

Report on Corporate Governance

Corporate Governance is a system of policies, practices and processes by which a Company is directed and controlled. It essentially involves balancing the interests of a Company's stakeholders, viz., shareholders, management, customers, suppliers, financiers, Government and the community. The purpose of Corporate Governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the Company.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance is based on transparency and accountability and has been part of its organizational culture for the past many years. The Company's Corporate Governance has been strengthened by its code of conduct and various policies framed in compliance with SEBI Regulations.

The Company is engaged in the business of manufacture of hydraulic products and cast iron castings for large variety of end users. The Company's principal objective is to deliver to its customers, quality products and services. The Company is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's policy therefore, envisages the assurance of product quality, transparency, accountability and integrity in its operations and in its relation with all the stakeholders. A report on Corporate Governance as prescribed by SEBI

Listing Regulations is as follows:

BOARD OF DIRECTORS:

Our Board critically oversees Company's strategies, policies, operations and risk management and ensures that all the aspects of Corporate Governance are complied with from time to time.

Composition:

The Board comprises of Executive and Non-Executive Directors who are eminent persons with considerable professional experience in various fields. There are two Executive Directors, viz., Mr. C P Rangachar, Managing Director and Mr. Shiro Hattori, Director. All the other Directors are Non-Executive Directors. Among the Non-Executive Directors, Mr. Osamu Tanaka and Mrs. Vidya Rangachar are Non-Executive and Non-Independent Directors and Mr. R Srinivasan, Capt. N S Mohanram and Dr. Premchander are Non-Executive Independent Directors.

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

Attendance at the meetings of the Board of Directors during the year and at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in domestic public companies by each Director as at 31st March, 2017 are as indicated below:

Director	Whether Promoter/ Collaborator/Executive/ Non-Executive/ Independent/Non- Independent	Attendance		LoA	No. of outside Directorships held	No. of Board Committees of other companies in which a Member	Chairman/Member of Board Committees of other Companies in which is Member
		Board Meetings	Last AGM				
1. Mr. O Tanaka (Chairman)	Non-Executive & Non- Independent (Collaborator)	1	Yes	Yes	-	-	-
2. Mr. Shiro Hattori	Executive & Non- Independent, Nominee Director (Collaborator)	1	Yes	Yes	-	-	-
3. Mr. R Srinivasan	Non-Executive & Independent	4	Yes	Yes	9	4 1	Chairman Member
4. Capt. N S Mohanram	Non-Executive & Independent	5	Yes	NA	-	-	-
5. Dr. Premchander	Non-Executive & Independent	4	Yes	Yes	-	-	-

Director	Whether Promoter/ Collaborator/Executive/ Non-Executive/ Independent/Non- Independent	Attendance		LoA	No. of outside Directorships held	No. of Board Committees of other companies in which a Member	Chairman/Member of Board Committees of other Companies in which is Member
		Board Meetings	Last AGM				
6. Mr. CP Rangachar	Executive & Non- Independent (Promoter)	5	Yes	NA	9	1 1	Chairman Member
7. Mrs. Vidya Rangachar	Non-Executive & Non- Independent	5	Yes	NA	1	-	-

* LOA – Leave of Absence

Board Meetings:

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors must meet at least 4 times in a year, with a maximum time gap of 120 days between any two meetings.

During the financial year 2016-17, our Board met 5 times viz., on 29th May 2016, 13th August 2016, 21st September 2016, 19th October 2016 and 04th February 2017.

The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being regularly placed before the Board.

Board Committees:

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, no Director can be a member of more than ten Committees or act as Chairman of more than five Committees across all the Companies in which he/she is a Director. None of the Directors of our Company was member of more than ten Committees nor acted as Chairman of more than five Committees across all the Companies in which they were Directors during the year.

Organizational Changes:

- Major portion of the Company's plant has been shifted to a new location situated at Koppahimmanahalli village, Malur-Hosur Main Road, Malur, Kolar District, Karnataka, in a phased manner, during the year 2016-17 and the possession of the property at Whitefield has been handed over to Brigade Enterprises Ltd. on 25th May, 2017 for Joint Development.
- Company's foundry business has been transferred to Grotek Enterprises Private Limited by way of Slump sale.

CODE OF CONDUCT:

The Company's Code of Conduct as adopted by the Board of Directors, is applicable to all the 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 their compliance with the Code of Conduct for the financial year ended 31st March, 2017. A Certificate to this effect, duly signed by the Managing Director and Chief Financial Officer is annexed hereto.

Code of Conduct of the company is available in its website under:

<http://www.yukenindia.com/wp-content/uploads/2016/02/Code-of-Conduct-1.pdf>

DISCLOSURE UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

We are committed to provide a healthy environment to our employees and thus do not tolerate any discrimination and/or harassment in any form. The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Following is the summary of complaints with regard to sexual harassment in the Company for the year 2016-17:

- No. of complaints received – Nil
- No. of complaints disposed off - NA

AUDIT COMMITTEE:

The Audit Committee of the Board and its constitution is in confirmation with the requirements of section 177 of the Companies Act, 2013 and also in conformation with the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 the operations,

- Safeguarding of assets and adequacy of provisions for all liabilities,
- Reliability of financial and other management information and adequacy of disclosures, and
- 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 inter alia, are as under:

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statements and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company,

wherever it is necessary;

- (vii) Evaluation of internal financial controls and risk management systems; and
- (viii) Monitoring the end use of funds raised through public offers and related matters.

The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Capt. N S Mohanram as the Chairman and Mr. R Srinivasan, Dr. Premchander and Mr. C P Rangachar as the Members. While Capt. N S Mohanram, Mr. R Srinivasan and Dr. Premchander are Non-Executive & Independent Directors, Mr. C P Rangachar is an Executive Director. The Chief Financial Officer and representatives of Internal and Statutory Auditors are the invitees at the Meetings of Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

All the members are financially literate and have relevant finance and/or audit exposure.

During the year, four meetings of the Audit Committee were held, the dates being 28th May 2016, 13th August 2016, 19th October 2016 and 04th February 2017. The composition of Audit Committee as at 31st March, 2017 and the attendance of the members at the Audit Committee Meetings are as follows:

Sl. No.	Director	No. of Meetings held during the year	No. of Meetings attended during the year
1.	Capt. N S Mohanram (Chairman)	4	4
2.	Mr. R Srinivasan	4	3
3.	Mr. C P Rangachar	4	4
4.	Dr. Premchander	4	3

The Chairman of the Audit Committee, Capt. N S Mohanram was present at the Annual General Meeting held on 21st September, 2016.

NOMINATION AND REMUNERATION COMMITTEE:

The purpose of the Nomination and Remuneration Committee of the Board shall be to discharge the Board's responsibilities relating to the appointment and compensation of the Company's Executive Directors and Non-Executive Directors. The Committee has overall responsibility for approving and evaluating the Executive Directors, Non-Executive Directors compensation plans, policies and programs.

The Company's remuneration strategy is to attract and to retain high caliber talents. Our Nomination & Remuneration Policy is, therefore, 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 end of the year, the Nomination and Remuneration Committee was constituted with three Non-Executive and Independent Directors viz., Mr. R Srinivasan as Chairman and Capt. N S Mohanram and Dr. Premchander as Members.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee is authorized to:

1. Monitor the system of share transfers, transmissions,

sub-division, consolidation, de-materialization and re-materialization.

2. Deal with all investor related issues including redressal of complaints from shareholders pertaining to transfer of shares and non-receipt of Balance Sheet, etc.
3. To delegate such powers to Company's officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take action in relation to shareholders related matters.

As at the end of the year, the Stakeholders Relationship Committee was constituted with Dr. Premchander – a Non-Executive and Independent Director as Chairman, Mr. H M Narasinga Rao, CFO & Vice President-Finance and Mrs. U S Geetha Pushpa, General Manager – Finance as the members to look into the issues pertaining to share transfers and stakeholders' grievances.

During the year, two meetings of the Stakeholders Relationship Committee were held, viz., on 13th April, 2016 and 04th February, 2017. The proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note of.

The attendance of the members at the Stakeholders' Relationship Committee Meetings held during the year is as under:

Committee Members	No. of Meetings held during the year	No. of Meetings attended during the year
Dr. Premchander	2	2
Mr. H M Narasinga Rao	2	2
Mrs. U S Geetha Pushpa	2	2

The statistics of investors' complaints received/redressed during the year are furnished below:

Sl. No.	Nature of Complaints	Received	Addressed	Pending
1.	Non-receipt of dividend warrants	12	12	0
2.	Non-receipt of securities	4	4	0
3.	Non-receipt of Annual reports	6	6	0
4.	Complaints from Stock Exchanges / SEBI	1	1	0
	Total	23	23	0

RISK MANAGEMENT COMMITTEE:

Risk Management Committee of the Company was constituted as per the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the following members:

1. Dr. Premchander – Chairman
2. Mr. C P Rangachar – Member and
3. Mr. Subramanya Ullal - Member

The Company has in place, a Risk Management Policy which aims at monitoring associated practices of the Company for the purpose of identification, evaluation and mitigation of operational, strategic and environmental risks.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Corporate Social Responsibility Committee of the Company was formed in compliance with the provisions of Section 135 of the Companies Act, 2013 with the following Directors:

1. Dr. Premchander – Chairman

2. Mr. C P Rangachar – Member and
3. Mr. R Srinivasan – Member.

The Company has in place, a Corporate Social Responsibility Policy which is being monitored by the CSR Committee.

However, since the CSR provisions are not applicable to the Company for the year 2016-17, the members have not met during the year.

SUBSIDIARY COMPANIES:

Grotek Enterprises Pvt. Ltd. has become a wholly owned subsidiary of the Company during the year 2016-17. Since it is a material non-listed Indian subsidiary company, Yuken India Limited has appointed Dr. Premchander, an Independent Director on the Board of Grotek Enterprises Pvt. Ltd. The Audit Committee reviews financial statements, particularly, the capital investments made by the Company's non-listed subsidiary companies. The minutes of unlisted subsidiary companies have been placed before the Board.

The accounts of all subsidiary companies are placed before the Board 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 2016-17, besides the transactions reported in Note 32 of the Notes forming part of 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 interests of the Company at large. Further, there are no material related party transactions that are not in the normal course of business or not on arm's length basis. However, all the Related Party Transactions have been approved by the Audit Committee and the Board in compliance with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(B) Disclosure of accounting treatment:

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

(C) Risk Management:

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

(D) Proceeds from Public Issue, Rights Issue, Preference Issue etc.:

The Company has not raised any capital during the year ended 31st March, 2017.

(E) Remuneration of Directors:

Mr. C P Rangachar, Managing Director is in receipt of salary in the scale of Rs. 350,000 – Rs. 700,000 with authority to Board to fix the annual increments.

Details of Remuneration paid to the Managing Director, during the year, 2016-17*. (Rs. In lakhs)

Name	Salary	Value of Perquisites	Contribution to Provident & Superannuation Fund	Leave encashment	Total
Mr. C P Rangachar	36.00	4.20	9.72	3.00	52.92

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

No stock options have been issued to the Managing Director.

Commission payable to the Directors is calculated based on the net profits of the Company in particular financial year and is determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee subject to the overall ceiling as stipulated in section 197 of the Companies Act, 2013. Commission is the only component of remuneration, which is performance linked and the other components are fixed.

However, no Commission was paid to the Directors for the year 2016-17.

No Stock Options have been issued to the Independent Directors.

The compensation of the Non-Executive Directors is in the form of sitting fee 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 Nomination & Remuneration

Committee and Board of Directors and approved by the shareholders.

All the Directors except the Managing Director were in receipt of sitting fee of Rs. 10,000/- per meeting.

Sitting Fee paid to the Directors:

Director	Meeting						Total
	Board	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	CSR Committee	Risk Management Committee	
Mr. O Tanaka	1	-	-	-	-	-	10,000
Mr. S Hattori	1	-	-	-	-	-	10,000
Mr. R Srinivasan	4	3	-	-	-	-	70,000
Capt. N S Mohanram	5	4	-	-	-	-	90,000
Dr. Premchander	4	3	-	-	-	-	70,000
Mrs. Vidya Rangachar	5	-	-	-	-	-	50,000
Total							300,000

Mrs. Vidya Rangachar, a Director, holds 4,000 shares in the Company.

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

(F) Management Discussion and Analysis:

The management's discussion and analysis report forms part of the 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 Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2017, which is annexed hereto.

GENERAL BODY MEETINGS:

Particulars of the past three Annual General Meetings held by the Company are furnished below:

Year	Date	Location	Time
2013-14	09th September, 2014	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bangalore – 560025.	11.00 am
2014-15	15th September, 2015	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bangalore – 560025.	10.00 am
2015-16	21st September, 2016	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bangalore – 560025.	10.00 am

MEANS OF COMMUNICATION:

The quarterly financial results of the Company were submitted to the Stock Exchanges immediately after the Board took the same on record through e-mail and courier. Also, financial results have been submitted to BSE Ltd., by uploading in their portal - <http://listing.bseindia.com/>.

The quarterly financial results are being published in the

Financial Express (English) and Hosa Digantha (Kannada) newspapers.

The financial results were also hosted in the Company's website: www.yukenindia.com

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

GENERAL SHAREHOLDER INFORMATION:

- a) Annual General Meeting : 05th September, 2017
- b) Financial Calendar
- i) Financial Year : April to March
- ii) First Quarter Results : July
- iii) Second Quarter Results : November
- iv) Third Quarter Results : February
- v) Year end Results : May
- c) Date of Book Closure : 01st September, 2017 to 05th September, 2017
- d) Proposed Dividend : 10% on equity shares
- e) Dividend payment date : 30 days from the date of AGM
- f) Listing of shares

Company's shares were listed at the following Stock Exchanges during the year 2016-17:

1. BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Scrip Code: 522108

2. Ahmedabad Stock Exchange Limited

Kamadhenu Complex, Opposite – Sahajanand College, Panjarapole, Ahmedabad – 380015. Scrip Code: 68030

The listing fees for the year 2016-17 have been paid to the above Stock Exchanges.

Registrar and Share Transfer Agents:

Karvy Computershare Pvt. Ltd.,
Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally,
Hyderabad- 500 008.

Phone: 040-23420815-28

g) Market Price Data:

High – Low market price data during each month in the year 2016-17 at BSE Ltd. is furnished below:

Sl. No.	Month	High	Low
1	APR	350.00	296.00
2	MAY	348.90	296.00
3	JUN	340.70	301.65
4	JUL	349.70	301.05
5	AUG	399.90	323.30
6	SEP	394.00	316.00
7	OCT	490.00	340.00
8	NOV	450.00	330.10
9	DEC	441.00	371.05
10	JAN	666.00	400.00
11	FEB	877.15	615.00
12	MAR	1059.65	830.00

There was no trading in the Ahmedabad Stock Exchange Ltd. during the year ended 31st March, 2017 since the stock exchange is under the process of de-recognition.

h) Share Transfer System:

All the transfers received are processed and approved by the Stakeholders Relationship Committee at its meetings.

The Company's Registrar and Share Transfer Agents M/s. Karvy Computershare Pvt. Ltd., Hyderabad, have 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 regulations, a Practicing Company Secretary audits the system every half-year and a certificate to that effect is issued and the same is submitted to the Stock Exchanges.

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

The Company had no transfer of shares pending as on 31st March, 2017.

i) Distribution Schedule – Consolidated as on 31/03/2017:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of Amount
0 – 5000	3,324	92.64	330,935	3,309,350	11.03
5001 – 10000	124	3.46	96,300	963,000	3.21
10001 – 20000	62	1.73	96,439	964,390	3.21
20001 – 30000	22	0.61	54,236	542,360	1.81
30001 – 40000	8	0.22	29,614	296,140	0.99
40001 – 50000	9	0.25	41,175	411,750	1.37
50001 – 100000	9	0.25	76,315	763,150	2.54
100001 & Above	30	0.84	2,274,986	22,749,860	75.83
Total	3,588	100.00%	3,000,000	30,000,000	100.00%

j) Plant location / address for correspondence:

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

Address for communication:

Yuken India Limited

PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, India. PIN – 563130.

Contact No.s: +91 9845191995, +91 9731610341 & +91 9880187250

Email: yilinfo@yukenindia.com

k) Shareholding Pattern as on 31st March, 2017:

Category	No. of shares held	Percentage of Shareholding
Promoters' holding	1,575,052	52.50
Mutual Funds / UTI	1,500	0.05
Private Corporate Bodies	282,743	9.42
Indian Public	1,009,410	33.65
HUF	70,510	2.35
NRIs/OCBs	57,043	1.90
Clearing Members	3,742	0.13
Grand Total	3,000,000	100.00

l) Directors seeking appointment / re-appointment:

As required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 05th September, 2017.

STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENTS:

1. Audit qualifications:

There were no qualifications in Auditor's Report, during the year.

2. Separate posts of Chairman and CEO:

While Mr. Osamu Tanaka is the Chairman, Mr. C P Rangachar is the Managing Director / CEO of the Company.

3. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.
