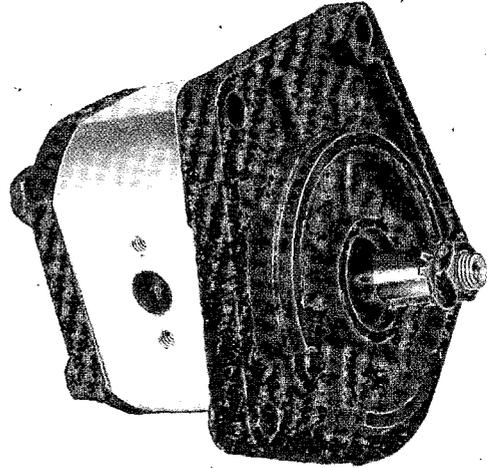
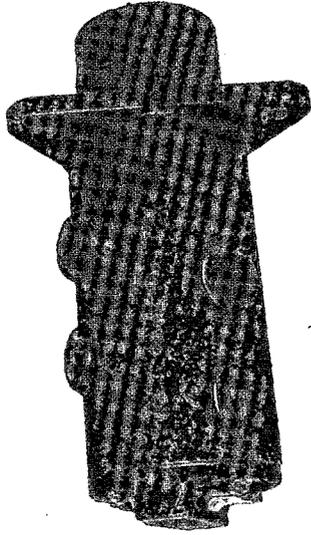


Friendly Intelligent Powerful Hydraulics

YUKEN

33rd Annual Report 2008-09

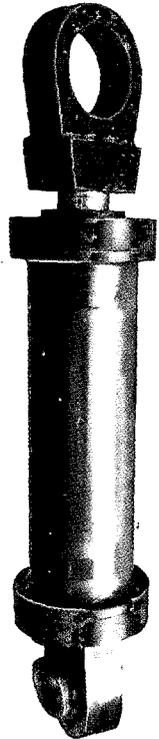
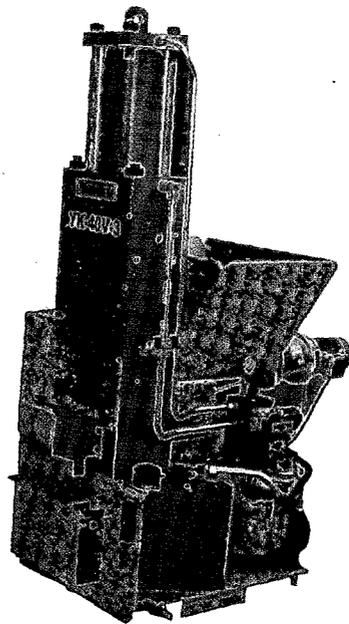
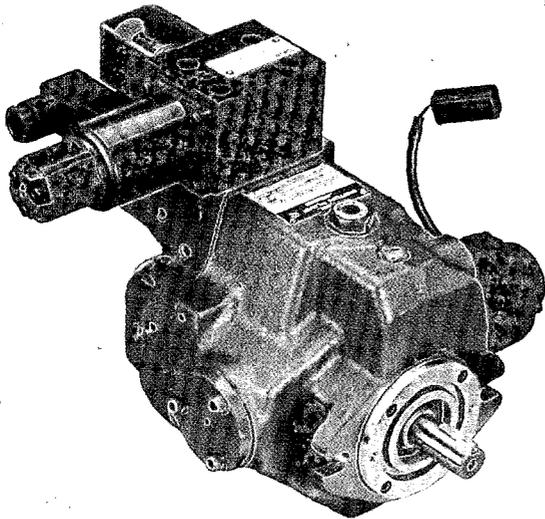
Products Range



Friendly
Intelligent
Powerful!

Hydraulics

YUKEN



BOARD OF DIRECTORS

Mr Y MUKAIDE - *Chairman*
Mr Y SAKAKIBARA
Mr S YAMANOI
Mr R SRINIVASAN
Mr V BALAJI BHAT
CAPT. N S MOHANRAM
Dr. PREMCHANDER
Mr C P RANGACHAR - *Managing Director*

COMPLIANCE OFFICER

Mr S ANTONY CRUZ

BANKERS

STATE BANK OF INDIA
BANK OF TOKYO MITSUBISHI UFJ LTD.
MIZUHO CORPORATE BANK LTD.

AUDITORS

M/S DELOITTE HASKINS & SELLS
Chartered Accountants

REGISTERED OFFICE AND WORKS

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

FOUNDRY DIVISION

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

SALES OFFICES

26, Community Centre
Mayapuri, New Delhi - 110 064

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

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

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

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NOTICE is hereby given that the Thirty Third Annual General Meeting of the members of Yuken India Limited will be held at Registered Office, P.B. 16, White Field Road, Bangalore 560 066 on Wednesday, the 26th August 2009 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31,2009, 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 appoint a Director in place of Mr. R Srinivasan, who retires by rotation, but being eligible, offers him self for re-appointment.
3. To appoint a Director in place of Mr V Balaji Bhat, who retires by rotation, but being eligible, offers him self for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with (or) without modification(s) the following Resolution as an ORDINARY RESOLUTION

RESOLVED that Mr S Yamanoi, in respect of whom the Company has received a notice in writing along with a deposit amount of Rs 500/- (Rupees Five Hundred only) from a member proposing his candidature for the office of Director under the provisions of section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as a Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 198 and 309 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and the approval of the shareholders, approval be and is hereby accorded for appointment of Mr S Yamanoi as whole time Director of the Company with effect from 1st April 2009 on contractual basis, renewable at the end of every financial year subject to the condition that the gross remuneration including salary and all other perquisites shall not exceed Rs 1,50,000/- (Rupees One Lakh and Fifty Thousand Only) per month.

"FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to the whole time director Mr S Yamanoi shall not exceed Rs 150000/- (Rupees One Lakh and fifty thousand only) per month which include salary, perquisites and other benefits.

FURTHER RESOLVED that the Board of Directors is authorized to renew his contract at the end of each financial year.

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

REGISTERED OFFICE :

PB 16, Whitefield Road
Whitefield
Bangalore 560 066

Place: Bangalore
Date: 20.06.2009

By order of the Board

C P Rangachar
Managing Director.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956, IN RESPECT OF THE SPECIAL BUSINESS SET OUT IN THE NOTICE.**ITEM NO: 6**

The Board of Directors, pursuant to section 260 of the Companies Act, 1956, appointed Mr.S.Yamanoi as an Additional Director of the company at its meeting held at 17th January 2009, who will hold office till the date of the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956, from a member of the Company proposing Mr.S.Yamanoi's appointment to the office of director at the ensuing Annual General meeting.

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

ITEM NO: 7

The Board of Directors of the Company appointed Mr S Yamanoi as a whole time director at its meeting held on 17th January 2009 for a period of one year with effect from 1st April 2009. The Remuneration Committee at its meeting held on 17th January 2009 has passed a resolution fixing the aforesaid remuneration. The Board of directors at its meeting held on 11th April 2009 approved and adopted the recommendation of the Remuneration Committee. The proposed remuneration is commensurate with the qualification and experience of Mr S Yamanoi and as per current market trend. Hence Special Resolution is placed before you which the Board of Directors recommend for adoption.

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

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 21/08/2009 to 26/08/2009 (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. 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.

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

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

Particulars	R Srinivasan	V Balaji Bhat	S Yamanoi
Date of Birth	10/09/1941	19/06/1964	23/10/1949
Date of appointment /re-appointment	26/08/2009	26/08/2009	01/04/2009
Qualifications Expertise	BE Well known Industrialist, has extensive experience in the Management of Industrial Enterprises, past Chairman of CII, Past President of Greater Mysore Chamber of Commerce & Indian Machine Tool manufacturers Association.	CA Well known Chartered Accountant, specialized in Mergers & Acquisitions, advisory services and International Taxation.	Graduate Engineer Well versed Hydraulic Systems Engineer. Handled International Marketing Department. Worked as a Systems Engineer with Yuken in early 1980s.
Directorships held in other public Companies	a) Ace Designers Limited, Bangalore b) Cholamandalam MS General Insurance Co Limited, Chennai c) Kirloskar Oil Engines Limited, Pune. d) Murugappa Morgan Thermal Ceramics Limited, Chennai e) Nettur Technical Training Foundation, Bangalore.	a) Subex Limited b) Subex Technologies Limited c) Natural Capsules Limited d) Indus Fila Limited	NIL

Particulars	R Srinivasan	V Balaji Bhat	S Yamanoi
	f) TTK Healthcare Limited, Chennai g) TTK Prestige Limited, Bangalore. h) Tube Investments of India Limited, Chennai i) Sundaram Fasteners Limited, Chennai j) MindTree Consulting Limited, Bangalore. k) Sterling Abrasives Limited.		
Membership/ Chairmanship of committees of other public Companies (only Audit & shareholders/ investor grievance committee)	Chairman - Audit Committee i) Sundaram Fasteners Ltd ii) Ace Designers Ltd iii) Cholamandalam MS Gen Ins.Co Ltd. Member- Audit Committee i) Tube Investments of India Ltd. ii) TTK Prestige Ltd. iii) Kirloskar Oil Engines Ltd iv) Mind Tree Consulting Ltd.	Chairman - Audit Committee i) Subex Limited ii) Indus Fila Limited	NIL
No of shares held in the Company	NIL	NIL	NIL

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors are pleased to present the 33rd Annual Report of the Company together with the audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The Financial Performance of the Company for the financial year ended March 31, 2009 is summarized below:

(Rs in Lakhs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Total Income	9916.33	10,394.51
Total Expenditure	9141.74	9095.31
Profit on Sale of Long term Investment	-	130.00
Profit before Interest, Depreciation & Tax	774.59	1429.20
Interest	380.11	261.70
Depreciation	243.52	207.01
Profit Before Tax	150.96	960.49
Provision for Taxation(Net of deferred tax)	86.00	348.00
Profit After Tax	64.96	612.49
Appropriations:		
Proposed Dividend	-	75.00
Tax on Proposed Dividend	-	12.75
Transfer to General Reserve	-	62.00

YEAR IN RETROSPECT

The Company achieved a turn over of Rs 9,916 Lakhs compared to Rs 10,394 Lakhs in 2008. The operations of the Company for the year under review have resulted in a net profit of Rs.65 Lakhs.

DIVIDEND

In view of marginal surplus available, your Directors do not consider it prudent to recommend a dividend for the year.

INDUSTRIAL RELATIONS

The relationship with the employees remained 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

Corporate Governance is the application of good management practices, compliance of law and adherence to ethical standards. The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the Organization. The Board of Directors regularly monitor the compliances.

A certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance, as stipulated in Clause 49 of the listing agreement with the stock exchanges is annexed to this report.

Information required under section 217(2A) of the Companies Act 1956 Read with Companies (Particulars of Employment) Rules 1975

Sl No	Name	Designation	Gross Remuneration (Rs)	Qualification	Age	Date of commencement of employment	Experience (including previous years if any)	Last employment held/ designation/ organization
*1	C P Rangachar	MD	4,543,347	BE MIE	66	1978.05.01	44	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 2,400,000 or more.
 2. Annual remuneration as above includes salary, allowances and perquisites.
 3. The above appointment is contractual.
- II. Employees of the Company who were employed for part of the financial year and in receipt of remuneration at a rate, which in aggregate was not less than Rs 200,000/- pm - **NIL**

DIRECTORS

Under section 256(1) of the Companies Act, 1956, and article 116 of the Articles of the Company, Mr R Srinivasan & Mr V Balaji Bhat, Directors are liable to retire by rotation at this Annual General Meeting. They are eligible and offer themselves for re-appointment. Brief Resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and membership, their share holding in the Company are provided in the notice of AGM.

The Board of Directors appointed Mr Shigeyoshi Yamanoi, as Whole-time Director' with effect from 1st April 2009 on contractual basis, renewable at the end of every year subject to the approval of Central Government and the approval of the shareholders at the Annual General Meeting. Mr S Yamanoi's brief resume is also provided in the notice of AGM.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

1. In the preparation of the accounts for the year ended 31st March 2009, 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 2009 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 2009 have been prepared on a going concern basis.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a Corporate Governance Report and Management Discussion & Analysis are made a part of the Annual Report.

SUBSIDIARY COMPANIES

An application has been made under section 212(8) of the Companies Act 1956 to the Ministry of Corporate Affairs seeking exemption from publishing the Annual Accounts of the subsidiary Companies and the related detailed information for the year ended March 31, 2009. Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to clause 32 to the Listing Agreement entered into with Stock Exchanges. The Company will make available the Annual Accounts of the subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary Companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the respective subsidiary Companies. The consolidated Financial Statements presented by the Company include financial results of its subsidiary Companies.

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

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

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.

Employees are sponsored for 'First -Aid' training periodically. The Company has rain water harvesting systems in place covering the entire Factory premises. The Company supplies hygienic pesticide free fresh organic vegetables to its employees and to the canteen.

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.

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.25,741,248
Others	Rs.209,806

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

Interest	Rs.8,145,116
Others	Rs.6,690,803

Remittance in Foreign currency on account of:Dividends Rs,3,000,000

3. Research and Development (R&D)

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

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

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

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

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

(c) Future Plan of action:

- Development of additional range of products.
- Focus on process improvements to enable the Company to penetrate the Export market.
- Strong focus on employee involvement to eliminate waste in Operations through focused initiatives.

(d) Expenditure on R & D.

There is a continuous increase on R & D expenditure as the scope of activities carried out goes on increasing. The exact amount spent has not been apportioned this year.

4. Technology Absorption, Adaptation and Innovation:**(a) Efforts in brief, made towards technology absorption, adaptation and innovation.**

- Special models of pumps and valves have been designed to meet specific needs of customers and these have enabled us to extend our customer base to include a wider range of industries.
- Indigenization is continuous, on going effort.

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

- Reduction of material cost.
- Quality improvement and improvement in product performance characteristics.
- Ability to innovate and produce new products.

(c) Information regarding technology imported during the last five years reckoned from the beginning of the financial year.

i	Technology imported	:	NIL
ii	Year of Import	:	N/A
iii	Has technology been fully absorbed?	:	N/A
iv	If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action	:	N/A

AUDITORS

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

FORWARD-LOOKING STATEMENTS:

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

ACKNOWLEDGEMENTS

Your Directors thank the members, employees, Collaborators, Bankers, Customers and Vendors during the year. Your Directors also wish to place on record their deep sense of appreciation of the contribution made by employees at all levels.

For and on behalf of the Board of Directors,

R Srinivasan

Director

V Balaji Bhat

Director

C P Rangachar

Managing Director

Place: Bangalore

Date : 20/06/2009

MANAGEMENT DISCUSSION AND ANALYSIS**Overview**

The overall macroeconomic conditions during the first half of Fiscal 2009 remained strong. The bankruptcy by Lehman Brothers in September 2008 led to rapid deterioration in global macroeconomic conditions. The impact of global developments on India was felt mainly through the trade and capital flow channels. As a result, there was a sharp reduction in domestic liquidity in September-October 2008. The economic activity during fourth quarter of Fiscal 2009 remained weak. Although there has been a moderation in economic and industrial activity, there are some signs of improvement in demand and industrial output in recent months.

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 economic slow down in US impacted the economy of the whole world and as a consequence, Indian business conditions were also badly affected. There are signs of recovery now.

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 clarity in using the SAP aided programs may jeopardize timely

generation of reports and warranting more investment on up gradation.

- v) Huge inventory and high 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	2005	2006	2007	2008	2009
Sales	6468	7045	8510	10296	9702
Profit before tax	945	417	699	960	151
Profit before tax to Sales%	14.61	5.92	8.21	9.32	1.55
Profit after tax	636	242	442	612	65
Profit after tax to Sales%	9.83	3.44	5.19	5.94	0.67
Return on Capital Employed%	25	12	18	20	8
Return on Net worth%	39	14	20	23	2
Book value per share Rupees	54	60	73	87	89
Earning per share Rupees	21.2	8.07	14.78	20.42	2.17
Dividend %	18	18	25	25	0

HUMAN RESOURCE MANAGEMENT

The Company believes in the policy that people are the greatest assets. The Company is aware of their expectations which include mutual respect, good management policies & practices, opportunity to learn, carry out improvements etc. apart from a salary which is commensurate to their deliverables. The Company constantly endeavors to provide a platform for individual opportunities and growth of its people across the board. In addition, we are building a team of future leaders through training, and sponsoring them for higher education.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

As a Company engaged in the business of manufacture of Hydraulic Products for a large variety of end users, the Company's principal objective is to deliver to its customers, quality products and a pro-active satisfactory services. The Company complies with the Listing Requirements of the Stock Exchanges where its shares are listed.

The Company's policy therefore, envisages the assurance of product quality, transparency, accountability and integrity in its Operations and in its relation with all stakeholders i.e. customers, suppliers, investors, employees, the Government and other associates. The details of compliance are as follows:

BOARD OF DIRECTORS:

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

COMPOSITION

The Board comprises of Executive and Non-Executive Directors who are eminent persons with considerable professional experience in various fields. Mr C P Rangachar, the Managing Director is the only Executive 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, 2009 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 Commi ttees of other Compani es 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	-	-	-	-
4.Mr. R Srinivasan	Non- Executive & Independent	6	Yes	-	9	3 4	Chairman Member
5. Mr. V Balaji Bhat	Non- Executive & Independent	6	Yes	-	4	2	Chairman
6. Capt N S Mohanram	Non- Executive & Independent	5	yes	Yes	-	-	-
7. Dr Premchander	Non- Executive & Independent	6	Yes	-	1	-	-
8. Mr. C P Rangachar- Managing Director	Executive & Non-Independent (Promoter Group)	6	Yes	-	4	1	Member

* LOA- Leave of Absence.

** Alternate Director in place of Mr. Y. Sakakibara with effect from 19th July, 2008.

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 2008-09, our Board met six times on 18/04/2008, 14/06/2008, 19/07/2008, 08/09/2008, 24/10/2008, & 17/01/2009.

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, 2009. A certificate to this effect, duly signed by the Managing Director is annexed thereto.

AUDIT COMMITTEE:

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

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

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

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

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

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

- a) Oversight of the Company's financial reporting process and the disclosures of the financial information to ensure that the financial statements are correct, sufficient and credible.

- b) Recommending to the Board the appointment and removal of external auditors, fixation of audit fees and approval for payment for any other services.
- c) Reviewing, with management, the annual financial statements before submission to the Board for approval with particular reference to
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices
 - Major accounting entries involving estimates based on the exercise of judgement by the management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliances with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report
- d) Reviewing, with the management, statutory and internal auditors, the adequacy of the internal control systems.
- e) Reviewing the adequacy of the internal audit functions, including the structure of the internal audit department, approval of the audit plan and its execution and frequency of audit plan.
- f) Discussion with internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i) Reviewing of management letters issued by statutory auditors.
- j) Reviewing the Company's financial and risk management policies.
- k) Looking into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- l) Seek assistance from statutory auditors in such areas and in such manner as desired by the audit Committee from time to time.
- m) Reviewing the Management Discussion and Analysis of financial condition and results of operations.
- n) Reviewing with the Management, the quarterly financial statements before submission for approval.

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 14/06/2008, 19/07/2008, 24/10/2008 & 17/01/2009. 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, 2009 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 Mohanram	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 8th September 2008.

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, three meetings of the Remuneration Committee were held, the dates being 18/04/2008, 19/07/2008 & 17/01/2009. All the three meetings were attended by Mr R Srinivasan, Mr Balaji Bhat & Dr Premchander.

SHARES TRANSFERS AND INVESTORS GRIEVANCE COMMITTEE:

The Shares Transfers and Investors Grievance Committee is authorized to:

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

As at the year end, the Shares Transfers and Investors Grievance Committee comprises of Dr. Premchander as Chairman (with effect from 17th January, 2009), Mr. R Srinivasan (Chairman upto 16th January, 2009) and Mr. C P Rangachar as members. Mr. R Srinivasan & Dr Premchander are non-executive and independent directors.

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

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

Director	No of Meetings held during the year	No of Meetings attended during the year
Mr. R Srinivasan	7	7
Dr Premchander	7	7
Mr. C P Rangachar	7	7

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	11	11	-
3	Complaints with regard to non-receipt of Annual Report	1	1	-
	TOTAL	13	13	-

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 2009, besides the transactions reported in Note 5 of Schedule 13 to the Financial Statements in the Annual Report, there were no other material related party transactions. These transactions do not have any potential conflict with the interest of the Company at large. Further, there are no material individual transactions that are not in the normal course of business or not on arm's length basis.

(B) Disclosure of Accounting treatment:

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

(C) Risk Management:

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

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

The Company has not raised any capital during the year ended 31st March, 2009.

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

The Company has during the year paid remuneration to its Managing Director within the limits approved by the shareholders. The Remuneration Committee met on July 19, 2008 and recommended a salary in the scale of Rs. 300,000 – Rs. 500,000 to the Managing Director for the period 1st May 2008 to 30th April 2010 with authority to Board to fix the annual increments. Commission is calculated based on the net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendation of the Remuneration Committee in the succeeding financial year, subject to the overall ceiling as stipulated in Section 198 and 309 of the Companies Act, 1956. Commission is the only component of remuneration, which is performance-linked and the other components are fixed. There is no commission for the year ended 31st March, 2009.

At the Remuneration Committee Meeting held on 20th June 2009, the members have requested the Managing Director to forego the annual increment for the period from 1st May 2009 to 30th April 2010 in view of the difficult situation, and the same was accepted by the Managing Director.

Details of remuneration paid to the Executive Director for the year 2008-09 *:

(In Rupees)

Name & Designation	Salary	Value of Perquisites	Contribution to Provident and Superannuation Fund	Total (Rs)
Mr. C .P. Rangachar (Managing Director)	3,114,025	470,822	958,500	4,543,347

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

There are no stock options issued to the Managing Director.

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

Non-Executive Directors:

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

shareholders. However, the Board of Directors at their meeting held on 20th June 2009, have decided to forego the commission for the year 2008-09 considering the current financial position of the Company.

The Non-Executive Directors were in receipt of sitting fees of Rs 7,500/- per meeting.

Sitting Fees paid to Non-Executive Directors:

Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Shares Transfers and Investors Grievance Committee Meeting	Total(Rs)
Mr. Y Mukaide	1	-	-	-	7,500
Mr. Y Sakakibara	-	-	-	-	-
Mr. S Yamanoi	4	-	-	-	30,000
Mr. R Srinivasan	6	4	3	7	150,000
Mr. V Balaji Bhat	6	4	3	-	97,500
Capt N S Mohanram	5	3	-	-	60,000
Dr. Premchander	6	-	3	7	120,000

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 31,2009, 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
2005-06	4 th September 2006	Hotel Woodlands (P) Ltd Raja Ram Mohan Roy Road Bangalore-560025	3.15 pm
2006-07	4 th September 2007	Hotel Woodlands (P) Ltd Raja Ram Mohan Roy Road Bangalore-560025	10.00 am
2007-08	8 th September 2008	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 8th September 2008, fixing the remuneration payable to the Managing Director for the period 1st May 2008 to 30th April, 2010. Further no special resolution has been passed through postal ballot. The Company does not intend to pass any special resolution this year through postal ballot.

MEANS OF COMMUNICATION:

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

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

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

GENERAL SHAREHOLDER INFORMATION:

a). Annual General Meeting: 26/08/2009 at 10.00 am at Regd Office, PB 16, Whitfield Road, Bangalore-560066.

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 : June

c) Date of Book Closure 21/08/2009 to 26/08/2009 (both days inclusive)

d) Proposed Dividend: NIL

e) Dividend Payment Date: N/A

f) Listing on Stock Exchanges:

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

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

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

1. Bangalore Stock Exchange Limited (BgSE)
Stock Exchange Towers,
51, 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:

High – Low during each month in the year 2008 -09 at Mumbai Stock Exchange is furnished below:

Sl. No.	Month	High	Low
1	April '08	218	164
2	May '08	216	172
3	June '08	203	146
4	July '08	162	130
5	August '08	147	133
6	September '08	140	91
7	October '08	115	70
8	November '08	92	65
9	December '08	79	52
10	January '09	73	47
11	February '09	54	38
12	March '09	47	38

The trading in the other Stock Exchanges was negligible during the year ended 31st March 2009.

(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 2009.

(i) Distribution of Shareholding as on 31st March 2009:

Shareholding of Nominal value of		Share Holders		Share Amount Nominal Value	
From	To	No of cases	% of cases	Amount	% of Amount
Upto	5000	3,552	94.22	3,939,430	13.12
5001	10000	124	3.29	947,050	3.16
10001	20000	45	1.19	703,850	2.35
20001	30000	14	0.37	330,010	1.10
30001	40000	5	0.13	176,100	0.59
40001	50000	5	0.13	230,100	0.77
50001	100000	7	0.19	569,160	1.90
100001	and above	18	0.48	23,104,300	77.01
TOTAL		3,770	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, 2009:

Category	No of Shares Held	Percentage of Shareholding
Promoter's Holding	1,576,282	52.55
Mutual Funds and UTI	1,500	0.05
FIs	462,295	15.41
Private Corporate Bodies	280,913	9.36
Indian Public	634,830	21.16
NRIs/OCBs	43,533	1.45
Others	647	0.02
Grand Total	3,000,000	100.00

(I) 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 26th August, 2009.

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.

**DECLARATION BY THE CEO UNDER CLAUSE 49 I (D) OF THE LISTING AGREEMENT REGARDING
ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Clause 49 sub clause I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management personnel of the Company have affirmed compliance to the Code of Conduct, for the Financial Year ended March 31, 2009.

for YUKEN INDIA LIMITED

C P Rangachar
Managing Director

Date: 20/06/2009

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

We, C. P. Rangachar, Chief Executive Officer & the Managing Director and H M Narasinga Rao, Chief Financial Officer & Vice President-Finance of Yuken India Limited, Bangalore, to the best of our knowledge and belief, certify that in respect of the financial year ended on 31st March, 2009:

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

(H M NARASINGA RAO)

Chief Financial Officer &
Vice President-Finance.

(C P RANGACHAR)

Chief Executive Officer &
Managing Director

Place: Bangalore

Date: 20/06/2009

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**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, 2009, 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, except that the time elapse between the meeting held on 23rd January, 2008 and 14th June, 2008 is more than the maximum prescribed time elapse of four months (as per sub clause II(B) of Clause 49).

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

S. Sundaresan
Partner
(Membership No. 25776)

Place: Bangalore
Date: July 31, 2009

AUDITORS' REPORT

TO THE MEMBERS OF YUKEN INDIA LIMITED

1. We have audited the attached balance sheet of **YUKEN INDIA LIMITED** as at March 31, 2009 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date, 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 auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 issued by the Central Government of India 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 above, we report that:
 - (a) 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;
 - (b) 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;
 - (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, profit and loss account and 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;
 - (e) On the basis of the written representations from the directors of the Company as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director under Section 274 (1)(g) of the Companies Act, 1956;
 - (f) 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:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

for Deloitte Haskins & Sells

Chartered Accountants

S. Sundaresan

Partner

M. No. 25776

Place: Bangalore

Date: June 20, 2009

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in our report of even date)

1. The nature of the Company's business/ activities during the year is such that the clauses ix(b), x, xii, xiii, xiv, xviii, xix and xx are not applicable for the current year.
2. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us, the physical verification of fixed assets is being conducted in a phased programme by the management over a period of three years. According to the information and explanations given to us, no material discrepancies were noticed on such verification conducted during the year.
c) Although some of the fixed assets of the Company have been disposed off during the year, in our opinion and according to the information and explanation given to us, the ability of the Company to continue as a going concern is not affected.
3. a) According to the information and explanations given to us, the Company has conducted a physical verification of inventories during the year. In our opinion, the frequency of verification is reasonable.
b) In our opinion, and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are 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 inventory which needs to be improved in certain areas. Discrepancies noted during the physical verification of inventories are material and they have been properly dealt with in the books of account.
4. The Company has not accepted or granted any loans from/ to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clause iii (b) to (d), (f) & (g) are not applicable.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses, if any, in internal control system of the Company.
6. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
7. The Company has not accepted any deposits within the meaning of Section 58A and Section 58AA or any other relevant provisions of the Companies Act 1956 and rules framed there under.
8. In our opinion, the internal audit functions carried out during the year by an independent firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
9. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for the products of the Company.
10. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty,

Excise Duty, cess and other material statutory dues, if any, applicable to it with the appropriate authorities during the year and there are no undisputed statutory dues as noted above outstanding as at March 31, 2009 for a period more than six months from the date they became payable except for wealth tax of Rs.43,600.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. There are no borrowings from debenture holders and therefore, reporting on the same does not arise.
12. According to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which they were raised.
13. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
14. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
15. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

for **Deloitte Haskins & Sells**
Chartered Accountants

S. Sundaresan
Partner
M. No. 25776

Place: Bangalore
Date: June 20, 2009

BALANCE SHEET AS AT 31.03.2009

	SCHEDULE No	As at 31/03/2009		As at 31/03/2008	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. Share holders' Funds:					
a) Share Capital	1		30,000,000		30,000,000
b) Reserves and Surplus	2		238,000,698		231,504,290
			268,000,698		261,504,290
2. Loan Funds					
a) Secured Loans	3	368,429,060		242,240,656	
b) Unsecured Loans		37,500,000	405,929,060	115,000,000	357,240,656
3. Deferred Tax Liability(Net)					
			16,991,000		11,491,000
Total			690,920,758		630,235,946
II APPLICATION OF FUNDS					
1. Fixed Assets					
a).Gross Block	4	435,874,643		378,723,959	
b) Less: Accumulated Depreciation / Impairment		166,438,912		145,648,412	
		269,435,731		233,075,547	
c) Capital Work in Progress		5,495,744	274,931,475	13,025,875	246,101,422
2. Investment					
	5		21,711,250		15,211,250
3. Current Assets,Loans & Advances					
a) Inventories	6	179,483,470		195,357,056	
b) Sundry Debtors		317,929,203		348,664,316	
c) Cash and Bank Balances		21,898,701		32,495,016	
d) Loans and Advances		58,649,430		55,977,822	
		577,960,804		632,694,210	
Less: Current Liabilities & Provisions					
a) Liabilities	7	179,330,115		227,022,691	
b) Provisions		12,035,986		52,114,910	
		191,366,101		279,137,601	
Net Current Assets			386,594,703		353,556,609
4. Miscellaneous expenditure					
-Termination Benefits	8		7,683,330		15,366,665
Total			690,920,758		630,235,946

Significant Accounting policies and Notes on Accounts 13
The schedules referred to above form an integral part of the Balance sheet
Per our report of even date

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

S .Sundaresan
Partner

R Srinivasan
Director

V Balaji Bhat
Director

C.P.Rangachar
Managing Director

Place :Bangalore
Date: 20th June, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2009

	Schedule No.	Current Year Rs	Previous Year Rs
Income			
Gross Sales		1,090,456,586	1,193,667,242
Less: Excise Duty		120,227,433	164,047,670
Net Sales		970,229,153	1,029,619,572
Other Income	9	21,404,406	9,831,623
		991,633,559	1,039,451,195
Expenditure			
Raw Materials, Components and Store consumed	10	567,959,089	580,892,541
(Increase)/Decrease in Stocks	11	2,929,867	(3,694,783)
Manufacturing, Administration, Selling and other Expenses	12	343,284,378	332,332,484
Interest		38,011,685	26,170,534
Depreciation/ Amortisation	4	24,352,132	20,700,702
		976,537,151	956,401,478
Profit before exceptional item and tax		15,096,408	83,049,717
Profit on sale of Long Term Investments		-	13,000,000
Profit after exceptional item and before tax		15,096,408	96,049,717
<u>Provision for Taxation</u>			
Current Tax		1,400,000	35,900,000
MAT credit entitlement		(1,400,000)	-
Deferred Tax		5,500,000	(4,000,000)
Fringe Benefit Tax		3,100,000	2,900,000
Profit after tax		6,496,408	61,249,717
<u>Add: Surplus brought forward from the previous year</u>		205,746,455	159,471,363
Amount available for appropriation		212,242,863	220,721,080
<u>Appropriations:</u>			
General Reserve		-	6,200,000
Proposed Dividend		-	7,500,000
Tax on Dividend		-	1,274,625
Surplus Carried forward		212,242,863	205,746,455
Basic & Diluted Earnings Per Share after exceptional items (Face value of equity share of Rs.10/- each)		2.17	20.42
Basic & Diluted Earnings Per Share before exceptional items (Face value of equity share of Rs.10/- each)		2.17	17.04
Aggregate number of shares used for computation of 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 and Loss account

Per our report of even date

for Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board

S .Sundaresan

Partner

R Srinivasan

Director

V Balaji Bhai

Director

C.P.Rangachar

Managing Director

Place :Bangalore

Date: 20th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Year Ended 31st March 2009 Rs.	Year Ended 31st March 2008 Rs.
A. Cash flow from operating activities		
Net profit before tax	15,096,408	96,049,717
Adjustments for :		
- Depreciation	24,352,132	20,700,702
- Unrealised Exchange difference	(1,967,132)	2,158,729
- Unrealised Exchange difference - Debtors		
- Unrealised Exchange difference - Creditors		
- Unrealised Exchange difference - EEFC		
- Unrealised Exchange difference - Loan funds		
- Financial lease payments		
- Loss/(profit) on sale of fixed assets(net)	1,068,996	319,856
- Loss/(profit) on sale / scrap of CWIP (net)	(221,038)	-
- Amortisation of Termination benefits - VRS	7,683,335	7,683,335
- Provision for doubtful debts	(1,124,229)	1,566,610
- Provision for outstanding derivative contracts written back	(10,994,584)	-
- Provision for diminution in the value of investment	-	2,800,000
- Profit on sale of long term investment	-	(13,000,000)
- Bad debts written off	4,420,403	3,462,546
- Interest income	(937,906)	(209,616)
- Dividend income	(1,007,500)	(1,006,000)
- Interest expense	38,011,685	26,170,534
- Deferred revenue expenditure written off		
Operating profit before working capital changes	74,380,570	146,696,413
Adjustments for :		
- (Increase)/Decrease in sundry debtors	28,085,352	(82,243,475)
- (Increase)/Decrease in inventories	16,073,586	(20,246,280)
- (Increase)/Decrease in loans and advances	(8,300,958)	(9,435,856)
- Increase/(Decrease) in current liabilities and provisions	(57,139,372)	46,809,617
- Miscellaneous expenditure - Termination benefits	-	(23,050,000)
Cash generated from operations	53,099,178	58,530,419
- Direct taxes paid	(17,982,012)	(28,484,629)
Net cash from/(used in) operating activities (A)	35,117,166	30,045,790
B. Cash flow from investing activities		
Additions to fixed assets (including capital work in progress and advances on capital account)	(55,280,960)	(44,920,064)
Proceeds from sale of fixed assets	1,250,818	161,834
Purchase of investments - subsidiary	(1,000,000)	(7,420,000)
Purchase of investments - others	-	-
Proceeds from sale of Investments	-	15,860,000
Proceeds towards / refund against advance for investments	4,100,000	(5,870,000)
Dividend received	1,007,500	1,006,000
Interest received	937,906	209,616
Net cash from/(used in) investing activities (B)	(48,984,736)	(40,972,614)
C. Cash flow from financing activities		
Proceeds from issue of preference share capital		
Redemption of preference share capital		
Proceeds from borrowings	264,132,807	128,820,602
Repayment of borrowings	(214,869,048)	(76,476,123)
Financial lease payments	-	-
Dividends paid	(7,323,194)	(7,307,605)
Tax on dividends paid	(1,274,625)	(1,274,625)
Interest paid	(37,489,582)	(27,123,263)
Net cash from/(used in) financing activities (C)	3,176,358	16,638,985
Net cash flows during the year(A+B+C)	(10,691,212)	5,712,162
Cash and cash equivalents (opening balance)	32,495,016	27,292,423
Add/(Less): Unrealised exchange (gain)/loss	509,569	-
	33,004,585	27,292,423
Cash and cash equivalents (closing balance)	21,898,701	32,495,016
Add/(Less): Unrealised exchange (gain)/loss	414,672	509,569
	22,313,373	33,004,585
Increase / (decrease) in cash and cash equivalents	(10,691,212)	5,712,162

Significant Accounting policies and Notes on Accounts 13

The schedule referred to above form an integral part of the cash flow statement.
Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on cash flow.
balance in Margin Money deposit account of Rs. 2,170,190/- (Rs. 2,807,890/-) which are available for restricted use by the Company.
This is cash flow referred to in our report of even date.
The figures for the previous year have been regrouped / recast, where necessary to conform to the current year classification.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board

S Sundaresan
Partner

R Srinivasan
Director

V Balaji Bhat
Director

C P Rangachar
Managing Director

Place : Bangalore
Date : 20th June, 2009

SCHEDULES FORMING PART OF BALANCE SHEET

SHARE CAPITAL	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
	SCHEDULE 1			
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	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
	SCHEDULE 2			
General Reserve				
As per Last Balance Sheet	25,757,835		19,557,835	
	-		-	
As per Last Balance Sheet	25,757,835		19,557,835	
Add : Transfer from Profit & Loss Account	-	25,757,835	6,200,000	25,757,835
Surplus as shown in the Profit & Loss Account		212,242,863		205,746,455
Total		238,000,698		231,504,290

LOAN FUNDS	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
	SCHEDULE 3			
A) Secured Loans				
Term Loan				
From Bank	161,237,419		80,664,500	
(Payable within one year Rs.27,237,419/- (Rs.32,164,500/-))				
From others	3,806,025	165,043,444	4,944,500	85,609,000
(Payable within one year Rs.1,268,491/- (Rs.1,138,475/-))				
Cash Credit Account - From Bank		101,054,760		70,582,577
Working Capital Demand loan - From Bank		102,079,755		84,231,905
Under Hire Purchase Scheme - From Others		251,101		1,817,174
Total-A		368,429,060		242,240,656
B) Unsecured Loans				
Short Term Loan				
From Bank	-		115,000,000	
Other Loan				
From Bank	37,500,000		-	
(Payable within one year Rs.25,000,000/- (Rs.Nil))		37,500,000		115,000,000
Total-B		37,500,000		115,000,000
Grand Total (A+B)		405,929,060		357,240,656

Secured Loan - Note:

- Loans from bank are secured by exclusive first charge on the Assets of the Company and to the full extent.
- Loan from others are secured by hypothecation of Motor Vehicles.

SCHEDULE FORMING PART OF BALANCE SHEET

FIXED ASSETS

SCHEDULE 4

DESCRIPTION	GROSS BLOCK - COST			DEPRECIATION				NET BLOCK		
	As at 01.04.2008	Additions	Deductions / Adjustments	As at 31.03.2009	Up to 31.03.2008	For the Year	Deductions / Adjustments	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Tangible Assets (A)										
Freehold Land	17,377,413	8,777,331	-	26,154,744	-	-	-	-	26,154,744	17,377,413
Buildings	60,341,217	7,565,392	36,512	67,870,097	13,029,814	1,498,249	20,851	14,507,212	53,362,885	47,311,403
Plant Machinery & Equipment	181,043,063	33,476,711	2,909,963	211,609,811	80,993,022	10,494,956	1,552,145	89,935,833	121,673,978	100,050,041
Electrical Installation	9,792,981	2,241,729	56,218	11,978,492	2,577,060	490,446	13,613	3,053,893	8,924,599	7,215,921
Furniture / Fixtures	8,593,842	917,175	54,934	9,456,083	4,038,599	647,794	9,902	4,676,491	4,779,592	4,555,243
Office Equipments	43,031,872	3,630,253	27,195	46,634,930	19,742,744	5,108,585	4,450	24,846,879	21,788,051	23,289,128
Jigs / Fixtures	25,764,782	3,462,408	-	29,227,190	13,206,399	1,898,975	-	15,105,374	14,121,816	12,558,383
Motor Vehicles										
-Owned	13,954,781	298,730	2,796,623	11,456,888	3,843,699	1,418,380	1,960,670	3,301,409	8,155,479	10,111,082
-Under Hire Purchase	9,254,434	-	-	9,254,434	2,730,520	660,164	-	3,390,684	5,863,750	6,523,914
Total (A)	369,154,385	60,369,729	5,881,445	423,642,669	140,161,857	22,217,549	3,561,631	158,817,775	264,824,894	228,992,528
Intangible Assets (B)										
ERP Software	6,235,574	2,662,400	-	8,897,974	2,152,555	2,134,582	-	4,287,137	4,610,837	4,083,019
Technical Fee	3,334,000	-	-	3,334,000	3,334,000	-	-	3,334,000	-	-
Total (A) +(B)	378,723,959	63,032,129	5,881,445	435,874,643	145,648,412	24,352,131	3,561,631	166,438,912	269,435,731	233,075,547
Previous Year	343,677,984	36,587,755	1,541,780	378,723,959	126,007,804	20,700,702	1,060,094	145,648,412	233,075,547	
Capital Work in Progress									5,495,744	13,025,875
Total									274,931,475	246,101,422

SCHEDULES FORMING PART OF BALANCE SHEET

INVESTMENTS

SCHEDULE 5

	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
Unquoted At Cost-Long Term				
Trade				
In Subsidiary Companies				
1,000,000 (350,000) Fully paid equity shares of Rs.10/-each of Yuflow Engineering Pvt Ltd.(650,000 equity shares of Rs.10/- each purchased during the year)	16,020,000		9,520,000	
120,000 (120,000) 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	
280,000 (280,000) Fully paid equity shares of Rs.10/-each of Sriplas Engineering Pvt.Ltd	-		2,800,000	
	19,661,250		15,961,250	
Less: Provision for diminution in value of investments	-		2,800,000	
		19,661,250		13,161,250
In Others				
360,000 (200,000) 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
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
Total		21,711,250		15,211,250

SCHEDULES FORMING PART OF BALANCE SHEET

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE 6

	As at 31.03.2009		As At 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
a) Inventories				
Tools	9,377,940		5,577,101	
Raw Materials & Components	108,915,370		117,824,239	
Raw Material in Transit	1,873,208		9,908,897	
Work in Process	39,948,554		38,388,229	
Finished Goods	19,368,398	179,483,470	23,858,590	195,557,056
		179,483,470		195,557,056
b) Sundry Debtors				
Unsecured- Dues from subsidiaries				
Debts Outstanding for a Period Exceeding Six Months - Considered good	2,281,335		638,389	
Other Debts -Considered good	2,237,774	4,519,109	5,927,105	6,565,494
Unsecured-Others				
Debts Outstanding for a Period Exceeding Six Months - Considered good	58,364,731		44,509,135	
Considered doubtful	2,802,889		3,927,118	
	61,167,620		48,436,253	
Other Debts -Considered good	255,045,363		297,589,687	
	316,212,983		346,025,940	
Less: Provision	2,802,889	313,410,094	3,927,118	342,098,822
		317,929,203		348,664,316
c) Cash and Bank balances				
Cash On Hand		314,858		262,886
Balances with Scheduled Banks:				
On Current Account	18,659,342		28,846,735	
On Margin Money Deposit Account	2,170,190		2,807,890	
On Unclaimed Dividend Account	754,311	21,583,843	577,505	32,232,130
Total		21,898,701		32,495,016
d) Loan and Advances				
Unsecured and considered good:				
Advances recoverable in cash or in kind or for value to be received	32,096,474		31,090,223	
Due from Subsidiaries	14,816,731		8,260,374	
Advance for Investment (Shares are yet to be allotted)	370,000		9,970,000	
Deposit with Excise Authorities	1,497,129		879,031	
Deposit Others	5,898,445	54,678,779	5,778,194	55,977,822
Income Tax				
Advance Tax	173,765,818		-	
Less : Provisions	171,195,167	2,570,651	-	
MAT Credit entitlement		1,400,000		
		58,649,430		55,977,822
Total		577,960,804		632,694,210

SCHEDULES FORMING PART OF BALANCE SHEET

CURRENT LIABILITIES & PROVISIONS	SCHEDULE 7			
	As at 31.03.2009		As At 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
a) Current Liabilities				
Sundry Creditors				
Due to Micro and Small Enterprises		-		-
Dues to others		172,400,782		212,061,223
Other statutory Liabilities		5,529,308		11,747,400
Commission to Managing Director & Other Directors		119,866		2,632,818
Unclaimed Dividend (Refer note B 11)		754,311		577,505
Interest accrued but not due on loans		525,848		3,745
		179,330,115		227,022,691
b) Provisions				
Income Tax				
Provision	-	-	169,795,167	-
Less : Advance Tax	-	-	158,789,431	11,005,736
Fringe Benefit Tax				
Provision	12,000,000	-	8,900,000	-
Less : Advance Tax	11,701,285	298,715	8,695,660	204,340
Gratuity		706,009		2,139,881
Leave Salary		11,031,262		11,290,328
Provision for loss on outstanding derivative contracts		-		18,700,000
Proposed Dividend	-	-	7,500,000	-
Tax on Proposed Dividend	-	-	1,274,625	8,774,625
		12,035,986		52,114,910
Total		191,366,101		279,137,601

SCHEDULES FORMING PART OF BALANCE SHEET

MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		SCHEDULE 8		
	As at 31.03.2009		As At 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
Termination Benefits				
Voluntary Retirement Scheme		7,683,330		15,366,665
Total		7,683,330		15,366,665

OTHER INCOME		SCHEDULE 9		
	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Interest Income on Margin Money Deposit, Income Tax Refund, Derivative transaction and others (Tax deducted at source Rs.38,979/-(Rs.39,912/-))		937,906		1,034,998
Profit on sale of Asset		88,538		-
Training and other services rendered		5,449,868		4,134,088
Miscellaneous Receipts		1,002,642		414,040
Liabilities no longer required written back		643,638		1,367,196
Provision for doubtful debts no longer required written back		1,279,730		740,054
Income from Foreign Exchange(Net of Loss)		-		1,135,247
Provision for outstanding derivative contracts written back		10,994,584		-
Dividend Income		1,007,500		1,006,000
Total		21,404,406		9,831,623

RAW MATERIALS, COMPONENTS AND STORES CONSUMED		SCHEDULE 10		
	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Opening stock	123,401,340		99,539,721	
Add: Purchases	562,851,059		604,754,160	
Total	686,252,399		704,293,881	
Less Closing stock	118,293,310	567,959,089	123,401,340	580,892,541

(INCREASE)/DECREASE IN STOCKS		SCHEDULE 11		
	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Opening Stocks:				
Finished Goods	18,984,917		17,691,797	
Excise duty on Opening Stock	4,873,673		2,317,623	
Work in Process	38,388,229		38,542,616	
	62,246,819		58,552,036	
Closing Stocks:				
Finished Goods	17,109,851		18,984,917	
Excise duty on Closing Stock	2,258,547		4,873,673	
Work in process	39,948,554		38,388,229	
Total	59,316,952	2,929,867	62,246,819	(3,694,783)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT				
MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES			SCHEDULE 12	
	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages & Bonus (Includes provision for Leave Salary Rs.2,817,085/-(Rs.685,897/-)		126,244,103		115,890,712
Contribution to Provident Fund and Other Funds		12,914,080		10,791,468
Gratuity to Employees		716,136		1,231,778
Staff welfare Expenses		14,470,765		14,019,160
Voluntary Retirement Scheme		7,683,335		7,683,335
Power and fuel.		16,476,773		15,805,385
Rates and Taxes		3,651,335		1,678,806
Excise Duty		816,845		2,119,355
Exchange Loss (Net of Gain)		9,897,146		-
Loss on Asset sold (net)		-		150,356
Loss on Asset scrapped		936,496		169,500
Rent		6,854,592		4,775,237
Insurance		734,235		849,023
Repairs:				
Machinery	8,114,306		9,671,337	
Building	3,698,341		3,903,688	
Others	681,369	12,494,016	1,133,950	14,708,975
Freight Transport & Other Charges		25,763,003		18,810,354
Legal and Professional charges		17,287,836		18,939,879
Sales Promotion Expenses		4,013,776		4,972,464
Selling Commission		6,511,720		9,265,401
Travelling Expenses		26,060,886		24,749,786
Vehicle Maintenance		4,874,879		4,721,062
Printing, Stationery, Postage & Telephones		8,992,784		10,349,133
Directors Sitting Fee		465,000		450,000
Commission to Directors other than Managing Director		-		1,120,421
Bad debts written off	4,420,403		3,462,546	
Less: Provision released	664,890	3,755,513	1,498,610	1,963,936
Provision for Doubtful Debts		820,391		3,805,274
Provision for outstanding derivative contracts		-		18,700,000
Provision for diminution in value of investments		-		2,800,000
Bank charges		7,087,613		5,606,717
Miscellaneous Expenses		23,761,120		16,204,967
Total		343,284,378		332,332,484

SCHEDULE 13**Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2009****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 on which 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 months the assets are put to use. Asset 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 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 are long term in nature, 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
b) Stores and Spares		
(ii) a) Material in transit	}	At lower of cost and net realizable value
b) Work in Process *		
(iii) Finished Goods *		At lower of cost and net realizable value
(iv) Tools		At lower of cost and net realizable value

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

5. CASHFLOW

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 and are recognized immediately in the Profit and Loss Account as income or expense.

Termination Benefits:

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

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

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

11. INCOME TAX

Current Tax :

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

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. (Also Refer Note –B7).

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, subject to consideration of prudence, on 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 or carried forward losses, deferred tax asset is recognized only if there is virtual certainty of realization of such asset.

Fringe benefit Tax :

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

12. PROVISIONS AND CONTINGENCIES

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

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

13. PRIOR PERIOD AND EXTRAORDINARY ITEMS

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

B. NOTES ON ACCOUNTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs 1,371,791/-(Rs. 3,529,792/-).

2. Investments additions / (deletion) for the year

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Subsidiaries		
Yuflow Engineering Private Limited.	6,500,000	7,420,000
Others		
HC Hydraulic Technologies Private Limited*	NIL	(2,860,000)

*Profit on sale of long-term investments disclosed as exceptional item.

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	2,000,000	Rupees	101,300,000
(1)	Buy	USD	(2,000,000)	Rupees	(83,700,000)
1	Buy	USD	228,893	Rupees	11,593,430
(-)	(-)	(-)	(-)	(-)	(-)

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

Particulars	Amount	Amount (Foreign Currency)
Due From		
- Debtors against Export of Goods	Rs. 8,271,808 (Rs.2,580,027)	USD 163,378 (USD 64,233)
	Rs. 2,718,843 Rs. 3,874,692)	GBP 36,821 (GBP 48,121)
	Rs.1,993,284 (Rs.3,636,275)	Euro 29,027 (Euro 57,273)
	Rs. 899,066 (Rs.79,103)	Yen 1,736,990 (Yen 194,500)
Due to		
a) Secured loan	Rs.14,038,571 (Nil)	USD 277,168 (Nil)
b) Creditors against Import of goods and services (inclusive for Capital goods)	Rs. 14,218,265 (Rs.46,131,296)	USD 280,716 (USD 1,148,487)
	Rs. 587,186 (Rs.186,879)	YEN 1,134,440 (YEN 459,500)
	Rs 91,911 (Rs.68,976)	EURO 1,338 (EURO 1,086)
	Rs. 87,146 (Rs Nil)	SGD 2,596 (SGD Nil)

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 in Rs.

Description	31.03.2009	31.03.2008
Employers' Contribution to Provident Fund*	4,307,336	3,342,229
Employers' Contribution to Superannuation Fund*	5,029,590	4,081,729
Employers' Contribution to Employee's State Insurance*	545,364	532,201
Employers' Contribution to Employee's Pension Scheme 1995*	2,422,661	2,258,462

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

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

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

Description	31 st March, 2009	31 st March, 2008
Discount Rate	7.30% p.a	8.30% p.a
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	5.00% p.a.	7.00% p.a.
Expected Average remaining working lives of the employees (Years)	11.69	11.46

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 2009	31st March 2008
Opening Present Value of Obligation	15,108,152	17,234,829
Current Service Cost	918,127	1,217,191
Interest on Defined Benefit Obligation	1,288,471	1,431,622
Benefits Paid	(3,831,707)	(4,488,100)
Net Actuarial Losses / (Gains) Recognized in Year	(1,721,363)	(287,390)
Past Service Cost	Nil	Nil
Losses / (Gains) on "Curtailments & Settlements"	Nil	Nil
Closing Present Value of Obligations	11,761,680	15,108,152

B) Change in the Fair Value of Assets

Amount in Rs.

Description	31st March 2009	31st March 2008
Opening Fair Value of Plan Assets	12,968,271	12,376,464
Expected Return on Plan Assets	1,017,431	988,671
Actuarial Gains / (Losses)	(1,248,332)	140,974
Assets Distributed on Settlements	-	-
Contributions by Employer	2,150,008	3,950,262
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(3,831,707)	(4,488,100)
Closing Fair Value of Plan Assets	11,055,671	12,968,271

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

Amount in Rs.

Description	31st March 2009	31st March 2008
Closing Present Value of Funded Obligations	(11,761,680)	(15,108,152)
Closing Fair Value of Plan Assets	11,055,671	12,968,271
Closing Value of Unfunded Obligations	(706,009)	(2,139,881)
Unrecognized Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) recognized in Balance Sheet	(706,009)	(2,139,881)

D) Expenses recognized in the Profit & Loss Account

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Current Service Cost	918,127	1,217,191
Past Service Cost	Nil	Nil
Interest Cost	1,288,471	1,431,622
Expected Return on Plan Assets	(1,017,431)	(988,671)
Actuarial Losses / (Gain)	(473,031)	(428,364)
Losses / (Gains) on "Curtailments & Settlements"	Nil	Nil
Total Expenses to be recognized in the Profit & Loss Account	716,136	1,231,778

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

Description	31 st March 2009	31 st March 2008
Corporate Bonds	50%	80%
Equity Shares of listed Companies	50%	20%

b) Leave EncashmentAssumptions at the Valuation Date:

Description	31 st March,2009	31 st March,2008
Discount Rate	7.30% p.a.	8.30% p.a..
Salary Escalation Rate	5.00% p.a.	7.00% p.a.

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

Amount in Rs.

Description	31 st March,2009	31 st March,2008
Charge in the Profit & Loss account	2,817,085	685,897
Amount paid during the year	3,076,151	1,752,387
Liability as at year end	11,031,262	11,290,328

5. RELATED PARTY DISCLOSURE

a) Names of Related Parties and description of relationship:

i Subsidiaries

- 1 YuFlow Engineering Pvt. Ltd
- 2 Coretec Engineering India Pvt Ltd.
- 3 Prism Hydraulics Pvt Ltd

ii Associates

- 4 Sriplas Engineering India Pvt Ltd
- 1 Sai India Limited
- 2 HC Hydraulic Technologies Pvt Ltd (upto 17.05.2007)

iii Entity having significant influence

- Yuken Kogyo Company Ltd

iv. Key Management Personnel and Relative of Key Management personnel

- Managing Director - C P Rangachar
- W/o Managing Director – Vidya Rangachar

b) Related Parties Transaction

Amount in Rupees

	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									
Sriplas Engineering India Pvt Ltd	-	9,508,188	-	-	-	-	-	-	-	9,508,188
Yuken Kogyo Co Ltd	-	-	-	-	483,184	-	-	-	483,184	-
Other Purchases										
Yuflow Engineering Pvt Ltd	3,316,675	2,933,492	-	-	-	-	-	-	3,316,675	2,933,492
Coretec Engineering India Pvt Ltd.	56,647,083	33,878,882	-	-	-	-	-	-	56,647,083	33,878,882
Prism Hydraulics Pvt Ltd	632,515	146,245	-	-	-	-	-	-	632,515	146,245
Sriplas Engineering India Pvt Ltd	2,300,495	5,903,250	-	-	-	-	-	-	2,300,495	5,903,250
Yuken Kogyo Co Ltd	-	-	-	-	67,670,173	90,704,391	-	-	67,670,173	90,704,391
Sai India Limited	-	-	118,436	166,338	-	-	-	-	118,436	166,338
HC Hydraulic Technologies Pvt Ltd	-	-	-	2,831	-	-	-	-	-	2,831
Sale of Capital Goods										
Yuflow Engineering Pvt Ltd	51,000	-	-	-	-	-	-	-	51,000	-
Coretec Engineering India Pvt Ltd.	318,240	-	-	-	-	-	-	-	318,240	-

Sale of goods										
Coretec Engineering India Pvt Ltd.	7,091,478	18,949,340	-	-	-	-	-	-	7,091,478	18,949,340
Prism Hydraulics Pvt Ltd	972,595	923,583	-	-	-	-	-	-	972,595	923,583
Yuken Kogyo Co Ltd	-	-	-	-	2,439,262	760,809	-	-	2,439,262	760,809
Sai India Limited	-	-	5,357,081	4,822,607	-	-	-	-	5,357,081	4,822,607
HC Hydraulic Technologies Pvt Ltd	-	-	-	201,084	-	-	-	-	-	201,084
Advance towards purchase of shares										
Yuflow Engineering Pvt Ltd	-	5,500,000	-	-	-	-	-	-	-	5,500,000
Receipt of Share										
Yuflow Engineering Pvt Ltd	6,500,000	7,420,000	-	-	-	-	-	-	6,500,000	7,420,000
Directors Remuneration										
	-	-	-	-	-	-	4,543,347	5,602,105	4,543,347	5,602,105
Payment Towards Expenses @										
Yuflow Engineering Pvt Ltd	-	709,520	-	-	-	-	-	-	-	709,520
Sriplas Engineering India Pvt Ltd	-	947,632	-	-	-	-	-	-	-	947,632
Reimbursement of Expenses										
Yuken Kogyo Co Ltd	-	-	-	-	300,000	-	-	-	300,000	-
Amount outstanding										
Yuflow Engineering Pvt Ltd	8,927,420	10,662,032	-	-	-	-	-	-	8,927,420	10,662,032
Coretec Engineering India Pvt Ltd.	2,787,251	5,742,156	-	-	-	-	-	-	2,787,251	5,742,156
Prism Hydraulics Pvt Ltd	4,564,383	1,703,882	-	-	-	-	-	-	4,564,383	1,703,882
Sriplas Engineering India Pvt Ltd	3,056,786	2,217,798	-	-	-	-	-	-	3,056,786	2,217,798
Yuken Kogyo Co Ltd	-	-	-	-	(13,604,280)	(37,354,909)	-	-	(13,604,280)	(37,354,909)
Sai India Limited	-	-	2,619,374	969,274	-	-	-	-	2,619,374	969,274
Directors Remuneration	-	-	-	-	-	-	(47,513)	(1,490,643)	(47,513)	(1,490,643)

@ Payment made to relative of Key Management Personnel

- 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.
- 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.
- No amounts in respect of the related parties have been written off / back or provided for during the year.

6. Leases

- a) The Company has entered into various hire purchase transactions for the acquisition of vehicles. Total minimum hire purchase payments as at the balance sheet date amounted to Rs. 251,101/- (Rs.1,817,174) (excluding interest). The total of minimum lease payments and their present value outstanding at the balance sheet date are as below:

Due	Amount in Rs.		
	Total Minimum hire purchase Payments outstanding as at March 31, 2009	Interest	Present Value of Minimum hire purchase Payments
Within one year from the date of the Balance Sheet	253,694 (1,647,516)	2,593 (81,383)	251,101 (1,566,133)
Due in a period between one year and five years	- (253,723)	- (2,682)	- (251,041)
Due after five years	- (-)	- (-)	- (-)
Total	253,694 (1,901,239)	2,593 (84,065)	251,101 (1,817,174)

- 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.5,652,526/- (Rs.3,766,431/-) which has been grouped under 'Rent' under Schedule-12. There are no contingent rents payable.

7. Minimum Alternate Tax (MAT)

In accordance with the provisions of Section 115JB of the Income-tax Act, 1961, the Company is required to pay Minimum Alternative Tax (MAT). Accordingly, a provision for the same amounting to Rs.1,400,000/- (Rs. Nil) has been made for the year.

The Finance Act, 2005 inserted sub section (1A) to section 115JAA to grant tax credit in respect of MAT paid under section 115JB of the Act with effect from assessment year 2006-07 and carry forward the unadjusted credit for a period of 7 years. In accordance with the Guidance Note on "Accounting For Credit Available in Respect of Minimum Alternative Tax (MAT) under the Income Tax Act, 1961" issued by the Institute of the Chartered Accountants of India, the Company has recognised MAT Credit which is expected to be set-off against the tax liability, other than MAT in future years.

Accordingly, an amount of Rs.1,400,000/- (Rs. Nil) for the year, is included as MAT Credit Entitlement in Schedule 6- Loans and Advances.

8. Earning Per Share

After exceptional item		Amount in Rs.	
		31 March,2009	31 March, 2008
Profit after taxation and after exceptional item	(A)	6,496,408	Rs.61,249,717
Weighted number of Equity shares	(B)	3,000,000	3,000,000
Face Value of Share	(A/B)	Rs.10	Rs.10
Basic & Diluted Earnings Per Share after exceptional item (net of tax expenses)	(A/B)	Rs.2.17	Rs.20.42

Before exceptional item		31 March,2009	31 March, 2008
Profit after taxation and before exceptional item	(A)	6,496,408	Rs.51,125,112
Weighted number of Equity shares	(B)	3,000,000	3,000,000
Face Value of Shares		Rs.10	Rs.10
Basic & Diluted Earnings Per Share before exceptional item (net of tax expenses)	(A/B)	Rs.2.17	Rs.17.04

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, 2009 and as on that date. Since this being a single business and India being a single geographical segment, 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 as at 01.04.08 (asset)/liability	Current year charge / (credit)	Deferred tax (asset)/ liability as at 31.03.09
Depreciation: book to tax difference	25,024,014	2,851,863	27,875,877
Provision for employee benefits and others	(10,338,014)	7,338,757	(2,999,257)
Impairment Loss	(3,195,000)	-	(3,195,000)
Unabsorbed depreciation	-	(4,690,620)	(4,690,620)
Net	11,491,000	5,500,000	16,991,000

11. Unclaimed Dividend

The unclaimed dividend of Rs.754,311/- (Rs.577,505/-) represents Rs.59,078/- relating to the year 2003, Rs.63,435/-, relating to the year 2004, Rs.99,310/- relating to the year 2005, Rs.123,159/- relating to the year 2006, Rs.193,430/- relating to the year 2007 and Rs. 215,899/- relating to the year 2008. No part thereof has remained unpaid or unclaimed for a period of seven years from the date they became due for payment requiring a transfer to the Investor Education and Protection Fund.

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	2008-09	2007-08
	Rs.	Rs.
Coretec Engineering India Private Limited	2,787,251	5,742,156
Prism Hydraulics Private Limited	1,680,858	823,338
Yuflow Engineering Private Limited	51,000	-

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	31 ST March 2009	31 ST March 2008
Sriplas Engineering India Private Limited Maximum amount outstanding during the year	3,056,786 5,939,549	2,217,798 14,309,38
Yuflow Engineering Private Limited Maximum amount outstanding during the year	8,876,420 9,010,498	5,162,032 8,013,241
Prism Hydraulics Private Limited Maximum amount outstanding during the year	2,883,525 3,160,128	880,544 1,167,368

14. Interest expenses comprises of :

Amount in Rs.

Description	31 ST March 2009	31 ST March 2008
On Fixed loans	22,087,735	15,776,344
On others	15,923,950	10,394,190
Total	38,011,685	26,170,534

15. Miscellaneous Expenses include:

Auditors Remuneration*

Amount in Rs.:

Description	31 ST March 2009	31 ST March 2008
Audit fees	5,00,000	400,000
Tax Audit / Tax Matters	2,50,000	300,000
For Certification / Attestation Work	2,00,000	150,000
Expenses	31,414	2,500
Total	981,414	852,500

*excludes service tax.

16. Computation of Net Profit for the purpose of commission to Directors

Amount in Rs.

Description	31 ST March 2009	31 ST March 2008
Profit before tax as per Profit and Loss Account	15,096,408	96,049,717
Loss on Asset sold / scrapped	936,496	319,856
Remuneration to Managing Director	4,543,347	5,602,105
Sitting fees to Directors	4,65,000	450,000
Commission to other Directors	-	1,120,421
Provision for outstanding derivative contracts	-	18,700,000
Provision for diminution in value of investments	-	2,800,000
Total	21,041,251	125,042,099
Less: Profit on sale of asset	88,538	
Less: Profit on sale of investment	-	13,000,000
Provision for outstanding derivative contracts written back	10,994,584	-
	9,958,129	112,042,099
1% thereof to Directors other than Managing Director	-	1,120,421
Commission payable to Managing Director (Remuneration restricted to 5% of the Profit)	-	1,392,531

Note: The Board of Directors, in their meeting held on 20th June, 2009, have decided to forgo the Commission in the current year taking into consideration of the Company's financial position.

17. Remuneration to the Managing Director

Amount in Rs.

Description	31 ST March 2009	31 ST March 2008
Salary	3,114,025	3,000,000
Contribution to Provident and Superannuation Fund	958,500	810,000
Monetary Value of Perquisite	470,822	399,574
Commission	-	1,392,531
Total *	4,543,347	5,602,105

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

18. Particulars in respect of goods manufactured:

	Class of Goods	Unit of Qty	LicensedCapacity	InstalledCapacity	TotalProduction
1	Hydraulic pumps, valves, Accumulators, Cylinders power units and Others.	Nos.	NA	294,600@ (294,600)@	267,691 (250,822)
2	Cast Iron Castings and Alloyed Iron Castings	M.T	NA	1200 @ (1200)@	1,256 (1,187)**

@ a) As certified by the Management and not verified by the Auditors being technical matter.

b) Power units are manufactured against specific customer orders.

** Including 699 MT (633 M.T) for own consumption.

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

	Class of Goods	Unit	Opening Stock		Closing Stock		Sales	
			Qty	Value in Rs	Qty	Value in Rs	Qty	Value in Rs
1	Hydraulic Pumps Valves, Accumulators Cylinders Power Units And Others	No	9,224 (4,145)	23,858,590 (19,743,407)	7,273 (9,224)	19,116,009 (23,858,590)	269,642 (245,743)	1,040,925,210** (1,161,859,871)**
2	Cast Iron Castings and Alloyed Iron Castings	M.T.	- (245)	- (266,013)	4 (-)	252,389 (-)	553.00 (556.45)	49,531,376 (31,807,371)

** Net of sale returns Rs.31,335,231/- (Rs. 15,038,069/-)

Closing stock includes Excise Duty of Rs. 2,258,547/- (Rs. 4,873,673/-).

20. Raw Materials and Components consumed:

		Unit of Qty	Qty	Value Rs
i)	Steel Items	KG	272,340 (383,712)	26,332,157 (31,721,643)
ii)	Castings	Nos	951,864 (1,181,835)	52,730,361 (50,768,799)
iii)	Imported Raw materials and Components (numerous to list)	--		121,106,604 (118,441,721)
iv)	Others (numerous to list)	--		345,330,310 (437,686,753)
	Total			545,499,432 (556,128,473)

21. Value of Raw Materials, Components and Stores consumed:

	Raw Materials And components	Percentage	Consumable, Stores and Spares	Percentage
	Rs.		Rs.	
Imported	121,106,604 (118,441,721)	22 (21)	- (-)	- (-)
Indigenous	424,392,828 (437,686,753)	78 (79)	22,459,657 (24,764,068)	100 (100)
Total	545,499,432 (556,128,473)	100 (100)	22,459,657 (24,764,068)	100 (100)

22. Value of Imports calculated on CIF basis

Description	31 ST March 2009	31 ST March 2008
	Rs.	Rs.
Raw Materials and Components	121,079,179	145,093,910
Capital Goods	2,314,072	2,031,253

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

Description	31 ST March 2009	31 ST March 2008
	Rs.	Rs.
Professional charges	-	547,410
Royalty (Net)	-	40,012
Interest	8,145,116	8,253,834
Others	6,690,803	1,554,889

24. Remittances in foreign currencies on account of dividends

Description	31 ST March 2009	31 ST March 2008
Number of Non-resident shareholders	1	1
Number of equity shares on which dividend paid	1,200,000	1,200,000
Dividend paid (Rs.)	3,000,000	3,000,000
Year to which the dividend relates	2007-08	2006-07

25. There are no micro enterprises and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The above information and that given under Current Liabilities & Provisions (Schedule 7) regarding micro enterprises and small enterprises have 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.

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

	Description	31 ST March 2009	31 ST March 2008
		Rs.	Rs.
a)	Hydraulic Training	209,806	122,400
b)	Export Sales	25,741,248	24,752,417

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

SIGNATURES TO SCHEDULE 1 TO 13

For and on behalf of the Board

R Srinivasan
Director

V Balaji Bhat
Director

C P Rangachar
Managing Director

Place :Bangalore

Date: 20th June, 2009

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

I. Registration No: 3017 State Code: 08

Balance Sheet date 31/03/2009

II. Capital raised during the year:

Public Issue	- Nil
Bonus Issue	- Nil
Rights Issue	- Nil
Private Placement	- Nil

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

Total Liabilities 6909

Total Assets 6909

Source of Funds

Paid up Capital	300
Reserves & Surplus	2380
Deferred Tax Liability	170
Secured Loans	3684
Unsecured Loans	375

Application of Funds

Net Fixed Assets	2749
Net Current Assets	3866
Investments	217
Miscellaneous expenditure(Termination Benefit)	77

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

Turnover	9,916
Total Expenditure	9,765
Profit Before Tax	151
Profit After Tax	65
Earning per Share in Rs.	2.17
Dividend (Including Dividend Tax)	-

V. Generic Name of Three Principal Products / Services of Company (asper 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

R Srinivasan
Director

V Balaji Bhat
Director

C P Rangachar
Managing Director

Place :Bangalore

Date: 20th June, 2009

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
4	SRIPLAS ENGINEERING INDIA PVT LTD	68%	INDIA

SL.No	PARTICULARS	YUFLOW ENGINEERING PVT LTD		CORETEC ENGINEERING INDIA PVT LTD		PRISM HYDRAULICS PVT LTD		SRIPLAS ENGINEERING INDIA PVT LTD	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
1	CAPITAL	10,000,000	3,500,000	1,549,000	1,549,000	375,000	375,000	4,100,000	4,100,000
2	RESERVES	8,658,755	9,314,597	6,066,110	4,728,096	8,225,122	6,992,290	-	-
3	ADVANCE SHARE APPLICATION MONEY	-	5,500,000	120,000	120,000	-	-	-	-
3	TOTAL ASSETS (Net of Depreciation)	54,546,002	46,263,198	21,069,131	20,679,371	22,603,344	14,837,901	5,386,342	9,582,333
4	TOTAL LIABILITIES	35,887,247	27,948,601	13,334,021	14,282,276	14,003,222	7,470,611	1,286,342	5,482,332
5	DETAILS OF INVESTMENTS								
6	TURNOVER	64,449,543	51,073,517	47,350,025	28,205,694	20,382,410	20,997,725	1,752,855	7,516,141
7	PROFIT BEFORE TAXATION	(398,996)	1,810,253	2,814,014	2,617,055	1,048,792	2,799,247	(50,514)	(6,694,586)
8	PROVISION FOR TAXATION	256,845	664,931	1,476,000	978,000	(184,040)	979,197	373,600	(111,568)
9	PROFIT AFTER TAXATION	(655,841)	1,145,322	1,338,014	1,639,055	1,232,832	1,820,050	(424,114)	(6,583,018)
10	PROPOSED DIVIDEND	-	-	-	-	-	-	-	-

Statement Pursuant to section 212 of the Companies Act 1956					
Sl No					
1	Name of the Subsidiary Company	YUFLOW ENGINEERING PVT LTD	CORETEC ENGINEERING INDIA PVT LTD	PRISM HYDRAULICS PVT LTD	SRI PLAS ENGINEERING INDIA PVT LTD
2	Financial Year ending of the Subsidiary	31.03.2009	31.03.2009	31.03.2009	31.03.2009
3	Number of Shares Held	1,000,000 (10,00,000 Equity Shares of Rs. 10/- each fully paid)	1,20,000 (1,20,000 Equity Shares of Rs.10/- each fully paid)	2,250 (2,250 Equity Shares of Rs.100/- each fully paid)	280,000 (280,000 Equity Shares of Rs.10/- each fully paid)
4	Extent of Holding	100%	77%	60%	68%
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	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. (655,841)	Rs. 1,030,271	Rs. 739,699	Rs. (288,398)
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	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	Nil

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF YUKEN INDIA LIMITED, ITS SUBSIDIARIES AND ASSOCIATES

1. We have examined the attached Consolidated Balance Sheet of Yuken India Limited ("the Company") and its subsidiaries and associates (the "Group") as at March 31, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended on that date annexed thereto. These financial statements are the responsibility of Yuken India Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 (a) We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 68,476,751 as at March 31, 2009, total revenues of Rs. 82,078,717 and cash flows amounting to Rs. 1,152,842 for the year ended on that date as considered in the Consolidated accounts. 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 subsidiaries, is based solely on the report of the other auditors.

(b) We did not audit the financial statements of one subsidiary whose financial statement reflect total assets of Rs. 8,371,878, total revenues of Rs. 684,750 as at March 31, 2009 and cash flows of Rs.(16,497) for the year then ended on that date as considered in the consolidated accounts. These unaudited financial statements have been furnished to us by the Management.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.
5. Subject to our comments in paragraph 3(b) above, based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and explanation given to us, we are of the opinion that the attached 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, 2009;
 - ii. in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
S. Sundaresan
Partner
M. No: 25776

Place : Bangalore

Date : June 20, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009

	Sch No	As at 31st March 2009		As at 31st March 2008	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
1. Share Holders' Funds:					
a. Share Capital	1		30,000,000		30,000,000
b. Reserves and Surplus	2		274,346,547		264,438,988
			304,346,547		294,438,988
2. Minority Interest			3,986,495		3,191,203
3. Loan Funds	3		420,904,068		369,176,328
4. Deferred Tax Liability (Net) Note-B 9			20,434,794		14,392,426
Total			749,671,904		681,198,945
II APPLICATION OF FUNDS					
1. Fixed Assets					
a. Gross Block	4	481,749,912		413,048,466	
b. Less: Accumulated Depreciation/ Impairment		175,058,639		151,919,213	
		306,691,273		261,129,253	
c. Capital Work in Progress		5,692,707		12,683,495	
			312,383,980		273,812,748
2. Goodwill arising on consolidation			1,619,452		1,954,674
3. Investment	5		31,244,804		28,098,054
4. Current Assets, Loans and Advances:					
a) Inventories	6	202,315,892		217,549,686	
b) Sundry Debtors		344,393,965		370,252,386	
c) Cash and Bank Balances		26,374,945		35,834,914	
d) Loans and Advances		51,104,754		51,034,561	
		624,189,556		674,671,547	
Less: Current Liabilities and Provisions					
a) Liabilities	7	214,369,223		260,316,073	
b) Provisions		13,093,955		52,407,282	
		227,463,178		312,723,355	
			396,726,378		361,948,192
5. Miscellaneous Expenditure	8		7,697,290		15,385,277
Total			749,671,904		681,198,945

Accounting Policies and Notes on Accounts

13

The schedules referred to above form an integral part of the Balance sheet
Per our report of even date.

for Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board

S Sundaresan
Partner

R Srinivasan
Director

V Balaji Bhat
Director

C P Rangachar
Managing Director

Place : Bangalore
Date : 20th June, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	SCH NO	CURRENT YEAR	PREVIOUS YEAR
		Rs.	Rs.
INCOME			
Gross Sales		1,174,670,836	1,260,863,652
Less: Excise Duty		129,688,319	175,190,763
Net Sales		1,044,982,517	1,085,672,889
Other Income	9	21,801,896	9,825,967
		1,066,784,413	1,095,498,856
EXPENDITURE			
Raw Materials, Components and Stores consumed	10	605,721,911	602,180,621
(Increase)/ Decrease in Stock	11	521,976	(1,079,919)
Manufacturing, Administration, selling and other expenses	12	376,544,921	358,142,177
Interest		39,726,993	27,906,991
Depreciation / Amortisation		27,074,612	23,445,089
		1,049,590,413	1,010,594,959
PROFIT FOR THE YEAR BEFORE TAX		17,194,000	84,903,897
Prior period Expenses		(115,495)	-
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		17,078,505	84,903,897
Profit on sale of investments in Associate		-	13,000,000
PROFIT AFTER EXCEPTIONAL ITEMS BEFORE TAX		17,078,505	97,903,897
Provision for Taxation-			
Current tax		2,500,000	37,737,423
MAT credit entitlement		(1,400,000)	-
Deferred tax		6,042,368	(3,556,860)
Fringe Benefit Tax		3,380,037	3,129,997
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST / EQUITY IN EARNINGS OF ASSOCIATE		6,556,100	60,593,337
Less: Minority Interest		(795,292)	(353,196)
Add: Equity in earnings of Associates		4,146,750	8,728,532
		9,907,558	68,968,673
Add: Surplus Brought Forward from previous year		232,586,145	180,392,097
Amount available for appropriation		242,493,703	249,360,770
Appropriations:			
General Reserve		1,000,000	8,000,000
Proposed Dividend		-	7,500,000
Tax on Dividend		-	1,274,625
Surplus Carried forward		241,493,703	232,586,145
Basic & Diluted Earnings Per Share after exceptional items (Face value of equity share of Rs.10/- each)		3.30	22.99
Basic & Diluted Earnings Per Share before exceptional items (Face value of equity share of Rs.10/- each)		3.30	19.61
Aggregate number of shares used for Computing Basic & Diluted EPS		3,000,000	3,000,000

Accounting Policies and Notes on Accounts

13

The schedules referred to above form an integral part of the Profit & Loss account.

Per our report of even date.

for Deloitte Haskins & Sells

For and on behalf of Board

Chartered Accountants

S. Sundaresan

R Srinivasan

V Balaji Bhat

C P Rangachar

Partner

Director

Director

Managing Director

Place : Bangalore

Date : 20th June, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	Year ended	Year ended
	31st March '09	31st March '08
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFITS BEFORE TAX	17,078,505	97,903,897
ADJUSTMENTS FOR:		
DEPRECIATION	27,074,612	23,445,089
LOSS ON SALE / SCRAP OF ASSETS	1,300,038	460,060
LOSS/PROFIT ON SALE / SCRAP OF CWIP (NET)	(221,038)	-
INTEREST EXPENSE	39,726,993	27,656,074
PRELIMINARY & PRE OPERATIVE WRITTEN OFF	4,652	4,652
PROFIT ON SALE LONG TERM INVESTMENTS	-	(13,000,000)
AMORTISATION OF TERMINATION BENEFITS - VRS	7,683,335	7,683,335
BAD DEBTS WRITTEN OFF	4,420,403	3,462,546
PROVISION FOR DOUBTFUL DEBTS / ADVANCES	(499,315)	1,566,610
PROVISION FOR OUTSTANDING DERIVATIVE CONTRACTS	(10,994,584)	-
UNREALISED EXCHANGE DIFFERENCE (NET)	(1,966,694)	2,158,729
INTEREST INCOME	(1,013,048)	(415,364)
DIVIDEND INCOME	(7,500)	(6,000)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	82,586,359	150,919,628
ADJUSTMENTS FOR (INCREASE)/ DECREASE IN:		
TRADE AND OTHER RECEIVABLES	38,367,821	(72,726,513)
INVENTORIES	15,233,794	(26,850,456)
TRADE PAYABLES & PROVISIONS	(70,264,771)	36,546,148
MISCELLANEOUS EXPENDITURE	-	(23,050,000)
CASH GENERATED FROM OPERATIONS:	66,023,790	64,838,807
DIRECT TAX PAID	19,474,747	31,338,464
NET CASH FROM OPERATING ACTIVITIES	46,549,043	33,500,343
B. CASHFLOW FROM INVESTING ACTIVITIES:		
DIVIDEND INCOME	7,500	6,000
PURCHASE OF FIXED ASSETS	(69,030,187)	(51,745,594)
SALE OF FIXED ASSETS	2,305,343	7,324,992
SALE OF INVESTMENTS	-	15,860,000
PURCHASE OF INVESTMENTS	1,000,000	(6,420,000)
PROCEEDS TOWARDS/REFUND AGAINST ADVANCE FOR INVESTMENTS	4,100,000	(5,870,000)
INTEREST RECEIVED	1,013,048	415,364
NET CASH USED IN INVESTING ACTIVITIES	(60,604,296)	(40,429,238)
C. CASHFLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM BORROWINGS	267,213,356	129,647,123
REPAYMENT OF BORROWINGS	(214,910,260)	(79,488,428)
DIVIDEND PAID	(7,323,194)	(7,307,605)
DIVIDEND TAX PAID	(1,274,625)	(1,274,625)
INTEREST PAID	(39,204,890)	(28,608,804)
NET CASH USED IN FINANCING ACTIVITIES	4,500,387	12,967,661
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,554,866)	6,038,766
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	35,834,914	30,305,717
ADD/(LESS): UNREALISED EXCHANGE (GAIN)/LOSS	509,569	-
	36,344,483	30,305,717
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	26,374,945	35,834,914
ADD/(LESS): UNREALISED EXCHANGE (GAIN)/LOSS	414,672	509,569
	26,789,617	36,344,483

Significant Accounting Policies and Notes on Accounts

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- The schedule referred to above form an integral part of the cash flow statement.
- Cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on cash flow.
- Cash and Cash equivalents include balances with Scheduled Banks on dividend account Rs.754,311/- (Rs. 577,505/-) and balance in Margin money deposit account of Rs. 2,912,020 which are available for restricted use by the Company.
- The figures for the previous year have been regrouped / recast, where necessary to conform to the current year classification.
- This is the cash flow referred to in our report of even date

For Deloitte Haskins & Sells
Chartered AccountantsS Sundaresan
PartnerPlace :Bangalore
Date :20th June, 2009R Srinivasan
DirectorV Balaji Bhat
Director

For and on behalf of Board

C P Rangachar
Managing Director

CONSOLIDATED SCHEDULES

SHARE CAPITAL

SCHEDULE 1

	As at 31.03.2009		As at 31.03.2008	
	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 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
Capital Reserve				
Arising on account of consolidation of Subsidiary		1,534,580		1,534,580
Arising from investment in Associate		2,060,429		2,060,428
General Reserve				
As per Last Balance Sheet	28,257,835		20,257,835	
Add : Transfer from Profit & Loss Account	1,000,000	29,257,835	8,000,000	28,257,835
Surplus as shown in the Profit & Loss Account		241,493,703		232,586,145
Total		274,346,547		264,438,988

LOAN FUNDS

SCHEDULE 3

	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
SECURED LOANS:				
Long Term Loan				
From Banks	162,757,494		81,347,842	
From Others	4,129,692		5,519,891	
Cash Credit Account - From Banks	113,259,719		81,051,737	
Working Capital Demand Loan - From Banks	102,839,495		84,231,905	
Under Hire Purchase Scheme - From Others	251,101	383,237,501	1,817,174	253,968,549
UNSECURED LOANS:				
From Banks	37,500,000		115,000,000	
Others	166,567	37,666,567	207,779	115,207,779
Total		420,904,068		369,176,328

CONSOLIDATED SCHEDULE OF FIXED ASSETS										SCHEDULE - 4
DESCRIPTION	GROSS BLOCK - COST				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2008	ADDITIONS	DEDUCTIONS / ADJUSTMENTS	AS AT 31.03.2009	UP TO 31.03.2008	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	UP TO 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Tangible Assets										
Free Hold Land	17,863,313	8,777,331	-	26,640,644	-	-	-	-	26,640,644	17,863,313
Buildings	67,681,772	8,700,020	36,512	76,345,280	13,653,011	1,985,116	20,851	15,617,276	60,728,004	54,028,761
Plant Machinery & Equipment	196,049,472	44,668,920	3,220,787	237,497,605	83,288,052	11,567,264	1,601,240	93,254,076	144,243,529	112,761,420
Electrical Installation	10,266,523	2,241,729	56,218	12,452,034	2,668,893	512,892	13,613	3,168,172	9,283,862	7,597,630
Furniture / Fixtures	11,184,557	1,116,580	58,434	12,242,703	4,574,038	814,555	11,402	5,377,191	6,865,512	6,610,519
Office Equipments	47,192,275	4,236,797	250,695	51,178,377	21,466,532	5,775,440	127,898	27,114,074	24,064,303	25,725,743
Jigs / Fixtures	26,861,680	3,462,408	1,096,898	29,227,190	13,398,341	1,896,975	191,942	15,105,374	14,121,816	13,463,339
Motor Vehicles	26,379,300	375,828	2,821,023	23,934,105	7,383,791	2,385,788	1,968,240	7,801,339	16,132,766	18,995,509
Total	403,478,892	73,579,613	7,540,567	469,517,938	146,432,658	24,940,030	3,935,186	167,437,502	302,080,436	257,046,234
Intangible Assets										
ERP	6,235,574	2,662,400	-	8,897,974	2,152,555	2,134,582	-	4,287,137	4,610,837	4,083,019
Technical Fee	3,334,000	-	-	3,334,000	3,334,000	-	-	3,334,000	-	-
Total	413,048,466	76,242,013	7,540,567	481,749,912	151,919,213	27,074,612	3,935,186	175,058,639	306,691,273	261,129,253
<i>Previous Year</i>	<i>379,712,752</i>	<i>44,007,515</i>	<i>10,671,801</i>	<i>413,048,466</i>	<i>131,743,663</i>	<i>23,445,089</i>	<i>3,269,539</i>	<i>151,919,213</i>	<i>261,129,253</i>	
Capital Work in Progress									5,692,707	12,683,495
Grand Total									312,383,980	273,812,748

CONSOLIDATED SCHEDULES

INVESTMENTS

SCHEDULE 5

	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
Long Term Investments				
Sai India Limited 360,000 (200,000) Fully paid equity shares of Rs 10/- each of Sai India Limited. (160,000 equity shares of Rs. 10/- each received as bonus shares)		31,194,804		28,048,054
The Shamrao Vittal Co-operative Bank Ltd 2,000 Fully paid equity shares of Rs 25/- each		50,000		50,000
Total		31,244,804		28,098,054

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE 6

	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
a) INVENTORIES:				
Tools		9,422,616		5,586,759
Raw Materials & Components		129,165,754		139,677,740
Work in Progress		41,842,286		38,517,700
Finished Goods		20,012,028		23,858,590
Raw Material in Transit		1,873,208		9,908,897
Sub-Total		202,315,892		217,549,686
b) SUNDRY DEBTORS				
Unsecured debtors		347,196,854		374,179,504
Less: Provision for doubtful debts		2,802,889		3,927,118
Sub-Total		344,393,965		370,252,386
c) CASH & BANK BALANCES:				
Cash On Hand		372,152		323,798
Balances with Scheduled Banks:		-		-
On Current Account		20,396,760		28,964,415
On Margin Money Deposit Account		2,912,020		5,969,196
On Unclaimed Dividend		754,311		577,505
Fixed deposits		1,939,702		-
Sub-Total		26,374,945		35,834,914
d) LOANS & ADVANCES				
Unsecured and considered good:				
Advances recoverable in cash or in kind or for value to be received	34,484,396		34,701,413	
Advance for Investment (Shares are yet to be allotted)	370,000		4,470,000	
Deposit with Excise Authorities	1,666,597		1,421,770	
Deposit Others	10,300,443	46,821,436	10,441,378	51,034,561
Advance Tax	178,679,723		-	
Less: Provision	175,796,405	2,883,318	-	
MAT credit entitlement		1,400,000		
Sub-Total		51,104,754		51,034,561
Total		624,189,556		674,671,547

CONSOLIDATED SCHEDULES

CURRENT LIABILITIES & PROVISIONS

SCHEDULE 7

	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
a) CURRENT LIABILITIES				
Sundry Creditors				
Dues to Others		207,328,773		245,354,605
Other Statutory Liabilities		5,640,425		11,747,400
Commission to Managing Director & Other Directors		119,866		2,632,818
Unclaimed Dividend		754,311		577,505
Interest accrued but not due on loans		525,848		3,745
Sub-Total		214,369,223		260,316,073
b) PROVISIONS:				
Income Tax				
Provision	-	-	176,696,944	
Less : Advance Tax	-	-	166,041,233	10,655,711
Fringe Benefit Tax				
Provision	12,321,736		9,229,151	
Less : Advance Tax	11,837,285	484,451	8,906,512	322,639
Gratuity		1,362,242		2,649,593
Leave Salary		11,247,262		11,304,714
Provision for outstanding derivative contracts		-		18,700,000
Proposed Dividend	-	-	7,500,000	
Tax on Proposed Dividend	-	-	1,274,625	8,774,625
Sub-Total		13,093,955		52,407,282
Total		227,463,178		312,723,355

CONSOLIDATED SCHEDULES

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

SCHEDULE 8

	As at 31.03.2009		As at 31.03.2008	
	Rs.	Rs.	Rs.	Rs.
Voluntary Retirement scheme		7,683,330		15,366,665
Preliminary expenses		13,960		18,612
Total		7,697,290		15,385,277

CONSOLIDATED SCHEDULES

OTHER INCOME

SCHEDULE 9

	Current year		Previous year	
	Rs.	Rs.	Rs.	Rs.
Interest Income on Margin Money Deposit, Income Tax Refund and Derivative transactions (Tax deducted at source Rs.38,979/-(Rs.39,912/-)		1,013,048		1,240,746
Training and Other Services rendered		5,449,868		4,134,088
Rent received		180,000		-
Miscellaneous Receipts		1,688,192		1,175,635
Income / (Loss) from sale of Asset		88,538		-
Reversal of Provision / Liabilities no longer required		-		2,198,286
Provision for doubtful debts no longer required written back		1,279,730		-
Liabilities no longer required written back		817,402		-
Derivative Provision writeback		10,994,584		-
Income from Foreign exchange transaction		283,034		1,071,212
Income from Dividend		7,500		6,000
Total		21,801,896		9,825,967

RAW MATERIALS, COMPONENTS AND STORES CONSUMED

SCHEDULE 10

	Current year		Previous year	
	Rs.	Rs.	Rs.	Rs.
Opening Stock	145,264,499		112,180,416	
Add: Purchases	599,045,782		635,264,704	
Total	744,310,281		747,445,120	
Less Closing stock	138,588,370		145,264,499	
Total		605,721,911		602,180,621

(INCREASE)/ DECREASE IN STOCKS

SCHEDULE 11

	Current year		Previous year	
	Rs.	Rs.	Rs.	Rs.
Opening Stock				
Finished Goods	18,984,917		17,691,797	
Excise Duty on Opening stock	4,873,673		2,317,623	
Work in Process	38,517,700		41,286,951	
		62,376,290		61,296,371
Closing Stock				
Finished Goods	17,681,613		18,984,917	
Excise Duty on Closing stock	2,330,415		4,873,673	
Work in Process	41,842,286		38,517,700	
		61,854,314		62,376,290
Total		521,976		(1,079,919)

CONSOLIDATED SCHEDULES		SCHEDULE 12		
MANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES				
	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Salaries, Wages & Bonus (Includes provision for Leave encashment Rs 2,927,235./-(Rs.869,310)		140,337,236		127,271,423
Contribution to Provident Fund and Other Funds		13,865,507		11,555,585
Gratuity to Employees		1,491,426		1,438,938
Staff welfare Expenses		15,282,228		14,707,471
Voluntary Retirement scheme		7,683,335		7,683,335
Power and fuel		17,157,884		16,356,103
Rates and Taxes		4,142,252		2,082,248
Excise / Custom Duty		884,477		2,119,355
Exchange Loss		9,897,146		-
Rent		7,872,936		5,613,819
Insurance		882,890		1,039,869
Repairs:				
Machinery	1,214,732		11,200,250	
Building	101,368		4,019,318	
Others	14,155,647		2,116,771	
		15,471,747		17,336,339
Freight Transport & Other Charges		27,016,999		19,394,515
Sales Promotion Expenses		5,120,785		6,131,305
Selling Commission		6,725,104		9,511,611
Traveling Expenses		27,374,214		26,776,624
Vehicle Maintenance		5,398,550		5,031,415
Printing, Stationery, Postage and Telephones		10,196,996		11,582,414
Directors Sitting Fee		465,000		468,000
Commission to Directors other than Managing Director		-		1,120,421
Provision for doubtful debts (net)		1,578,465		3,805,274
Bad debts written off (net)		4,010,241		2,577,520
Provision for outstanding derivative contracts		-		18,700,000
Bank charges		7,297,163		5,646,918
Legal and Professional charges		18,701,449		21,090,612
Loss on Asset sold / scrapped		1,167,538		460,060
Preliminary Expenses Written-Off		4,652		4,652
Miscellaneous Expenses		26,518,701		18,636,351
Total		376,544,921		358,142,177

Schedule 13**Accounting Policies and Notes on Accounts on Consolidated Financial Statements for the year ended 31st March 2009****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 "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, 2009.

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.

e) **Companies included in Consolidation**

	Country of Incorporation	Ownership 31.03.2009	Proportion 31.03.2008
i. Subsidiary			
Yuflow Engineering Pvt. Ltd	INDIA	100%	100%
Coretec Engineering India Pvt. Ltd	INDIA	77%	77%
Prism Hydraulics Pvt. Ltd.	INDIA	60%	60%
Sriplas Engg.India Pvt .Ltd	INDIA	68%	68%
ii Associate			
Sai India Limited	INDIA	40%	40%

- d) The Consolidated Financial Statements include assets of Rs. 8,371,878/- revenues of Rs. 684,750 and cash flows of Rs.(16,497) as at March 31, 2009 included on the basis of un-audited financial statements in respect of Sriplas Engineering India Private Limited.

2 INCOME/EXPENDITURE :

All Income and expenditure are accounted for on accrual basis.

3 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 on which 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 days the assets are put to use. Asset costing less than Rs. 5,000/- are fully depreciated during the year.
- d) In Sai India Limited, an Associate, depreciation is provided on Written Down Value Method.

Intangible Asset

- a) Technical Know how fee is amortized over a period of 6 years.
- b) Cost of License and Implementation of Enterprise Resource Planning 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.

4. INVESTMENTS:

Investments are long term in nature, 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
b) Stores and Spares		
(ii) a) Material in transit	}	At lower of cost and net realizable value
b) Work in Process *		
(iii) Finished Goods *		At lower of cost and net realizable value
(iv) Tools		At lower of cost and net realizable value

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

Raw material and components, Stores and Spares are valued at 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 and are recognized immediately in the Profit and Loss Account as income or expense.

Termination Benefits:

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

9. REVENUE RECOGNITION:

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

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

10. BORROWING COST:

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

11. LEASES:

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

12. INCOME TAX

Current Tax:

Current tax expense is determined in accordance with the provisions of the Income - tax Act, 1961. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. (Also Refer Note -B7).

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,

subject to consideration of prudent, on timing differences being the difference between taxable income and accounting income that originate in one period and as capable of reversing in one or more subsequent periods.

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

Fringe benefit Tax

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

13. PROVISIONS AND CONTINGENCIES

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

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

14. PRIOR PERIOD AND EXTRAORDINARY ITEMS :

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

B. NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES :

Particulars	31 st March 2009	31 st March 2008
Sales Tax Liability under Dispute	Rs. 14,878	Rs. 188,341

Contingent Liability in Associate Companies to the extent of holding:

Particulars	31 st March 2009	31 st March 2008
Letter of credit opened on behalf of the company by Bankers	Rs. 675,791	Rs. 531,575

2. Foreign Currency Exposure :

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

No of Contracts	Nature of Hedge Buy / Sell	Currency	Amount (USD)	Cross Currency	Amount (Rs)
1	Buy	USD	2,000,000	Rupees	101,300,000
(1)	Buy	USD	(2,000,000)	Rupees	(83,700,000)
1	Buy	USD	228,893	Rupees	11,593,430
(-)	(-)	(-)	(-)	(-)	(-)

b) Foreign Currency Exposure as at 31st March, 2009, 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. 9,305,482 (Rs.2,580,027)	USD 183,666 (USD 64,233)
	Rs. 2,718,843 (Rs. 3,874,692)	GBP 36,821 (GBP 48,121)
	Rs.1,993,284 (Rs.3,636,275)	Euro 29,027 (Euro 57,273)
	Rs. 899,066 (Rs.79,103)	Yen 1,736,990 (Yen 194,500)
Due to		
a) Secured loan	Rs.14,038,571 (Nil)	USD 277,168 (Nil)
- Creditors against Import of goods and services (inclusive for Capital goods)	Rs. 14,218,265 (Rs.46,131,296)	USD 280,716 (USD 1,148,487)
	Rs. 587,186 (Rs.186,879)	YEN 1,134,440 (YEN 459,500)
	Rs 91,911 (Rs.68,976)	EURO 1,338 (EURO 1,086)
	Rs. 87,146 (Rs Nil)	SGD 2,596 (SGD Nil)

3. EMPLOYEE BENEFITS:

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

I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund

c. State Defined Contribution Plans

- i. Employers' Contribution to Employee's State Insurance
- ii. Employers' Contribution to Employee's Pension Scheme 1995.

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

Particulars	31.03.2009	31.03.2008
Employers' Contribution to Provident Fund*	4,893,902	3,587,607
Employers' Contribution to Superannuation Fund*	50,29,590	4,081,729
Employers' Contribution to Employee's State Insurance*	730,348	606,170
Employers' Contribution to Employee's Pension Scheme 1995*	2,526,400	2,523,386
* Included in Contribution to provident and other funds (Refer Schedule 12)		

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

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

Particulars	31 st March,2009	31 st March,2008
Discount Rate	7.30% p.a	8.30% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	5.00% p.a.	7.00% p.a.
Expected Average remaining working lives of the employees (Years)	11.69	11.46

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

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

Description	31 st March 2009	31 st March 2008
Opening Present Value of Obligation	15,108,152	17,234,829
Current Service Cost	918,127	1,217,191
Interest on Defined Benefit Obligation	1,288,471	1,431,622
Benefits Paid	(3,831,707)	(44,88,100)

Net Actuarial Losses / (Gains) Recognized in Year	(1,721,363)	(287,390)
Past Service Cost	Nil	Nil
Losses / (Gains) on "Curtailements & Settlements"	Nil	Nil
Closing Present Value of Obligations	11,761,680	15,108,152

B) Change in the Fair Value of Assets :

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Opening Fair Value of Plan Assets	12,968,271	12,376,464
Expected Return on Plan Assets	1,017,431	988,671
Actuarial Gains / (Losses)	(1,248,332)	140,974
Assets Distributed on Settlements	-	-
Contributions by Employer	2,150,008	3,950,262
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(3,831,707)	(4,488,100)
Closing Fair Value of Plan Assets	11,055,671	12,968,271

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

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Closing Present Value of Funded Obligations	(11,761,680)	(15,108,152)
Closing Fair Value of Plan Assets	11,055,671	12,968,271
Closing Value of Unfunded Obligations	(706,009)	(2,139,881)
Unrecognized Actuarial (gains) / losses	Nil	Nil
Unfunded Net Asset / (Liability) recognized in Balance Sheet	(706,009)	(2,139,881)

D) Expenses recognized in the Profit & Loss Account :

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Current Service Cost	918,127	1,217,191
Past Service Cost	Nil	Nil
Interest Cost	1,288,471	1,431,622
Expected Return on Plan Assets	(1,017,431)	(988,671)
Actuarial Losses / (Gain)	(473,031)	(428,364)
Losses / (Gains) on "Curtailments & Settlements"	Nil	Nil
Total Expenses to be recognized in the Profit & Loss Account	716,136	1,231,778

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

Description	31 st March 2009	31 st March 2008
Corporate Bonds	50%	80%
Equity Shares of listed Companies	50%	20%

b) Leave Encashment

Assumptions at the Valuation Date:

Description	31 st March 2009	31 st March 2008
Discount Rate	7.30% p.a.	8.30% p.a.
Salary Escalation Rate	5.00% p.a.	7.00% p.a.

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

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Charge in the Profit & Loss account	2,817,085	685,897
Amount paid during the year	3,076,151	1,752,387
Liability as at year end	11,031,262	11,290,328

Employee Benefits of Subsidiary companies :

The Consolidated financial statements include Rs. 656,233/- towards provision for gratuity and Rs. 216,000/- towards provision for leave encashment 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.

1. 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 period are all as reflected in the financial statements for the period ending March 31, 2009 and as on that date. Since this being a single business and India being a single geographical segment, the segment information as per Accounting Standard 17, "Segment Reporting", is not required to be disclosed.

6 RELATED PARTY DISCLOSURE :

a) Names of Related Parties and description of relationship:

i Associates

- 1 Sai India Limited
 -2 HC Hydraulic Technologies Pvt.Ltd (upto 17.05.2007)
 Yuken Kogyo Co. Ltd
 Managing Director - C.P. Rangachar
 W/o Managing Director – Vidya Rangachar

ii. Entity having significant influence

iii. Key Management Personnel and Relative of Key Management personnel

b) Related Parties Transaction

Amount in Rs.

Details	Associates		influence		Personnel		Total	
	Current year	Previous Year						
Purchase of Capital Goods								
Yuken Kogyo Co Ltd	-	-	483,184	-	-	-	483,184	-
Purchase of goods								
Yuken Kogyo Co Ltd	-	-	67,670,173	90,704,391	-	-	67,670,173	90,704,391
Sai India Limited	118,436	166,338	-	-	-	-	118,436	166,338
HC Hydraulic Technologies Pvt ltd	-	2,831	-	-	-	-	-	2,831
Sale of goods								
Yuken Kogyo Co Ltd	-	-	2,439,262	760,809	-	-	2,439,262	760,809
Sai India Limited	5,357,081	4,822,607	-	-	-	-	5,357,081	4,822,607
HC Hydraulic Technologies Pvt ltd	-	201,084	-	-	-	-	-	201,084
Directors Remuneration	-	-	-	-	4,543,347	5,602,105	4,543,347	5,602,105
Payment of Expenses made to relative of Key Management Personnel	-	-	-	-	180,000	182,493	180,000	182,493
Reimbursement of Expenses								
Yuken Kogyo Co Ltd	-	-	300,000	-	-	-	300,000	-
Amount outstanding as on 31/03/2009								
Yuken Kogyo Co Ltd	-	-	(13,904,280)	(37,354,909)	-	-	(13,904,280)	(37,354,909)
Sai India Limited	2,619,374	969,274	-	-	-	-	2,619,374	969,274
Directors Remuneration	-	-	-	-	(47,513)	(1,490,643)	(47,513)	(1,490,643)

a) The related party relationships are as identified by the Company on the basis of information available with the Company and relied upon by the auditors

b) The above transactions are compiled from the date in which these parties became related and do not include reimbursement of expenses which are accounted in the natural heads of accounts.

c) No amounts in respect of the related parties have been written off / back or provided for during the year.

6. LEASES:

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

Total minimum hire purchase payments as at the balance sheet date amounted to Rs. 251,101/-

(Rs1,817,174/-) (excluding interest). The total of minimum lease payments and their present

value outstanding at the balance sheet date are as below:

Amount in Rs.

Due	Total Minimum Lease Payments outstanding as at 31.03.2009	Interest	Present Value of Minimum Lease Payments
Within one year from the date of the Balance sheet	253,694 (1,647,516)	2,593 (81,383)	251,101 (1,566,133)
Due in a period between one year to five year	- (253,723)	- (2,682)	- (251,041)
Due after five years	-	-	-
Total	253,694 (1,901,239)	2,593 (84,065)	251,101 (1,817,174)

b) The company has taken a rental premises on a operational lease. The lease rent paid has been charged to the profit and loss account. The break up of total minimum lease rent due as on 31.03.2009 is as follows

Amount in Rs.

Particulars	2008-09	2007-08
Not later than one year	837,574	813,870
Later than one year but not later than 5 years	3,883,908	3,774,006
Later than 5 years	29,38,680	4,758,426

c) 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.5,652,526/-(Rs.3,766,431/-) which has been grouped under 'Rent' under Schedule-12. There are no contingent rents payable.

7. MINIMUM ALTERNATE TAX (MAT):

In accordance with the provisions of Section 115JB of the Income-tax Act, 1961, the Company is required to pay Minimum Alternative Tax (MAT). Accordingly, a provision for the same amounting to Rs.1,400,000/-(Rs. Nil) has been made for the year.

The Finance Act, 2005 inserted sub section (1A) to section 115JAA to grant tax credit in respect of MAT paid under section 115JB of the Act with effect from assessment year 2006-07 and carry forward the unadjusted credit for a period of 7 years. In accordance with the Guidance Note on "Accounting For Credit Available in Respect of Minimum Alternative Tax (MAT) under the Income Tax Act, 1961" issued by the Institute of the Chartered Accountants of India, the Company has recognised MAT Credit which is expected to be set-off against the tax liability, other than MAT in future years.

Accordingly, an amount of Rs.1,400,000/- (Rs. Nil) for the year, is included as MAT Credit Entitlement in Schedule 6- Loans and Advances.

8. EARNING PER SHARE :

Amount in Rs.

After exceptional item		31 st March 2009	31 st March 2008
Profit after taxation and after exceptional item as per Profit & Loss Account	(A)	Rs. 9,907,558	Rs. 68,968,673
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 after exceptional item (net of tax expenses)	(A/B)	Rs.3.30	Rs.22.99

Amount in Rs.

Before exceptional item		31 st March 2009	31 st March 2008
Profit after taxation and before exceptional item as per Profit & Loss Account	(A)	Rs. 9,907,558	Rs.58,844,068
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 before exceptional item (net of tax expenses)	(A/B)	Rs.3.30	Rs.19.61

9. DEFERRED TAX:

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

Amount in Rs.

Description	Deferred tax(asset)/ liability as at 01.04.08	Current year charge / (credit)	Deferred tax (asset) / liability as at 31.03.09
Difference between book & Tax Depreciation	28,122,281	3,102,765	31,225,046
Other timing differences	(10,534,855)	7,630,223	(2,904,632)
Impairment Loss	(3,195,000)	-	(31,95,000)
Unabsorbed depreciation	-	(4,690,620)	(4,690,620)
Net	14,392,426	6,042,368	20,434,794

10. **INTEREST PAID COMPRISES OF :**

Amount in Rs.

Description	31 st March 2009	31 st March 2008
On Fixed loans	22,248,493	16,012,205
On others	17,478,500	11,894,786
Total	39,726,993	27,906,991

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

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Audit fees	500,000	400,000
Payments for other services	450,000	450,000
Expenses	31,414	2,500
Total	981,414	852,500

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

Amount in Rs.

Description	31 st March 2009	31 st March 2008
Audit fees	152,070	158,927
Payment for other services	35,000	27,500
Expenses	24,334	13,646
Total	211,404	200,073

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

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

SIGNATURES TO SCHEDULE 1 TO 13

For and behalf of the board

R Srinivasan
Director

V Balaji Bhat
Director

C. P. Rangachar
Managing Director

Place: Bangalore

Date : 20th June, 2009

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 33rd Annual General Meeting of the Company to be held on 26th August 2009 at 10.00 A.M. and at any adjournment thereof. Signed this..... day of 2009

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 _____

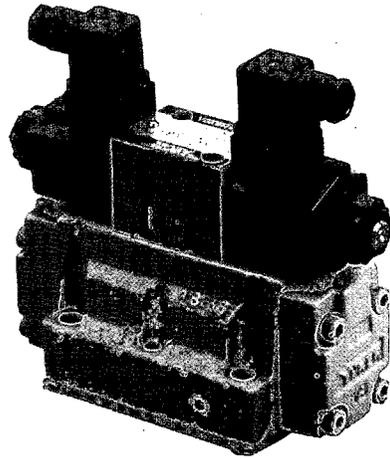
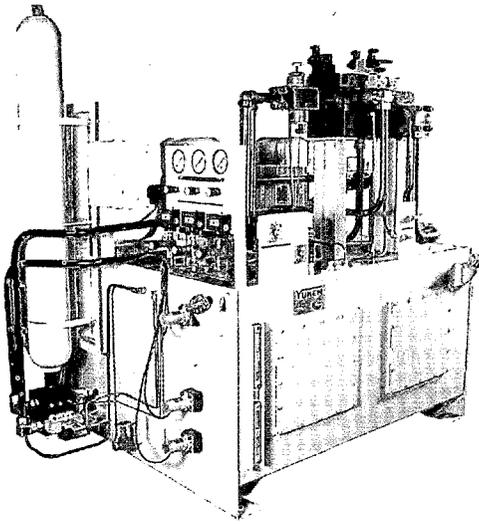
I certify I am a registered Shareholder/proxy for the registered Shareholder of the Company.

I hereby record my presence at the 33rd Annual General Meeting of the Company held on 26th August 2009 at 10.00 A.M. at Registered Office, White Field Road, White Field, Bangalore - 560 066.

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
 - 4) The Company has arranged transport on the day of AGM. It will start from Corporation Circle (Opp.) to Pallavi Theatre, at 8.30 A.M. and drop the members to the same place after AGM.

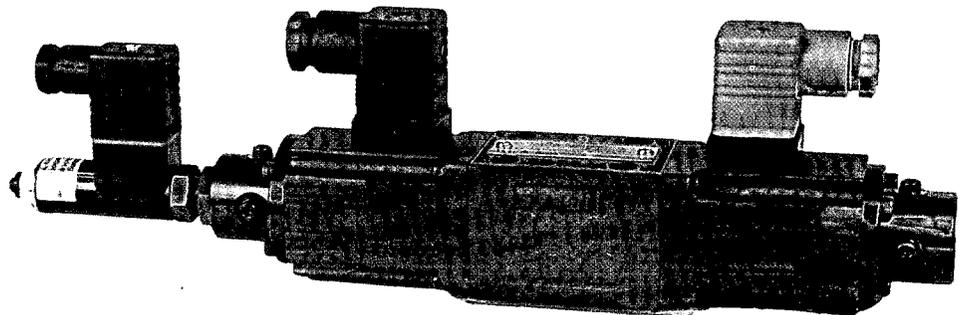
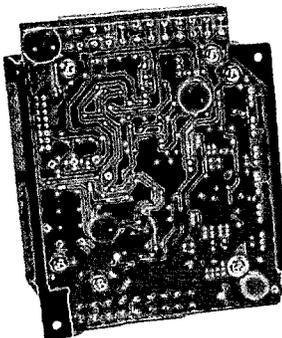
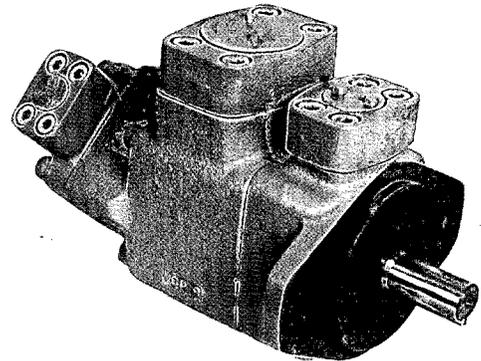
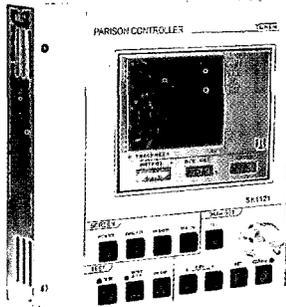
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