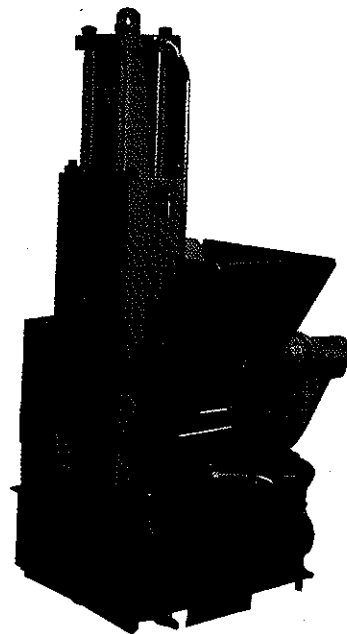
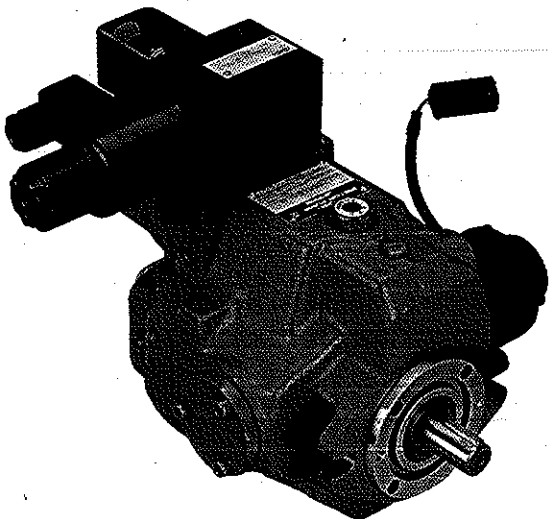
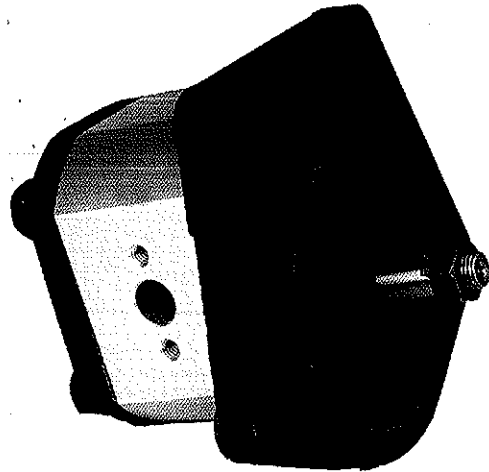
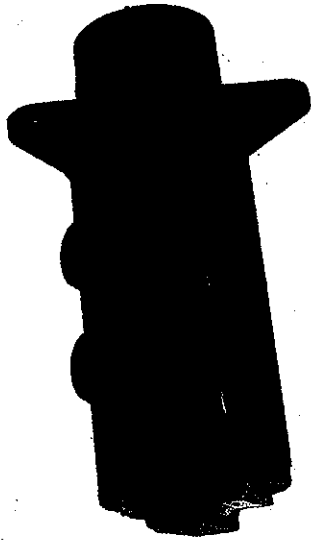


Friendly Intelligent Powerful Hydraulics

YUKEN

35th Annual Report 2010-11

Products Range



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

CFO & COMPLIANCE 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.

CONTENTS

1. NOTICE
2. DIRECTORS REPORT
3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT
4. REPORT ON CORPORATE GOVERNANCE
5. AUDITORS REPORT TO THE MEMBERS
6. BALANCE SHEET
7. PROFIT AND LOSS ACCOUNT
8. CASH FLOW STATEMENT
9. SCHEDULES
10. ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
11. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
12. FINANCIAL INFORMATION OF SUBSIDIARIES
13. AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
14. CONSOLIDATED BALANCE SHEET
15. CONSOLIDATED PROFIT AND LOSS ACCOUNT
16. CONSOLIDATED CASH FLOW STATEMENT
17. CONSOLIDATED SCHEDULES
18. ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

NOTICE is hereby given that the Thirty Fifth 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 2nd September 2011 at 10.00 am to transact the following business:

A. ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2011, 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 Dr.Premchander, who retires by rotation, but being eligible, offers him self for re-appointment.
4. To appoint Mr.Yasuhiro Mukaide as Director in place of Mr.Yasuo Sakakibara.
5. To appoint Auditors and to fix their remuneration.

"RESOLVED that M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration No.008072S) the retiring auditors be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

B. SPECIAL BUSINESS

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

RESOLVED that Mr Osamu Tanaka be and is hereby appointed as a Director of the Company, whose office is not liable to retire by rotation.

REGISTERED OFFICE :
PB 16, Whitefield Road
Whitefield
Bangalore 560 066

By order of the Board

C P Rangachar
Managing Director.

Place: Bangalore
Date: 14.05.2011

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 29/08/2011 to 02/09/2011 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 15 days in advance from the date fixed for the Annual General Meeting to enable the Management to keep the information ready.
5. Members are requested to intimate to the Company any changes, if any, in their registered addresses at an early date.
6. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend through ECS. In case of any change in the bank particulars, kindly contact the respective depository accounts for effecting the changes.
9. Under section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government and under Section 205-C of the Companies Act, 1956, no claim shall lie against the company or the said Fund, in respect of Individual amount/s which remained unclaimed or unpaid for a period of seven years from the date of payment, and no payment shall be made in respect of any such claims.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 11.00 am and 1.00 pm upto the date of the meeting.

Details of Directors seeking appointment / re-appointment at the forthcoming AGM.**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: 5**

The Company has received separate Notice u/s 257(1) of the Companies Act 1956 in writing from a member proposing the candidature of Mr Osamu Tanaka for appointment to the office of Director not liable to retire by rotation, along with requisite deposit of Rs 500/- .

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

Particulars	Dr.Premchander	Mr Osamu Tanaka
Date of Birth	16th February 1954	3rd June 1946
Date of appointment / re-appointment	From the date of AGM	From the date of AGM
Qualifications	Post Graduate in MSc Chemistry from Delhi University and Fellow, Indian Institute of Management (IIMB), Ahmedabad, PhD-Finance and control.	Bachelor's degree of Accounting from the department of commercial science of Chuo University
Expertise	Work experience includes State Bank of India as Officer Commercial and Industrial Advances, Reliance Consultancy (P) Limited, involving in Organizational Development, Shrishma Fine Chemicals & Pharmaceuticals Limited, in setting up Management Systems and building the organization for growth. In IIMB as Associate Professor -Finance & Control, designed & conducted courses on 1) Mergers and Acquisitions 2) Business Ethics 3) Finance for Business Executives 4) Strategic Cost Management. Also developed long term duration in Company courses after diagnosing the requirements of the Organization. His continuance as Independent Director will benefit the Company to a larger interest.	Joined Yuken Kogyo Co., Ltd in 1982. Worked as Director from 1983 to 1986 in Yuken Kogyo Co. Brasil. Finance Manger of Nihon Cylinder from 1986 to 1988, Manager Production from 1988 to 1992, General Manager - Finance from 1996 to 1999 , Director, West sales Department from 1999 to 2007, Executive Director from 2007 to 2009 , Senior Managing Director from 2009 to till date.
Directorships held in other public Companies	Director: Webtech Services (P) Limited.	NIL
Membership / Chairmanship of committees of other public Companies	NIL	Chairman, Yuken Korea Co., Ltd - from March'2010 to till date. Chair man - Yuken Kogyo (Shanghai) Co., Ltd from Mar'2010 to till date. Chair man - Yuken Kogyo (HK) Ltd., from April'2010 to till date.
No of shares held in the Company	NIL	NIL

DIRECTORS' REPORT

Dear Members,

Your Board of Directors are pleased to present the 35th Annual Report and the Audited Accounts for the Financial Year ended 31st March 2011.

FINANCIAL RESULTS

The Financial performance of the Company, for the year ended 31st March 2011 is summarized below.

(Rs in Lakhs)

Particulars	2010-11	2009-10
Total Income	15,084	11,632
Total Expenditure	13,115	10,064
Profit before Interest, Depreciation & Tax	1,969	1,568
Interest	251	279
Depreciation	252	252
Profit Before Tax	1,466	1,036
Provision for Taxation(Net of deferred tax)	486	343
Profit After Tax	980	693
Balance in profit and Loss Account	2,658	2,122
Amount available for appropriation	3,638	2,815
Appropriations:		
General Reserve	100	70
Proposed Dividend	75	75
Tax on Proposed Dividend	12	12
Balance Carried to Balance Sheet	3,451	2,658
Total	3,638	2,815

REVIEW OF PERFORMANCE

During the year under review, the Company achieved a turn over of Rs 15,084 Lakhs compared to Rs 11,632 Lakhs in 2010. The operations of the Company for the year under review have resulted in a net profit of Rs.980 Lakhs.

DIVIDEND

Your Directors are pleased to recommend a dividend of 25% on the equity shares of the Company for the year ended 31st March 2011, subject to the approval of the members at the ensuing Annual General Meeting.

INDUSTRIAL RELATIONS

Employee relations continue to be cordial. Your Directors would like to express their appreciation to all the employees for their contribution to the operations of the Company during the year.

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

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particular may write to the Compliance Officer at the registered office of the Company.

I. 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.8,053,653	BEME	68	1978.05.01	46	Director-PGI(P) Ltd, Chennai

1. Employment throughout the year under review and were in receipt of remuneration for that year in the aggregate of not less than Rs 60,00,000 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 500,000/- pm - NIL

DIRECTORS

Under section 256(1) of the Companies Act, 1956, and article 116 of the Articles of the Company, Dr. Premchander, 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.

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 31st March 2011, the applicable accounting standards have been followed.

2. Such accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the financial year ended 31st March 2011 and of the profit of the Company for that year.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The accounts for the year ended 31st March 2011 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.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, the Audited Consolidated Financial Statements are provided in the Annual Report.

SUBSIDIARY COMPANIES

In Accordance with the general Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance sheet, Profit and Loss Account and other documents of the Subsidiary Companies are not being attached with the Balance sheet of the Company.

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.

During the year Your Company sponsored Toilet complex to a Government High School at Bagalur.

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.8,678,514
Others	Rs.666,029

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

Interest	Rs.4,515,535
Others	Rs.4,793,586
Brand Fee	Rs.7,191,942

Remittance in Foreign currency on account of:

Dividends	Rs.30,00,000
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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 there off 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

V. Balaji Bhat

Director

R. Srinivasan

Director

C. P. Rangachar

Managing Director

Place : Bangalore

Date: 14th May 2011.

MANAGEMENT DISCUSSION AND ANALYSIS**Overview**

The global economy seems to be recovering after the recent economic setback. Changing economic and business conditions, rapid technological innovation and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate.

Customers are increasingly demanding innovative products and services with accelerated delivery times and at competitive prices. To adequately address these needs, Corporations are focusing on their core competencies using high technology to improve productivity, develop new products, conduct research and development activities, reduce business risk and manage operations more effectively.

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 a moderate growth against the growth posted 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	2007	2008	2009	2010	2011
Sales	8,510	10,296	9,702	11,422	14,915
Profit before tax	699	960	151	1,036	1,466
Profit before tax to Sales%	8.21	9.32	1.55	9.07	9.82
Profit after tax	442	612	65	693	980
Profit after tax to Sales%	5.19	5.94	0.67	6.07	6.57
Return on Capital Employed%	18	20	8	24	25
Return on Net worth%	20	23	2	21	23
Book value per share Rupees	73	87	89	112	142
Earning per share Rupees	14.78	20.42	2.17	23.11	32.68
Dividend %	25	25	0	25	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.

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, 2011, 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.

for **Deloitte Haskins & Sells**

Chartered Accountants

(Registration No.008072S)

S. Ganesh

Partner

(Membership No. 204108)

Place: Bangalore

Date: June,23, 2011

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 judgment in the Board deliberations and decisions. During the year, the Company had a Non- Executive Chairman and more than one third of the Directors were Independent Directors.

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

Attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting, the number of Directorship and Committee Membership held by them in domestic public companies as at March 31, 2011 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)	1	Yes	Yes	-	-	-
2.. Mr. Y Sakakibara	Non-Executive & Non Independent (Collaborator)	-	-	Yes	-	-	-
3.. Mr. S Yamanoi	Non-Executive & Non Independent (Collaborator)	4	yes	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	5 4	Chairman Member
6. Capt N S Mohanram	Non- Executive & Independent	4	yes	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 2010-11, our Board met five times on 22/05/2010, 24/07/2010, 03/09/2010, 23/10/2010, & 24/01/2011.

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

Board committee:

As per the Listing Agreement, no director can be a member of more than ten committees or act as Chairman of more than five committees across all Companies in which he is a director. None of the directors of our Company were members in more than ten committees nor acted as Chairman of more than five committees across all Companies in which they were directors.

CODE OF CONDUCT:

The Company's Code of Conduct as adopted by the Board of Directors, is applicable to all Directors, Senior Management and employees of the Company. This code is derived from the principles of good corporate governance, good corporate citizenship and exemplary personal conduct. The code is available on the Company's Corporate Website. All the Board members and senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2011. 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:

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

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

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

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

1. 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.
2. Recommending to the Board the appointment and removal of external auditors, fixation of audit fees and approval for payment for any other services.
3. 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 judgment by the management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliances with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report
4. Reviewing, with the management, statutory and internal auditors, the adequacy of the internal control systems.
5. 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.
6. Discussion with internal auditors any significant findings and follow up thereon.
7. 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.
8. 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.
9. Reviewing of management letters issued by statutory auditors.
10. Reviewing the Company's financial and risk management policies.
11. Looking into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
12. Seek assistance from statutory auditors in such areas and in such manner as desired by the audit Committee from time to time.
13. Reviewing the Management Discussion and Analysis of financial condition and results of operations.
14. Reviewing with the Management, the quarterly financial statements before submission for approval.
15. 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, four meetings of the Audit Committee were held, the dates being 22/05/2010, 24/07/2010, 23/10/2010, & 24/01/2011. The quorum as required under Clause 49(II)(B) was maintained at all the meetings.

The composition of the Audit Committee as at 31st March, 2011 and the attendance of the members at the Audit Committee Meetings are as follows:

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

The Chairman of the Audit Committee Mr.V Balaji Bhat was present at the Annual General Meeting held on 3rd September, 2010.

REMUNERATION COMMITTEE:

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

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

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

During the year, no meetings of the Remuneration Committee were held.

SHARES TRANSFERS AND INVESTORS GRIEVANCE COMMITTEE:

The Shares Transfers and Investors Grievance Committee is authorized to:

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

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

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. H M Narasinga Rao	6	6
Mr. S Antony Cruz	6	6

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	1	1	-
2	Complaints with regard to non-receipt of Dividend warrant	6	6	-
3	Complaints with regard to non-receipt of Annual Report	3	3	-
4	Others(complaints received through SE/SEBI)	2	2	-
	TOTAL	12	12	-

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 31st March 2011, besides the transactions reported in Note 5 of Schedule 12 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 31st March, 2011.

(E) Remuneration of Directors

Details of remuneration paid to the Executive Directors for the year 2010-11 *:

(In Rupees)

Description	31st March 2011	
	C P Rangachar (Managing Director)	S Yamanoi (Whole Time Director)
Salary	4,550,000	1,538,148
Contribution to Provident and Superannuation Fund	1,120,500	110,747
Monetary Value of Perquisite	616,192	728,000
Leave salary for the year	350,000	-
Commission	1,816,961	-
Total *	8,053,653	2,376,895

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

There are no stock options issued to the Managing Director.

Commission payable to Non - Executive Directors:

Director	Amount payable (Rs.)
Mr. Y Mukaide	268,455
Mr. Y Sakakibara	268,455
Mr. R Srinivasan	268,455
Mr. Balaji Bhat	268,455
Capt N S Mohanram	268,455
Dr Premchander	268,455

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 upto 31/10/2010 and Rs.10,000/- from 01/01/2011 on wards.

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	1	-	-	-	5,625
Mr. Y Sakakibara	-	-	-	-	-
Mr. R Srinivasan	5	4	-	-	59,375
Mr. V Balaji Bhat	5	4	-	-	59,375
Capt N S Mohanram	4	3	-	-	48,125
Dr. Premchander	4	-	-	-	26,875
				TOTAL	199,375

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 31,2011, 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
2007-08	8th September 2008	Hotel Woodlands (P) Ltd, Raja Ram Mohan Roy Road, Bangalore-560025	10.00 am
2008-09	26th August 2009	Regd Office: PB16, Whitiefield Road, Whitefield. Bangalore-560066	10.00 am
2009-10	3rd September,2010	Hotel Woodlands (P) Ltd, Raja Ram Mohan Roy Road, Bangalore-560025	10.00 am

The Company has passed a special resolution in AGM held on 3rd September,2010 re appointing Mr. C.P Rangachar as a Managing Director of the Company for a period of 5(five) years commencing from 1st May,2010 and fix the remuneration for the first 3(three) years, that is from 01.05.2010 to 30.04.2013. At the same meeting the Company has also passed a special resolution re-appointing Mr. S Yamanoi as Whole time director for a period of 3(Three) years with effect from 1st April,2010, and fixed the remuneration.

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** : 2nd September 2011, at 10.00 am at Hotel Woodlands (P) Limited, Raja Ram Mohan Roy Road, Bangalore-560 025

b) Financial Calendar:

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:	May

c) Date of Book Closure : 29/08/2011 to 02/09/2011 (both days inclusive)

d) Proposed Dividend : 25%

e) Dividend Payment Date : 05/09/2011

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 2010-11 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, 1st 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:

1. High - Low during each month in the year 2010 - 11 at Mumbai Stock Exchange is furnished below:

Sl. No.	Month	High	Low
1	Apr-10	197.55	155.10
2	May-10	210.50	160.00
3	Jun-10	251.00	197.00
4	Jul-10	280.00	218.50
5	Aug-10	244.00	215.35
6	Sep-10	263.40	218.00
7	Oct-10	313.95	234.00
8	Nov-10	340.00	253.25
9	Dec-10	306.00	240.00
10	Jan-11	309.50	254.50
11	Feb-11	270.00	203.00
12	Mar-11	247.00	218.10

The trading in the other Stock Exchanges was negligible during the year ended 31st March 2011.

(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 31st March 2011.

i. Distribution of Shareholding as on 31st March 2011:

Shareholding of Nominal value of		Share Holders		Share Amount Nominal Value	
From	To	No of cases	% of cases	Amount	% of Amount
1	- 5000	4607	92.44	5295110.00	17.65
5001	- 10000	205	4.11	1675210.00	5.58
10001	- 20000	81	1.63	1217990.00	4.06
20001	- 30000	37	0.74	908640.00	3.03
30001	- 40000	13	0.26	454330.00	1.51
40001	- 50000	11	0.22	513340.00	1.71
50001	- 100000	11	0.22	810750.00	2.70
100001	& Above	19	0.38	19124630.00	63.75
TOTAL		4984	100.00	30,000,000	100.00

(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

(k) Shareholding Pattern as on 31st March, 2011:

Category	No of Shares Held	Percentage of Shareholding
Promoter's Holding	1,576,282	52.54
Mutual Funds and UTI	1,500	0.05
FII's	0	0
Private Corporate Bodies	162,348	5.41
Indian Public	1,162,763	38.76
NRIs/OCBs	81,508	2.72
Others	15,599	0.52
Grand Total	3,000,000	100.00

(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 2nd September 2011.

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 on 31st March, 2011.

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 period which are fraudulent, illegal or violate 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 during the period;
 - ii) significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements;
 - 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: 14/05/2011

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 March 31, 2011, 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 March 31, 2011;
 - (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 March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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: 008072S

Place: Bangalore
Date : May 14, 2011

S. Ganesh
Partner
M. No. 204108

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 iv (b) to (d) and (f) to (g), v(b), vi, viii, xii, xiii, xiv, xix, xx of paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (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 respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us the particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

- (vii) 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.
- (viii) According to the information and explanations given to us, in respect of 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 March 31, 2011 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 March 31, 2011 on account of disputes.
- (ix) The company is not having any accumulated losses and has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (x) 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.
- (xi) 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.
- (xii) 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 other than temporary deployment pending application.
- (xiii) 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.
- (xiv) 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.
- (xv) 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. Ganesh
Partner
M. No. 204108

Place: Bangalore
Date : May 14, 2011

BALANCE SHEET AS AT 31/03/2011

	SCHEDULE No	As at 31/03/2011		As at 31/03/2010	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. Shareholders' Funds:					
a) Share Capital	1		30,000,000		30,000,000
b) Reserves and Surplus	2		387,902,566		298,588,743
			417,902,566		328,588,743
2. Loan Funds	3				
a) Secured Loans		281,262,212		182,394,145	
b) Unsecured Loans		50,000,000		32,500,000	
			331,262,212		214,894,145
3. Deferred Tax Liability(Net)			19,488,968		15,906,783
Total			768,653,746		559,389,671
II APPLICATION OF FUNDS					
1. Fixed Assets	4				
a) Gross Block		452,066,285		425,354,764	
b) Less: Accumulated Depreciation / Impairment		194,043,657		187,185,679	
		258,022,628		238,169,085	
c) Capital Work in Progress including Capital Advances		93,648,979		4,266,398	
			351,671,607		242,435,483
2. Investments	5		31,494,550		22,081,250
3. Current Assets, Loans & Advances	6				
a) Inventories		216,028,495		164,823,412	
b) Sundry Debtors		441,907,999		367,370,119	
c) Cash and Bank Balances		23,179,090		30,082,012	
d) Loans and Advances		55,261,030		57,472,799	
		736,376,614		619,748,342	
Less: Current Liabilities & Provisions	7				
a) Liabilities		315,996,168		290,953,258	
b) Provisions		34,892,857		33,922,147	
		350,889,025		324,875,405	
Net Current Assets			385,487,589		294,872,937
Total			768,653,746		559,389,670

Significant Accounting policies and Notes on Accounts 12
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 .Ganesh
Partner

V.Balaji Bhat
Director

R.Srinivasan
Director

C.P.Rangachar
Managing Director

Place : Bangalore
Date : 14th May, 2011

H M Narasinga Rao
Chief Financial Officer

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31/03/2011

	Schedule No.	Current year	Previous Year
		Rs	Rs
Income			
Gross Sales		1,645,142,085	1,239,328,013
Less: Excise Duty		153,626,142	97,143,532
Net Sales		1,491,515,943	1,142,184,481
Other Income	8	16,906,454	21,003,628
		1,508,422,397	1,163,188,109
Expenditure			
Raw Materials, Components and Stores consumed	9	774,423,129	551,029,310
(Increase)/Decrease in Stocks	10	(18,560,020)	(2,383,543)
Manufacturing, Administration, Selling and other Expenses	11	555,596,103	457,728,032
Interest		25,140,244	27,921,099
Depreciation/ Amortisation	4	25,210,243	25,243,633
		1,361,809,699	1,059,538,531
Profit before tax		146,612,698	103,649,578
Provision for Taxation			
Current Tax		45,000,000	35,400,000
Deferred Tax		3,582,185	(1,084,217)
Profit after tax		98,030,513	69,333,795
Add: Surplus brought forward from the previous year		265,830,906	212,242,863
Amount available for appropriation		363,861,419	281,576,658
Appropriations:			
General Reserve		10,000,000	7,000,000
Proposed Dividend		7,500,000	7,500,000
Tax on Dividend		1,216,688	1,245,750
Surplus Carried forward		345,144,731	265,830,908
Basic & Diluted Earnings Per Share(Face value of equity share of Rs.10/- each) (Refer note 8 of Schedule 12B)		32.68	23.11
Aggregate number of shares used for Computation of Basic & Diluted Earnings per share		3,000,000	3,000,000

Significant Accounting policies and Notes on Accounts

12

The schedules referred to above form an integral part of the Profit & Loss Account
In terms of our report attachedfor Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

S. Ganesh
PartnerV. Balaji Bhat
DirectorR. Srinivasan
DirectorC. P. Rangachar
Managing DirectorPlace : Bangalore
Date : 14th May, 2011H M Narasinga Rao
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2011.

Particulars	Year Ended 31st March 2011	Year Ended 31st March 2010
	Rs.	Rs.
A.Cash flow from operating activities		
Net profit before tax	146,612,698	103,649,578
Adjustments for :		
-Depreciation/ Amortisation	25,210,243	25,243,633
-Unrealised Exchange difference	(4,644)	(75,002)
-Loss/(Profit) on sale/scrap of Fixed Assets/CWIP (net)	136,537	1,772,399
-Voluntary Retirement Scheme	-	7,683,328
-Provision for doubtful debts (Net)	1,034,388	2,749,944
-Provision for Doubtful advances	-	2,035,135
-Liabilities no longer required written back	(2,798,939)	(833,536)
-Bad debts written off	3,742,537	3,492,116
-Interest income on margin money deposit and others	(2,584,438)	(981,348)
-Dividend income	(1,806,000)	(1,325,308)
-Interest expense	25,140,244	27,921,099
Operating profit before working capital changes	194,682,626	171,332,038
Adjustments for :		
-(Increase)/Decrease in sundry debtors	(81,327,613)	(56,442,536)
-(Increase)/Decrease in inventories	(51,205,082)	14,660,058
-(Increase)/Decrease in loans and advances	10,209,884	6,244,577
-Increase/(Decrease) in current liabilities and provisions	27,358,805	115,413,340
Cash generated from operations	99,718,620	251,207,477
-Direct taxes paid (Net)	(50,765,241)	(30,723,058)
Net cash from/(used in) operating activities (A)	48,953,379	220,484,419
B.Cash flow from investing activities		
Additions to fixed assets (including capital WIP and Capital advances)	(138,251,728)	(14,192,081)
Proceeds from sale of fixed assets	3,668,823	19,672,040
Investment in equity shares of Hycom Engg.(I) P Ltd	(9,413,300)	-
Dividend received	1,806,000	1,325,308
Interest received	2,386,699	981,348
Net cash from/(used in) investing activities (B)	(139,803,506)	7,786,615
C.Cash flow from financing activities		
Proceeds from borrowings	220,434,042	138,354,136
Repayment of borrowings	(103,744,464)	(329,929,705)
Dividends paid	(8,687,591)	(29,126)
Interest paid	(25,118,442)	(28,446,947)
Net cash from/(used in) financing activities (C)	82,883,545	(220,051,642)
Net cash flows during the year(A+B+C)	(7,966,582)	8,219,392
Cash and cash equivalents (opening balance)	30,082,012	21,898,701
Add/(Less): Unrealised exchange (gain)/loss	450,752	414,671
	30,532,764	22,313,372
Cash and cash equivalents (closing balance)	23,179,090	30,082,012
Add/(Less): Unrealised exchange (gain)/loss	(612,908)	450,752
	22,566,182	30,532,764
Increase / (decrease) in cash and cash equivalents	(7,966,582)	8,219,392

Significant Accounting policies and Notes on Accounts 12

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

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.783,344/- (Rs. 725,185/-) and balance in Margin Money deposit account of Rs.5,871,790 (Rs. 2,570,200/-) which are available for restricted use by the Company.

for Deloitte Haskins & Sells
Chartered Accountants
S.Ganesh
Partner

V.Balaji Bhat
Director

For and on behalf of the Board

R.Srinivasan
Director

C.P.Rangachar
Managing Director

Place : Bangalore
Date : 14th May, 2011

H M Narasinga Rao
Chief Financial Officer

SCHEDULES FORMING PART OF BALANCE SHEET

SHARE CAPITAL

SCHEDULE 1

	As at 31/03/2011		As at 31/03/2010	
	Rs.	Rs.	Rs.	Rs.
Authorised				
6,000,000 (6,000,000) Equity Shares of Rs.10/- each		60,000,000		60,000,000
Issued subscribed and paid up				
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

SCHEDULE 2

	As at 31/03/2011		As at 31/3/2010	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
As per Last Balance Sheet	32,757,835		25,757,835	
Add :Transfer from Profit and Loss Account	10,000,000	42,757,835	7,000,000	32,757,835
Surplus as shown in the Profit and Loss Account		345,144,731		265,830,908
Total		387,902,566		298,588,743

LOAN FUNDS

SCHEDULE 3

	As at 31/03/2011		As at 31/3/2010	
	Rs.	Rs.	Rs.	Rs.
a) Secured Loans				
Long Term Loan				
From a Bank	177,015,956		125,686,373	
(Payable within one year Rs.31,267,945/-(Rs.125,686,373/-)				
From others	1,036,026		2,279,490	
(Payable within one year Rs.1,036,026/-(Rs.1,371,358/-)		178,051,982		127,965,863
Short Term Loan				
From a Bank		100,117,808		-
Cash Credit Account - From a Bank		3,092,422		9,087,457
Working Capital Demand loan - From a Bank				45,340,825
Total-(a)		281,262,212		182,394,145
b) Unsecured Loans				
Short Term Loan				
From a Bank	50,000,000		20,000,000	
Other Loan from a Bank			12,500,000	
(Payable within one year Rs.Nil /-(Rs.12,500,000)		50,000,000		32,500,000
Total-(b)		50,000,000		32,500,000
Grand Total (a+b)		331,262,212		214,894,145

Secured Loan - Note:

- Loans from 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																			
FIXED ASSETS	DESCRIPTION	GROSS BLOCK - COST						DEPRECIATION / IMPAIRMENT						NET BLOCK					
		As at 01.04.2010		Additions		Deductions / Adjustments		As at 31.03.2011		As at 01.04.2010		For the Year		Deductions / Adjustments		As at 31.03.2011		As at 31.03.2010	
		Rs		Rs		Rs		Rs		Rs		Rs		Rs		Rs		Rs	
	Tangible Assets (A)																		
	Freehold Land	26,377,524	345,000				26,722,524										26,722,524		26,377,524
	Buildings	68,937,425	5,453,071				74,390,496				16,153,970	1,805,634				17,959,604		56,430,892	
	Plant Machinery & Equipment	202,165,132	28,925,087			6,124,415	224,965,804			100,507,905	12,234,515	2,786,289			109,956,131		115,009,673		101,657,227
	Electrical Installation	11,301,677	818,896			16,569	12,104,004			3,552,892	547,138	12,465			4,087,565		8,016,439		7,748,785
	Furniture / Fixtures	10,173,068	1,665,510			988,968	10,849,610			5,084,765	616,374	977,030			4,724,109		6,125,501		5,088,303
	Office Equipments	48,509,116	8,178,633			13,952,681	42,735,068			29,197,795	5,072,532	13,903,189			20,367,198		22,367,930		19,311,321
	Jigs / Fixtures	28,802,362	1,298,102			371	30,100,093			16,545,269	1,959,022	371			18,503,920		11,596,173		12,257,093
	Motor Vehicles	16,856,486	2,184,847			1,074,621	17,966,712			6,387,365	1,727,913	672,921			7,442,357		10,524,355		10,469,121
	Total (A)	413,122,790	48,869,146			22,157,625	439,834,311			177,429,961	23,963,128	18,352,265			183,040,824		256,793,487		235,692,829
	Intangible Assets (B)																		
	ERP Software	8,897,974					8,897,974			6,421,718	1,247,115				7,668,833		1,229,141		2,476,256
	Technical Fee	3,334,000					3,334,000			3,334,000					3,334,000				
	Total (B)	12,231,974					12,231,974			9,755,718	1,247,115				11,002,833		1,229,141		2,476,256
	Total (A) + (B)	425,354,764	48,869,146			22,157,625	452,066,285			187,185,679	25,210,243	18,352,265			194,043,657		258,022,628		238,169,085
	Previous Year	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		
	Capital Work in Progress (a)																93,648,979		4,266,398
	Total																351,671,607		242,435,483

(a) Capital Work in Progress includes Capital Advances of Rs. 8,836,000 (Rs. Nil /-)

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 5

INVESTMENTS	As at 31/03/2011		As at 31/3/2010	
	Rs.	Rs.	Rs.	Rs.
LONG TERM - UNQUOTED AT COST				
TRADE				
In Subsidiary Companies				
1,000,000 (1,000,000) Fully paid equity shares of Rs.10/-each of Yuflow Engineering Pvt Ltd.	16,020,000		16,020,000	
480,000 (480,000) Fully paid equity shares of Rs.10/- each of Coretec Engineering India Pvt Ltd.	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
In Others				
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 (37,000) Fully paid equity shares of Rs.10/- of Bourlon Consulting (India) Pvt Ltd		370,000		370,000
NON TRADE				
2,000 (2,000) Fully paid equity shares of Rs 25/- each of The Shamrao Vittal Co-operative Bank Ltd		50,000		50,000
941,330 (Nil) Fully paid equity shares of Rs.10/- each of Hycom Engineering (India) Private Limited		9,413,300		-
Total		31,494,550		22,081,250
Unquoted Investment at cost		31,494,550		22,081,250
Quoted Investment at cost		-		-

SCHEDULES FORMING PART OF BALANCE SHEET				
CURRENT ASSETS, LOANS AND ADVANCES		SCHEDULE 6		
	As at 31/03/2011		As at 31/3/2010	
	Rs.	Rs.	Rs.	Rs.
a) Inventories				
Tools	5,731,611		5,600,250	
Raw Materials & Components	126,588,701		94,522,551	
Raw Material in Transit	3,447,668		3,000,116	
Work in Process	51,547,937		38,050,346	
Finished Goods	28,712,578		23,650,149	
		216,028,495		164,823,412
b) Sundry Debtors				
Unsecured- Dues from subsidiaries				
Debts Outstanding for a Period Exceeding Six Months - Considered good	7,151,231		2,562,789	
Other Debts -Considered good	2,591,095		2,844,323	
		9,742,326		5,407,112
Unsecured-Others				
Debts Outstanding for a Period Exceeding Six Months - Considered good	34,490,187		51,340,610	
Considered doubtful	6,587,222		5,552,834	
	41,077,409		56,893,444	
Other Debts -Considered good	397,675,486		310,622,397	
	438,752,895		367,515,841	
Less: Provision for Doubtful Debts	6,587,222		5,552,834	
		432,165,673		361,963,007
		441,907,999		367,370,119
c) Cash and Bank balances				
Cash On Hand		232,357		442,123
Cheques on Hand		3,186,082		
Balances with Scheduled Banks:				
On Current Account	13,105,517		26,344,504	
On Margin Money Deposit Account	5,871,790		2,570,200	
On Unclaimed Dividend Account	783,344		725,185	
		19,760,651		29,639,889
		23,179,090		30,082,012
d) Loans and Advances				
Unsecured and considered good:				
Advances recoverable in cash or in kind or for value to be received	29,644,157		27,421,757	
Less: Provision for Doubtful advances		29,644,157	2,035,135	25,386,622
Due from Subsidiaries	664,588		13,517,437	
(Refer note 12 of Schedule 12B)				
Deposit with Excise Authorities	1,621,460		1,673,808	
Deposit Others	6,121,852		5,451,200	
		8,407,900		20,642,445
		38,052,057		46,029,067
INCOME TAX				
Advance Tax (Net)		16,919,438		11,154,197
FRINGE BENEFIT TAX				
Advance Tax (Net)		289,535		289,535
		55,261,030		57,472,799
Total		736,376,614		619,748,342

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE 7

CURRENT LIABILITIES & PROVISIONS	As at 31/03/2011		As at 31/3/2010	
	Rs.	Rs.	Rs.	Rs.
a) Current Liabilities				
Sundry Creditors				
Dues to Micro and Small Enterprises		11,507,167		4,930,698
Dues to others		290,347,645		275,816,728
Other statutory Liabilities		9,908,517		7,531,330
Commission to Managing Director & Other Directors		3,427,692		1,949,317
Unclaimed Dividend		783,344		725,185
Interest accrued but not due on loans		21,803		-
		315,996,168		290,953,258
b) Provisions				
Income Tax (Net)		12,144,397		12,144,397
Fringe Benefit Tax (Net)		304,340		304,340
Gratuity		1,608,978		2,162,096
Leave Salary		12,118,454		10,565,564
Proposed Dividend		7,500,000		7,500,000
Tax on Proposed Dividend		1,216,688		1,245,750
		34,892,857		33,922,147
Total		350,889,025		324,875,405

OTHER INCOME	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Interest Income on Margin Money Deposit and others (Tax deducted at source Rs. 25,842/- (Rs.20,409/-)		2,584,438		981,348
Training and other services rendered		6,475,322		4,788,999
Miscellaneous Receipts		2,041,619		1,930,678
Liabilities no longer required written back		2,798,939		833,536
Provision for doubtful debts no longer required written back		1,200,136		1,851,884
Bad debts written off in earlier years realised		-		120,012
Income from Foreign Exchange (Net of Loss)		-		2,171,863
Income from sale of Mobile Hydraulics Business (Refer note 26 of Schedule 12B)		-		7,000,000
Dividend Income		1,806,000		1,325,308
Total		16,906,454		21,003,628

SCHEDULE 8

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Raw Materials, Components and Store consumed		SCHEDULE 9	
	Current Year		Previous Year
	Rs.	Rs.	Rs.
Opening stock	100,122,801		118,293,310
Add: Purchases	806,620,641		532,858,801
Total	906,743,442		651,152,111
Less Closing stock	132,320,313		100,122,801
	774,423,129		551,029,310

(INCREASE)/DECREASE IN STOCKS		SCHEDULE 10	
	Current Year		Previous Year
	Rs.	Rs.	Rs.
Opening Stocks:			
Finished Goods	20,052,699		17,109,851
Excise duty on Opening Stock	3,597,450		2,258,547
Work in Process	38,050,346		39,948,554
	61,700,495		59,316,952
Closing Stocks:			
Finished Goods	24,224,221		20,052,699
Excise duty on Closing Stock	4,488,357		3,597,450
Work in process	51,547,937		38,050,346
	80,260,515		61,700,495
	(18,560,020)		(2,383,543)

MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES		SCHEDULE 11	
	Current Year		Previous Year
	Rs.	Rs.	Rs.
Salaries, Wages & Bonus (Includes provision for Leave Salary Rs.3,577,506/- (Rs.1,375,614/-)		182,442,702	125,480,096
Contribution to Provident Fund and Other Funds		13,842,783	11,244,952
Gratuity to Employees		5,543,579	4,956,087
Staff welfare Expenses		8,871,995	10,687,577
Voluntary Retirement Scheme		-	7,683,328
Sub-contracting charges		116,696,109	118,306,281
Power and fuel		27,808,252	18,052,022
Rates and Taxes		3,254,183	2,875,265
Excise Duty		845,742	591,776
Exchange Loss (Net of Gain)		3,526,716	-
Loss on Fixed Assets sold (net)		27,881	914,352
Loss on Fixed Assets scrapped		108,657	858,047
Rent		9,485,142	6,865,205
Insurance		1,105,396	923,809
Repairs:			
Machinery	12,280,366		10,675,989
Building	6,174,436		3,791,023
Others	1,054,123	19,508,925	1,623,702
Freight Transport & Other Charges		38,358,916	28,127,379
Legal and Professional charges		21,686,471	19,158,459
Sales Promotion Expenses		5,141,085	3,458,179
Selling Commission		17,946,638	17,413,491
Travelling Expenses		28,549,960	18,982,477
Vehicle Maintenance		5,971,139	4,717,570
Printing, Stationery, Postage & Telephones		10,283,075	7,695,508
Directors Sitting Fee		199,375	270,000
Commission to Directors other than Managing Director		1,610,731	1,110,968
Bad debts and advances written off	5,777,672		3,492,116
Less : Provision released	3,047,017	2,730,655	3,492,116
Provision for Doubtful Debts		3,246,406	4,601,828
Provision for Doubtful Advances		-	2,035,135
Bank charges		3,906,481	5,851,562
Miscellaneous Expenses		22,797,109	15,273,849
(Refer note 16 of Schedule 12B)		555,596,103	457,728,032

Schedule 12**Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2011****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 1st ,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 | | |
| b) Work in Process * | } | At lower of cost and net realizable value |
| (iii) Finished Goods * | | |
| (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.

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

Assets taken on lease where the company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

11. EARNING PER SHARE

In determining the earning per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date

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, 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.

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.

B. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account [net of advances Rs.20,140,257/- (Rs. 1,609,838/-)] and not provided for is Rs. Nil (Rs. 1,599,196/-).

2. Corporate Guarantee given by the Company to Bankers for Yuflow Engineering Pvt Ltd towards Cash Credit limit of Rs. 15,000,000/- , and Non fund based limit of Rs.2,500,000/-. For Coretec Engineering India Pvt Ltd towards Term Loan of Rs. 15,000,000/- and Cash Credit limit of Rs. 2,500,000/-.

3. Investments additions / (deletion) for the year :

Description	Amount in Rs.	
	31st March 2011	31st March 2010
Hycom Engineering (India) Private Limited	9,413,300/-	-
Bourton Consulting (India) Pvt Ltd	-	370,000/-

4. 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	-	Rupees	-
(1)	Buy	USD	(3,470,000)	Rupees	(156,392,900)
1	Buy	USD	-	Rupees	-
(-)	Buy	USD	(172,616)	Rupees	(7,779,760)

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

Particulars	Amount	Amount (Foreign Currency)
Due From		
- Debtors against Export of Goods	Rs.9,869,638 (Rs. 5,315,807)	USD 222,831 (USD 121,573)
	Rs. 446,205 (Rs. 12,604)	GBP 6,227 (GBP 188)
	Rs.1,350,776 (Rs.1,270,105)	Euro 21,417 (Euro 20980)
	Rs.365,559 (-)	JPY 667,200 (-)

Due to		
a) Secured loan	Rs.15,748,011 (Rs. -)	EURO 249,691 (-)
b) Interest on Secured Loan	Rs.21,803 (Rs.896,169)	EURO 345 (USD 19,661)
c) Creditors against Import of goods and services (inclusive for Capital goods)	Rs.48,016,295 (Rs.38,469,260)	USD 1,072,031 (USD 853,545)
	Rs.4,383 (Rs.5,803,164)	YEN 8,000 (YEN 11,933,300)
	Rs 606,800 (Rs.538,983)	EURO 9,621 (EURO 8,903)

5. 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	31st March 2011	31st March 2010
Employers' Contribution to Provident Fund*	4,632,665	3,935,196
Employers' Contribution to Superannuation Fund*	5,699,752	4,290,671
Employers' Contribution to Employee's State Insurance*	439,714	398,434
Employers' Contribution to Employee's Pension Scheme 1995*	2,440,702	2,026,961

* Included in Contribution to provident and other funds (Refer Schedule 11)

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	31st March 2011	31st March 2010
Discount Rate	8.10% p.a	8.15% 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)	10.71	10.88

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	31st March 2011	31st March 2010
Opening Present Value of Obligation	12,011,567	11,761,680
Current Service Cost	1,055,667	1,076,636
Interest on Defined Benefit Obligation	1,014,311	912,143
Benefits Paid	(511,192)	(5,606,597)
Net Actuarial Losses / (Gains) Recognized in Year	198,932	3,867,705
Past Service Cost	3,867,359	-
Losses / (Gains) on "Curtailments & Settlements"	-	-
Closing Present Value of Obligations	17,636,644	12,011,567

B) Change in the Fair Value of Assets

Amount in Rs.

Description	31st March 2011	31st March 2010
Opening Fair Value of Plan Assets	9,849,471	11,055,671
Expected Return on Plan Assets	804,583	870,935
Actuarial Gains / (Losses)	(211,893)	29,462
Assets Distributed on Settlements	-	-
Contributions by Employer	6,096,697	3,500,000
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(511,192)	(5,606,597)
Closing Fair Value of Plan Assets	16,027,666	9,849,471

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

Amount in Rs.

Description	31st March 2011	31st March 2010
Closing Present Value of Funded Obligations	(17,636,644)	(12,011,567)
Closing Fair Value of Plan Assets	16,027,666	9,849,471
Closing Value of Unfunded Obligations	(1,608,978)	(2,162,096)
Unrecognized Actuarial (gains) / losses	-	-
Unfunded Net Asset / (Liability) recognized in Balance Sheet	(1,608,978)	(2,162,096)

D) Expense recognized in the Profit and Loss Account

Amount in Rs.

Description	31st March 2011	31st March 2010
Current Service Cost	1,055,667	1,076,636
Past Service Cost	3,867,359	-
Interest Cost	1,014,311	912,143
Expected Return on Plan Assets	(804,583)	(870,935)
Actuarial Losses / (Gain)	410,825	3,838,243
Losses / (Gains) on "Curtailments & Settlements"	-	-
Total Expense recognized in the Profit & Loss Account	5,543,579	4,956,087

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

Description	31st March 2011	31st March 2010
Corporate Bonds	38%	50%
Equity Shares of listed Companies	38%	50%
Insurer Managed Funds	24%	0%

F) Experience Adjustments

Description	31st March 2007	31st March 2008	31st March 2009	31st March 2010	31st March 2011
Defined Benefit Obligation	17,234,829	15,108,152	11,761,680	12,011,567	17,636,644
Plan Assets	12,376,464	12,968,271	11,055,671	9,849,471	16,027,666
Surplus / (Deficit)	(4,858,365)	(2,139,881)	(706,009)	(2,162,096)	(1,608,978)
Exp. Adj. On Plan Liabilities	3,723,851	159,629	(1,229,969)	4,862,522	129,959
Exp. Adj. on Plan Assets	(413,000)	140,974	(1,248,332)	29,462	(211,893)

b) Leave Salary**Assumptions at the Valuation Date:**

Description	31st March, 2011	31st March, 2010
Discount Rate	8.10% p.a.	8.15% 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	31st March, 2011	31st March, 2010
Charge in the Profit & Loss account	3,524,718	1,375,614
Amount paid during the year	1,971,827	1,841,312
Liability as at year end	12,118,454	10,565,564

6. 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 Rangaschar
- Wife of Managing Director - Vidya Rangaschar
- 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
Purchase of Capital goods										
Coretec Engineering India Pvt Ltd.	2,296,207	76,309	-	-	-	-	-	-	2,296,207	76,309
Yuflow Engineering Pvt Ltd	2,283,118	-	-	-	-	-	-	-	2,283,118	-
Prism Hydraulics Pvt Ltd	8,250	-	-	-	-	-	-	-	8,250	-
Purchases of Goods and Services Received										
Yuflow Engineering Pvt Ltd	71,246,971	48,362,616	-	-	-	-	-	-	71,246,971	48,362,616
Coretec Engineering India Pvt Ltd.	71,475,895	47,936,544	-	-	-	-	-	-	71,475,895	47,936,544
Prism Hydraulics Pvt Ltd	1,831,255	463,763	-	-	-	-	-	-	1,831,255	463,763
Yuken Kogyo Co Ltd	-	-	-	-	121,251,739	95,577,236	-	-	121,251,739	95,577,236
Sai India Limited	-	-	3,044,471	5,488,462	-	-	-	-	3,044,471	5,488,462
Bourton consulting (India) Pvt Ltd	-	-	393,166	495,925	-	-	-	-	393,166	495,925
Sale of Capital Goods										
Yuflow Engineering Pvt Ltd	21,420	-	-	-	-	-	-	-	21,420	-
Bourton consulting (India) Pvt Ltd	-	-	-	-	-	-	-	-	-	-
Sale of Capital Work in Progress										
Coretec Engineering India Pvt Ltd.	482,548	3,051,080	-	-	-	-	-	-	482,548	3,051,080
Sale of goods and Services Rendered										
Yuflow Engineering Pvt Ltd	447,817	934,254	-	-	-	-	-	-	447,817	934,254
Coretec Engineering India Pvt Ltd.	2,871,607	7,066,994	-	-	-	-	-	-	2,871,607	7,066,994
Prism Hydraulics Pvt Ltd	-	7,128	-	-	-	-	-	-	-	7,128
Yuken Kogyo Co Ltd	-	-	-	-	1,781,021	788,665	-	-	1,781,021	788,665
Sai India Limited	-	-	2,690,907	3,194,168	-	-	-	-	2,690,907	3,194,168

	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 Goods and Services										
Yulow Engineering Pvt Ltd	14,323,960	15,000,000							14,323,960	15,000,000
Coretec Engineering India Pvt Ltd.	8,427,274								8,427,274	
Receipt of Share										
Bourton consulting (India) Pvt Ltd				370,000						370,000
Directors Remuneration										
Mr. C P Rangachar										
Mr. S Yamanoi							8,053,653	5,553,444	8,053,653	5,553,444
Payment Towards Expenses @							2,376,895	1,763,550	2,376,895	1,763,550
Mrs. Vijaya Rangachar										
Amount outstanding (Receivables)							180,000	180,000	180,000	180,000
Yulow Engineering Pvt Ltd	426,674	882,490							426,674	882,490
Coretec Engineering India Pvt Ltd.	7,641,265	9,544,824							7,641,265	9,544,824
Prism Hydraulics Pvt Ltd	2,338,975	1,673,668							2,338,975	1,673,668
Yukem Kogyo Co Ltd					620,805				620,805	
Sai India Limited			702,910	4,057,537					702,910	4,057,537
Bourton consulting (India) Pvt Ltd			825,741	825,741					825,741	825,741
Amount outstanding (payables)										
Yulow Engineering Pvt Ltd	(196,279)	(10,989,622)							(196,279)	(10,989,622)
Coretec Engineering India Pvt Ltd.	(497,122)	(6,693,871)							(497,122)	(6,693,871)
Prism Hydraulics Pvt Ltd		2,527,816								2,527,816
Yukem Kogyo Co Ltd					(45,952,150)	(38,160,378)			(45,952,150)	(38,160,378)
Sai India Limited			(147,239)	(4,376,827)					(147,239)	(4,376,827)
Directors Remuneration										
C P Rangachar										
S Yamanoi							2,363,743	(669,000)	2,363,743	(669,000)
@ Payment made to relative of Key Management Personnel							70,970	(169,349)	70,970	(169,349)

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.

7. The Company has entered into lease agreements for vehicles and office facilities which are cancellable. The lease payments recognized in the statement of profit and loss account for the year against these agreements is Rs. 6,160,313 /- (Rs.5, 202,463/-) which has been grouped under 'Rent' under Schedule-11. There are no contingent rents payable.

8. **Earning Per Share :**

		Amount in Rs.	
		31st March 2011	31st March 2010
Profit after taxation	(A)	98,030,513	69,333,795
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. 32.68	Rs. 23.11

9. **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, 2011 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.

10. **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 01.04.10	Current year charge / (credit)	Deferred tax (asset) / liability as at 31.03.11
Depreciation: book to tax difference	25,451,959	2,316,979	27,768,938
Provision for employee benefits	(4,113,261)	(446,992)	(4,560,253)
Provision for Doubtful debts and advances	(2,452,242)	263,968	(2,188,274)
Miscellaneous Expenditure (Voluntary Retirement Scheme)	(2,979,673)	1,448,230	(1,531,443)
Net	15,906,783	3,582,185	19,488,968

11. **Unclaimed Dividend :**

The unclaimed dividend of Rs.783,344/- (Rs.725,185/-) represents Rs. 63,195/- relating to the year 2004, Rs.96,250/- relating to the year 2005, Rs.116,699/- relating to the year 2006, Rs.179,305/- relating to the year 2007, Rs. 200,353/- relating to the year 2008, and Rs.127,542/- relating to the year 2010. 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.

12. 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	31st March 2011	31st March 2010
	Rs.	Rs.
Coretec Engineering India Private Limited	7,641,265	2,850,954
Prism Hydraulics Private Limited	1,674,387	1,673,668
Yuflow Engineering Private Limited	426,674	882,490
Bourton Consulting (India) Pvt Ltd	825,741	825,741

13. 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	31st March 2011	31st March 2010
Yuflow Engineering Private Limited	-	10,989,621
Maximum amount outstanding during the year	15,088,147	16,259,083
Prism Hydraulics Private Limited	664,588	2,527,816
Maximum amount outstanding during the year	2,516,962	2,886,138

14. Dues to micro enterprises and small enterprises :

Description	31st March 2011	31st March 2010
	Rs	Rs
Principal amount unpaid	3,779,959	4,930,698
Interest due on the above	73,251	70,499

The above information and that given in current liabilities 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.

15. Interest expense comprises of :

Amount in Rs.

Description	31st March 2011	31st March 2010
On Fixed loans	17,630,924	18,841,641
On others	75,09,320	9,079,458
Total	25,140,244	27,921,099

16. Miscellaneous Expenses include:**Auditors Remuneration:****Amount in Rs.**

Description	31st March 2011	31st March 2010
Audit fees	650,000	500,000
Tax Audit / Tax Matters	300,000	300,000
For Certification / Attestation Work	300,000	200,000
Out of Pocket Expenses and Service Tax	161,925	117,722
Total	1,411,925	1,117,722

17. Computation of Net Profit under section 309 (5) of the Companies Act, 1956 :**Amount in Rs.**

Description	31st March 2011	31st March 2010
Profit before tax as per Profit and Loss Account	146,612,700	103,649,578
Remuneration to Whole time Directors	10,430,548	7,316,994
Commission to Directors other than Whole time Directors	1,610,731	1,110,968
Directors Sitting Fees	199,375	270,000
Loss on Fixed Asset sold (net)	27,881	914,352
Loss on Fixed Asset Scrapped	108,657	858,047
Provision for doubtful debts (Net of reversal of Rs.1,851,884)	2,046,270	2,749,944
Provision for doubtful advances	-	2,035,135
Wealth Tax	36,903	49,830
Total	161,073,065	118,945,848
Less: Income on Sale of Mobile Hydraulics Business	-	7,000,000
Net Profit	161,073,065	111,954,848
Restricted to :		
10% of Net Profit for Whole Time Directors	16,107,306	11,195,484
1% of Net Profit for Directors other than Whole Time Directors	1,610,731	1,119,548

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

18. Remuneration to the Whole Time Directors :**Amount in Rs.**

Description	31st March 2011		31st March 2010	
	Managing Director	Whole Time Director	Managing Director	Whole Time Director
Salary	4,150,000	1,538,148	3,256,911	1,019,736
Contribution to Provident and Superannuation Fund	1,120,500	110,747	972,000	113,308
Monetary Value of Perquisite	616,192	728,000	434,533	630,506
Leave salary for the year	350,000	-	300,000	-
Commission	1,816,961	-	590,000	-
Total *	8,053,653	2,376,895	5,553,444	1,763,550

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

19. 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.	NA	395,400@ (294,600)@	363,399 (263,957)
2	Cast Iron Castings and Alloyed Iron Castings	M.T	NA	2,400 @ (1,200)@	1,869** (1,132)**

@ 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 1,206 MT (876 M.T) for own consumption.

20. 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	8,042 7,273	23,617,222 (19,116,009)	8,928 (8,042)	28,712,579 (23,617,222)	362,513 (263,188)	1,585,203,038** (1,219,005,700)**
2	Cast Iron Castings and Alloyed Iron Castings	M.T.	0.20 (4)	32927 (252,389)	NIL (0.20)	NIL (32,927)	663.20 (259.80)	59,939,048 (20,322,313)

** Net of sale returns Rs.24,065,076 /- (Rs. 25,630,156/-)

Closing stock includes Excise Duty of Rs. 4,488,357 /- (Rs. 3,597,450/-).

21. Raw Materials and Components and Stores consumed :

		Unit of Qty	Qty	Value Rs
i)	Steel Items	KG	328,800 (300,422)	28,767,498 (23,484,184)
ii)	Castings	KG	1,332,347 (1,108,337)	67,702,416 (49,635,024)
iii)	Imported Raw materials and Components (numerous to list)	-	-	190,492,644 (178,369,206)
iv)	Others (numerous to list)	-	-	467,332,082 (287,223,070)
v)	Consumable Stores & Spares	-	-	20,128,489 (12,317,826)
	Total			774,423,129 (551,029,310)

22. Composition of Raw Materials, Components and Stores consumed :

	Imported		Indigenous		Total Rs.	
	Rs.	Per-cent-age	Rs.	Per-cent-age	Rs.	Per-cent-age
Raw Materials And components	190,492,644 (178,369,206)	25 (33)	563,801,996 (360,342,278)	75 (67)	754,294,640 (538,711,484)	100 (100)
Consumable Stores and Spares	(-) (-)	(-) (-)	20,128,489 (12,317,826)	100 (100)	20,128,489 (12,317,826)	100 (100)

23. Value of Imports Calculated on CIF basis :

Description	31st March 2011	31st March 2010
	Rs.	Rs.
Raw Materials and Components	193,682,136	156,185,098
Capital Goods	26,049,168	228,657

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

Description	31st March 2011	31st March 2010
	Rs.	Rs.
Brand Fee	4,515,535	3,558,170
Interest	4,793,586	7,511,068
Others	7,191,942	6,005,878

25. Remittances in foreign currencies on account of dividends :

Description	31st March 2011	31st March 2010
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	2010	-

26. Earning in Foreign Currency (On Realisation Basis) :

Description	31st March 2011	31st March 2010
	Rs.	Rs.
Hydraulic Training	666,029	23,778
Export Sales	8,678,514	20,936,227

27. 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 received 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 in the previous year. This year company has been allotted 941,330 shares of Rs.10 each at par.

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

28. The Company has entered into an arrangement for services with a Private Limited Company in which a Director is interested and paid an advance of Rs.393,116/-. The Company has applied for requisite approval to the appropriate Authority.**29. 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 12**

For and on behalf of the Board

V. Balaji Bhat

Director

R. Srinivasan

Director

C. P. Rangachar

Managing Director

Date: 14h May,2011.

Place: Bangalore

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 31/03/2011

II. Capital raised during the year:

Public Issue - Nil

Bonus Issue - Nil

Rights Issue - Nil

Private Placement - Nil

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

Total Liabilities 7,687

Total Assets 7,687

Source of Funds

Paid up Capital	300
Reserves & Surplus	3,879
Deferred Tax Liability	195
Secured Loans	2,813
Unsecured Loans	500

Application of Funds

Net Fixed Assets	3,517
Net Current Assets	3,855
Investments	315

IV Performance of Company (Rs in lakhs)

Turnover	15,084
Total Expenditure	13,618
Profit Before Tax	1,466
Profit After Tax	980
Earning per Share in Rs.	32.68
Dividend (Including Dividend Tax)	87

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

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

For and on behalf of the Board

V. Balaji Bhat
DirectorR. Srinivasan
DirectorC. P. Rangachar
Managing Director

Date: 14h May,2011.

Place: Bangalore

H M Narasinga Rao
Chief Financial officer

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	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	CAPITAL	Rs 10,000,000	Rs 10,000,000	Rs 6,196,000	Rs 6,196,000	Rs 375,000	Rs 375,000
2	RESERVES	16,224,548	13,644,815	3,828,620	2,688,432	12,036,691	9,317,560
3	ADVANCE SHARE APPLICATION MONEY	-	-	120,000	120,000	-	-
4	TOTAL ASSETS (Net of Depreciation)	86,139,833	70,629,813	39,782,847	20,654,068	26,087,559	24,132,196
5	TOTAL LIABILITIES	59,915,285	46,984,998	29,638,227	11,649,636	13,675,868	14,448,944
6	DETAILS OF INVESTMENTS						
7	TURNOVER	117,290,909	82,480,026	62,603,671	41,557,386	42,841,657	26,068,980
8	PROFIT BEFORE TAXATION	3,637,322	6,345,245	1,725,920	1,907,116	3,528,990	1,364,438
9	PROVISION FOR TAXATION	1,057,589	1,359,183	585,731	637,794	809,859	272,000
10	PROFIT AFTER TAXATION	2,579,733	4,986,062	1,140,189	1,269,322	2,719,131	1,092,438
11	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		
1						
2	Financial Year ending of the Subsidiary	31.03.2011	31.03.2011	31.03.2011		
3	Number of Shares Held	1,000,000 (10,00,000 Equity Shares of Rs. 10/- each fully paid)	4,80,000 (4,80,000 Equity Shares of Rs. 10/- each fully paid)	2,250 (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. 25,79,733	Rs. 8,83,304	Rs. 16,31,478		
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"), its subsidiaries (the Company, its subsidiaries constitute "the Group") as at March 31, 2011 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 financial 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. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 91,272,376 as at March 31, 2011, total revenues of Rs. 96,468,916 and net cash outflows amounting to Rs. 7,122,748 and an associates whose financial statements reflect the group's share of losses net, of Rs. 181,151 for the year ended on that date as considered in the Consolidated Financial Statements. 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 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), 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 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 March 31, 2011;
 - (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

S. Ganesh
Partner
M. No.204108

Place : Bangalore
Date : May 14, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCH NO	AS AT 31/03/2011	AS AT 31/03/2010
I SOURCES OF FUNDS			
1. Share holders' Funds:			
a. Share Capital	1	30,000,000	30,000,000
b. Reserves and Surplus	2	447,499,578	347,891,589
		477,499,578	377,891,589
2. Minority Interest		7,371,959	6,027,414
3. Loan Funds	3	359,974,083	228,494,395
4. Deferred Tax Liability(Net)		22,581,860	18,544,050
Total		867,427,480	630,957,448
II APPLICATION OF FUNDS			
1. Fixed Assets			
a. Gross Block	4	510,178,599	478,239,136
b. Less: Accumulated Depreciation / Impairment		207,639,626	197,699,275
c. Net Block		302,538,973	280,539,861
d. Capital Work in Progress		107,146,305	4,463,361
		409,685,278	285,003,222
2. Goodwill arising on consolidation		1,619,452	1,619,452
3. Investment	5	49,507,434	34,024,014
4. Current Assets, Loans and Advances:			
a) Inventories	6	250,657,779	199,047,794
b) Sundry Debtors		462,003,891	392,231,083
c) Cash and Bank Balances		27,277,575	33,340,290
d) Loans and Advances		64,276,436	51,317,844
		804,215,681	675,937,011
Less: Current Liabilities and Provisions	7		
a) Liabilities		360,517,728	330,606,697
b) Provisions		37,087,293	35,028,862
		397,605,021	365,635,559
Net Current Assets		406,610,660	310,301,452
5. Miscellaneous Expenditure	8	4,656	9,308
Total		867,427,480	630,957,448

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. Ganesh
Partner

V. Balaji Bhat
Director

R. Srinivasan
Director

C P Rangachar
Managing Director

Place :Bangalore
Date : 14th May,2011

H M Narasinga Rao
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	SCH NO	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Gross Sales		1,747,865,879	1,302,750,201
Less: Excise Duty		162,967,886	102,333,250
Net Sales		1,584,897,993	1,200,416,951
Other Income	9	15,928,131	23,104,218
		1,600,826,124	1,223,521,169
EXPENDITURE			
Raw Materials, Components and Stores consumed	10	784,653,437	568,614,810
(Increase)/ Decrease in Stock	11	(14,864,248)	(10,385,345)
Manufacturing, Administration, selling and other expenses	12	622,878,542	493,269,856
Interest		27,026,922	29,483,318
Depreciation / Amortisation		28,297,004	28,000,961
		1,447,991,657	1,108,983,600
PROFIT FOR THE YEAR BEFORE TAX		152,834,467	114,537,569
Provision for Taxation-			
- Current tax		47,037,000	37,135,000
- Excess Provision for Income Tax		(39,445)	-
- Deferred tax		4,037,810	(1,890,744)
- Fringe Benefit Tax		-	620
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF ASSOCIATE		101,799,102	79,292,693
Less: Minority Interest		1,344,545	(728,919)
Add: Equity in earnings of Associates		7,870,120	3,727,018
		108,324,677	82,290,792
Add: Surplus Brought Forward from previous year		308,038,745	241,493,703
Amount available for appropriation		416,363,422	323,784,495
Appropriations:			
General Reserve		13,000,000	7,000,000
Proposed Dividend		7,500,000	7,500,000
Tax on Dividend		1,216,688	1,245,750
Surplus Carried forward		394,646,734	308,038,745
Basic & Diluted Earnings Per Share (Face value of equity share of Rs.10/- each)		36.11	27.43
Aggregate number of shares used for Computing Basic & Diluted EPS		3,000,000	3,000,000

Significant Accounting policies and Notes on Accounts..... 13

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

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board

S. Ganesh
Partner

V. Balaji Bhat
Director

R. Srinivasan
Director

C P Rangachar
Managing Director

Place :Bangalore
Date : 14th May,2011

H M Narasinga Rao
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	YEAR ENDED 31ST MARCH '11	YEAR ENDED 31ST MARCH '10
A.CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFITS BEFORE TAX	152,834,467	114,537,569
ADJUSTMENTS FOR:		
DEPRECIATION	28,297,004	28,000,961
LOSS ON SALE / SCRAP OF ASSETS	140,690	1,913,515
INTEREST EXPENSE	27,026,922	29,483,318
PRELIMINARY & PRE OPERATIVE EXPENSES WRITTEN OFF	4,652	4,652
PROFIT ON SALE LONG TERM INVESTMENTS	-	(2,713,797)
AMORTISATION OF TERMINATION BENEFITS - VRS	-	7,683,328
LIABILITIES NO LONGER REQUIRED WRITTEN BACK	(3,029,871)	-
BAD DEBTS WRITTEN OFF	4,162,316	4,604,464
PROVISION FOR DOUBTFUL DEBTS (NET)	1,034,388	2,749,944
PROVISION FOR DOUBTFUL ADVANCES	-	2,035,135
UNREALISED EXCHANGE DIFFERENCE (NET)	-	(131,090)
INTEREST INCOME	(2,834,582)	(1,250,209)
DIVIDEND INCOME	(6,000)	(7,500)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	207,629,986	186,910,290
ADJUSTMENTS FOR (INCREASE)/ DECREASE IN:		
TRADE AND OTHER RECEIVABLES	(77,004,647)	(59,722,134)
LOANS AND ADVANCES	(6,223,125)	5,283,551
INVENTORIES	(51,609,985)	3,268,098
TRADE PAYABLES & PROVISIONS	34,734,813	128,801,637
CHANGE IN CASH CREDIT	-	(689,579)
CASH GENERATED FROM OPERATIONS:	107,527,042	263,851,863
INTEREST PAID	-	23,331
DIRECT TAX PAID	52,671,695	33,275,392
NET CASH FROM OPERATING ACTIVITIES	54,855,347	230,553,140
EXTRA ORDINARY ITEMS / PRIOR YEAR ITEMS	-	-
NET CASH FROM OPERATING ACTIVITIES	54,855,347	230,553,140
B.CASHFLOW FROM INVESTING ACTIVITIES:		
DIVIDEND INCOME	1,806,000	7,500
PURCHASE OF FIXED ASSETS	(158,614,408)	(25,922,761)
SALE OF FIXED ASSETS	5,494,658	23,389,043
PURCHASE OF INVESTMENTS	(9,413,300)	-
INTEREST RECEIVED	2,636,843	1,250,209
NET CASH USED IN INVESTING ACTIVITIES	(158,090,207)	(1,276,009)
C. CASHFLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM BORROWINGS	237,471,090	138,083,915
REPAYMENT OF BORROWINGS	(105,669,891)	(330,344,661)
DIVIDEND PAID	(8,687,591)	(29,126)
INTEREST PAID	(27,005,121)	(29,985,835)
NET CASH USED IN FINANCING ACTIVITIES	96,108,487	(222,275,707)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,126,373)	7,001,424
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	33,340,290	26,374,945
ADD/(LESS) : UNREALISED EXCHANGE (GAIN) / LOSS	450,751	414,672
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	27,277,575	33,340,290
ADD/(LESS): UNREALISED EXCHANGE (GAIN)/LOSS	(612,907)	450,751
	26,664,668	33,791,041

Significant Accounting policies and Notes on Accounts 13

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

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. 783,344/- (Rs. 725,185/-) and balance in Margin Money deposit account of Rs.5,871,790 (Rs. 2,570,200/-) which are available for restricted use by the Company

In terms of our report attached

for Deloitte Haskins & Sells
Chartered Accountants

S. Ganesh
Partner

Place :Bangalore
Date : 14th May,2011

For and on behalf of Board

V. Balaji Bhat
Director

R. Srinivasan
Director

C P Rangachar
Managing Director

H M Narasinga Rao
Chief Financial Officer

CONSOLIDATED SCHEDULES

SHARE CAPITAL

SCHEDULE 1

PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010
	Rs.	Rs.
AUTHORISED 6,000,000 (6,000,000) Equity Shares of Rs.10/- each	60,000,000	60,000,000
ISSUED SUBSCRIBED AND PAID UP 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

SCHEDULE 2

PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010
	Rs.	Rs.
Capital Reserve Arising on account of consolidation of Subsidiary Arising from investment in Associate	1,534,580 2,060,429	1,534,580 2,060,429
General Reserve As per Last Balance Sheet Add : Transfer from Profit & Loss Account	36,257,835 13,000,000	29,257,835 7,000,000
Surplus as shown in the Profit & Loss Account	52,852,844	39,852,844
Total	394,646,734	308,038,745
	447,499,578	347,891,589

LOAN FUNDS

SCHEDULE 3

PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010
	Rs.	Rs.
SECURED LOANS:		
Term Loan From Bank From Others	285,608,440 1,036,026	126,793,227 2,279,490
Cash Credit Account- From Bank Working Capital Demand Loan-From Bank	17,133,030 2,477,241	20,612,131 46,243,565
	306,254,737	195,928,413
UNSECURED LOANS: Other Loan from Bank Short Term Loan from Bank From Others	51,491,181 - 2,228,165	12,565,982 20,000,000 -
	53,719,346	32,565,982
Total	359,974,083	228,494,395

SCHEDULE 4
CONSOLIDATED SCHEDULE OF FIXED ASSETS

PARTICULARS	GROSS BLOCK - COST				DEPRECIATION				NET BLOCK	
	AS AT 01/04/2010	AS AT 31/03/2011	UPTO 31/03/2010	UPTO 31/03/2011	For the year Rs	Deductions /Adjustments Rs	UPTO 31/03/2011	AS AT 31/03/2011	AS AT 31/03/2010	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Tangible Assets										
Free Hold Land	26,863,424	27,208,424	-	-	-	-	-	27,208,424	26,863,424	
Buildings	78,255,652	84,805,142	17,555,717	17,555,717	2,141,846	-	19,697,563	65,107,579	60,699,935	
Plant Machinery & Equipment	235,686,299	261,487,779	105,075,448	105,075,448	13,780,083	2,790,677	116,064,854	145,422,925	130,610,851	
Electrical Installation	11,443,152	12,471,185	3,598,212	3,598,212	556,455	12,465	4,142,202	8,328,983	7,844,940	
Furniture / Fixtures	12,285,949	13,135,247	5,680,754	5,680,754	773,883	977,030	5,477,607	7,657,640	6,605,195	
Office Equipments	52,592,906	47,133,861	31,593,974	31,593,974	5,621,443	13,903,189	23,312,228	23,821,633	20,988,932	
Jigs / Fixtures	28,602,362	30,100,093	16,545,269	16,545,269	1,959,022	371	18,503,920	11,596,173	12,257,093	
Motor Vehicles	20,077,418	21,267,814	7,800,582	7,800,582	2,039,287	672,921	9,166,948	12,100,866	12,276,836	
Total	466,007,162	497,609,545	187,849,956	187,849,956	26,872,019	18,356,653	196,365,322	301,244,223	278,157,206	
Intangible Assets										
ERP	8,897,974	9,235,054	6,515,319	6,515,319	1,424,985	-	7,940,304	1,294,750	2,382,655	
Technical Fee	3,334,000	3,334,000	3,334,000	3,334,000	-	-	3,334,000	-	-	
Total	12,232,974	12,569,054	9,829,319	9,829,319	1,424,985	-	11,274,304	1,294,750	2,382,655	
Previous Year	478,239,136	510,178,599	197,699,275	197,699,275	28,297,004	18,356,653	207,639,626	302,538,973	280,539,861	
Capital Work in Progress (a)	481,749,912	478,239,136	175,058,639	175,058,639	28,000,961	5,360,326	197,699,274	280,539,862	107,146,305	4,463,361
Grand Total								409,685,278	285,003,222	

(a) Capital Work in Progress includes Capital Advances of Rs. 8,836,000 (Rs. Nil/-)

INVESTMENTS		SCHEDULE 5	
PARTICULARS	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.	
Sai India Limited 360,000 (360,000) Fully paid equity shares of Rs 10/- each. (160,000 equity shares of Rs. 10/- each received as bonus shares)	39,869,089	33,617,818	
Bourton Consulting India Pvt Ltd 37,000 (Nil) Fully paid equity shares of Rs.10/-each	175,045	356,196	
Hycorn Engineering (India) Private Limited 941,330 (Nil) Fully paid equity shares of Rs.10/- eaah	9,413,300	-	
The Shamrao Vittal Co-operative Bank Ltd 2,000 (2,000) Fully paid equity shares of Rs 25/- each	50,000	50,000	
Total	49,507,434	34,024,014	

CURRENT ASSETS, LOANS AND ADVANCES		SCHEDULE 6	
PARTICULARS	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.	
a) INVENTORIES:			
Tools	6,049,728	5,708,195	
Raw Materials & Components	153,883,908	118,099,825	
Work in Progress	57,910,556	47,008,961	
Finished Goods	29,193,350	25,230,698	
Raw Material in transit	3,620,237	3,000,115	
Sub-Total	250,657,779	199,047,794	
b) SUNDRY DEBTORS			
Unsecured debtors	468,591,113	397,783,917	
Less: Provision for doubtful debts	6,587,222	5,552,834	
Sub-Total	462,003,891	392,231,083	
c) CASH & BANK BALANCES:			
Cash & Cheques On Hand	3,459,377	495,230	
Balances with Scheduled Banks:			
On Current Account	14,374,110	27,235,961	
On Margin Money Deposit Account	6,570,531	2,944,212	
On Unclaimed Dividend	783,344	725,185	
Fixed deposits	2,090,213	1,939,702	
Sub-Total	27,277,575	33,340,290	
d) LOANS & ADVANCES			
Unsecured and considered good:			
Advances recoverable in cash or in kind or for value to be received	34,791,511	31,069,126	
Less Provision for doubtful Advances	625,500	2,035,135	
	34,166,011	29,033,991	
Deposit with Excise Authorities	2,368,225	1,886,352	
Deposit Others	8,896,704	8,089,733	
Income Tax :			
Advance Tax	77,716,120	25,414,356	
Less: Provision for tax	59,260,159	14,260,159	
	18,455,961	11,154,197	
Fringe Benefit Tax :			
Advance Tax	2,689,535	3,453,571	
Less: Provision for tax	2,300,000	2,300,000	
	389,535	1,153,571	
Sub-Total	64,276,436	51,317,844	
Total	804,215,681	675,937,011	

CONSOLIDATED SCHEDULES

CURRENT LIABILITIES & PROVISIONS

SCHEDULE 7

PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010
	Rs.	Rs.
a) CURRENT LIABILITIES		
Sundry Creditors		
Due to Micro and Small Enterprises	11,507,167	4,930,698
Dues to Others	334,315,546	314,627,005
Other Statutory Liabilities	10,462,176	8,372,155
Due to Directors	3,427,692	1,949,317
Unclaimed Dividend	783,344	725,185
Interest accrued but not due on loans	21,803	2,337
Sub-Total	360,517,728	330,606,697
b) PROVISIONS:		
Income Tax :		
Provision for tax	154,737,818	154,150,000
less: Advance tax	142,005,603	142,005,603
	12,732,215	12,144,397
Fringe Benefit Tax :		
Provision for tax	9,701,000	9,701,000
less: Advance tax	9,405,660	9,405,660
	295,340	295,340
Gratuity	3,042,196	3,095,411
Leave Salary	12,300,854	10,747,964
Proposed Dividend	7,500,000	7,500,000
Tax on Proposed Dividend	1,216,688	1,245,750
Sub-Total	37,087,293	35,028,862
Total	397,605,021	365,635,559

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

SCHEDULE 8

PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010
	Rs.	Rs.
Preliminary expenses	4,656	9,308
Total	4,656	9,308

OTHER INCOME

SCHEDULE 9

PARTICULARS	Current Year	Previous Year
	Rs.	Rs.
OTHER INCOME		
Interest Income on Margin Money Deposit and others (Tax deducted at source Rs.20,409/- (Rs.38,979/-))	2,834,582	1,250,209
Training and Other Services rendered	6,726,144	4,788,999
Miscellaneous Receipts	2,131,398	2,196,288
Reversal of Provision/ Liabilities no longer required	3,029,871	-
Provision for doubtful debts no longer required written back	1,200,136	1,851,884
Bad debts written off realised	-	120,012
Liabilities no longer required written back	-	1,012,947
Exchange gain (Net)	-	2,162,582
Profit on sale of Investment in Subsidiary	-	2,713,797
Dividend Income	6,000	7,500
Profit on sale of Mobile Hydraulics Business	-	7,000,000
Total	15,928,131	23,104,218

CONSOLIDATED SCHEDULES

RAW MATERIALS, COMPONENTS AND STORES CONSUMED

SCHEDULE 10

PARTICULARS	Current Year	Previous Year
	Rs.	Rs.
Opening Stock	123,711,621	138,588,370
Add: Purchases	820,810,083	553,834,460
Total	944,521,704	692,422,830
Less Closing stock	159,868,267	123,808,020
Total	784,653,437	568,614,810

(INCREASE)/ DECREASE IN STOCKS

SCHEDULE 11

PARTICULARS	Current Year	Previous Year
	Rs.	Rs.
Opening Stock		
Finished Goods	20,546,174	17,681,613
Excise Duty on Opening stock	3,648,278	2,330,415
Work in Process	48,045,206	41,842,286
	72,239,658	61,854,314
Closing Stock		
Finished Goods	24,704,993	21,582,419
Excise Duty on Closing stock	4,488,357	3,648,279
Work in Process	57,910,556	47,008,961
	87,103,906	72,239,659
Total	(14,864,248)	(10,385,345)

MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES

SCHEDULE 12

PARTICULARS	Current Year	Previous Year
	Rs.	Rs.
Salaries, Wages & Bonus (Includes provision for Leave Salary Rs.3,577,506/- (Rs.1,375,614/-)	199,957,968	139,660,703
Contribution to Provident Fund and Other Funds	15,181,481	12,146,712
Gratuity to Employees	6,510,540	5,316,006
Staff welfare Expenses	9,769,280	11,378,423
Voluntary Retirement scheme	-	7,683,328
Subcontract charges	139,697,203	118,306,281
Power and fuel	29,182,170	19,037,167
Rates and Taxes	3,689,407	3,261,483
Excise/Custom Duty	1,034,537	785,605
Exchange Loss	4,038,578	-
Rent	10,688,034	7,879,091
Insurance	1,329,918	1,028,082
Repairs:		
Machinery	13,802,239	11,809,577
Building	6,940,365	4,537,027
Others	2,769,305	3,499,810
Freight Transport & Other Charges	40,876,491	31,318,360
Sales Promotion Expenses	7,623,862	4,986,083
Selling Commission	18,221,059	17,961,341
Traveling Expenses	29,662,781	20,480,304
Vehicle Maintenance	6,632,895	5,285,408
Printing, Stationery, Postage and Telephones	11,511,232	8,934,638
Directors Sitting Fee	199,375	270,000
Commission to Directors other than Managing Director	3,231,891	1,110,968
Provision for doubtful debts	3,246,406	4,601,828
Provision for doubtful advances	-	2,035,135
Bad debts/Advances written off (net)	3,150,434	4,604,464
Bank charges	4,556,934	6,243,008
Legal and Professional charges	23,931,686	20,683,532
Loss on Asset sold / scrapped	140,690	1,913,515
Preliminary Expenses Written-Off	4,652	4,652
Miscellaneous Expenses	25,297,129	16,507,325
Total	622,878,542	493,269,856

Schedule 13

Accounting Policies and Notes on Accounts on Consolidated Financial Statements for the year ended 31st March 2011**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, 2011.

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	
		31.03.2011	31.03.2010
i. Subsidiary			
Yuflow Engineering Pvt. Ltd	INDIA	100%	100%
Coretec Engineering India Pvt. Ltd	INDIA	77%	77%
Prism Hydraulics Pvt. Ltd	INDIA	60%	60%
ii. Associate			
Sai India Limited	INDIA	40%	40%
Bourton Consulting (India) Pvt Ltd	INDIA	29.31%	30.83%

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 1st, 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 date 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 on pro rata basis.
- 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 | | } |
| 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 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.

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.

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 :

Assets taken on lease where the company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as secured loans. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made.

12. EARNING PER SHARE :

In determining the earning per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

13. 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.

14. 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.

15. EVENTS SUBSEQUENT TO BALANCE SHEET DATE :

Events occurring after the balance sheet date, which have a material impact on the financial affairs of the company, are taken into cognizance.

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

Estimated amount of contracts remaining to be executed on capital account [net of advances Rs.20,140,257/- (Rs.1,609,838/-)] and not provided for is Rs.NIL (Rs.1,599,196 /-).

2. Corporate Guarantee given by the Company to Bankers for Yuflow Engineering Pvt Ltd towards Cash Credit limit of Rs. 15,000,000/- , & Non fund based limit of Rs.2,500,000/- and for Coretec Engineering India Pvt Ltd towards Term Loan of Rs. 15,000,000/- and Cash Credit limit of Rs. 2,500,000.

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	-	Rupees	-
(1)	Buy	USD	(3,470,000)	Rupees	(156,392,900)
1	Buy	USD	-	Rupees	-
(-)	(-)	(-)	(172,616)	Rupees	(7,779,760)

- b) Foreign Currency Exposure as at 31st March,2011, that have not been hedged by a derivative instrument or other wise:

Particulars	Amount(RS)	Amount (Foreign Currency)
Due From		
- Debtors against Export of Goods	Rs.11,362,131 (Rs.6,990,805)	USD 256,258 (USD 158,637)
	Rs. 446,205 (Rs. 12,604)	GBP 6,227 (GBP 188)
	Rs.1,350,776 (Rs.1,270,105)	Euro 21,417 (Euro 20,980)
	Rs.365,559 (Rs.-)	YEN 667,200 (YEN -)
Due to		
a) Secured loan	Rs.15,748,011 (Rs. -)	EURO 249,691 (-)
b) Interest on Secured Loan	Rs.21,803 (Rs.896,169)	EURO 345 (USD 19,661)

c) Creditors against Import of goods and services (inclusive for Capital goods)	Rs. 48,016,295 (Rs. 38,469,260)	USD 1,072,031 (USD853,545)
	Rs. 441,945 (Rs. 5,803,164)	YEN 818,000 (YEN11,933,300)
	Rs.606,800 (Rs. 857,296)	EURO 9,621 (EURO14,161)

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 amount in the Profit and Loss Account

Amount Rs.

Particulars	31st March 2011	31st March 2010
Employers' Contribution to Provident Fund*	5,313,131	4,488,880
Employers' Contribution to Superannuation Fund*	5,699,752	4,290,671
Employers' Contribution to Employee's State Insurance*	786,031	555,746
Employers' Contribution to Employee's Pension Scheme 1995*	2,628,323	2,140,157

* 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	31st March 2011	31st March 2010
Discount Rate	8.10% p.a	8.15% 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)	10.71	10.88

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	31st March 2011	31st March 2010
Opening Present Value of Obligation	12,011,567	11,761,680
Current Service Cost	1,055,667	1,076,636
Interest on Defined Benefit Obligation	1,014,311	912,143
Benefits Paid	(511,192)	(5,606,597)
Net Actuarial Losses / (Gains) Recognized in Year	198,932	3,867,705
Past Service Cost	3,867,359	
Losses / (Gains) on "Curtailements & Settlements"	-	
Closing Present Value of Obligations	17,636,644	12,011,567

B) Change in the Fair Value of Assets :

Amount in Rs.

Description	31st March 2011	31st March 2010
Opening Fair Value of Plan Assets	9,849,471	11,055,671
Expected Return on Plan Assets	804,583	870,935
Actuarial Gains / (Losses)	(211,893)	29,462
Assets Distributed on Settlements	-	-
Contributions by Employer	6,096,697	3,500,000
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(511,192)	(5,606,597)
Closing Fair Value of Plan Assets	16,027,666	9,849,471

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

Amount in Rs.

Description	31st March 2011	31st March 2010
Closing Present Value of Funded Obligations	(17,636,644)	(12,011,567)
Closing Fair Value of Plan Assets	16,027,666	9,849,471
Closing Value of Unfunded Obligations	(1,608,978)	(2,162,096)
Unrecognized Actuarial (gains) / losses	-	-
Unfunded Net Asset / (Liability) recognized in Balance Sheet	(1,608,978)	(2,162,096)

D) Expenses recognized in the Profit & Loss Account :

Amount in Rs.

Description	31st March 2011	31st March 2010
Current Service Cost	1,055,667	1,076,636
Past Service Cost	3,867,359	-
Interest Cost	1,014,311	912,143
Expected Return on Plan Assets	(804,583)	(870,935)
Actuarial Losses / (Gain)	410,825	3,838,243
Losses / (Gains) on "Curtailments & Settlements"	-	-
Total Expenses recognized in the Profit & Loss Account	5,543,579	4,956,087

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

Description	31st March 2011	31st March 2010
Corporate Bonds	38%	50%
Equity Shares of listed Companies	38%	50%
Insurer Managed Fund	24%	0%

F) Experience Adjustments

Description	31st March 2007	31st March 2008	31st March 2009	31st March 2010	31st March 2011
Define benefit obligation	17,234,829	15,108,152	11,761,680	12,011,567	17,636,644
Plan Assets	12,376,464	12,968,271	11,055,671	9,849,471	16,027,666
Surplus / (Deficit)	(4,858,3655)	(2,139,881)	(706,009)	(2,162,096)	(1,608,978)
Exp. Adj. on plan liabilities	3,723,851	159,629	(1,229,969)	4,862,522	129,959
Exp. Adj. on plan assets	(413,000)	140,974	(1,248,332)	29,462	(211,893)

b) Leave Encashment salary

Assumptions at the Valuation Date:

Description	31st March 2011	31st March 2010
Discount Rate	8.15% p.a.	8.15% 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	31st March 2011	31st March 2010
Charge in the Profit & Loss account	3,524,718	1,375,614
Amount paid during the year	1,971,827	1,841,312
Liability as at year end	12,118,454	10,565,564

Employee Benefits of Subsidiary companies :

The Consolidated financial statements include Rs.1,592,180 /-(Rs. 933,315/-) towards provision for gratuity and Rs.306,041/-(Rs. 182,400/-) 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.

5. 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, 2011 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.

6. 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 received 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 was shown under "Sundry Debtors" in Schedule 6 and the amount receivable towards goodwill was shown under "Miscellaneous Income" in Schedule 9 of the financial statements in the previous year. This year company has been allotted 941,330 shares of Rs.10 each at par.

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

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

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

b) Related Parties Transaction

Details	Amount in Rs.					
	Associates		Entity having significant Influence		Key Management Personnel	
	Current year	Previous Year	Current year	Previous Year	Current Year	Previous Year
Purchases of Goods and Services Received						
Yuken Kogyo Co Ltd	-	-	121,251,739	95,577,236	-	-
Sai India Limited	3,044,471	5,488,462	-	-	-	-
Bourton Consulting (India) Pvt Ltd	393,116	495,925	-	-	-	-
Sale of goods and Services Rendered						
Yuken Kogyo Co Ltd	-	-	1,781,021	788,665	-	-
Sai India Limited	2,690,907	3,194,168	-	-	-	-
Sale of Capital Goods						
Bourton Consulting (India) Pvt Ltd	-	825,741	-	-	-	-
Receipt of Share						
Bourton Consulting (India) Pvt Ltd	-	370,000	-	-	-	-
Directors Remuneration						
Mr. C P Rangachar	-	-	-	-	8,051,153	5,553,444
Mr. S Yamanoi	-	-	-	-	2,376,895	1,783,550
Payment towards Expenses						
Mrs. Vidya Rangachar	-	-	-	-	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 (Receivables)								
Yuken Kogyo Co Ltd	-	-	620,805	-	-	-	620,805	-
Sai India Limited	702,910	4,057,537	-	-	-	-	702,910	4,057,537
Bourton Consulting (India) Pvt Ltd	825,741	825,741	-	-	-	-	825,741	825,741
Amount outstanding (Payable)								
Yuken Kogyo Co Ltd	-	-	45,952,150	38,160,378	-	-	45,952,150	38,160,378
Sai India Limited	147,239	4,376,827	-	-	-	-	147,239	4,376,827
Directors Remuneration(Payable)								
Mr. C P Rangachar	-	-	-	-	2,363,743	669,000	2,363,743	669,000
Mr. S Yamanoi	-	-	-	-	70,970	169,349	70,970	169,349

- 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 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.

8. LEASES:

a) 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 31.03.2011 is as follows

Particulars	Amount in Rs.	
	31st March 2011	31st March 2010
Not later than one year	1,132,344	990,135
Later than one year but not later than 5 years	6,149,121	5,473,065
Later than 5 years	4,925,263	3,835,503

b) The Company has entered into lease agreements for vehicles and office facilities which are cancellable. The lease payments recognized in the statement of profit and loss account for the year against these agreements is Rs.7,323,313/-(Rs.6,040,039/-) which has been grouped under 'Rent' under Schedule-12. There are no contingent rents payable.

9. EARNING PER SHARE :

Amount in Rs.			
After exceptional item		31st March 2011	31st March 2010
Profit after taxation	(A)	108,324,677	82,290,792
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. 36.11	Rs.27.43

10. 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 01.04.10	Current year charge / (credit)	Deferred tax (asset) / liability as at 31.03.11
Difference between book & Tax Depreciation	27,865,518	2,808,600	30,674,120
Provision for Doubtful debts and advances	(1,499,540)	320,506	(1,179,034)
Provision for Employee benefits and others	(4,842,257)	(539,527)	(5,381,782)
Miscellaneous Expenditure (Voluntary Retirement Scheme)	(2,979,673)	1,448,231	(1,531,442)
Net	18,544,050	4,037,810	22,581,860

11. INTEREST PAID COMPRISES OF :

Amount in Rs.

Description	31st March 2011	31st March 2010
On Fixed loans	17,952,459	20,186,980
On others	9,074,463	9,296,338
Total	27,026,922	29,483,318

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

Amount in Rs.

Description	31st March 2011	31st March 2010
Audit fees	650,000	500,000
Payments for other services	600,000	500,000
Out of pocket Expenses inclusive of Service Tax	161,925	117,722
Total	1,411,925	1,117,722

b. Remuneration to the auditors of the subsidiaries:

Amount in Rs.

Description	31st March 2011	31st March 2010
Audit fees	213,825	156,803
Payment for other services	16,000	43,675
Expenses	18,091	-
Total	247,916	200,478

13. 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 Engineering (India) Pvt Ltd		Yuflow Engineering Pvt Ltd		Prism Hydraulics Pvt Ltd	
	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10
Capital	6,196,000	6,196,000	10,000,000	10,000,000	375,000	375,000
Reserves and Surplus	38,28,620	2,688,432	16,224,548	13,644,815	12,036,691	9,317,560
Total Assets	23,174,404	11,072,171	41,895,719	34,890,577	15,515,499	12,616,577
Total Liabilities	23,174,404	11,072,171	41,895,719	34,890,577	15,515,499	12,616,577
Details of Investment	-	-	-	-	-	-
Turnover	62,603,671	41,557,386	117,290,909	82,480,026	42,841,657	26,068,980
Profit before taxation	1,662,189	1,782,322	3,637,322	6,345,245	3,528,990	1,364,438
Provision for Taxation	522,000	513,000	1,057,589	1,359,183	809,859	272,000
Profit after Tax	1,140,189	1,269,322	2,579,733	4,986,062	2,719,131	1,092,438
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.

14. Figures relating to subsidiary companies have been reclassified where necessary to bring in line with the holding company's financial statements
15. 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 : 14th May, 2011

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 35th Annual General Meeting of the Company to be held on 2nd September 2011 at 10.00 A.M. and at any adjournment thereof. Signed this day of 2011

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.

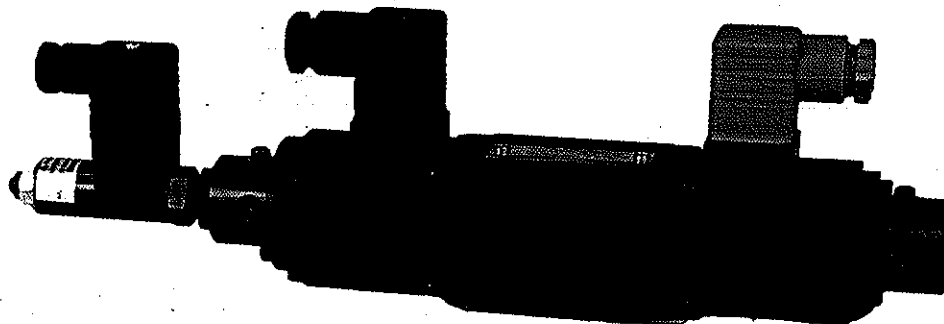
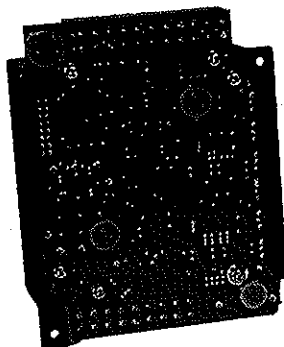
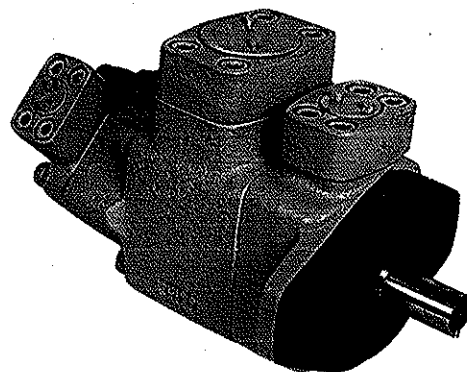
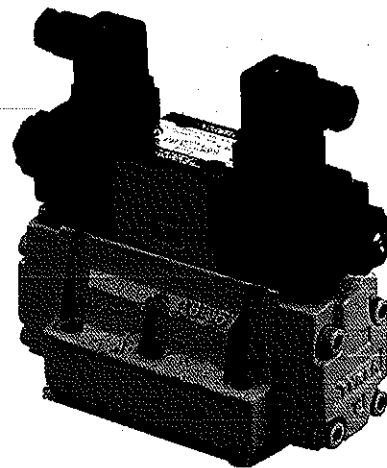
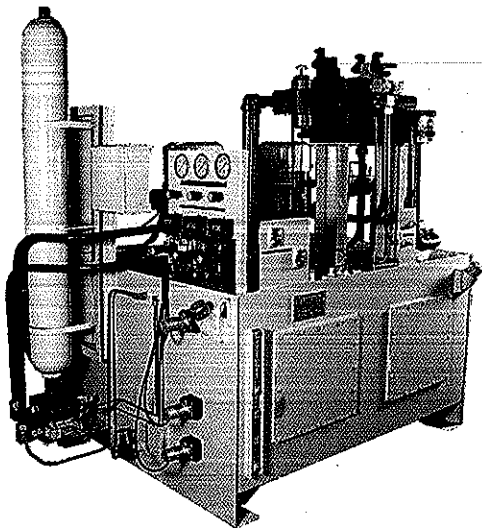
I hereby record my presence at the 35th Annual General Meeting of the Company held on 2nd September 2011 at 10.00 A.M. at Woodlands Hotel(P) Ltd., # 5 Raja Ram Mohan Roy Road, Bangalore - 560 025.

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

Products Range



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