(Increase)/Decrease in Stocks	11	(2,383,543)	2,929,867
Manufacturing, Administration, Selling and other Expenses	12	457,728,032	443,666,984
Interest (Refer note 14 of Schedule 13B)		27,921,099	38,011,686
Depreciation/ Amortisation	4	25,243,633	24,352,131
		1,059,538,531	976,537,151
		103,649,578	15,096,408
<b>Profit before tax</b>			
Provision for Taxation		35,400,000	1,400,000
Current Tax		-	(1,400,000)
MAT credit entitlement		(1,084,217)	5,500,000
Deferred Tax (Refer note 9 of Schedule 13B)		-	3,100,000
Fringe Benefit Tax		69,333,795	6,496,408
<b>Profit after tax</b>		212,242,863	205,746,455
Add: Surplus brought forward from the previous year		281,576,658	212,242,863
Amount available for appropriation			
<b>Appropriations:</b>			
General Reserve		7,000,000	-
Proposed Dividend		7,500,000	-
Tax on Dividend		1,245,750	-
<b>Surplus Carried forward</b>		265,830,908	212,242,863
Basic & Diluted Earnings Per Share(Face value of equity share of Rs.10/- each)		23.11	2.17
(Refer note 7 of Schedule 13B)			
Aggregate number of shares used for		3,000,000	3,000,000
Computation of Basic & Diluted Earnings per share			

13  
 Significant Accounting policies and Notes on Accounts  
 The schedules referred to, above form an integral part of the Profit and loss Account  
 In terms of our report attached

for Deloitte Haskins & Sells  
 Chartered Accountants

For and on behalf of the Board

S. Sundaresan  
 Partner

V. Balaji Bhat  
 Director

R. Srinivasan  
 Director

C.P. Rangachar  
 Managing Director

Place : Bangalore  
 Date: 22nd May, 2010

H M Narasinga Rao  
 Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
<b>A. Cash flow from operating activities</b>		
Net profit before tax	103,649,578	15,096,408
Adjustments for :		
- Depreciation/ Amortisation	25,243,633	24,352,131
- Unrealised Exchange difference	(75,002)	(1,967,132)
- Loss/(Profit) on sale/scrap of Fixed Assets/CWIP (net)	1,772,399	847,958
- Voluntary Retirement Scheme	7,683,328	7,683,335
- Provision for doubtful debts (Net)	2,749,944	(1,124,229)
- Provision for Doubtful advances	2,035,135	-
- Provision for outstanding derivative contracts written back	-	(10,994,584)
- Bad debts written off	3,492,116	4,420,403
- Interest income on margin money deposit and others	(981,348)	(937,906)
- Dividend income	(1,325,308)	(1,007,500)
- Interest expense	27,921,089	38,011,686
<b>Operating profit before working capital changes</b>	<b>172,165,574</b>	<b>74,380,570</b>
Adjustments for :		
- (Increase)/Decrease in sundry debtors	(56,442,536)	28,085,352
- (Increase)/Decrease in inventories	14,660,058	16,073,586
- (Increase)/Decrease in loans and advances	6,244,577	(8,300,958)
- Increase/(Decrease) in current liabilities and provisions	114,579,803	(57,139,372)
<b>Cash generated from operations</b>	<b>251,207,476</b>	<b>53,099,178</b>
- Direct taxes paid (Net)	(30,723,058)	(17,982,012)
<b>Net cash from/(used in) operating activities (A)</b>	<b>220,484,418</b>	<b>35,117,166</b>
<b>B. Cash flow from investing activities</b>		
Additions to fixed assets (including capital WIP and Capital advances)	(14,192,081)	(55,280,960)
Proceeds from sale of fixed assets	19,672,040	1,250,818
Purchase of investments - subsidiary / associate	-	(1,000,000)
Proceeds towards / refund against advance for investments	-	4,100,000
Dividend received	1,325,308	1,007,500
Interest received	981,348	937,906
<b>Net cash from/(used in) investing activities (B)</b>	<b>7,786,615</b>	<b>(46,984,736)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	131,407,588	264,132,807
Repayment of borrowings	(329,929,705)	(214,869,048)
Dividends paid	(29,126)	(7,323,194)
Tax on dividends paid	-	(1,274,625)
Interest paid	(28,446,947)	(37,489,582)
<b>Net cash from/(used in) financing activities (C)</b>	<b>(226,998,190)</b>	<b>3,176,358</b>
<b>Net cash flows during the year (A+B+C)</b>	<b>1,272,843</b>	<b>(10,691,212)</b>
Cash and cash equivalents (opening balance)	21,898,701	32,495,016
Add/(Less): Unrealised exchange (gain)/loss	414,672	509,569
	<b>22,313,373</b>	<b>33,004,585</b>
Cash and cash equivalents (closing balance)	23,135,464	21,898,701
Add/(Less): Unrealised exchange (gain)/loss	450,752	414,672
	<b>23,586,216</b>	<b>22,313,373</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>1,272,843</b>	<b>(10,691,212)</b>

Significant Accounting policies and Notes on Accounts 13

The schedule referred to above form an integral part of the cash flow statement.

Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on cash flow.

Cash and Cash equivalents include Cash and Bank balances as per Balance Sheet have been considered as balance with Scheduled Banks on dividend account Rs. 725,185/- (Rs. 754,311/-) and balance in Margin Money deposit account of Rs. 2,570,200/- (Rs. 2,170,190/-) which are available for restricted use by the Company.

The figures for the previous year have been regrouped / recast, where necessary to conform to the current year classification.

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board

S. Sundaresan  
Partner

V. Balaji Bhat  
Director

R. Srinivasan  
Director

C. P. Rangachar  
Managing Director

Place: Bangalore  
Date: 22nd May, 2010

H M Narasinga Rao  
Chief Financial Officer



## SCHEDULES FORMING PART OF BALANCE SHEET

## SHARE CAPITAL

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>Authorised</b>				
6,000,000 (6,000,000) Equity Shares of Rs.10/- each		60,000,000		60,000,000
<b>Issued subscribed and paid up</b>				
3,000,000 (3,000,000) Equity Shares of Rs.10/- each fully paid up		30,000,000		30,000,000
Total		30,000,000		30,000,000

## RESERVES AND SURPLUS

	As at 31/3/2010		As at 31/3/2009	
	Rs.	Rs.	Rs.	Rs.
<b>General Reserve</b>				
As per Last Balance Sheet	25,757,835		25,757,835	25,757,835
Add :Transfer from Profit and Loss Account	7,000,000	32,757,835		212,242,863
Surplus as shown in the Profit and Loss Account		265,830,908		238,000,698
Total		298,588,743		

## LOAN FUNDS

	As at 31/3/2010		As at 31/3/2009	
	Rs.	Rs.	Rs.	Rs.
<b>a) Secured Loans</b>				
<b>Term Loan</b>				
From a Bank	125,686,373		161,237,419	
(Payable within one year Rs.125,686,373/- (Rs.27,237,418/-))	2,279,490		3,806,025	
From others		127,965,863		165,043,444
(Payable within one year Rs.1,371,358/- (Rs.1,268,491/-))		2,140,908		101,054,760
<b>Cash Credit Account - From a Bank</b>		45,340,825		102,079,755
<b>Working Capital Demand loan - From a Bank</b>				251,101
<b>Under Hire Purchase Scheme - From Others</b>		175,447,596		368,429,060
<b>Total-(a)</b>				
<b>b) Unsecured Loans</b>				
<b>Short Term Loan from a Bank</b>	20,000,000		37,500,000	
<b>Other Loan from a Bank</b>	12,500,000			
(Payable within one year Rs.12,500,000/- (Rs.25,000,000/-))		32,500,000		37,500,000
		32,500,000		37,500,000
<b>Total-(b)</b>		207,947,596		405,929,060
<b>Grand Total (a+b)</b>				

## Secured Loan - Note:

- Loans from a bank are fully secured by exclusive first charge on the Assets of the Company.
- Loan from others are secured by hypothecation of Motor Vehicles.

## SCHEDULE FORMING PART OF BALANCE SHEET

SCHEDULE 4										
DESCRIPTION	GROSS BLOCK - COST				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As at 31.03.2009	Additions	(Deductions) / Adjustments	As at 31.03.2010	Up to 31.03.2009	For the Year	(Deductions) / Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Tangible Assets (A)										
Freehold Land	26,154,744	222,780	-	26,377,524	-	-	-	-	26,377,524	26,154,744
Buildings	67,870,097	1,067,328	-	68,937,425	14,507,212	1,646,758	-	16,153,970	52,783,455	53,362,885
Plant Machinery & Equipment	211,609,811	7,405,787	(16,850,466)	202,165,132	89,935,833	11,611,307	(1,039,235)	100,507,905	101,657,227	121,673,978
Electrical Installation	11,978,492	236,950	(913,765)	11,301,677	3,053,893	523,971	(24,972)	3,552,892	7,748,785	8,924,599
Furniture / Fixtures	9,456,083	993,529	(276,544)	10,173,068	4,676,491	543,651	(135,377)	5,084,765	5,088,303	4,779,592
Office Equipments	46,634,930	2,849,835	(975,649)	48,509,116	24,846,879	4,852,584	(501,668)	29,197,795	19,311,321	21,788,051
Jigs / Fixtures	29,227,190	1,982,504	(2,407,332)	28,802,362	15,105,374	2,195,290	(755,395)	16,545,269	12,257,093	14,121,816
Motor Vehicles										
-Owned	11,456,888	662,713	4,736,885*	16,856,486	3,301,409	1,625,464	1,460,492*	6,387,365	10,469,121	8,155,479
-Under Hire Purchase	9,254,434	-	(9,254,434)*	-	3,390,684	110,027	(3,500,711)*	-	-	5,863,750
Total (A)	423,642,669	15,421,426	(25,941,305)	413,122,790	158,817,775	23,109,052	(4,496,866)	177,429,951	235,692,829	264,824,894
Intangible Assets (B)										
ERP Software	8,897,974	-	-	8,897,974	4,287,137	2,134,581	-	6,421,718	2,476,256	4,610,837
Technical Fee	3,334,000	-	-	3,334,000	3,334,000	-	-	3,334,000	-	-
Total (B)	12,231,974	-	-	12,231,974	7,621,137	2,134,581	-	9,755,718	2,476,256	4,610,837
Total (A) + (B)	435,874,643	15,421,426	(25,941,305)	425,354,764	166,438,912	25,243,633	(4,496,866)	187,185,679	238,169,085	269,435,731
Previous Year	378,723,959	63,032,129	5,881,445	435,874,643	145,648,412	24,352,131	3,551,631	166,438,912	269,435,731	
Capital Work in Progress									4,266,398	5,495,744
Total									242,435,483	274,931,475

\* The adjustment has been made since the Assets taken on Hire Purchase have been converted into owned Assets after payment of all Hire Purchase installments.

## Schedules Forming Part Of Balance Sheet

INVESTMENTS	As at 31/3/2010		As at 31/3/2009		SCHEDULE 5
	Rs.	Rs.	Rs.	Rs.	
<b>Unquoted At Cost-Long Term</b>					
<b>Trade</b>					
<b>In Subsidiary Companies</b>					
1,000,000 (1,000,000) Fully paid equity shares of Rs.10/-each of Yuflow Engineering Pvt Ltd. [ Nil (650,000) equity shares of Rs.10/- each purchased during the year.]	16,020,000		16,020,000		
480,000 (120,000) Fully paid equity shares of Rs.10/- each of Coretec Engineering India Pvt Ltd. [ 360,000 (NIL) equity shares of Rs.10 each received as bonus shares during the year.]	1,200,000		1,200,000		
2,250 (2,250) Fully paid equity shares of Rs.100/-each of Prism Hydraulics Pvt. Ltd	2,441,250		2,441,250		
		19,661,250			19,661,250
<b>In Others</b>					
360,000 (360,000) Fully paid equity shares of Rs 10/- each of Sai India Ltd ( 160,000 equity shares of Rs.10/- each received as bonus shares)		2,000,000			2,000,000
37,000 (Nil) Fully paid equity shares of Rs.10/- of Bourton Consulting (India) Pvt Ltd		370,000			
<b>Non Trade</b>					
2,000 (2,000) Fully paid equity shares of Rs 25/- each of The Shamrao Vital Co-operative Bank Ltd		50,000			50,000
<b>Total</b>		22,081,250			21,711,250
					SCHEDULE 6
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	As at 31/3/2010		As at 31/3/2009		
	Rs.	Rs.	Rs.	Rs.	
<b>a) Inventories</b>					
Tools	5,600,250		9,377,940		
Raw Materials & Components	94,522,551		108,915,370		
Raw Material in Transit	3,000,116		1,873,208		
Work in Process	38,050,346		39,948,554		
Finished Goods	23,650,149		19,368,398		179,483,470
		164,823,412			179,483,470
<b>b) Sundry Debtors</b>					
<b>Unsecured- Dues from subsidiaries</b>					
Debts Outstanding for a Period Exceeding Six Months - Considered good	2,562,789		2,281,335		
Other Debts -Considered good	2,844,323		2,237,774		
		5,407,112			4,519,109
<b>Unsecured- Others</b>					
Debts Outstanding for a Period Exceeding Six Months - Considered good	51,340,610		58,364,731		
Considered doubtful	5,552,834		2,802,889		
	56,893,444		61,167,620		
Other Debts -Considered good	310,622,397		255,045,363		
	367,515,841		316,212,983		
	5,552,834		2,802,889		
Less: Provision for Doubtful Debts (Refer note 11 and 26 of Schedule 13B)		361,963,007			313,410,094
		367,370,119			317,929,203
<b>c) Cash and Bank balances</b>		442,123			314,858
Cash On Hand					
<b>Balances with Scheduled Banks:</b>					
On Current Account	19,397,956		18,659,342		
On Margin Money Deposit Account	2,570,200		2,170,190		
On Unclaimed Dividend Account	725,185		754,311		
		22,693,341			21,583,843
		23,135,464			21,898,701

Total brought forward from previous page		23,135,464		21,898,701
<b>d) Loans and Advances</b>				
Unsecured and considered good:				
Advances recoverable in cash or in kind or for value to be received	27,421,757		32,096,474	
Less: Provision for Doubtful advances	2,035,135		-	
		25,386,622		32,096,474
Due from Subsidiaries (Refer note 12 of Schedule 13B)	13,517,437		14,816,731	
Advance for Investment (Shares are yet to be allotted)	-		370,000	
Deposit with Excise Authorities	1,673,808		1,497,129	
Deposit Others	5,451,200		5,898,445	
		20,642,445		22,582,305
		46,029,067		54,678,779
<b>INCOME TAX</b>				
Advance Tax (Net)		11,154,197		11,154,197
<b>FRINGE BENEFIT TAX</b>				
Advance Tax (Net)		289,535		5,624
		57,472,799		65,838,600
<b>Total</b>		612,801,794		585,149,974

## SCHEDULES FORMING PART OF BALANCE SHEET

CURRENT LIABILITIES & PROVISIONS	As at 31/3/2010		As at 31/3/2009	
	Rs.	Rs.	Rs.	Rs.
<b>a) Current Liabilities</b>				
<b>Sundry Creditors</b>				
Dues to Micro and Small Enterprises (Refer note 13 of Schedule 13B)		4,930,698		-
Dues to others		275,816,728		172,400,782
Other statutory Liabilities		7,531,330		5,529,308
Dues to Directors		1,949,317		119,866
Unclaimed Dividend (Refer note 10 of Schedule 13B)		725,185		754,311
Interest accrued but not due on loans		-		525,848
		290,953,258		179,330,115
<b>b) Provisions</b>				
Income Tax (Net)		12,144,397		7,183,545
Fringe Benefit Tax (Net)		304,340		304,340
Gratuity		2,162,096		706,009
Leave Salary		10,565,564		11,031,262
Proposed Dividend		7,500,000		-
Tax on Proposed Dividend		1,245,750		-
		33,922,147		19,225,156
<b>Total</b>		324,875,405		198,555,271

MISCELLANEOUS EXPENDITURE  
(To the extent not written off or adjusted)

	As at 31/3/2010		As at 31/3/2009	
	Rs.	Rs.	Rs.	Rs.
<b>Termination Benefits</b>				
Voluntary Retirement Scheme		-		7,683,330
<b>Total</b>		-		7,683,330

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

OTHER INCOME	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Interest Income on Margin Money Deposit and others (Tax deducted at source Rs.20,409/- (Rs.38,979/-))		981,348		937,906
Profit on sale of Fixed Assets		-		88,538
Training and other services rendered		4,788,999		5,449,868
Miscellaneous Receipts		1,930,678		1,002,642
Liabilities no longer required written back		833,536		643,638
Provision for doubtful debts no longer required written back		1,851,884		1,279,730
Bad debts written off in earlier years realised		120,012		-
Exchange Gain (Net of Loss)		2,171,863		-
Profit on sale of Mobile Hydraulics Business (Refer note 26 of Schedule 13B)		7,000,000		-
Provision for outstanding derivative contracts written back		-		10,994,584
Dividend Income		1,325,308		1,007,500
<b>Total</b>		21,003,628		21,404,406

SCHEDULE 10			
Raw Materials, Components and Store consumed	Current Year		Previous Year
	Rs.	Rs.	Rs.
Opening stock	118,293,310		123,401,340
Add: Purchases	532,858,801		462,468,453
Total	651,152,111		585,869,793
Less Closing stock	100,122,801	551,029,310	118,293,310
			467,576,483
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT			
SCHEDULE 11			
(INCREASE)/DECREASE IN STOCKS	Current Year		Previous Year
	Rs.	Rs.	Rs.
Opening Stocks:	17,109,851		18,984,917
Finished Goods	2,258,547		4,873,673
Excise duty on Opening Stock	39,948,554		38,388,229
Work in Process	59,316,952		62,246,819
Closing Stocks:	20,052,699		17,109,851
Finished Goods	3,597,450		2,258,547
Excise duty on Closing Stock	38,050,346		39,948,554
Work in process	61,700,495	(2,383,543)	59,316,952
			2,929,867
SCHEDULE 12			
MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES	Current Year		Previous Year
	Rs.	Rs.	Rs.
Salaries, Wages & Bonus (Includes provision for Leave Salary Rs. 1,375,614/- (Rs. 2,817,085/-))		125,490,096	126,244,103
Contribution to Provident Fund and Other Funds		11,244,952	12,914,080
Gratuity to Employees (Including Rs. 4,549,962/- (Rs. Nil) pertaining to previous year)		4,956,087	716,136
Staff welfare Expenses		10,687,577	14,470,765
Voluntary Retirement Scheme		7,683,328	7,683,335
Sub-contracting charges		118,306,281	100,382,606
Power and fuel		18,052,022	16,476,773
Rates and Taxes		2,875,265	3,651,335
Excise Duty		591,776	816,845
Exchange Loss (Net of Gain)		-	9,897,146
Loss on Fixed Assets sold (net)		914,352	-
Loss on Fixed Assets scrapped		858,047	936,496
Rent		6,865,205	6,854,592
Insurance		923,809	734,235
Repairs:			
Machinery	10,675,989		8,114,306
Building	3,791,023		3,698,341
Others	1,623,702		681,369
Freight Transport & Other Charges		16,090,714	12,494,016
Legal and Professional charges		28,127,379	25,763,003
Sales Promotion Expenses		19,158,459	17,287,836
Selling Commission		3,458,179	4,013,776
Travelling Expenses		17,413,491	6,511,720
Vehicle Maintenance		18,982,477	26,060,886
Printing, Stationery, Postage & Telephones		4,717,570	4,874,879
Directors Sitting Fee		7,695,508	8,992,784
Commission to Directors other than Managing Director		270,000	465,000
Bad debts and advances written off		1,110,968	-
Less: Provision released	3,492,116		4,420,403
Provision for Doubtful Debts		3,492,116	664,890
Provision for Doubtful Advances		4,601,828	3,755,513
Bank charges		2,035,135	820,391
Miscellaneous Expenses		5,851,562	7,087,613
(Refer note 15 of Schedule 13B)		15,273,849	23,761,120
		457,728,032	443,666,984

## Schedule 13

**Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2010****A. ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

The financial statements have been prepared on the accrual concept of accounting under the Historical Cost Convention in accordance with the generally accepted accounting principles and comply with the mandatory Accounting Standards in accordance with the relevant provisions of The Companies Act, 1956.

**2. FIXED ASSETS****Tangible Assets**

- a) Fixed Assets are capitalised at cost inclusive of taxes, incidental expenses on freight, installation etc. and interest on borrowed funds attributable to acquisition of fixed assets for the period upto the date such asset is put to use.
- b) Fixed Assets taken on financial lease prior to April 1<sup>st</sup>, 2001 are not capitalised and lease rentals are absorbed in the Profit and Loss Account without reference to useful life of the asset, while assets acquired under Hire Purchase are capitalised.
- c) Depreciation on Fixed Assets is provided at the rates specified in Schedule XIV of the Companies Act 1956, under Straight Line Method. Depreciation on additions during the year is on pro-rata basis, based on the date the assets are put to use. Assets costing less than Rs. 5,000/- are fully depreciated during the year.

**Intangible Assets**

- a) Technical Know how fee is amortized over a period of 6 years on pro-rata basis.
- b) Cost of License and Implementation of Enterprise Resource Planning (ERP) software is amortized over the estimated useful life of 5 years.
- c) Expenses incurred on research and developments are charged to revenue in the same year. Fixed assets purchases for research and development purposes are capitalized and depreciated as per the Company's policy.

**Impairment**

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an impairment loss is recognized when the carrying amount exceeds greater of net selling price and value in use.

**3. INVESTMENTS**

Investments which are long term in nature are stated at cost, and provision for diminution in value is made to recognize a loss, other than temporary, in the value of investments.

**4. INVENTORIES**

Inventories are valued as follows

(i) a) Raw Materials & Components	}	At lower of cost on Moving Weighted Average value and net realizable value
(ii) a) Material in transit	}	At lower of cost and net realizable value
b) Work in Process *		
(iii) Finished Goods *		At lower of cost and net realizable value
(iv) Tools		At lower of cost and net realizable value

(\* Cost includes cost of material, direct labour and other applicable overheads).

**5. CASH FLOW**

Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statements.

**6. FOREIGN CURRENCY TRANSACTION**

Transactions in Foreign Currency are accounted at exchange rates prevailing on the date of Transaction. Monetary items denominated in foreign currency and forward exchange contracts outstanding as at the end of the year are re-stated at year end rates. The loss or gain arising on restatement / settlement is adjusted to the Profit and Loss account.

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Non monetary foreign currency items are carried at cost.

**7. EMPLOYEE BENEFITS****Short Term Employee Benefits**

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expenses based on expected obligation on undiscounted basis.

**Long Term Employee Benefits:****Defined Contribution Plans**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund. Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme, 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

#### **Defined Benefit Plan**

The Company has a Defined Benefit plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation at the year end.

Gratuity Fund is recognized by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Reliance Life Insurance Company Limited and is funded.

Provision for long term compensated absence has been made on the basis of an actuarial valuation at the year end.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions are recognized immediately in the Profit and Loss Account as income or expense.

#### **Termination Benefits:**

Compensation paid / payable to employees who have opted for retirement under the Voluntary Retirement Scheme (VRS) of the Company is amortized over a period of 36 months or up to the financial year ending 31<sup>st</sup> March, 2011, whichever is earlier.

### **8. REVENUE RECOGNITION**

Sales are recognized on dispatch of goods when significant risks and rewards of ownership are considered to be transferred. Sales returns are recognised as and when ascertained and are reduced from the sales turnover of the year. Sales are inclusive of excise duty and are net of Sales Tax.

Revenue from Hydraulic Training programme is recognised on completion of the Training program.

### **9. BORROWING COST**

Borrowing costs other than that attributable to a qualifying asset are expensed as and when incurred.

### **10. LEASES**

Lease rentals on assets under operating lease are charged off to the Profit and Loss account for the year.

### **11. INCOME TAX**

#### **Current Tax :**

Current tax expense is determined in accordance with the provisions of the Income - tax Act, 1961.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic



benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

#### Deferred Tax :

Deferred tax assets and liabilities are measured using the tax rate which have been enacted or substantively enacted at the Balance Sheet date. Deferred tax expense or benefit is recognized, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax assets are recognized only to the extent that there is a reasonable certainty of their realization. Where there is unabsorbed depreciation or carried forward losses, deferred tax asset is recognized only if there is virtual certainty of realization of such asset.

#### 12. PROVISIONS AND CONTINGENCIES

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

#### 13. PRIOR PERIOD AND EXTRAORDINARY ITEMS

Prior period and extraordinary items, and changes in accounting policies, having a material impact on the financial affairs of the Company are disclosed separately.

#### B. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account [net of advances Rs. 1,609,838/- (Rs. 986,327/-)] and not provided for is Rs.1,599,196/- (Rs. 1,371,791/-).

2. Investments additions / (deletion) for the year

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Subsidiaries		
Yuflow Engineering Private Limited.	-	6,500,000
Others		
Bourton Consulting (India) Pvt Ltd	370,000/-	-

3. Foreign Currency Exposure

- a) Forward Exchange Contracts, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables, outstanding as at the year end are given below:

No of Contracts	Nature of Hedge Buy/Sell	Currency	Amount (USD)	Cross Currency	Amount (Rs)
1	Buy	USD	3,470,000	Rupees	156,392,900
(1)	Buy	USD	(2,000,000)	Rupees	(101,300,300)
1	Buy	USD	172,616	Rupees	7,779,760
(-)	Buy	USD	(228,893)	Rupees	(11,593,430)

- b) Foreign Currency Exposure, that have not been hedged by a derivative instrument or other wise:

Particulars	Amount	Amount (Foreign Currency)
<b>Due From</b>		
- Debtors against Export of Goods	Rs.5,315,807 (Rs.8,271,808)	USD 121,573 (USD 163,378)
	Rs. 12,604 (Rs. 2,718,843)	GBP 188 (GBP 36,821)
	Rs.1,270,105 (Rs.1,993,284)	Euro 20,980 (Euro 29,027)
	(Rs.899,066)	(Yen 1,736,990)

**Due to**

a) Secured loan	( Rs. 14,038,571)	( USD 277,168)
b) Interest on Secured Loan	Rs.896,169 (Rs.779,775)	USD 19,661 (USD 15,395)
c) Creditors against Import of goods and services (inclusive for Capital goods)	Rs. 38,469,260 (Rs.14,218,265)	USD 853,545 (USD 280,716)
	Rs.5,803,164 (Rs.587,186)	YEN 11,933,300 (YEN 1,134,440)
	Rs 538,983 (Rs.91,911)	EURO 8,903 (EURO 1,338)
	(Rs 87,146)	(SGD 2,596)

**4. Employee Benefits**

The company has classified various benefits provided to employees as under :-

**I Defined Contribution Plans**

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii Employers' Contribution to Employee's Pension Scheme, 1995.

The Company has recognized the following amounts in the Profit and Loss Account-

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Employers' Contribution to Provident Fund*	3,935,196	4,307,336
Employers' Contribution to Superannuation Fund*	4,290,671	5,029,590
Employers' Contribution to Employee's State Insurance*	398,434	545,364
Employers' Contribution to Employee's Pension Scheme 1995*	2,026,961	2,422,661

\* Included in Contribution to provident and other funds (Refer Schedule 12)

**II Defined Benefit Plan****a) Contribution to Gratuity Fund**

In accordance with Accounting Standard 15, actuarial valuation has been carried out at Projected Unit Credit method in respect of the aforesaid defined benefit plan of Gratuity based on the following assumptions :

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Discount Rate	8.15% p.a	7.30% p.a
Expected Rate of Return on Plan Assets	7.50% p.a	7.50% p.a..
Salary Escalation Rate	5.00% p.a.	5.00% p.a.
Expected Average remaining working lives of the employees (Years)	10.88	11.69

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**A) Change in Present Value of Obligation :-**

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Opening Present Value of Obligation	11,761,680	15,108,152
Current Service Cost	1,076,636	918,127
Interest on Defined Benefit Obligation	912,143	1,288,471
Benefits Paid	(5,606,597)	(3,831,707)
Net Actuarial Losses / (Gains) Recognized in Year	3,867,705	(1,721,363)
Past Service Cost	-	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
Closing Present Value of Obligations	12,011,567	11,761,680

**B) Change in the Fair Value of Assets**

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Opening Fair Value of Plan Assets	11,055,671	12,968,271
Expected Return on Plan Assets	870,935	1,017,431
Actuarial Gains / (Losses)	29,462	(1,248,332)
Assets Distributed on Settlements	-	-
Contributions by Employer	3,500,000	2,150,008
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(5,606,597)	(3,831,707)
<b>Closing Fair Value of Plan Assets</b>	<b>9,849,471</b>	<b>11,055,671</b>

**C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of plan assets**

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Closing Present Value of Funded Obligations	(12,011,567)	(11,761,680)
Closing Fair Value of Plan Assets	9,849,471	11,055,671
Closing Value of Unfunded Obligations	(2,162,096)	(706,009)
Unrecognized Actuarial (gains) / losses	-	-
<b>Unfunded Net Asset / (Liability) recognized in Balance Sheet</b>	<b>(2,162,096)</b>	<b>(706,009)</b>

**D) Expense recognized in the Profit and Loss Account**

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Current Service Cost	1,076,636	918,127
Past Service Cost	-	-
Interest Cost	912,143	1,288,471
Expected Return on Plan Assets	(870,935)	(1,017,431)
Actuarial Losses / (Gain)	3,838,243	(473,031)
Losses / (Gains) on "Curtailements & Settlements"	-	-
<b>Total Expense recognized in the Profit &amp; Loss Account</b>	<b>4,956,087</b>	<b>716,136</b>

**E) Major categories of Plan Assets as a percentage of total Plan Assets**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Corporate Bonds	50%	50%
Equity Shares of listed Companies	50%	50%

b) Leave Salary

## Assumptions at the Valuation Date:

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Discount Rate	8.15% p.a.	7.30% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Charge in the Profit & Loss account	1,375,614	2,817,085
Amount paid during the year	1,841,312	3,076,151
Liability as at year end	10,565,564	11,031,262

**5. RELATED PARTY DISCLOSURE****a) Names of Related Parties and description of relationship:**

- i) Subsidiaries
- 1 Yuflow Engineering Pvt. Ltd
  - 2 Coretec Engineering India Pvt Ltd.
  - 3 Prism Hydraulics Pvt Ltd
- ii) Associates
- 1 Sai India Limited
  - 2 Bourton consulting (India) Pvt Ltd
- iii) Entity having significant influence
- Yuken Kogyo Company Ltd
- iv. Key Management Personnel and Relative of Key Management personnel
- Managing Director - C P Rangachar
  - Wife of Managing Director - Vijaya Rangachar
  - Whole Time Director- S Yamanoi

**b) Related Parties Transaction**

	Subsidiaries		Associates		Entity having significant influence		Key Management Personnel		Total	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
<b>Purchase of Capital goods</b>										
Yuken Kogyo Co Ltd	-	-	-	-	-	483,184	-	-	-	483,184
Coretec Engineering India Pvt Ltd.	76,309	-	-	-	-	-	-	-	76,309	-
<b>Other Purchases</b>										
Yuflow Engineering Pvt Ltd	48,362,616	3,316,675	-	-	-	-	-	-	48,362,616	3,316,675
Coretec Engineering India Pvt Ltd.	47,936,544	56,647,083	-	-	-	-	-	-	47,936,544	56,647,083
Prism Hydraulics Pvt Ltd	463,763	632,515	-	-	-	-	-	-	463,763	632,515
Yuken Kogyo Co Ltd	-	-	-	-	95,577,236	67,670,173	-	-	95,577,236	67,670,173
Sai India Limited	-	-	5,488,462	118,436	-	-	-	-	5,488,462	118,436
Bourton consulting (India) Pvt Ltd	-	-	495,925	-	-	-	-	-	495,925	-
<b>Sale of Capital Goods</b>										
Yuflow Engineering Pvt Ltd	-	51,000	-	-	-	-	-	-	-	51,000
Coretec Engineering India Pvt Ltd.	-	318,240	-	-	-	-	-	-	-	318,240
Bourton consulting (India) Pvt Ltd	-	-	825,741	-	-	-	-	-	825,741	-
<b>Sale of Capital Work in Progress</b>										
Coretec Engineering India Pvt Ltd.	3,051,080	-	-	-	-	-	-	-	3,051,080	-
<b>Sale of goods</b>										
Yuflow Engineering Pvt Ltd	934,254	-	-	-	-	-	-	-	934,254	-
Coretec Engineering India Pvt Ltd.	7,066,994	7,091,478	-	-	-	-	-	-	7,066,994	7,091,478
Prism Hydraulics Pvt Ltd	7,128	972,595	-	-	-	-	-	-	7,128	972,595
Yuken Kogyo Co Ltd	-	-	-	-	788,665	2,439,262	-	-	788,665	2,439,262
Sai India Limited	-	-	3,194,168	5,357,081	-	-	-	-	3,194,168	5,357,081

	Subsidiaries		Associates		Entity having significant influence		Key Management Personnel		Total	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Advance towards purchase of Materials	-	-	-	-	-	-	-	-	-	-
Yulow Engineering Pvt Ltd	15,000,000	-	-	-	-	-	-	-	15,000,000	-
Receipt of Share	-	-	-	-	-	-	-	-	-	-
Yulow Engineering Pvt Ltd	-	6,500,000	-	-	-	-	-	-	-	6,500,000
Bourton consulting (India) Pvt Ltd	-	-	370,000	-	-	-	-	-	370,000	-
Directors Remuneration	-	-	-	-	-	-	-	-	-	-
Mr. C P Rangachar	-	-	-	-	-	-	5,553,444	4,543,347	5,553,444	4,543,347
Mr. S Yamanoi	-	-	-	-	-	-	1,763,550	-	1,763,550	-
Payment Towards Expenses @	-	-	-	-	-	-	-	-	-	-
Mrs. Vidya Rangachar	-	-	-	-	-	-	180,000	180,000	180,000	180,000
Amount outstanding [Receivables/(payables)]	-	-	-	-	-	-	-	-	-	-
Yulow Engineering Pvt Ltd	11,872,112	8,927,420	-	-	-	-	-	-	11,872,112	8,927,420
Coretec Engineering India Pvt Ltd.	2,850,953	2,787,251	-	-	-	-	-	-	2,850,953	2,787,251
Prism Hydraulics Pvt Ltd	4,201,484	4,564,383	-	-	-	-	-	-	4,201,484	4,564,383
Yuken Kogyo Co Ltd	-	-	-	-	(38,160,378)	(13,604,280)	-	-	(38,160,378)	(13,604,280)
Sai India Limited	-	-	(319,290)	2,619,374	-	-	-	-	(319,290)	2,619,374
Bourton consulting (India) Pvt Ltd	-	-	825,741	-	-	-	-	-	825,741	-
Directors Remuneration	-	-	-	-	-	-	-	-	-	-
C P Rangachar	-	-	-	-	-	-	(669,000)	(47,513)	(669,000)	(47,513)
S Yamanoi	-	-	-	-	-	-	(169,349)	-	(169,349)	-

@ Payment made to relative of Key Management Personnel

- a) The related party relationships are as identified by the Company, on the basis of information available with the company and relied upon by the auditors.
- b) The above transactions are compiled from the date in which these parties became related and do not include reimbursement of expenses which are accounted in the natural heads of accounts.
- c) No amounts in respect of the related parties have been written off / back or provided for during the year.

**6. Leases**

a) The Company has entered into various hire purchase transactions for the acquisition of vehicles.

Total minimum hire purchase payments as at the balance sheet date amounted to Rs. Nil (Rs 251,101/-) (excluding interest). The total of minimum lease payments and their present value outstanding at the balance sheet date are as below:

Amount in Rs.

Due	Total Minimum hire purchase Payments outstanding as at March 31, 2010	Interest	Present Value of Minimum hire purchase Payments
Within one year from the date of the Balance Sheet	- (253,694)	- (2,593)	- (251,101)
Due in a period between one year and five years	- (-)	- (-)	- (-)
Due after five years	- (-)	- (-)	- (-)
<b>Total</b>	- (253,694)	- (2,593)	- (251,101)

b) The Company has entered into lease agreements for vehicles and office facilities which are cancel-  
lable. The lease payments recognized in the statement of profit and loss account for the year against  
these agreements is Rs.5,202,463/- (Rs.5,652,526/-) which has been grouped under 'Rent' under  
Schedule-12. There are no contingent rents payable.

**7. Earning Per Share**

Amount in Rs.

		31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Profit after taxation	(A)	69,333,795	6,496,408
Weighted number of Equity shares	(B)	3,000,000	3,000,000
Face Value of Share		Rs.10	Rs.10
Basic & Diluted Earnings Per Share	(A/B)	Rs. 23.11	Rs.2.17

**8. Segment Report:**

The company's predominant risks and returns are from the segment of Motion, Control & power transmis-  
sion business, which constituted over 95% of the company's revenues for the reporting period. Thus the  
segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities,  
total cost incurred to acquire segment assets, the total amount of expense incurred for depreciation and



amortization during the year are all as reflected in the financial statements for the year ended March 31, 2010 and as on that date. Since this being a single business and India the only major geographical segment, constituting over 95% of the company's revenues for the reporting period, the segment information as per Accounting Standard 17, "Segment Reporting", is not required to be disclosed.

#### 9. Deferred Tax

Tax provision has been made in accordance with the requirements under the Accounting Standard 22 "Accounting for Taxes on Income" as detailed below:

Amount in Rs.

Description	Deferred tax (asset) /liability as at 01.04.09	Current year charge / (credit)	Deferred tax (asset) / liability as at 31.03.10
Depreciation: book to tax difference	27,875,877	(2,423,918)	25,451,959
Provision for employee benefits	(3,152,302)	(960,959)	(4,113,261)
Provision for Doubtful debts and advances	(952,702)	(1,499,540)	(2,452,242)
Unabsorbed Depreciation	(4,690,620)	4,690,620	-
Miscellaneous Expenditure (Voluntary Retirement Scheme)	(2,089,253)	(890,420)	(2,979,673)
<b>Net</b>	<b>16,991,000</b>	<b>(1,084,217)</b>	<b>15,906,783</b>

#### 10. Unclaimed Dividend

The unclaimed dividend of Rs.725,185/- (Rs.754,311/-) represents Rs.59,078/- relating to the year 2003, Rs.63,435/-, relating to the year 2004, Rs.96,610/- relating to the year 2005, Rs.123,159/- relating to the year 2006, Rs.180,555/- relating to the year 2007 and Rs. 202,348/- relating to the year 2008. No part thereof has remained unpaid or unclaimed for a period of seven years from the date they became due for payment requiring a transfer to the Investor Education and Protection Fund.

#### 11. Companies under the same management

Sundry debtors include dues from companies under the same management as defined under section 370(1-B) of the Companies Act, 1956 as follows.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
	Rs.	Rs.
Coretec Engineering India Private Limited	2,850,954	2,787,251
Prism Hydraulics Private Limited	1,673,668	1,680,858
Yulflow Engineering Private Limited	882,490	51,000
Bourton Consulting (India) Pvt Ltd	825,741	-

12. Loans and advances include dues from companies under the same management as defined under section 370(1-B) of the Companies Act, 1956 as follows:

Amount in Rs.

Advance to Subsidiaries	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Sriplas Engineering India Private Limited	Nil	3,056,786
Maximum amount outstanding during the year	Nil	5,939,549
Yuflow Engineering Private Limited	10,989,621	8,876,420
Maximum amount outstanding during the year	16,259,083	9,010,498
Prism Hydraulics Private Limited	2,527,816	2,883,525
Maximum amount outstanding during the year	2,886,138	3,160,128

13. Dues to micro enterprises and small enterprises :

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
	Rs	Rs
Principal amount unpaid	4,930,698	-
Interest due thereon	70,499	-

- a) No interest payments have been made during the year.
- b) The above information and that given in "Current Liabilities" in Schedule -7 regarding dues to Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors

14. Interest expense comprises of :

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
On Fixed loans	18,841,641	22,747,744
On others	9,079,458	15,263,942
Total	27,921,099	38,011,686

15. Miscellaneous Expenses include

Auditors Remuneration:

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Audit fees	500,000	5,00,000
Tax Audit / Tax Matters	300,000	2,50,000
For Certification / Attestation Work	200,000	2,00,000
Out of Pocket Expenses and Service Tax	117,722	129,264
Total	1,117,722	1,079,264

16. Computation of Net Profit under section 309 (5) of the Companies Act, 1956.

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Profit before tax as per Profit and Loss Account	103,649,578	15,096,408
Remuneration to Whole time Directors	7,316,994	4,543,347
Commission to Directors other than Whole time Directors	1,110,968	-
Directors Sitting Fees	270,000	465,000
Loss on Fixed Asset sold (net)	914,352	936,496
Provision for doubtful debts (Net of reversal of Rs.1,851,884)	2,749,944	-
Provision for doubtful advances	2,035,135	-
Wealth Tax	49,830	-
<b>Total</b>	<b>118,096,801</b>	<b>21,041,251</b>
Less: Profit on sale of asset	-	88,538
Less: Income on Sale of Mobile Hydraulics Business	7,000,000	-
Less: Provision for outstanding derivative contracts written back	-	10,994,584
<b>Net Profit</b>	<b>111,096,801</b>	<b>9,958,129</b>
Restricted to :		
10% of Net Profit for Whole Time Directors	11,109,680	-
1% of Net Profit for Directors other than Whole Time Directors	1,110,968	-

\*Remuneration excludes charge for gratuity as separate actuarial valuation figures are not available.

17. Remuneration to the Whole Time Directors

Amount in Rs.

Description	31 <sup>st</sup> March 2010		31 <sup>st</sup> March 2009	
	Managing Director	Whole Time Director	Managing Director	Whole Time Director
Salary	3,256,911	1,019,736	3,114,025	-
Contribution to Provident and Superannuation Fund	972,000	113,308	958,500	-
Monetary Value of Perquisite	434,533	630,506	470,822	-
Leave salary for the year	300,000	-	-	-
Commission	590,000	-	-	-
<b>Total *</b>	<b>5,553,444</b>	<b>1,763,550</b>	<b>4,543,347</b>	<b>-</b>

\*Remuneration excludes charge for gratuity as separate actuarial valuation figures are not available.

**18. Particulars in respect of goods manufactured:**

	Class of Goods	Unit of Qty	Licensed Capacity	Installed Capacity	Total Production
1	Hydraulic pumps, valves, Accumulators, Cylinders, power units and Others.	Nos.	N A	294,600@ (294,600)@	263,957 (267,691)
2	Cast Iron Castings and Alloyed Iron Castings	M.T	N A	1200 @ (1200)@	1132** (1,256)**

@ a) As certified by the Management and relied upon by the Auditors being technical matter.

b) Power units are manufactured against specific customer orders.

\*\* Including 876 MT (699 M.T) for own consumption.

**19. Particulars in respect of Stocks and Sales of Finished Products**

	Class of Goods	Unit	Opening Stock		Closing Stock		Sales	
			Qty	Value in Rs	Qty	Value in Rs	Qty	Value in Rs
1	Hydraulic Pumps, Valves, Accumulators Cylinders, Power Units And Others	No	7,273 (9,224)	19,116,009 (23,858,590)	8042 (7,273)	23,617,222 (19,116,009)	263,188 (269,642)	1,219,005,700** (1,040,925,210)**
2	Cast Iron Castings and Alloyed Iron Castings	M.T.	4 ( - )	252,389 ( - )	0.200 (4)	32,927 (252,389)	259.80 (553.00)	20,322,313 (49,531,376)

\*\* Net of sale returns Rs.25,630,156/- (Rs. 31,335,231/-)

Closing stock includes Excise Duty of Rs. 3,597,450/- (Rs. 2,258,547/-).

**20. Raw Materials and Components and Stores consumed :**

		Unit of Qty	Qty	ValueRs
i)	Steel Items	KG	300,422 (272,340)	23,484,184 (26,332,157)
ii)	Castings	KG	1,108,337 (951,864)	49,635,024 (52,730,361)
iii)	Imported Raw materials and Components (numerous to list)	-	-	178,369,206 (121,106,604)
iv)	Others(numerous to list)	-	-	287,223,070 (244,947,704)
v)	Consumable Stores & Spares	-	-	12,317,826 (22,459,657)
	<b>Total</b>			<b>551,029,310</b> <b>( 467,576,483)</b>

**21. Composition of Raw Materials, Components and Stores consumed :**

	Imported		Indigenous		Total Rs.	
	Rs.	Percentage	Rs.	Percentage	Rs.	Percentage
Raw Materials	178,369,206	33	360,342,278	67	538,711,484	100
And components	(121,106,604)	(27)	(324,010,222)	(73)	(445,116,826)	(100)
Consumable	-	-	12,317,826	100	12,317,826	100
Stores and Spares	(-)	(-)	(22,459,657)	(100)	(22,459,657)	(100)

**22. Value of Imports Calculated on CIF basis :**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
	Rs.	Rs.
Raw Materials and Components	156,185,098	121,079,179
Capital Goods	228,657	2,314,072

**23. Expenditure in Foreign Currency on account of : (On Payment basis) :**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
	Rs.	Rs.
Brand Fee	3,558,170	-
Interest	7,511,068	8,145,116
Others	6,005,878	6,690,803

**24. Remittances in foreign currencies on account of dividends :**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Number of Non-resident shareholders	1	1
Number of equity shares on which dividend paid	-	1,200,000
Dividend paid (Rs.)	-	3,000,000
Year to which the dividend relates	-	2007-08

**25. Earning in Foreign Currency (On Realisation Basis) :**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
	Rs.	Rs.
Hydraulic Training	23,778	209,806
Export Sales	20,936,227	25,741,248

**26. Sale of mobile Hydraulics business:**

The Company has entered into a shareholders' agreement dated January 20, 2010 with a party, for sale of its mobile hydraulics business. As a consideration for this transfer the company would be receiving a total amount of

Rs. 9,413,300, out of which Rs. 7,000,000 is towards transfer of Know-how, IP rights, customer/vendor contracts etc. (goodwill) and balance of Rs. 2,413,300 towards book value of fixed assets sold. The total purchase consideration receivable has been shown under "Sundry Debtors" in Schedule 6 and the amount receivable towards goodwill has been shown under "Miscellaneous Income" in Schedule 9 of the financial statements. This amount of receivable shall be settled by way of allotment of 941,330 shares at par value of Rs. 10/- each.

The mobile Hydraulics business does not constitute a major line of business of the Company.

27. Figures relating to previous year have been reclassified wherever necessary to conform to current year classification. Figures in brackets relate to previous year.

**SIGNATURES TO SCHEDULES 1 TO 13****For and on behalf of the Board**

**R Srinivasan**  
Director

**V Balaji Bhat**  
Director

**C. P. Rangachar**  
Managing Director

Place : Bangalore  
Date : 22<sup>nd</sup> May 2010

**H M Narasinga Rao**  
Chief Financial Officer

**C. BALANCE SHEET ABSTRACT AND COMPANY'S****GENERAL BUSINESS PROFILE:**

I. Registration No : 3017

State Code : 08

Balance Sheet date 31/03/2010

**II. Capital raised during the year:**

Public Issue - Nil

Bonus Issue - Nil

Rights Issue - Nil

Private Placement - Nil

**III. Position of Mobilisation and Deployment of funds : (Rs in Lakhs)**

Total Liabilities - 5,525

Total Assets - 5,525

**Source of Funds**

Paid up Capital	300
Reserves & Surplus	2,986
Deferred Tax Liability	159
Secured Loans	1,755
Unsecured Loans	325

**Application of Funds**

Net Fixed Assets	2,424
Net Current Assets	2,880
Investments	221

**IV Performance of Company (Rs in lakhs)**

Turnover	11,632
Total Expenditure	10,596
Profit Before Tax	1,036
Profit After Tax	693
Earning per Share in Rs.	23.11
Dividend (Including Dividend Tax)	87

**V. Generic Name of Three Principal Products/Services of Company ( as per Monetary Terms):**

Item Code No (ITC Code)	84812000
Product Description	Hydraulic Valves
Item Code No (ITC Code)	84131199
Product Description	Hydraulic Pumps
Item Code No (ITC Code)	84122990
Product Description	Hydraulic Systems

**For and on behalf of the Board****R Srinivasan**

Director

**V Balaji Bhat**

Director

**C. P. Rangachar**

Managing Director

**H M Narasinga Rao**

Chief Financial Officer

Place: Bangalore

Date : 22<sup>nd</sup> May, 2010



## FINANCIAL INFORMATION OF SUBSIDIARIES

SL.No	NAME OF SUBSIDIARY	OWNERSHIP PROPORTION (%)	COUNTRY OF INCORPORATION
1	YUFLOW ENGINEERING PVT. LTD.	100%	INDIA
2	CORETEC ENGINEERING INDIA PVT LTD	77%	INDIA
3	PRISM HYDRAULICS PVT LTD	60%	INDIA

SL.No	PARTICULARS	YUFLOW ENGINEERING PVT LTD		CORETEC ENGINEERING INDIA PVT LTD		PRISM HYDRAULICS PVT LTD	
		2009-10 Rs	2008-09 Rs	2009-10 Rs	2008-09 Rs	2009-10 Rs	2008-09 Rs
1	CAPITAL	10,000,000	10,000,000	6,196,000	1,549,000	375,000	375,000
2	RESERVES	13,644,815	8,658,755	2,688,432	6,066,110	9,317,560	8,225,122
3	ADVANCE SHARE APPLICATION MONEY	-	-	120,000	120,000	-	-
3	TOTAL ASSETS	70,629,813	54,546,002	20,866,015	21,069,131	24,132,196	22,603,344
	(Net of Depreciation)						
4	TOTAL LIABILITIES	46,984,998	35,887,247	11,861,583	13,334,021	14,448,944	14,003,222
5	DETAILS OF INVESTMENTS						
6	TURNOVER	82,480,026	64,449,543	41,557,386	47,350,025	26,068,980	20,382,410
7	PROFIT BEFORE TAXATION	6,345,245	(398,996)	1,782,321	2,814,014	1,364,438	1,048,792
8	PROVISION FOR TAXATION	1,359,183	256,845	513,000	1,476,000	272,000	(184,040)
9	PROFIT AFTER TAXATION	4,986,062	(655,841)	1,269,321	1,338,014	1,092,438	1,232,832
10	PROPOSED DIVIDEND						

Statement Pursuant to section 212 of the Companies Act 1956					
Sl No	Name of the Subsidiary Company	YUFLOW ENGINEERING PVT LTD	CORETEC ENGINEERING INDIA PVT LTD	PRISM HYDRAULICS PVT LTD	
2	Financial Year ending of the Subsidiary	31.03.2009	31.03.2010	31.03.2010	
3	Number of Shares Held	1,000,000	1,20,000	2,250	
		(10,00,000 Equity Shares of Rs. 10/- each fully paid)	(1,20,000 Equity Shares of Rs. 10/- each fully paid)	(2,250 Equity Shares of Rs. 100/- each fully paid)	
4	Extent of Holding	100%	77%	60%	
5	Profits/(losses) so far it concerns the members of the Holding Company and not dealt with in the books of Account of the Holding Company (Except to the extent dealt with in Row.6)	Nil	Nil	Nil	
6	Profits/(losses) so far it concerns the members of the Holding Company and not dealt with in the books of Account of the Holding Company	Rs. (4,986,062)	Rs. 966,378	Rs. 655,463	
7	Profits/(losses) so far it concerns the members of the Holding Company and not dealt with in the books of Account of the Holding Company (Except to the extent dealt with in Row.8)	Nil	Nil	Nil	
8	Profits/(losses) so far it concerns the members of the Holding Company and not dealt with in the books of Account of the Holding Company	Nil	Nil	Nil	

## AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF YUKEN INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of YUKEN INDIA LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31<sup>st</sup> March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of Rs. 98,544,455 as at 31<sup>st</sup> March, 2010, total revenues of Rs. 65,766,839 and net cash outflows amounting to Rs. 1,217,967 for the year ended on that date as considered in the Consolidated Financial Statements.  
(b) We did not audit the financial statements of an associate whose financial statements reflect the Group's share of loss of Rs.13,804 for the year ended on 31<sup>st</sup> March, 2010. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and an associate is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its aforesaid subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

for **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No 008072S)

Place: Bangalore  
Date : 22<sup>nd</sup> May, 2010

**S.SUNDARESAN**  
Partner  
(Membership No. 25776)

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

	Sch No	As at 31/03/2010		As at 31/03/2009	
		Rs.	Rs.	Rs.	Rs.
<b><u>I. SOURCES OF FUNDS</u></b>					
<b>1. Share holders' Funds:</b>					
a. Share Capital	1		30,000,000		30,000,000
b. Reserves and Surplus	2		347,891,589		274,346,547
			377,891,589		304,346,547
<b>2. Minority Interest</b>			6,027,414		3,986,495
<b>3. Loan Funds</b>	3		221,547,847		420,904,068
<b>4. Deferred Tax Liability(Net) Note-B 8</b>			18,544,050		20,434,794
<b>Total</b>			624,010,900		749,671,904
<b><u>II APPLICATION OF FUNDS</u></b>					
<b>1. Fixed Assets</b>					
a. Gross Block	4	478,239,136		481,749,912	
b. Less: Accumulated Depreciation/ Impairment		197,699,275		175,058,639	
		280,539,861		306,691,273	
c. Capital Work in Progress		4,463,361		5,692,707	
			285,003,222		312,383,980
<b>2. Goodwill arising on consolidation</b>			1,619,452		1,619,452
<b>3. Investment</b>	5		34,024,014		31,244,804
<b>4. Current Assets, Loans and Advances:</b>	6				
a) Inventories		199,047,794		202,315,892	
b) Sundry Debtors		392,231,083		344,393,965	
c) Cash and Bank Balances		26,393,742		26,374,945	
d) Loans and Advances		51,317,844		51,104,754	
		668,990,463		624,189,556	
<b>Less: Current Liabilities and Provisions</b>	7				
a) Liabilities		330,606,697		214,369,223	
b) Provisions		35,028,862		13,093,955	
		365,635,559		227,463,178	
			303,354,904		396,726,378
<b>5. Miscellaneous Expenditure</b>	8		9,308		7,697,290
<b>Total</b>			624,010,900		749,671,904

Significant Accounting policies and Notes on Accounts

13

The schedules referred to above form an integral part of the Balance sheet  
In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of Board

S. Sundaresan  
Partner

R. Srinivasan  
Director

V. Balaji Bhat  
Director

C P Rangachar  
Managing Director

Place : Bangalore  
Date : 22nd May, 2010

H M Narasinga Rao  
Chief Financial Officer

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	SCH NO	CURRENT YEAR Rs	PREVIOUS YEAR Rs
<b>INCOME</b>			
Gross Sales		1,302,750,201	1,174,670,836
Less: Excise Duty		102,333,250	129,688,319
Net Sales		1,200,416,951	1,044,982,517
Other Income	9	23,104,218	21,801,896
		1,223,521,169	1,066,784,413
<b>EXPENDITURE</b>			
Raw Materials, Components and Stores consumed	10	568,614,810	505,339,305
(Increase)/ Decrease in Stock	11	(10,385,345)	521,976
Manufacturing, Administration, selling and other expenses	12	493,269,856	477,043,022
Interest		29,483,318	39,726,993
Depreciation / Amortisation		28,000,961	27,074,612
		1,108,983,600	1,049,705,908
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		114,537,569	17,078,505
Provision for Taxation-			
Current tax		37,135,000	2,500,000
MAT credit entitlement		-	(1,400,000)
Deferred tax		(1,890,744)	6,042,368
Fringe Benefit Tax		620	3,380,037
<b>PROFIT FOR THE YEAR BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF ASSOCIATE</b>		79,292,693	6,556,100
Less: Minority Interest		(728,919)	(795,292)
Add: Equity in earnings of Associates		3,727,018	4,146,750
		82,290,792	9,907,558
Add: Surplus Brought Forward from previous year		241,493,703	232,586,145
<b>Amount available for appropriation</b>		323,784,495	242,493,703
<b>Appropriations:</b>			
General Reserve		7,000,000	1,000,000
Proposed Dividend		7,500,000	
Tax on Dividend		1,245,750	
Surplus Carried forward		308,038,745	241,493,703
Basic & Diluted Earnings Per Share (Face value of equity share of Rs.10/- each)		27.43	3.30
Aggregate number of shares used for Computing Basic & Diluted EPS		3,000,000	3,000,000

Significant Accounting policies and Notes on Accounts

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The schedules referred to above form an integral part of the Profit & Loss account.  
In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of Board

S. Sundaresan  
Partner

R. Srinivasan  
Director

V. Balaji Bhat  
Director

C. P. Rangachar  
Managing Director

Place : Bangalore  
Date : 22nd May, 2010

H M Narasinga Rao  
Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	Year ended 31st March '10	Year ended 31st March '09
<b>A.CASH FLOW FROM OPERATING ACTIVITIES :</b>	Rs.	Rs.
NET PROFITS BEFORE TAX	114,537,569	17,078,505
ADJUSTMENTS FOR:		
DEPRECIATION	28,000,961	27,074,612
LOSS ON SALE / SCRAP OF ASSETS	1,913,515	1,300,038
INTEREST EXPENSE	29,483,318	39,726,993
BANK CHARGES	-	(221,038)
PRELIMINARY & PRE OPERATIVE WRITTEN OFF	4,652	4,652
PROFIT ON SALE LONG TERM INVESTMENTS	(2,713,797)	-
AMORTISATION OF TERMINATION BENEFITS - VRS	7,683,328	7,683,335
BAD DEBTS WRITTEN OFF	4,604,464	4,420,403
PROVISION FOR DOUBTFUL DEBTS (NET)	2,749,944	(398,728)
PROVISION FOR OUTSTANDING DERIVATIVE CONTRACTS	-	(10,994,584)
PROVISION FOR DOUBTFUL ADVANCES	2,035,135	-
UNREALISED EXCHANGE DIFFERENCE (NET)	(131,090)	(1,966,694)
INTEREST INCOME	(1,250,209)	(1,013,048)
DIVIDEND INCOME	(7,500)	(7,500)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>186,910,290</b>	<b>82,686,946</b>
ADJUSTMENTS FOR (INCREASE)/ DECREASE IN:		
TRADE AND OTHER RECEIVABLES	(59,722,134)	38,367,821
LOANS AND ADVANCES	5,283,551	-
INVENTORIES	3,268,098	15,233,794
TRADE PAYABLES & PROVISIONS	128,801,637	(70,264,771)
INCREASE IN CASH CREDIT	(689,579)	-
<b>CASH GENERATED FROM OPERATIONS:</b>	<b>263,851,863</b>	<b>66,023,790</b>
INTEREST PAID	23,331	-
DIRECT TAX PAID	33,275,392	19,474,747
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>230,553,140</b>	<b>46,549,043</b>
<b>B.CASHFLOW FROM INVESTING ACTIVITIES:</b>		
DIVIDEND INCOME	7,500	7,500
PURCHASE OF FIXED ASSETS	(25,922,761)	(69,030,187)
SALE OF FIXED ASSETS	23,389,043	2,305,343
PURCHASE OF INVESTMENTS	-	1,000,000
PROCEEDS TOWARDS/REFUND AGAINST ADVANCE FOR INVESTMENTS	-	4,100,000
INTEREST RECEIVED	1,250,209	1,013,048
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,276,009)</b>	<b>(60,604,296)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM BORROWINGS	131,137,367	267,213,356
REPAYMENT OF BORROWINGS	(330,344,661)	(214,910,260)
DIVIDEND PAID	(29,126)	(7,323,194)
DIVIDEND TAX PAID	-	(1,274,625)
INTEREST PAID	(29,985,835)	(39,204,890)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(229,222,255)</b>	<b>4,500,387</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>54,876</b>	<b>(9,554,866)</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>26,374,945</b>	<b>35,834,914</b>
<b>ADD/(LESS) : UNREALISED EXCHANGE (GAIN) / LOSS</b>	<b>414,672</b>	<b>509,569</b>
	<b>26,789,617</b>	<b>36,344,483</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>26,393,742</b>	<b>26,374,945</b>
<b>ADD/(LESS): UNREALISED EXCHANGE (GAIN)/LOSS</b>	<b>450,751</b>	<b>414,672</b>
	<b>26,844,493</b>	<b>26,789,617</b>

## Significant Accounting Policies and Notes on Accounts

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- The schedule referred to above form an integral part of the cash flow statement.
- Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on cash flow.
- Cash and Cash equivalents include balances with Scheduled Banks on dividend account Rs. 725,185/- (Rs. 754,311/-) and balance in Margin money deposit account of Rs. 2,944,212/- (Rs. 2,912,020) which are available for restricted use by the Company.)
- The figures for the previous year have been regrouped / recast, where necessary to conform to the current year classification.
- This is the cash flow referred to in our report of even date.

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of Board

S. Sundaresan  
PartnerR. Srinivasan  
DirectorV. Balaji Bhat  
DirectorC. P. Rangachar  
Managing DirectorPlace : Bangalore  
Date : 22nd May, 2010H M Narasinga Rao  
Chief Financial Officer

## CONSOLIDATED SCHEDULES

## SHARE CAPITAL

## SCHEDULE 1

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>AUTHORISED</b>				
6,000,000 (6,000,000) Equity Shares of Rs.10/- each		60,000,000		60,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>				
3,000,000 (3,000,000) Equity Shares of Rs.10/- each fully paid up		30,000,000		30,000,000
<b>Total</b>		30,000,000		30,000,000

## RESERVES AND SURPLUS

## SCHEDULE 2

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>Capital Reserve</b>				
Arising on account of consolidation of Subsidiary		1,534,580		1,534,580
Arising from investment in Associate		2,060,429		2,060,429
<b>General Reserve</b>				
As per Last Balance Sheet	29,257,835		28,257,835	
Add : Transfer from Profit & Loss Account	7,000,000	36,257,835	1,000,000	29,257,835
Surplus as shown in the Profit & Loss Account		308,038,745		241,493,703
<b>Total</b>		347,891,589		274,346,547

## LOAN FUNDS

## SCHEDULE 3

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>SECURED LOANS:</b>				
<b>Term Loan</b>				
From Bank	126,793,227		162,757,494	
From Others	2,279,490		4,129,692	
Cash Credit Account- From Bank	13,665,583		113,259,719	
Working Capital Demand Loan-From Bank	46,243,565		102,839,495	
Under Hire Purchase Scheme-From Others		251,101		
		188,981,865		383,237,501
<b>UNSECURED LOANS:</b>				
Other Loan from Bank	12,565,982		37,500,000	
Short Term Loan from Bank	20,000,000	32,565,982	166,567	37,666,567
<b>Total</b>		221,547,847		420,904,068

CONSOLIDATED SCHEDULE OF FIXED ASSETS										SCHEDULE - 4			
DESCRIPTION	GROSS BLOCK - COST				DEPRECIATION				NET BLOCK				
	AS AT 01.04.2009	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	UP TO 31.03.2010	As At 31.03.2010	As At 31.03.2009			
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs			
Tangible Assets													
Free Hold Land	26,640,644	222,780	-	26,863,424	-	-	-	-	26,863,424	26,640,644			
Buildings	76,345,280	1,910,372	-	78,255,652	15,617,276	1,938,441	-	17,555,717	60,699,935	60,728,004			
Plant Machinery & Equipment	237,497,605	17,970,621	19,781,927	235,686,299	93,254,076	13,022,580	1,201,208	105,075,448	130,610,851	144,243,529			
Electrical Installation	12,452,034	236,950	1,245,832	11,443,152	3,168,172	530,644	100,604	3,598,212	7,844,940	9,283,862			
Furniture / Fixtures	12,242,703	1,102,417	1,059,171	12,285,949	5,377,191	670,945	367,382	5,680,754	6,605,195	6,865,512			
Office Equipments	51,178,377	3,063,750	1,649,221	52,592,906	27,114,074	5,373,567	893,667	31,593,974	20,998,932	24,064,303			
Jigs / Fixtures	29,227,190	1,982,504	2,407,332	28,802,362	15,105,374	2,195,290	755,395	16,545,269	12,257,093	14,121,816			
Motor Vehicles	23,934,105	662,713	4,519,400	20,077,418	7,801,339	2,041,312	2,042,069	7,800,582	12,276,836	16,132,766			
Total	469,517,938	27,152,107	30,662,883	466,007,162	167,437,502	25,772,779	5,360,325	187,849,956	278,157,206	302,080,436			
Intangible Assets													
ERP	8,897,974	-	-	8,897,974	4,287,137	2,228,182	-	6,515,319	2,382,655	4,610,837			
Technical Fee	3,334,000	-	-	3,334,000	3,334,000	-	-	3,334,000	-	-			
Total	481,749,912	27,152,107	30,662,883	478,239,136	175,058,639	28,000,961	5,360,325	197,699,275	280,539,861	306,691,273			
Previous Year	413,048,466	76,242,013	7,540,567	481,749,912	151,919,213	27,074,612	3,935,186	175,058,639	306,691,273				
Capital Work in Progress													
Grand Total									4,463,361	5,692,707			
									285,003,222	312,383,980			



## CONSOLIDATED SCHEDULES

## INVESTMENTS

## SCHEDULE 5

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>Sai India Limited</b>				
360,000 (360,000) Fully paid equity shares of Rs 10/- each of Sai India Limited. (160,000 equity shares of Rs. 10/- each received as bonus shares)		33,617,818		31,194,804
<b>Bourton Consulting India Pvt Ltd</b>				
37,000(Nil) Fully paid equity shares of Rs.10/-each		356,196		
<b>The Shamrao Vittal Co-operative Bank Ltd</b>				
2,000 Fully paid equity shares of Rs 25/- each		50,000		50,000
<b>Total</b>		<b>34,024,014</b>		<b>31,244,804</b>

## CURRENT ASSETS, LOANS AND ADVANCES

## SCHEDULE 6

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>a) INVENTORIES:</b>				
Tools		5,708,195		9,422,616
Raw Materials & Components		118,099,825		129,165,754
Work in Progress		47,008,961		41,842,286
Finished Goods		25,230,698		20,012,028
Raw Material in transit		3,000,115		1,873,208
<b>Sub-Total</b>		<b>199,047,794</b>		<b>202,315,892</b>
<b>b) SUNDRY DEBTORS</b>				
Unsecured debtors		397,783,917		347,196,854
Less: Provision for doubtful debts		5,552,834		2,802,889
<b>Sub-Total</b>		<b>392,231,083</b>		<b>344,393,965</b>
<b>c) CASH &amp; BANK BALANCES:</b>				
Cash On Hand		495,230		372,152
<b>Balances with Scheduled Banks:</b>				
On Current Account		20,289,413		20,396,760
On Margin Money Deposit Account		2,944,212		2,912,020
On Unclaimed Dividend		725,185		754,311
Fixed deposits		1,939,702		1,939,702
<b>Sub-Total</b>		<b>26,393,742</b>		<b>26,374,945</b>
<b>d) LOANS &amp; ADVANCES</b>				
Unsecured and considered good:				
Advances recoverable in cash or in kind or for value to be received	31,069,126		34,484,396	
Less: Provision for doubtful Advances	2,035,135	29,033,991		34,484,396
Due from Subsidiaries				
Advance for Investment (Shares are yet to be allotted)			370,000	
Deposit with Excise Authorities	1,886,352		1,666,597	
Deposit Others	8,089,733	9,976,085	10,300,443	12,337,040
Income Tax				
Advance Tax (Net)		11,154,197		4,283,318
Fringe Benefit Tax				
Advance Tax (Net)		1,153,571		
<b>Total</b>		<b>51,317,844</b>		<b>51,104,754</b>
		<b>668,990,463</b>		<b>624,189,556</b>

## CURRENT LIABILITIES &amp; PROVISIONS

## SCHEDULE 7

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
<b>a) CURRENT LIABILITIES</b>				
<b>Sundry Creditors</b>				
Due to Micro and Small Enterprises		4,930,698		
Dues to Others		314,627,005		207,328,773
Other Statutory Liabilities		8,372,155		5,640,425
Due to Directors		1,949,317		119,866
Unclaimed Dividend		725,185		754,311
Interest accrued but not due on loans		2,337		525,848
		<b>330,606,697</b>		<b>214,369,223</b>
<b>b) PROVISIONS:</b>				
<b>Income Tax</b>				
Provisions (Net)		12,144,397		
<b>Fringe Benefit Tax</b>				
Provisions (Net)		295,340		484,451
Gratuity		3,095,411		1,362,242
Leave Salary		10,747,964		11,247,262
Proposed Dividend	7,500,000			
Tax on Proposed Dividend	1,245,750			
		<b>8,745,750</b>		
<b>Total</b>		<b>35,028,862</b>		<b>13,093,955</b>
		<b>365,635,559</b>		<b>227,463,178</b>

## CONSOLIDATED SCHEDULES

## SCHEDULE 8

**MISCELLANEOUS EXPENDITURE**  
(To the extent not written off or adjusted)

	As at 31/03/2010		As at 31/03/2009	
	Rs.	Rs.	Rs.	Rs.
Voluntary Retirement scheme		-		7,683,330
Preliminary expenses		9,308		13,960
<b>Total</b>		<b>9,308</b>		<b>7,697,290</b>

**OTHER INCOME**

## SCHEDULE 9

	Current year		Previous year	
	Rs.	Rs.	Rs.	Rs.
<b>OTHER INCOME</b>				
Interest Income on Margin Money Deposit and others (Tax deducted at source Rs.20,409/- (Rs.38,979/-))		1,250,209		1,013,048
Training and Other Services rendered		4,788,999		5,449,868
Rent received		-		180,000
Miscellaneous Receipts		2,196,288		1,688,192
Income/(Loss) from sale of Fixed Asset		-		88,538
Provision for doubtful debts no longer required written back		1,851,884		1,279,730
Bad debts written off realised		120,012		-
Liabilities no longer required written back		1,012,947		817,402
Derivative Provision writeback		-		10,994,584
Exchange gain (Net)		2,162,582		283,034
Profit on sale of Investment in Subsidiary		2,713,797		-
Dividend Income		7,500		7,500
Profit on sale of Mobile Hydraulics Business		7,000,000		-
<b>Total</b>		<b>23,104,218</b>		<b>21,801,896</b>

**RAW MATERIALS, COMPONENTS AND STORES CONSUMED**

## SCHEDULE 10

	Current year		Previous year	
	Rs.	Rs.	Rs.	Rs.
Opening Stock	138,588,370		145,264,499	
Add: Purchases	553,834,460		498,663,176	
Total	692,422,830		643,927,675	
Less Closing stock	123,808,020		138,588,370	
<b>Total</b>	<b>568,614,810</b>	<b>568,614,810</b>		<b>505,339,305</b>

**(INCREASE)/ DECREASE IN STOCKS**

## SCHEDULE 11

	Current year		Previous year	
	Rs.	Rs.	Rs.	Rs.
Opening Stock				
Finished Goods	17,681,613		18,984,917	
Excise Duty on Opening stock	2,330,415		4,873,673	
Work in Process	41,842,286		38,517,700	
		61,854,314		62,376,290
Closing Stock				
Finished Goods	21,582,419		17,681,613	
Excise Duty on Closing stock	3,648,279		2,330,415	
Work in Process	47,008,961		41,842,286	
		72,239,659		61,854,314
<b>Total</b>		<b>(10,385,345)</b>		<b>521,976</b>

## CONSOLIDATED SCHEDULES

MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES				SCHEDULE 12
	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages & Bonus (Includes provision for Leave Salary Rs.1,375,614/- (Rs.2,927,235/-)		139,660,703		140,337,236
Contribution to Provident Fund and Other Funds		12,146,712		13,865,507
Gratuity to Employees [Including Rs. 4,549,962/- (Rs. Nil) pertaining to previous year]		5,316,006		1,491,426
Staff welfare Expenses		11,378,423		15,282,228
Voluntary Retirement scheme		7,683,328		7,683,335
Subcontract charges		118,306,281		100,382,606
Power and fuel		19,037,167		17,157,884
Rates and Taxes		3,261,483		4,142,252
Excise/Custom Duty		785,605		884,477
Exchange Loss		-		9,897,146
Rent		7,879,091		7,872,936
Insurance		1,028,082		882,890
Repairs:				
Machinery	11,809,577		1,214,732	
Building	4,537,027		101,368	
Others	3,499,810		14,155,647	
		19,846,414		15,471,747
Freight Transport & Other Charges		31,318,360		27,016,999
Sales Promotion Expenses		4,986,083		5,120,785
Selling Commission		17,961,341		6,725,104
Traveling Expenses		20,480,304		27,374,214
Vehicle Maintenance		5,285,408		5,398,550
Printing, Stationery, Postage and Telephones		8,934,638		10,196,996
Directors Sitting Fee		270,000		465,000
Commission to Directors other than Managing Director		1,110,968		-
Provision for doubtful debts		4,601,828		1,578,465
Provision for doubtful advances		2,035,135		-
Bad debts written off (net)		4,604,464		4,010,241
Bank charges		6,243,008		7,297,163
Legal and Professional charges		20,683,532		18,701,449
Loss on Asset sold / scrapped		1,913,515		1,167,538
Preliminary Expenses Written-Off		4,652		4,652
Miscellaneous Expenses		16,507,325		26,634,196
<b>Total</b>		<b>493,269,856</b>		<b>477,043,022</b>

## Schedule 13

**Accounting Policies and Notes on Accounts on Consolidated Financial Statements for the year ended 31st March 2010****A. ACCOUNTING POLICIES****1. BASIS OF CONSOLIDATION:****a) Preparation of Accounts**

The consolidated financial statements are prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 23 - "Accounting for Investment in Associates in Consolidated Financial Statements" and comply with the relevant provisions of The Companies Act, 1956.

**b) Principles of Consolidation**

The Consolidated financial statements comprise the financial statements of Yuken India Ltd (the Holding Company) and its Subsidiaries and Associates, together referred to as "the Group". The Financial Statements of the entities in the Group used in the consolidation are drawn up to the same reporting date as of the Holding Company, i.e. March 31, 2010.

The Consolidated Financial Statements have been prepared on the following basis:

- a. The Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line by line basis by adding together like items of assets, liabilities, income and expense. The intra-group balances, intra-group transactions and unrealized profits or losses have been eliminated fully.
- b. The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as 'goodwill', being an asset in the Consolidated Financial Statements. Where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus'.
- c. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- d. Investment in Associates has been accounted under the equity method as per Accounting Standard -23, Accounting for investments in Associates in Consolidated Financial Statements.

c) Companies included in Consolidation

	Country of Incorporation	Ownership Proportion	
		31.03.2010	31.03.2009
<b>i. Subsidiary</b>			
Yuflow Engineering Pvt. Ltd	INDIA	100%	100%
Coretec Engineering India Pvt. Ltd	INDIA	77%	77%
Prism Hydraulics Pvt. Ltd	INDIA	60%	60%
Sriplas Engineering India Pvt. Ltd	INDIA	-	68%
<b>ii. Associate</b>			
Sai India Limited	INDIA	40%	40%
Bourton Consulting (India) Pvt Ltd	INDIA	30.83%	NIL

d) The Consolidated Financial Statements include assets of Rs. Nil (Rs.8,371,878/-), revenue of Rs. Nil (Rs.684,750/-) and cash flows of Rs.Nil (Rs.16,497/-) as at March 31, 2010 included on the basis of un-audited financial statements in respect of Sriplas Engineering India Pvt. Ltd.

2. INCOME/EXPENDITURE:

All Income and expenditure are accounted for on accrual basis.

3. FIXED ASSETS:Tangible Assets

- Fixed Assets are capitalised at cost inclusive of taxes, incidental expenses on freight, installation etc. and interest on borrowed funds attributable to acquisition of fixed assets for the period up to the date on which such asset is put to use.
- Fixed Assets taken on financial lease prior to April 1<sup>st</sup>, 2001 are not capitalised and lease rentals are absorbed in the Profit and Loss Account without reference to useful life of the Asset, while Assets acquired under Hire Purchase are capitalised.
- Depreciation on Fixed Assets is provided at the rates specified in Schedule XIV of the Companies Act 1956, under Straight Line Method. Depreciation on additions during the year is on pro-rata basis, based on the days the assets are put to use. Asset costing less than Rs. 5,000/- are fully depreciated during the year.
- In Sai India Limited, an Associate, depreciation is provided on Written Down Value Method.

Intangible Asset

- Technical Know how fee is amortized over a period of 6 years.
- Cost of License and Implementation of Enterprise Resource Planning software is amortized over the estimated useful life of 5 years.
- Expenses incurred on research and developments are charged to revenue in the same year. Fixed assets purchased for research and development purposes are capitalized and depreciated as per the Company's policy.

**Impairment**

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an impairment loss is recognized when the carrying amount exceeds greater of net selling price and value in use.

**4. INVESTMENTS:**

Investments which are long term in nature are stated at cost and provision for diminution in value is made to recognize a loss, other than temporary, in the value of investments.

**5. INVENTORIES:**

Inventories are valued as follows

(i) a) Raw Materials & Components	}	At lower of cost on Weighted Moving Average value and net realizable value
(ii) a) Material in transit	}	At lower of cost and net realizable value
b) Work in Process *		
(iii) Finished Goods *		At lower of cost and net realizable value
(iv) Tools		At lower of cost and net realizable value

(\* Cost includes cost of material, direct labour, and other applicable overheads).

Raw material and components, are valued on First in First out basis in all the Subsidiary Companies.

**6. CASHFLOW:**

Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on cash flow statements.

**7. FOREIGN CURRENCY TRANSACTION:**

Transactions in Foreign Currency are accounted at exchange rates prevailing on the date of Transaction. Monetary items denominated in foreign currency and forward exchange contracts outstanding as at the end of the year are re-stated at year end rates. The loss or gain arising on re-statement / settlement is adjusted to the Profit and Loss account.

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Non monetary foreign currency items are carried at cost.

**8. EMPLOYEE BENEFITS:****Short Term Employee Benefits:**

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expenses based on expected obligation on undiscounted basis.

**Long Term Employee Benefits :****Defined Contribution Plans**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund. Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

**Defined Benefit Plan**

The Company has a Defined Benefit plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation at the year end. Gratuity Fund is recognized by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Reliance Life Insurance Company Limited and is funded.

Provision for long term compensated absence has been made on the basis of an actuarial valuation at the year end.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions are recognized immediately in the Profit and Loss Account as income or expense.

**Termination Benefits:**

Compensation paid / payable to employees who have opted for retirement under the Voluntary Retirement Scheme (VRS) of the Company is amortized over a period of 36 months or up to the financial year ending 31st March, 2010, whichever is earlier.

**9. REVENUE RECOGNITION:**

Sales are recognized on dispatch of goods when significant risks and rewards of ownership are considered to be transferred. Sales returns are recognized as and when ascertained and are reduced from the sales turnover of the year. Sales are inclusive of excise duty and are net of Sales Tax.

Revenue from Hydraulic Training program is recognized on completion of the Training program.

**10. BORROWING COST:**

Borrowing costs other than that attributable to a qualifying asset are expensed as and when incurred.

**11. LEASES:**

The Company generally has cancelable operating leases. Lease rentals on assets under operating lease is charged off to the Profit and Loss account for the year.

**12. INCOME TAX:****Current Tax:**

Current tax expense is determined in accordance with the provisions of the Income - tax Act, 1961. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax.

**Deferred Tax :**

Deferred tax assets and liabilities are measured using the tax rate which have been enacted or substantively enacted at the Balance Sheet date. Deferred tax expense or benefit is recognized, timing differences being the difference between taxable income and accounting income that originate in one period and as capable of reversing in one or more subsequent periods.

Deferred Tax assets are recognized only to the extent that there is a reasonable certainty of their realization. Where there is unabsorbed depreciation and carried forward losses, deferred tax asset is recognized only if there is virtual certainty of realization of such asset.

**Fringe benefit Tax:**

Fringe benefit tax is accounted for, based on the estimated value of fringe benefits for the year as per the related provisions of the Income Tax Act, 1961.

**13. PROVISIONS AND CONTINGENCIES:**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**14. PRIOR PERIOD AND EXTRAORDINARY ITEMS:**

Prior period and extraordinary items, and changes in accounting policies, having a material impact on the financial affairs of the Company are disclosed separately.



**B. NOTES ON ACCOUNTS****1. CONTINGENT LIABILITIES:**

Estimated amount of contracts remaining to be executed on capital account [net of advances Rs. 1,609,838/- (Rs. 986,327/-)] and not provided for is Rs.1,599,196/- (Rs. 1,371,791/-).

Particulars	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Sales Tax Liability under Dispute	-	Rs. 14,878

Contingent Liability in Associate Companies to the extent of holding:

Particulars	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Letter of credit opened on behalf of the company by Bankers	Rs. 1,511,589	Rs. 675,791
Estimated amount of contracts remaining to be executed on capital account and not provided for	Rs. 3,228,883	Rs.11,340,669

**2. Foreign Currency Exposure:**

a) Forward Exchange Contracts, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables, outstanding as at the year end are given below:

No of Contracts	Nature of Hedge Buy / Sell	Currency	Amount (USD)	Cross Currency	Amount (Rs)
1	Buy	USD	3,470,000	Rupees	156,392,900
(1)	Buy	USD	(2,000,000)	Rupees	(101,300,300)
1	Buy	USD	172,616	Rupees	7,779,760
(-)	(-)	(-)	(228,893)	Rupees	(11,593,430)

b) Foreign Currency Exposure as at 31<sup>st</sup> March, 2010, that have not been hedged by a derivative instrument or other wise:

Particulars	Amount (RS)	Amount (Foreign Currency)
<b>Due From</b>		
- Debtors against Export of Goods	Rs.6,990,805	USD 158,637
	(Rs.9,305,482)	(USD 183,666)
	Rs. 12,604	GBP 188
	(Rs. 2,718,843)	(GBP 36,821)

	Rs.1,270,105	Euro 20,980
	(Rs.1,993,284)	(Euro 29,027)
	(Rs.899,066)	(Yen 1,736,990)
<b>Due to</b>		
a) Secured loan	( Rs. 14,038,571)	( USD 277,168)
b) Interest on Secured Loan	Rs.896,169 (Rs.779,775)	USD 19661 (USD 15,395)
c) Creditors against Import of goods and services (inclusive for Capital goods)	Rs. 38,469,260 Rs.(14,218,265) Rs.5,803,164 (Rs,587,186)  Rs 857,296 (Rs.91,911)  (Rs 87,146)	USD 853,545 (USD 280,716) YEN 11,933,300 (YEN 1,134,440)  EURO 14,161 (EURO 1,338)  (SGD 2,596)

### 3. EMPLOYEE BENEFITS:

The company has classified various benefits provided to employees as under:-

#### I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii Employers' Contribution to Employee's Pension Scheme 1995.

The Company has recognized the following amount in the Profit and Loss Account

Particulars	Amount Rs.	
	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Employers' Contribution to Provident Fund*	4,488,880	4,893,902
Employers' Contribution to Superannuation Fund*	4,290,671	50,29,590
Employers' Contribution to Employee's State Insurance*	555,746	730,348
Employers' Contribution to Employee's Pension Scheme 1995*	2,140,157	2,526,400

\* Included in Contribution to provident and other funds (Refer Schedule 12)

**II Defined Benefit Plan****a) Contribution to Gratuity Fund :**

In accordance with Accounting Standard 15 actuarial valuation has been carried out at Projected Unit Credit method in respect of the aforesaid defined benefit plan of Gratuity based on the following assumptions.

Particulars	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Discount Rate	8.15% p. a	7.30% p.a
Expected Rate of Return on Plan Assets	7.50% p.a	7.50% p.a.
Salary Escalation Rate	5.00% p.a	5.00% p.a.
Expected Average remaining working lives of the employees (Years)	10.88	11.69

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**A) Change in Present Value of Obligation :-****Amount in Rs.**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Opening Present Value of Obligation	11,761,680	15,108,152
Current Service Cost	1,076,636	918,127
Interest on Defined Benefit Obligation	912,143	1,288,471
Benefits Paid	(5,606,597)	(3,831,707)
Net Actuarial Losses / (Gains) Recognized in Year	3,867,705	(1,721,363)
Past Service Cost	-	-
Losses / (Gains) on "Curtailements & Settlements"	-	-
Closing Present Value of Obligations	12,011,567	11,761,680

**B) Change in the Fair Value of Assets :****Amount in Rs.**

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Opening Fair Value of Plan Assets	11,055,671	12,968,271
Expected Return on Plan Assets	870,935	1,017,431
Actuarial Gains / (Losses)	29,462	(1,248,332)
Assets Distributed on Settlements	-	-
Contributions by Employer	3,500,000	2,150,008
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(5,606,597)	(3,831,707)
Closing Fair Value of Plan Assets	9,849,471	11,055,671

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of plan assets :

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Closing Present Value of Funded Obligations	(12,011,567)	(11,761,680)
Closing Fair Value of Plan Assets	9,849,471	11,055,671
Closing Value of Unfunded Obligations	(2,162,096)	(706,009)
Unrecognized Actuarial (gains) / losses	-	-
Unfunded Net Asset / (Liability) recognized in Balance Sheet	(2,162,096)	(706,009)

D) Expenses recognized in the Profit & Loss Account :

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Current Service Cost	1,076,636	918,127
Past Service Cost	-	-
Interest Cost	912,143	1,288,471
Expected Return on Plan Assets	(870,935)	(1,017,431)
Actuarial Losses / (Gain)	3,838,243	(473,031)
Losses / (Gains) on "Curtailements & Settlements"	-	-
Total Expenses recognized in the Profit & Loss Account	4,956,087	716,136

E) Major categories of Plan Assets as a percentage of total Plan Assets

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Corporate Bonds	50%	50%
Equity Shares of listed Companies	50%	50%

b) Leave Encashment salaryAssumptions at the Valuation Date:

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Discount Rate	8.15% p.a.	7.30% p.a.
Salary Escalation Rate	5.00% p.a.	5.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Charge in the Profit & Loss account	1,375,614	2,817,085
Amount paid during the year	1,841,312	3,076,151
Liability as at year end	10,565,564	11,031,262

**Employee Benefits of Subsidiary companies :**

The Consolidated financial statements include Rs. 933,315/- (Rs. 656,233/-) towards provision for gratuity and Rs. 182,400/- (Rs. 216,000/-) towards provision for leave salary provided by the subsidiary companies. The subsidiary companies have not provided the disclosures enumerated in AS 15 – Employee Benefits, as the same is not material.

**4.A SEGMENT REPORT :**

The company's predominant risks and returns are from the segment of Motion, Control & power transmission business, which constituted over 95% of the company's revenues for the reporting period. Thus the segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of expense incurred for depreciation and amortization during the year are all as reflected in the financial statements for the year ended March 31, 2010 and as on that date. Since this being a single business and India the only major geographical segment, constituting over 95% of the company's revenues for the reporting period, the segment information as per Accounting Standard 17, "Segment Reporting", is not required to be disclosed.

**4B. SALE OF MOBILE HYDRAULICS BUSINESS:**

The Company has entered into a shareholders' agreement dated January 20, 2010 with a party, for sale of its mobile hydraulics business. As a consideration for this transfer the Company would be receiving a total amount of Rs.9,413,300/- out of which Rs.7,000,000/- is towards transfer of Know-how, IP rights, customer / vendor contracts etc., (Good will) and balance of Rs.2,413,300/- towards book value of fixed assets sold. The total purchase consideration receivable has been shown under "Sundry Debtors" in schedule - 6 and the amount receivable towards good will has been shown under "Other income" in schedule - 9 of the Financial statements. This amount of receivable shall be settled by way of allotment of 941,330 shares at par value of Rs.10/- each.

The mobile hydraulics business does not constitute a major line of business of the Company.

**5 RELATED PARTY DISCLOSURE :****a) Names of Related Parties and description of relationship:**

- i. Associates**
- 1 Sai India Limited
  - 2 Bourton consulting (India) Pvt Ltd
  - 1 Yuken Kogyo Co. Ltd
- ii. Entity having significant influence**
- iii. Key Management Personnel and Relative of Key Management personnel**
- Managing Director - C.P. Rangachar
  - Wife of Managing Director – Vidyha Rangachar
  - Whole Time Director-S Yamanoi

**b) Related Parties Transaction**

Details	Associates		Entity having significant influence		Key Management Personnel		Total	
	Current year	Previous Year	Current year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Purchase of Capital Goods</b>								
Yuken Kogyo Co Ltd	-	-	-	483,184	-	-	-	483,184
<b>Other Purchases</b>								
Yuken Kogyo Co Ltd	-	-	95,577,236	67,670,173	-	-	95,577,236	67,670,173
Sai India Limited	5,488,462	118,436	-	-	-	-	5,488,462	118,436
Bourton Consulting (India) Pvt Ltd	495,925	-	-	-	-	-	495,925	-
<b>Sale of goods</b>								
Yuken Kogyo Co Ltd	-	-	788,665	2,439,262	-	-	788,665	2,439,262
Sai India Limited	3,194,168	5,357,081	-	-	-	-	3,194,168	5,357,081
<b>Sale of Capital Goods</b>								
Bourton Consulting (India) Pvt Ltd	825,741	-	-	-	-	-	825,741	-
<b>Receipt of Share</b>								
Bourton Consulting (India) Pvt Ltd	370,000	-	-	-	-	-	370,000	-
<b>Directors Remuneration</b>								
Mr. C P Rangachar	-	-	-	-	5,553,444	4,543,347	5,553,444	4,543,347
Mr. S Yamanoi	-	-	-	-	1,763,550	-	1,763,550	-
<b>Payment towards Expenses</b>								
Mrs. Vidyha Rangachar	-	-	-	-	180,000	180,000	180,000	180,000

Details	Associates		Entity having significant influence		Key Management Personnel		Total	
	Current year	Previous Year	Current year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Amount outstanding [Receivable/(Payable)]								
Yuken Kogyo Co Ltd	-	-	(38,160,378)	(13,604,280)	-	-	(38,160,378)	(13,604,280)
Sai India Limited	(319,290)	2,619,374	-	-	-	-	(319,290)	2,619,374
Bourton Consulting (India) Pvt Ltd	825,741						825,741	-
Directors Remuneration							-	-
Mr. C P Rangachar					(669,000)	(47,513)	(669,000)	(47,513)
Mr. S Yamanai	-	-	-	-	(169,349)		(169,349)	-

- a) The related party relationships are as indentified by the Company on the basis of information available with the Company and relied upon by the auditors
- b) The above transactions are compiled from the date on which these parties became related and do not include reimbursement of expenses which are accounted in the natural heads of accounts.
- c) No amounts in respect of the related parties have been written off / back or provided for during the year.

**6. LEASES:**

- a) The Company has entered into various hire purchase transactions for the acquisition of vehicle. Total minimum hire purchase payments as at the balance sheet date amounted to Rs. Nil (Rs. 251,101/-) (excluding interest). The total of minimum lease payments and their present

value outstanding at the balance sheet date are as below:

Amount in Rs.			
Due	Total Minimum Lease Payments outstanding as at 31.03.2010	Interest	Present Value of Minimum Lease Payments
Within one year from the date of the \ Balance sheet	- (253,694)	- (2,593)	- (251,101)
Due in a period between one year to five year	- (-)	- (-)	- (-)
Due after five years	- (-)	- (-)	- (-)
Total	- (253,694)	- (2,593)	- (251,101)

- b) The company has taken a rental premises on a operational lease. The lease rent paid has been charged to the profit and loss account. The break up of total minimum lease rent due as on 31.03.2010 is as follows

Amount in Rs.

Particulars	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Not later than one year	990,135	837,574
Later than one year but not later than 5 years	5,473,065	3,883,908
Later than 5 years	3,835,503	2,938,680

- c) The Company has entered into lease agreements for vehicles and office facilities which are cancel-  
lable. The lease payments recognized in the statement of profit and loss account for the year against these agreements is Rs.6040,039/-(Rs.5,652,526/-) which has been grouped under 'Rent' under Schedule-12. There are no contingent rents payable.



7. EARNING PER SHARE:

Amount in Rs.

		31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Profit after taxation	(A)	82,290,792	Rs. 9,907,558
Weighted number of Equity shares	(B)	3,000,000	3,000,000
Face Value of Share		Rs.10	Rs.10
Basic & Diluted Earnings Per	(A/B)	Rs.27.43	Rs.3.30

8. DEFERRED TAX

Tax provision has been made in accordance with the requirements under the Accounting Standard 22 "Accounting for Taxes on Income" as detailed below:

Amount in Rs.

Description	Deferred tax (asset)/liability as at 01.04.09	Current year charge / (credit)	Deferred tax (asset) / liability as at 31.03.10
Difference between book & Tax Depreciation	31,225,046	(3,359,528)	27,865,518
Provision for Doubtful debts and advances		(1,499,540)	(1,499,540)
Provision for Employee benefits and others	(6,099,632)	(1,722,296)	(7,821,928)
Unabsorbed depreciation	(4,690,620)	4,690,620	-
Net	20,434,794	(1,890,744)	18,544,050

9. INTEREST PAID COMPRISES OF :

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
On Fixed loans	20,186,980	22,248,493
On others	9,296,338	17,478,500
Total	29,483,318	39,726,993

**10. MISCELLANEOUS EXPENSES INCLUDES :****Auditors remuneration****a. Remuneration to the auditors of the Company:**

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Audit fees	500,000	500,000
Payments for other services	500,000	450,000
Out of pocket Expenses inclusive of Service Tax	117,722	129,264
<b>Total</b>	<b>1,117,722</b>	<b>1,079,264</b>

**b. Remuneration to the auditors of the subsidiaries:**

Amount in Rs.

Description	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Audit fees	156,803	152,070
Payment for other services	43,675	35,000
Expenses	-	24,334
<b>Total</b>	<b>200,478</b>	<b>211,404</b>

**11. Disclosure of information relating to Subsidiary Companies (In pursuant to letter from Ministry of Corporate affairs under sub section 8 of section 212 of the Companies Act, 1956.**

Amount in Rs

Description	Coretec (India) Pvt Ltd		Yuflow Engineering Pvt Ltd		PrismHydraulics Engineering Pvt Ltd	
	31/03/10	31/03/09	31/03/10	31/03/09	31/03/10	31/03/09
Capital	6,196,000	1,549,000	10,000,000	10,000,000	375,000	375,000
Reserves and Surplus	2,688,432	6,066,110	13,644,815	8,658,753	9,317,560	8,225,122
Total Assets	11,072,171	9,646,850	34,890,577	29,794,701	12,616,577	12,756,144
Total Liabilities	11,072,171	9,646,850	34,890,577	29,794,701	12,616,577	12,756,144
Details of Investment	-	-	-	-	-	-
Turnover	41,557,386	47,350,025	82,480,026	64,449,543	26,068,980	20,382,410
Profit before taxation	1,782,322	2,814,014	6,345,245	(398,996)	1,364,438	1,048,793
Provision for Taxation	513,000	1,476,000	1,359,183	256,845	272,000	9,857
Profit after Tax	1,269,322	1,338,014	4,986,062	(655,841)	1,092,438	1,058,650
Proposed Dividend (Dividend paid)	-	-	-	-	-	-

The above information is given pursuant to the requirement of granting exemption under sub section(8) of Section 212 of the Companies Act, 1956. The information is prepared by the management and has not been subjected to audit.

12. Figures relating to subsidiary companies have been reclassified where necessary to bring in line with the holding company's financial statements

13. Figures relating to previous year has been reclassified wherever necessary to conform to current year classification. Figures in brackets relate to previous year.

**SIGNATURES TO SCHEDULE 1 TO 13**

For and on behalf of the Board

**R Srinivasan**  
Director

**V Balaji Bhat**  
Director

**C.P.Rangachar**  
Managing Director

**H M Narasinga Rao**  
Chief Financial Officer

Place: Bangalore

Date : 22<sup>nd</sup> May, 2010



## FORM OF PROXY

## YUKEN INDIA LIMITED

P.B. No. 16, WHITEFIELD ROAD, WHITEFIELD, BANGALORE - 560 066

I / We ..... of ..... being a member / members of the above named Company, hereby appoint ..... of ..... or failing him ..... of ..... as my/our proxy, to vote for me/us on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held on 3<sup>rd</sup> September 2010 at 10.00 A.M. and at any adjournment thereof. Signed this ..... day of ..... 2010

Signature

- Note :** 1. The instrument of proxy shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting.
2. Share holders intending to require information about accounts to be explained in the meeting are requested to inform the company atleast 15 days in advance of the Annual General Meeting.
3. Members are requested to bring their copies of the Annual Report to the Annual General Meeting. Due to the prohibitive cost, no copies will be distributed at the Meeting.

## YUKEN INDIA LIMITED

P.B. No. 16, WHITEFIELD ROAD, WHITEFIELD, BANGALORE - 560 066

## ATTENDANCE SLIP

L.F. No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Mr./Mrs./Miss \_\_\_\_\_

I certify I am a registered Shareholder/proxy for the registered Shareholder of the Company.

I hereby record my presence at the 34<sup>th</sup> Annual General Meeting of the Company held on 3<sup>rd</sup> September 2010 at 10.00 A.M. at Woodlands Hotel(P) Ltd.,# 5 Raja Ram Mohan Roy Road, Bangalore - 560 025.

Signature

- Note :** 1) Shareholders / Proxy holders are requested to bring the Attendance Slips when they come to meeting and handover the same at the entrance after affixing their signature. Joint shareholders may obtain additional Attendance Slips at the entrance.
- 2) Please Complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.
- 3) No additional/duplicate Attendance Slip will be issued at the Meeting Hall..
- \* Strike out whichever is not applicable

10/10/10

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