

Board of Directors

Teruyoshi Minaki	Chairman
Noriaki Hirose	Managing Director
P C Nayak	Director
N D Prabhu	Director
Yuusuke Sekiguchi	Director
K P Kumar	Director
Subir K Ghosh	Director

Senior Management

Noriaki Hirose	Managing Director
A Das Gupta	Exec. Vice President - Product Divn.
Y Gokul	Exec. Vice President - Finance and HR
R Sridharan	Sr. Vice President - Engineering Divn.
Shinta Tobari	Sr. Vice President - Intl. Busi. Devpt. & Large A/C Mgt.
K Parthasarathy	Vice President - Services
P V R S Kishore	Vice President - System Sales & Marketing - (Industrial Automation Divn.)
Shreesha Chandra	Associate Vice President - Operations - (Industrial Automation Divn.)

Company Secretary Shivadutt B

Auditors Price Waterhouse

Bankers State Bank of India
Mizuho Corporate Bank Ltd.,
Bank of Tokyo Mitsubishi Ltd.,
Societe Generale
BNP Paribas

DIRECTORS' REPORT

The Directors have pleasure in presenting their Eighteenth Annual Report and Audited Accounts for the year ended 31st March 2005.

Financial Highlights:

	(Rs. in Crores)	
	2005	2004
Gross Income	269.87	194.98
Profit Before Depreciation	24.65	4.30
Depreciation	3.51	3.44
Profit Before Tax	21.14	0.86
Taxes (Including Deferred Tax)	5.91	0.84
Net Profit	15.23	0.02

Dividend

As a result of good performance, Directors are pleased to recommend payment of dividend at the rate of Rs.3 per equity share for the year ending March 31, 2005.

Performance Review

The order intake for the year has been the highest at Rs.291 Crores as against Rs.231 Crores in the previous year. The gross income was again the highest in the history of the Company at Rs.269.87 Crores vs. Rs. 194.98 Crores in the previous year. During the year, the Company received a very prestigious order from BESCO for Automation of Meter Reading. Incidentally this is the first time that any automation of this magnitude in Meter Reading Automation is being undertaken in the country. With a good order intake, the order backlog as on end of March 2005 is reasonably good at Rs.134 Crores. Profit before taxes at Rs.21 Crores was substantially higher than the previous year, which was under Rs.1 Crore. The profit after taxes of Rs.15 Crores has been the highest since the inception. The operating performance had improved significantly due to higher volumes in all divisions of the Company and also with better cost control and material management. Stronger Rupee vis-a-vis the USD also aided in improving the performance.

During the year, the Company has consolidated its multi-location operations into virtually a single location with state of the art facilities. With this, the Registered office is also shifted from its erstwhile location.

Transfer to Investor Education and Protection Fund

During the year, the Company has transferred a sum of Rs.126,139/- being the amount due and payable and remaining unpaid for a period of 7 years as provided in Section 205 of the Companies Act, 1956.

Technology absorption

Information in accordance with provisions of Sec 217 (1) (e) of the Companies Act, 1956, read with Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding technology absorption is given in Annexure – A which forms part of this report.

Particulars of Employees

As there is no employee of the Company in receipt of the minimum prescribed remuneration, the list of employees as required under Section 217(2A) of the Companies Act, 1956 has not been enclosed with this report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement; it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care 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;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March 2005 on a 'going concern' basis.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on corporate governance and a certificate from the auditors of the Company forms part of this report

Board of Directors

Mr. P C Nayak and Mr. N D Prabhu retire by rotation and are eligible for reappointment. Board recommends the reappointment of Mr. P C Nayak and Mr. N D Prabhu.

Auditors

M/s Price Waterhouse, Chartered Accountants retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Acknowledgements

The Directors places on record their appreciation of the contribution and support of all employees, customers, suppliers and stakeholders.

For and on behalf of the Board of Directors

Bangalore
May 18, 2005

Noriaki Hirose
P C Nayak

Managing Director
Director

ANNEXURE - A TO DIRECTORS' REPORT

Technology Absorption, Adaptation & Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation.

Information exchange and Training at Collaborator's plant in Tokyo, Japan. In house training, execution of overseas engineering jobs on behalf of Yokogawa Electric Corporation, Japan.

2. Benefits derived as a result of all above efforts.

Import substitution and cost reduction, product range expansion for local market.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.

- a) Technology imported

Production, maintenance and service techniques for Distributed Control Systems, Single Loop Controller, Recorders and Test and Measuring Instruments and Transmitters.

- b) Year of import
1987-2005

- c) Has the technology been full absorbed?
Substantial absorption has been taken place.

- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

The products being highly sophisticated and technology fast changing, the process of absorption of technology is continuous. For Distributed Control Systems new designs have been introduced. Engineering and Software contribution in India has increased very significantly as reflected in reduced expenditure in foreign currency. Efforts as per item (1) above are continuing.

For and on behalf of the Board of Directors

Bangalore
May 18, 2005

Noriaki Hirose
P C Nayak

Managing Director
Director

ANNEXURE - B TO DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE

(A) Corporate Governance Philosophy

The Company is committed to good corporate governance and understands the rights of its shareholders to information on the performance of the Company and considers itself a trustee. The company provides detailed information on various issues concerning the Company's business and financial performance to its shareholders.

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

(B) Board of Directors**(a) The Composition of the Board of Directors as at 31st March, 2005 is as follows:**

Name	Category	Other Directorships	Other Committee Chairmanships	Other Committee Memberships
Mr. Teruyoshi Minaki (Chairman)	Non-Executive	3	None	None
Mr. Noriaki Hirose (Managing Director)	Executive	-	None	None
Mr. P C Nayak	Non-Executive	4	None	1
Mr. Yusuke Sekiguchi	Non-Executive	-	None	None
Mr. Subir K Ghosh	Non-Executive & Independent	-	None	None
Mr. K P Kumar	Non-Executive & Independent	2	None	4
Mr. N D Prabhu	Non-Executive & Independent	8	3	2

(b) Meetings held in Financial Year 2004-05 and attendance of Directors:

The Board meets atleast once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. The Board held Four meetings during the financial Year 2004-05 on 11th June 2004, 30th July 2004, 26th October 2004, 29th January 2005.

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The attendance of each Director at these was as follows:

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at last AGM
1	Mr. Teruyoshi Minaki (Chairman)	-	Absent
2	Mr. Noriaki Hirose (Managing Director)	4	Present
3	Mr. P C Nayak	4	Present
4	Mr. Yusuke Sekiguchi	4	Present
5	Mr. Subir K Ghosh	4	Present
6	Mr. K P Kumar	4	Present
7	Mr. N D Prabhu	4	Present

Leave of absence was granted by the Board to the Director who were absent at the respective Board Meeting(s).

(C) Committees of Directors

(a) Audit Committee

The Audit Committee's functions include audit procedures, compliance with statutory and regulatory requirements, financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and correct. It also reviews with Management Quarterly Results and the annual financial statements before submission to the Board. The Audit Committee effectively acts as a link between the Board of Directors, Statutory Auditor and Internal Audit Functions.

The composition of the Audit Committee as on March 31, 2005 was as under:

Sl. No.	Name of the Director	Designation	No. of Meetings attended 2004-05
1	Mr. N D Prabhu	Chairman	4
2	Mr. P C Nayak	Member	4
3	Mr. Subir K Ghosh	Member	4
4	Mr. K P Kumar	Member	4

All the above Directors are Non-Executive

The Audit Committee met four times during the financial year on June 10, 2004, July 30, 2004, October 26, 2004 and January 29, 2005.

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. Managing Director and Head of Finance attend the meetings. The Company Secretary acts as the Secretary of the Committee.

(b) Share Transfer and Investors Grievance Committee.

Committee takes on record share transfers and grievances of the shareholders and suggest remedial actions. Mr. Shivadutt B, Company Secretary acts as 'Compliance Officer' to monitor the share transfer process and liaise with regulatory authorities. As on March 31, 2005 number of share transfers due for transfer is nil.

REPORT FOR THE PERIOD OF 01/04/2004 TO 31/03/2005

Sl No.	Nature of Complaints	Received	Attended	Pending
1	Non receipt of Share Certificates	9	9	0
2	Non receipt of Dividend	6	6	0
3	Non receipt of Annual Reports	1	1	0
	T O T A L	16	16	0

(c) Remuneration Policy

The composition of Remuneration Committee as on March 31, 2005 are Mr. N D Prabhu, Mr. P C Nayak, Mr. Subir K Ghosh and Mr. K P Kumar. All the Directors are Non-Executive Directors.

Company pays remuneration by way of salary, perquisites, allowances (fixed component) and Commission (on case to case basis) to Managing Director. All remuneration will be paid within the range approved by the Shareholders. Annual increments as recommended by Remuneration Committee are placed before the Board for approval. Non-Executive Directors are paid sitting fees of Rs.10,000/- each for each Board Meeting and Audit Committee Meeting attended by them. Non-Executive Directors are entitled for a commission of 1% p.a. distributed equally among the Directors.

Details of the amounts paid/provided towards the Directors' remuneration and Sitting Fees for both Board Meetings and Audit Committee Meetings for the FY 2004-05 are as follows:

(Amount in Rs.)

Name	Salary	Allowance & Perquisites	Commission	Sitting Fees	Total
Teruyoshi Minaki	Nil	Nil	Nil	Nil	Nil
Noriaki Hirose	8,73,600	9,37,580	Nil	Nil	18,11,180
P C Nayak	Nil	Nil	2,26,732	80,000	3,06,732
Yusuke Sekiguchi	Nil	Nil	Nil	10,000	10,000
Subir K Ghosh	Nil	Nil	2,26,732	80,000	3,06,732
K P Kumar	Nil	Nil	2,26,732	80,000	3,06,732
N D Prabhu	Nil	Nil	2,26,732	80,000	3,06,732

(D) Annual General Meetings

The Annual General Meetings of the Company (AGMs / EGM) were held at the following places in the last three years.

Annual General Meetings :

For the year	Venue	Day and date	Time
2003-2004	Hotel Rama, Lavelle Road, Bangalore.	Monday, 20th September 2004	4.00 p.m. (IST)
2002-2003	Hotel Rama, Lavelle Road, Bangalore.	Friday, 19th September 2003	3.00 p.m. (IST)
2001-2002	Hotel Rama, Lavelle Road, Bangalore.	Monday, 22nd July, 2002	4.00 p.m. (IST)

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Extra-ordinary General Meeting :

Date	Venue	Time	Reason
Thursday, April 15, 2004	Hotel Rama, Lavelle Road, Bangalore.	3.00 p.m. (IST)	Name change of the Company

(E) Disclosures

(a) Disclosures on materially significant related party transactions

During the year 2004-05, the Company had no materially significant related party transactions as is envisaged that may have potential conflict with the interests of the Company.

(b) Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets.

The Company has complied with all the requirements of the listing agreement with the stock exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, stock exchanges or any statutory authorities on matters relating to capital markets during the last three years.

(F) Means of Communication

a. Financial Results:

The quarterly and half-yearly un-audited financial results and the annual audited financial results are published in leading national newspapers, i.e., Business Standard (English), Udayavani (Kannada). The results are also placed on Company's website.

b. Other Information:

The Company has its own website www.yokogawa.com/in wherein other related information are available. The Company has a dedicated email: investor.helpdesk@ybil.com for investors' grievances. The Company also issues press statements on important developments relating to the Company's working.

(G) Management's Discussion and Analysis Report

The Management's Discussion and Analysis report forms part of the Annual Report.

(H) General Shareholders' Information

(a) Annual General Meeting

Day, date and time	Thursday, June 30, 2005 at 10.00 a.m.
Venue	Yokogawa India Limited, Regd. Office: Plot No.96, Electronics City Complex, Hosur Road, Bangalore - 560 100
Agenda	1. Adoption of Audited Accounts, Directors' and Auditors' Report. 2. To declare Dividend for the financial year ended March 31, 2005 3. Re-appointment of Mr. P C Nayak - Director 4. Re-appointment of Mr. N D Prabhu - Director 5. Re-appointment of Auditors

The profile of Directors retiring by rotation eligible for Re-appointment

Director Retiring by Rotation

Mr. P C Nayak

Mr. P C Nayak belonging to the Indian Administrative Service, 1955 batch and a Post Graduate of economics and statistics had served as a Joint Secretary in several Departments/Ministries of the Government of India. During his tenure as an IAS Officer, some of the important positions held by him

are CEO, Maharashtra Industrial Development Corporation, Secretary- Department of Industries, Energy and Labour, Head of India Investment Centers at Dusseldorf and New York and Member - Secretary of Foreign Investment Board. He is now a Director of Syndicate Bank.

Mr. N D Prabhu

Mr. N D Prabhu, Commerce Graduate and CAIB (London), a Banker by profession, joined Canara Bank in 1955, become its Executive Director in 1983 and retired as Chairman and Managing Director in 1989. He is now Chairman on the Board of Brescon Corporate Advisors Ltd., Jumbo bag Ltd., Self Growth Nidhi Ltd. and Director on the Board of Bal Pharma Ltd.

(b) Financial Calendar

Indicative calendar of events for the year 2005-06, excluding Extra Ordinary General Meetings, if any, as under:

Fourth Quarter (2004-05) results	May 18, 2005
Annual General Meeting	June 30, 2005
First Quarter Results	July 2005
Second Quarter Results	October 2005
Third Quarter Results	January 2006

(c) Book Closure

The Company's Register of Members and Share Transfer books will remain closed from:	June 23, 2005 to June 30, 2005 (both the days inclusive)
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(d) Listing on Stock Exchanges

The Company's equity shares are listed on the stock exchanges located at : ● Mumbai ● Bangalore ● National Stock Exchange	Addresses of the Stock Exchanges: The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 The Bangalore Stock Exchange, Stock Exchange Towers, 51, I cross, JC Road, Bangalore - 560 027
Stock Code of the Company	517216
ISIN Nos. for the Company's equity shares in Demat form	INE718A01019
Depositories Connectivity	NSDL and CDSL

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(e) Market Price Data

Year 2004-05	BSE		NSE		Volume	
	High	Low	High	Low	BSE	NSE
April	71.25	60.05	72.00	60.10	3901	10077
May	73.00	58.50	70.80	56.00	10090	3976
June	71.75	58.00	68.20	58.95	18564	4315
July	69.90	61.05	71.50	63.25	4900	5245
August	86.35	63.00	86.10	65.00	10397	9528
September	94.90	77.45	90.40	77.50	20434	11120
October	149.80	85.00	149.25	83.80	92219	91560
November	136.50	117.00	139.90	118.10	30147	28486
December	133.80	110.55	133.00	110.00	28070	36349
January	134.30	96.15	134.40	89.00	20202	44564
February	198.85	138.00	197.00	138.40	114489	158300
March	249.00	187.00	248.10	190.00	83871	81994

(f) Distribution of Shareholding (as on March 31, 2005)

Category	Total Count	% to Total	Total Shares	% To Shares
0 - 500	3671	95.60	493156	5.64
501 - 1000	118	3.07	91351	1.04
1001 - 2000	37	0.96	54562	0.62
2001 - 3000	4	0.10	9801	0.11
3001 - 4000	2	0.05	7500	0.09
4001 - 5000	0	0.00	0	0.00
5001 - 10000	3	0.08	22994	0.26
> - 10001	5	0.13	8070636	92.24
TOTAL	3840	100.00	8750000	100.00

(g) Shareholding Pattern**Share Holding Pattern as on March 31, 2005**

Sl. No.	Category	Total Count	% to Count	Total Shares	% to Total Shares
1.	Bank / Govt. Companies	3	0.08	429180	4.90
2.	Employees	167	4.35	35000	0.40
3.	Foreign Inst. Investors	1	0.03	450	0.01
4.	Foreign National	1	0.03	250	0.00
5.	Promoters	2	0.05	7279029	83.19
6.	Bodies Corporates	165	4.30	57759	0.66
7.	Mutual Funds	4	0.10	1500	0.02
8.	Non-resident Indians/ocb	30	0.78	8516	0.10
9.	Overseas Corporate Bodies	2	0.05	400	0.00
10.	Resident Individual	3463	90.18	582964	6.66
11.	Trust	2	0.05	354952	4.06
	TOTAL	3840	100.00	8750000	100.00

(h) Share Transfer Process

The Company's shares being in compulsory demat list are transferable through the depository system. Shares in physical form are processed by Karvy Computershare Pvt. Ltd., Registrar and Transfer Agent of the Company. The share transfer process is reviewed by the Shares Transfer Committee and their suggestions are implemented.

(i) Dematerialization of shares

The Company had signed a tripartite agreement with National Securities Depository Limited (NSDL) and with Central Depository Services (India) Ltd., (CDSL) to provide trading of shares in dematerialized form.

As per SEBI's instructions trading of the Company's shares for all investors is compulsorily carried out only in dematerialized form.

(j) Plant Location

The Company's plant is located at #58, 59 & 63, Electronics City, Hosur Road, Bangalore- 560 100.

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Address for Correspondence:

1. Registrar and Transfer Agent

Karvy Computershare Pvt. Ltd.,
(Unit: Yokogawa India Limited)
T K N Complex, No: 51/2,
Vanivilas Road, Opp. National College,
Basavanagudi
Bangalore - 560 004.

2. Company

(for any other matter, unresolved complaints)

Yokogawa India Limited
Regd. Office: Plot No.96, Electronics City Complex, Hosur Road, Bangalore - 560 100
Contact Person: Company Secretary

3. Corporate Website: www.yokogawa.com/in

4. Email: investor.helpdesk@ybil.com

For and on behalf of the Board of Directors

Bangalore
May 18, 2005

Noriaki Hirose
P C Nayak

Managing Director
Director

ANNEXURE - C TO DIRECTORS' REPORT

**Auditor's Certificate on Compliance with the conditions of Corporate Governance
under Clause 49 of the Listing Agreement**

To,

The Members of Yokogawa India Limited,

We have examined the compliance of conditions of Corporate Governance by **Yokogawa India Limited** for the year ended March 31, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2005, no investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Company which are presented to the Investors / Shareholders Grievance Committee.

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

S. Dutta

Partner

Membership Number - F50081

Place : Mumbai
Date : May 18, 2005

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operational Results

The current year has been one of the best years since the inception of the Company with all round improvement in performance in every single division. Aggregate gross order intake during the year was Rs.291 Crores, which is 30% higher than the previous year. Similarly, the sales revenue for the first time crossed Rs.250 Crores mark at Rs.270 Crores. This was 38% higher than the previous year. During the year, the Company executed some very prestigious orders both in the domestic market as well as in overseas. The largest order received by the Company last year for a Refinery project was executed substantially during the year. Successful execution of the overseas project is a demonstration of the global Engineering capabilities of the Company, which augurs well for potential Engineering Business from the worldwide Affiliates.

With an improved order intake in all divisions, efficient project execution, better material and expense control resulted in the profit before taxes recording the highest ever at Rs.21 Crores. The company since last two years, has been practicing a very conservative provisioning policy and in line with such decision during the year, an amount of Rs.6.7 Crores has been provided / written off on account of doubtful debts and unserviceable inventory. After providing for taxes, including deferred taxes, the net profit of Rs.15 Crores was also the highest till date.

Business Outlook

The Company's performance is, to a large extent, linked to the general economic growth particularly in the core sectors such as power, metal, oil & gas and fertilizers. The Indian economy has been showing a satisfactory growth and it is expected to grow at the same rate if not more in the coming years. With a good order backlog and prospects based on core sectors growth, the Company is hopeful of satisfactory performance in the future.

Finance

The Company continued to focus on optimizing its working Capital and better treasury management. Despite the increase in operations by 30% and a capital expenditure of Rs.10 Crores, the Company did not resort to any additional borrowings. In addition, the treasury income was maximized during the year which resulted in the net finance cost (Interest paid - interest / investment income) being kept at Rs.82 Lakhs which translates to 0.30% of turnover.

Human Resources

Being an Engineering Company, the key resources of the Company are its employees who give it the competitive edge in the current business environment. The Company ensures good working environment to motivate employees to deliver their best. The welfare of the employees have always been a priority and to this end well thought out compensation packages and welfare measures are in practice to retain the best talent in the Company. Performance Management Systems are used to reward high performers.

Internal Control Systems

The Company has in place a well-structured systems and processes which are in tune with the Company's need to perform efficiently in all functional areas. The roles and responsibilities for people in all functional areas have been well defined and the current Internal Control Systems is considered to be adequate for the Company's business.

AUDITORS' REPORT

TO THE MEMBERS OF YOKOGAWA INDIA LIMITED

1. We have audited the attached Balance Sheet of Yokogawa India Limited as at March 31, 2005, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and 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 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, 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 paragraph 3 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 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 comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act 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, 2005;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S. Dutta

Partner

Membership Number - F50081

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place : Mumbai
Date : May 18, 2005

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Yokogawa India Limited on the financial statements for the year ended March 31, 2005.

- i) a) The Company is maintaining proper records to show full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all items over a period of two years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies between the book records and the physical inventory.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- ii) a) The inventory of the Company has been physically verified by the management during the year, except for stocks of raw materials and components lying with the third parties at the year end aggregating to Rs. 922,201 which, however, have been confirmed by the parties to the extent of Rs. 809,316. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records, which have been properly dealt with in the accounts, were not material.
- iii) a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act and accordingly sub clauses (b), (c) and (d) of clause (iii) of Paragraph 4 of the Order are not applicable.
- b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act and accordingly sub clauses (f) and (g) of clause (iii) of Paragraph 4 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, having regard to the information and explanation that certain items purchased/sold are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations/prices, 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, fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any major weaknesses in the aforesaid internal control system.
- v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that section and accordingly sub clause (b) of clause (v) of Paragraph of the order is not applicable.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of its business.
- viii) On the basis of the records produced, we are of the opinion that, prima facie, cost records and accounts prescribed by the Central Government of India under clause (d) of sub-section (1) of Section 209 of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- ix) a) According to the information and explanations given to us and the records of the company examined by us, in our opinion,

the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess, dues as may be applicable, and other material statutory dues with the appropriate authorities.

- b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2005 which have not been deposited on account of a dispute, are as follows -

Sales and Work Contract Tax matters:	
- pending before Assistant Commissioner of Sales Tax, Orissa for the year 1996-97 (net of deposit Rs.200,000)	365,263
- pending before Deputy Commissioner of Commercial taxes, Bangalore for the year 1990-91	100,750
- pending before Joint Commissioner of Commercial Taxes, Bangalore for the year 1988-89 (net of deposit Rs.95,251)	95,251
	561,264

- x) The Company has no accumulated losses as at March 31, 2005, and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial

institution or bank or debenture holders as at the balance sheet date.

- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xiv) In our opinion, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xv) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xvi) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xvii) The Company has not issued any debenture during the year.
- xviii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- xix) The other clauses of the Order namely clauses (xiii), (xiv) and (xx) of clause 4 of the Order are not applicable to the Company during the year.

S. Dutta
Partner

Membership Number - F50081

Place : Mumbai
Date : May 18, 2005

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

ANNUAL REPORT 2004 - 2005

BALANCE SHEET AS AT MARCH 31, 2005

		(Rupees in Lakhs)	
	Schedule	2005	2004
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	875.00	875.00
Reserves and Surplus	B	5,109.26	3,885.21
Loan Funds			
Secured Loans	C	1,368.35	2,338.35
Unsecured Loans		1,885.80	800.00
		9,238.41	7,898.56
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	4,832.26	4,099.95
Less : Depreciation		2,263.70	2,170.63
Net Block		2,568.56	1,929.32
Capital Work-in-Progress		1,264.02	80.46
		3,832.58	2,009.78
Net Deferred Tax Asset [Note 20(b) on Schedule O]		92.19	533.67
Current Assets, Loans and Advances			
Inventories	E	1,765.63	1,803.19
Debtors	F	10,056.05	7,131.51
Cash and Bank Balances	G	1,051.80	1,350.95
Other Current Assets	H	215.08	246.10
Loans and Advances	I	672.49	532.40
		13,761.05	11,064.15
Less : Current Liabilities and Provisions			
Current Liabilities	J	7,848.96	5,456.18
Provisions		598.45	252.86
		8,447.41	5,709.04
Net Current Assets		5,313.64	5,355.11
		9,238.41	7,898.56
Notes on Accounts		O	
Statement on Significant Accounting Policies		P	
Balance Sheet Abstract and Company's		Q	
General Business Profile			

The Schedules referred to above and the Notes thereon form an integral part of the Accounts.

This is the Balance Sheet referred to in our report of even date.

S. Dutta
Partner
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place : Mumbai
Date : May 18, 2005

For and on behalf of the Board of Directors

Noriaki Hirose Managing Director
P.C. Nayak Director
Y. Gokul Exec. Vice President - Finance
B. Shivadutt Company Secretary

Place : Bangalore
Date : May 18, 2005

YOKOGAWA INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

		(Rupees in Lakhs)	
	Schedule	2005	2004
INCOME			
Sales and Services (Gross)	K	26,477.76	19,266.04
Less: Excise Duty		1,693.13	978.43
Sales and Services (Net)		24,784.63	18,287.61
Other Income	L	509.16	232.39
		25,293.79	18,520.00
EXPENDITURE			
Materials	M	16,936.52	12,246.65
Expenses	N	5,748.69	5,738.83
Interest :			
On Fixed Loans		127.93	83.50
On Others		15.04	21.21
Depreciation		351.19	343.72
		23,179.37	18,433.91
Profit for the year		2,114.42	86.09
Provision for Taxation			
Current Tax			
Indian Taxes [includes relating to earlier years Rs.1.96 lakhs (2004: Rs.14.15 lakhs)]		147.56	14.83
Overseas Taxes [includes relating to earlier years Rs. Nil (2004: Rs.175.02 lakhs)]		2.00	264.79
Deferred Tax Debit / (Credit)		441.48	(195.24)
Profit after Taxation		1,523.38	1.71
Profit/(Loss) brought forward from previous year		(209.30)	(211.01)
		1,314.08	(209.30)
Appropriations			
Proposed Dividend		262.50	-
Corporate Tax on Proposed Dividend		36.83	-
Transfer to General Reserve		750.00	-
Profit/(Loss) Carried to Balance Sheet (Schedule B)		264.75	(209.30)
Earning per Share - Basic and Diluted (Note 19 on Schedule O)		17.41	0.02
Notes on Accounts	O		
Statement on Significant Accounting Policies	P		
Balance Sheet Abstract and Company's	Q		
General Business Profile			

The Schedules referred to above and the Notes thereon form an integral part of the Accounts.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

S. Dutta
Partner
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Noriaki Hirose Managing Director
P.C. Nayak Director
Y. Gokul Exec. Vice President - Finance
B. Shivadutt Company Secretary

Place : Mumbai
Date : May 18, 2005

Place : Bangalore
Date : May 18, 2005

ANNUAL REPORT 2004 - 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

(Rupees in Lakhs)

	2005			2004
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax and extraordinary items	2,114.42			86.09
Adjustments for :				
Depreciation	351.19	343.72		
Unrealised Foreign Exchange Loss / (Gain)	(7.31)	(26.47)		
Advances written off	25.46	3.29		
Inventory written off	415.27	111.08		
Loss/(Gain) on Sale of Fixed Assets (Net)	31.91	6.85		
Loss/(Gain) on Sale of Investments (Net)	(41.85)	(25.83)		
Liabilities no longer required written back	(133.78)	(3.16)		
Provision for Doubtful Debts	254.79	1,098.07		
Provision - Others	46.26	124.94		
Interest Expense	142.97	104.71		
Interest Income	(32.22)	(10.03)		1,727.17
Operating profit before working capital changes	3,167.11			1,813.26
(Increase)/decrease in Trade and other receivables	(3,304.24)	(1,718.22)		
(Increase)/decrease in Inventories	(377.71)	(661.98)		
Increase/(decrease) in Trade payables	1,791.84	1,128.09		(1,252.11)
Cash generated from operations	1,277.00			561.15
Direct taxes paid	(352.53)			(49.35)
Cash flow before and after extraordinary items and net cash from operating activities	924.47			511.80
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(1,286.73)	(419.95)		
Sale of fixed assets	11.83	3.19		
(Purchase)/Sale of Investments (Net)	41.85	70.83		
Inter Corporate Deposits	-	10.00		
Interest received	32.69	11.08		
Net cash used in investing activities	(1,200.36)			(324.85)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(Repayment) of long term loans	880.50	1,368.49		
Proceeds/(Repayment) of short term loans / borrowings	(769.86)	(229.07)		
Interest paid	(132.86)	(106.02)		
Dividends paid	(1.04)	(1.08)		

YOKOGAWA INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	(Rupees in Lakhs)	
	2005	2004
Net cash used in financing activities	(23.26)	1,032.32
Net increase in cash and cash equivalents	(299.15)	1,219.27
Cash and cash equivalents as at March 31, 2004	1,350.95	131.68
Cash and cash equivalents as at March 31, 2005	1,051.80	1,350.95
	(299.15)	1,219.27

See Notes

Notes :

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2005 and the related Profit and Loss Account for the year ended on that date.
2. The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India and reallocation required for this purpose are as made by the Company
3. Previous year's figures have been regrouped wherever necessary in order to confirm to current year's presentation.

This is the Cash Flow Statement referred to in our report of even date.

S. Dutta
Partner
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place : Mumbai
Date : May 18, 2005

For and on behalf of the Board of Directors

Noriaki Hirose Managing Director
P.C. Nayak Director
Y. Gokul Exec. Vice President - Finance
B. Shivadutt Company Secretary

Place : Bangalore
Date : May 18, 2005

ANNUAL REPORT 2004 - 2005

SCHEDULES TO ACCOUNTS

(Rupees in Lakhs)

	2005	2004
A. SHARE CAPITAL		
Authorised		
9,500,000 (2004: 9,500,000) Equity Shares of Rs.10 each	950.00	950.00
500,000 (2004: 500,000) Unclassified Shares of Rs.10 each	50.00	50.00
	<u>1,000.00</u>	<u>1,000.00</u>
Issued, Subscribed and Paid up		
8,750,000 (2004: 8,750,000) Equity Shares of Rs.10 each fully paid up	875.00	875.00
	<u>875.00</u>	<u>875.00</u>
<p>Note: Of the above shares, 7,279,029 (2004: 7,279,029) Equity Shares are held by Yokogawa Electric Corporation, Japan, the holding company.</p>		
B. RESERVES AND SURPLUS		
Capital Reserve Account [Note (i) below]		
As per last Balance Sheet	0.25	0.25
Share Premium Account		
As per last Balance Sheet	1,706.25	1,706.25
General Reserve		
As per last Balance Sheet	2,388.01	2,388.01
Add: Transferred from Profit and Loss Account	750.00	-
(Deduct): Debit balance in the Profit and Loss Account [Note (ii) below]	-	(209.30)
	<u>3,138.01</u>	<u>2,178.71</u>
Balance in Profit and Loss Account	264.75	-
	<u>5,109.26</u>	<u>3,885.21</u>

Notes:

- (i) Represents profit on reissue of forfeited shares.
- (ii) The debit balance in the Profit and Loss Account had been deducted from the balance available in the General Reserve to conform with the reporting requirement of Schedule VI to the Companies Act, 1956.

C. LOAN FUNDS

Secured Loans

External Commercial Borrowings [Note (i) below] [repayable within one year Rs.Nil (2004:Rs Nil)]	1,368.35	1,368.49
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YOKOGAWA INDIA LIMITED

SCHEDULES TO ACCOUNTS

(Rupees in Lakhs)

	2005	2004
Short Term Loans		
Foreign Currency Loan from a Bank [Note (ii) below]	-	469.86
Demand Loan from a Bank [Note (ii) below]	-	500.00
	<u>1,368.35</u>	<u>2,338.35</u>

Notes :

- (i) Secured by pari passu charge on all present and future goods, book debts and other movable assets.
- (ii) Secured by hypothecation as pari passu charge on book debts, inventories and all movable fixed assets of the Company. Also secured by a pari passu charge, by deposit of title deeds, on the Company's immovable properties situated at Electronic City, Bangalore, Karnataka.
- (iii) Debit balance in cash credit account is included in 'Current Account' under Schedule G.

Unsecured Loans

External Commercial Borrowing from a bank [repayable within one year Rs.Nil (2004: Rs Nil)]	885.80	-
From a Bank [repayable within one year Rs.1,000 lakhs (2004 : Rs. 800 lakhs)]	1,000.00	800.00
	<u>1,885.80</u>	<u>800.00</u>

D. FIXED ASSETS (Note 2 on Schedule P)

	Gross Block (at cost)			Depreciation			Net Block			
	2004	Additions	Deletions/ Adjustments	2005	2004	Additions	Deletions/ Adjustments	2005	2005	2004
Land - Freehold	90.52	-	-	90.52	-	-	-	-	90.52	90.52
Buildings (Note below)	530.51	85.95	-	616.46	86.33	17.00	-	103.33	513.13	444.18
Improvements to										
leasehold premises	192.35	174.86	114.19	253.02	186.20	26.02	114.19	98.03	154.99	6.15
Plant and Machinery	1,961.27	334.97	1.85	2,294.39	1,151.65	120.49	1.41	1,270.73	1,023.66	809.62
Vehicles (Net of Capital										
Grants Rs.7.83 lakhs)	143.18	85.59	34.37	194.40	60.83	18.68	26.09	53.42	140.98	82.35
Furniture and Fixtures	184.84	189.43	-	374.27	80.54	41.15	-	121.69	252.58	104.30
Equipment	997.28	163.37	151.45	1,009.20	605.08	127.85	116.43	616.50	392.70	392.20
	<u>4,099.95</u>	<u>1,034.17</u>	<u>301.86</u>	<u>4,832.26</u>	<u>2,170.63</u>	<u>351.19</u>	<u>258.12</u>	<u>2,263.70</u>	<u>2,568.56</u>	<u>1,929.32</u>
Previous Year	<u>3,776.89</u>	<u>355.17</u>	<u>32.11</u>	<u>4,099.95</u>	<u>1,848.98</u>	<u>343.72</u>	<u>22.07</u>	<u>2,170.63</u>		
Capital Work-in-Progress									1,264.02	80.46
									<u>3,832.58</u>	<u>2,009.78</u>

Note : Includes Rs.14.32 lakhs (2004: Rs.14.32 lakhs) pending registration in favour of the Company

ANNUAL REPORT 2004 - 2005

SCHEDULES TO ACCOUNTS

	(Rupees in Lakhs)	
	2005	2004
E. INVENTORIES		
(Note 4 on Schedule P)		
Stores and Spares	-	0.02
Raw Materials and Components	653.16	964.81
[including in transit Rs.124.93 lakhs (2004: Rs.225.20 lakhs) and with third parties Rs.9.22 lakhs (2004: Rs.11.13 lakhs)]		
Work-in-Progress [Notes 6(b) and 6(c) on Schedule O]	355.88	190.58
Traded Items [including in transit Rs. 128.69 lakhs (2004: Rs.45.45 lakhs)]	756.59	647.73
Finished Goods	-	0.05
	<u>1,765.63</u>	<u>1,803.19</u>
F. DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	1,793.07	1,499.00
Considered Doubtful	734.01	1,508.56
	2,527.08	3,007.56
Others - Considered Good	8,262.98	5,632.51
	10,790.06	8,640.07
Less: Provision for Doubtful Debts (Note 21 on Schedule O)	734.01	1,508.56
	<u>10,056.05</u>	<u>7,131.51</u>
G. CASH AND BANK BALANCES		
Cash on hand	1.98	0.39
[including Cheques on hand Rs.Nil (2004: Rs. Nil)]		
With Scheduled Banks		
On Current Accounts [Note (i)]	932.50	1,229.39
On Deposit Accounts	116.58	110.57
With Non-Scheduled Banks		
On Current Account		
With The Bank of Tokyo-Mitsubishi Limited, Yaesudori, Japan	0.09	0.17
[maximum balance held at any time during the year Rs.10.35 lakhs (2004: Rs.6.57 lakhs)]		
With Wells Fargo Bank, N.A., Sacramento, California	0.65	10.43
[maximum balance held at any time during the year Rs.10.78 lakhs (2004: Rs.13.33 lakhs)]		
	<u>1,051.80</u>	<u>1,350.95</u>

Notes :

(i) Include:

Rs.4.12 lakhs (2004: Rs.5.16 lakhs) towards Unclaimed Dividend;
Rs.27.53 lakhs (2004: Rs.15.96 lakhs) in Exchange Earners' Foreign Currency account; and
Rs.223.08 (2004:Rs.911.49) in cash credit accounts.

YOKOGAWA INDIA LIMITED

SCHEDULES TO ACCOUNTS

(Rupees in Lakhs)

	2005		2004
H. OTHER CURRENT ASSETS (unsecured, considered good)			
Balances with Customs and Excise Authorities	2.00		-
Lease and Other Deposits	213.08		245.63
Accrued Interest	-		0.47
	<u>215.08</u>		<u>246.10</u>
I. LOANS AND ADVANCES (unsecured, considered good)			
Loans to Employees	101.70		54.81
Prepaid Expenses	75.84		98.95
Advances recoverable in cash or in kind or for value to be received (Note below)	373.46		223.12
Advance tax (Net of provisions)	121.49		155.52
	<u>672.49</u>		<u>532.40</u>
Note:			
Include Rs.85.95 lakhs (2004 : Rs.85.95 lakhs) paid to Yokogawa Blue Star Limited Employees' Welfare Trust - Stock Option Scheme.			
J. CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Acceptances	47.26		187.97
Sundry Creditors			
Due to Small Scale Industrial undertakings*	119.08	34.26	
Others**	<u>5,945.79</u>	<u>6,064.87</u>	<u>4,234.94</u>
Advance from Customers [Net of Work-in-Progress Rs. Nil (2004: Rs. 19.79 lakhs) (Note 6(b) on Schedule O)]	316.46		543.23
Unclaimed Dividend***	4.12		5.16
Interest accrued but not due on Loans	19.65		9.54
Other Liabilities [Note 6(c) on Schedule O]	1,396.60		441.08
	<u>7,848.96</u>		<u>5,456.18</u>
* Refer Note 23 on Schedule O			
** Including Rs. Nil (2004: Rs.237 lakhs) towards Overseas taxes.			
*** There is no amount due and outstanding to be credited to Investor Education and Protection Fund.			
Provisions			
Gratuity	115.09		127.43
Leave Encashment	166.72		103.33
Product Support [Note 22(b) on Schedule O]	17.31		22.10
Proposed Dividend	262.50		-
Corporate Tax on Proposed Dividend	36.83		-
	<u>598.45</u>		<u>252.86</u>

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SCHEDULES TO ACCOUNTS

	(Rupees in Lakhs)	
	2005	2004
K. SALES AND SERVICES (Note 6 and 7 on Schedule P)		
Sales		
Supplies and Erection of manufactured goods [Note 6(a) on Schedule O]	15,582.09	10,326.34
Spares	565.22	<u>619.19</u>
Traded Items	7,563.43	5,877.14
Services (Note 24 on Schedule O)	2,767.02	2,443.37
	<u>26,477.76</u>	<u>19,266.04</u>
L. OTHER INCOME		
Interest		
On Deposit with Banks	19.74	7.26
[Gross, tax deducted at source Rs.4.13 Lakhs (2004: Rs.1.40 Lakhs)]		
Others	12.48	2.77
[Gross, tax deducted at source Rs.0.34 Lakhs (2004: Rs.Nil)]		
Commission	102.99	45.15
Sales Support Fee	90.91	59.13
Rental Income [Note 18 on Schedule O]	32.51	11.78
Profit on Sale of Investments	41.85	25.83
Liabilities no longer required written back	133.78	3.16
Miscellaneous Income	74.90	77.31
	<u>509.16</u>	<u>232.39</u>
M. MATERIALS		
Opening Stock		
Raw materials and components	964.81	775.70
Traded Items	647.73	428.44
Add : Purchases (including traded items) [Note 3 (a)(i) on Schedule O]	17,045.35	12,811.07
	<u>18,657.89</u>	<u>14,015.21</u>
Less : Closing Stock		
Raw materials and components	653.16	964.81
Traded Items	756.59	647.73
	* 17,248.14	* 12,402.67
(Less): Capitalised during the year	166.16	-
	<u>17,081.98</u>	<u>12,402.67</u>
Movement in Stocks		
Opening Stock		
Finished Goods	0.05	0.05
Work-in-Progress	210.37	54.35
	<u>210.42</u>	<u>54.40</u>
Closing Stock		
Finished Goods	-	0.05
Work-in-Progress	355.88	210.37
	<u>355.88</u>	<u>210.42</u>
(Increase) / Decrease in Stocks	(145.46)	(156.02)
	<u>16,936.52</u>	<u>12,246.65</u>

* Include inventory written off Rs.415.27 Lakhs (2004: Rs.111.08 Lakhs) and is after adjustment towards shortages/excess, defective etc.

YOKOGAWA INDIA LIMITED

SCHEDULES TO ACCOUNTS

	(Rupees in Lakhs)	
	2005	2004
N. EXPENSES		
Employee Expenses:		
Salaries, Allowances etc. [Including provision for leave encashment Rs.63.39 lakhs (2004: Rs.34.55 lakhs)]	1,912.99	1,512.83
Contribution to Provident and Other Funds [Net of write back of provision for gratuity Rs. 12.34 lakhs (2004 : Including provision for gratuity Rs.82.04 lakhs)]	151.18	225.12
Staff Welfare	301.31	214.41
	2,365.48	1,952.36
Training Expenses	20.52	36.53
Power and Fuel	96.35	86.38
Rent [Note 18 on Schedule O]	188.55	126.37
Insurance	64.51	56.59
Rates and Taxes	49.42	19.08
Repairs and Maintenance :		
Buildings	26.00	15.95
Machinery	17.02	19.16
Others	125.77	98.24
Stores and Spares	15.29	15.12
Travelling and Conveyance [(Net), Note 24 on Schedule O]	1,151.94	1,125.99
Directors' Sitting Fees	3.30	2.07
Commission to Directors	9.07	-
Professional Charges (Note 5 on Schedule O)	85.01	44.32
Bank Charges etc.	91.57	96.51
Printing and Stationery	111.22	80.49
Communication	165.44	125.26
Commission on Sales	41.90	109.20
Royalty	22.41	16.36
Cost of Product Support [Note 22 on Schedule O] [Net of provision written back Rs. 4.79 lakhs (2004: Including provision Rs.8.35 lakhs)]	2.64	12.04
Provision for Doubtful Debts (Note 21 on Schedule O)	254.79	1,098.07
Advances written-off	25.46	3.29
Loss on sale / scrapping of fixed assets (Net)	31.91	6.85
Exchange Loss (Net) [Note 3 (a)(ii) on Schedule O]	53.60	46.18
Miscellaneous Expenses	729.52	546.42
	5,748.69	5,738.83

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on Capital Accounts (net of advances) and not provided for Rs. 64.94 lakhs (2004: Rs. 4.12 lakhs).
2. Contingent liabilities in respect of:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs.Lakhs</u>
a) Sales tax arising from certain disallowances in assessments which are disputed and being contested by the Company.	15.93	8.57
b) Income Tax arising from certain disallowances in assessment which are disputed and being contested by the Company.	4.17	4.17
c) Bank Guarantees	3,618.30	3,403.40
3. (a) Foreign Exchange differences (net) of Rs.6.27 lakhs (debit) [2004: Rs.179.32 lakhs (Credit)] accounted in the Profit and Loss Account under various heads as detailed below:-		
i) Rs.47.33 lakhs (Credit) [2004: Rs.225.50 lakhs (Credit)] included under Purchases and consequently in cost of Raw Materials and Components consumed as these relate to payables against imported material. The amount included under Purchases has not, however, been considered for stock valuation.		
ii) Rs.53.60 lakhs (Debit) [2004: Rs.46.18 lakhs (Debit)] disclosed separately under Expenses relate to Working Capital Foreign Currency Loan and Export receivables for the previous year.		
(b) Foreign Exchange difference of Rs. 4.00 lakhs (2004: Rs.6.09 lakhs) in respect of forward exchange contracts is to be recognised in the profit and loss account of the subsequent year.		

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
4. Managerial Remuneration * :		
(a) Paid/Payable to Directors		
Salaries	8.74	8.74
Contribution to provident and other Funds	1.04	1.04
Commission	9.07	-
Perquisites	8.32	7.39
	<u>27.17</u>	<u>17.17</u>

* Excluding sitting fees and contribution to Group Gratuity Fund and provision for leave encashment

(b) Computation of Net Profit under Section 198 of the Companies Act, 1956.	
Profit before taxation as per Profit and Loss Account	2,114.42
Add: Directors' Remuneration	27.17
Directors' Sitting Fees	3.30
Loss on sale of fixed assets	31.91
Provision for doubtful debts	254.79
Less: Profit on sale of investments	(41.85)
Bad debts written off (Refer Note 21 below)	(1,029.34)
Net Profit under Section 198	<u>1,360.40</u>
Commission to non whole time directors @ 1% of Net Profit	13.60
Commission payable only to those non whole time directors who are not in the employment of Yokogawa Electric Corporation Group Companies and accordingly restricted to	<u>9.07</u>

SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

	2005	2004
	Rs. Lakhs	Rs. Lakhs
5. Auditors' Remuneration * :		
(included under Professional Charges in Schedule N)		
Audit Fees	7.25	5.50
Tax Audit Fees	0.40	0.40
Others [net of write back of Rs. 1.00 lakh relating to previous year (2004: including provision relating to earlier year Rs.0.25 lakh)]	3.90	5.15
Reimbursement of out of pocket expenses	0.14	0.30
	11.69	11.35

* Excludes reimbursement towards service tax.

6. Construction Contracts:

Details of the contracts entered into before April 1, 2003 and on or after April 1, 2003 is as follows:

	2005	2004
	Rs. Lakhs	Rs.Lakhs
a) Contract revenue recognised as sales during the year (Schedule K)		
- in respect of contracts entered upto March 31, 2003	1,646.23	6,950.54
- in respect of contracts entered from April 1, 2003	13,935.86	3,375.80
	15,582.09	10,326.34

b) In respect of Contracts entered upto March 31, 2003 composition of Work-in-Progress and Advances against Contracts are as follows:

	As per	As per	Rs. Lakhs
	Schedule E	Schedule J	Total
Work-in-Progress	26.43	-	26.43
Less: Advances against contracts	-	11.27	11.27
Net Work-in-Progress/(Advances)	26.43	(11.27)	15.16
2004	31.60	(132.07)	(100.47)

c) In respect of contracts entered from April 1, 2003 and in progress at the year-end, the particulars are as follows:

	2005	2004
	Rs. Lakhs	Rs.Lakhs
- Accumulated Costs incurred and recognised profits less recognised losses	12,962.75	240.34
- Advances received	305.19	411.16
- Retentions	1,509.78	327.03
- Gross amount due from customers for contract work included in 'Work in Progress' under 'Inventory - Schedule E'	329.45	158.98
- Gross amount due to customers for contract work included in 'Other Liabilities' under 'Liabilities - Schedule J'	1,154.34	271.53

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

7. Particulars in respect of class of goods manufactured :

Class of goods	Unit	Licensed Capacity	Installed Capacity [(Note (i)]	Actual Production
Process Control Instrumentation Systems	No. of Systems	20 (20)	20 (20)	89 (66)
Programmable Logic Control Systems	No. of Systems	Not applicable	30 (30)	7 (5)
Indicating, Recording Controlling Type Instruments and Accesories	Nos.	Not applicable	4,000 (4,000)	12 (50)
Analyser Systems	Nos.	Not applicable	- (-)	13 (1)

Notes:

- As certified by the Management and accepted by the Auditors, this being a technical matter.
- Figures in brackets relate to previous year.

8. Particulars of opening and closing stock and turnover of goods produced :

Class of goods	Opening Stock		Turnover		Closing Stock	
	Qty Nos	Value Rs. Lakhs	Qty Nos	Value Rs. Lakhs	Qty Nos	Value Rs. Lakhs
Process Control Instrumentation System	-	-	89	14,559.35	-	-
Programmable Logic Control Systems	(-)	(-)	(66)	(9,273.16)	(-)	(-)
Indicating, Recording, Controlling Type Instruments and Accessories	-	-	7	677.70	-	-
Analyser Systems	(-)	(-)	(5)	(1,023.11)	(-)	(-)
Spares etc. (Items none of which individually exceeds 10% of total turnover)	1 (1)	0.05 (0.05)	12 (50)	1.77 (18.31)	- (1)	- [Note (iii)] (0.05)
	-	-	13	343.27	-	-
	(-)	(-)	(1)	(11.76)	(-)	(-)
	-	-	-	565.22	-	-
	(-)	(-)	(-)	(619.19)	(-)	(-)
				16,147.31 (10,945.53)		

Notes :

- Figures in brackets relate to previous year
- Production and Turnover quantities are considered in the year in which revenue from major supplies against contracts are recognised. As revenue is recognised based on percentage completion method (Note 7 on Schedule P), the revenue arising in years/periods prior or subsequent to major supplies is disclosed in the above information without corresponding quantity.
- Opening stock 1 Nos. (2004 : Nil) amounting to Rs. 0.05 lakhs (2004 : Nil) written off during the year.

SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

9. Particulars in respect of traded items :

Class of Goods	Opening Stock		Purchases [Notes (i) & (ii)]		Closing Stock		Sales	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
	Nos	Rs. Lakhs	Nos	Rs. Lakhs	Nos	Rs. Lakhs	Nos	Rs. Lakhs
Recorders with accessories	18,232 (16,695)	647.73 (428.44)	46,503 (30,733)	6,988.24 (4,860.98)	18,417 (18,232)	756.59 (647.73)	46,318 (29,196)	7,563.43 (5,877.14)

Notes:

- Exclude 431 Nos. (2004: 654 Nos.) valued Rs. 128.37 lakhs (2004: Rs. 189.17 lakhs) consumed for manufacture of Process Control Instruments Systems and Indicating, Recording, Controlling Type Instruments.
- Exclude 35 Units (2004: 32 Units) valued Rs. 11.43 lakhs (2004: Rs. 4.94 lakhs) used for Captive Consumption.
- Including currency translation difference Rs. 88.73 lakhs (Debit) [2004: Rs.34.23 lakhs (Credit)] as explained in Note 3 (a)(i) above.
- Including consumption of 4,764 Nos (2004: Nil) valued Rs. 166.16 lakhs (2004: Rs. Nil), capitalised during the year.
- Figures in brackets relate to previous year.

10. Analysis of raw materials and components consumed (excluding traded items) :

	Unit	2005		2004	
		Qty	Value Rs. Lakhs	Qty	Value Rs. Lakhs
Recorders with accessories	Nos.	431	128.37	654	189.17
Items none of which individually exceeds 10% of total consumption		-	10,240.39	-	7,571.81
			10,368.76		7,760.98

11. Consumption of materials (excluding traded items) :

	Raw Materials and Components				Stores and Spare Parts			
	2005		2004		2005		2004	
	Rs. Lakhs	%	Rs. Lakhs	%	Rs. Lakhs	%	Rs. Lakhs	%
Imported	3,974.48	38	2,820.68	36	-	-	-	-
Indigenous	6,394.28	62	4,940.30	64	15.29	100	15.12	100
	10,368.76	100	7,760.98	100	15.29	100	15.12	100

Notes:

- Including currency translation difference Rs. 136.06 lakhs (Credit) [2004: Rs.191.27 lakhs (Credit)] as explained in Note 3 (a)(i) above.
- The consumption of raw materials and components includes cost of components, which are directly sold, this being an activity ancillary to the Company's manufacturing activity.

12. Value of imports on c.i.f. basis :

	2005 Rs. Lakhs	2004 Rs. Lakhs
Raw Materials and Components (including traded items)	10,702.58	7,557.34
Capital Goods	803.61	42.02
	11,506.19	7,599.36

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

	2005	2004
	Rs. Lakhs	Rs. Lakhs
13. Expenditure in Foreign Currency :		
Royalty (net of taxes)	17.93	13.09
Travelling etc.	242.07	395.65
Professional charges	24.26	0.84
Bank Charges (net of taxes)	7.59	16.02
Others (salary, allowances, etc.)	74.11	42.42
	<u>365.96</u>	<u>468.02</u>
14. Earnings in Foreign Currency :		
Export of Goods on F.O.B basis	1,926.22	1,388.69
Software Exports – STP	1,757.24	1,562.53
Technical Services – Software	6.39	0.79
Technical Services – Others	4.13	2.11
Commission	102.99	45.15
Sales Support Fees	90.91	59.13
Services Others	42.32	60.84
Reimbursements	11.02	-
	<u>3,941.22</u>	<u>3,119.24</u>

15. Details of Current Investments purchased and sold during the year:

Units of Mutual Funds	Face Value of each unit (Rs.)	No. of Units	Cost Rs. Lakhs	Sale Value Rs. Lakhs
i JM Floater Fund - Short Term Fund – Growth	10.00	6,627,721	700.00	701.57
ii JM Short Term Fund - Institutional Plan Growth	10.00	14,951,055	1,600.00	1,615.73
iii JM High Liquidity Fund - Super Institutional Plan – Growth	10.00	25,495,269	2,582.89	2,586.47
iv JM High Liquidity Fund - Institutional Plan – Growth	10.00	74,540,500	7,900.73	7,909.44
v Sahara Liquid Fund	10.00	47,152,977	5,552.53	5,562.29
vi Sahara Short Term	10.00	5,210,776	600.00	602.50

SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

16. Segmental Reporting

The Company is engaged solely in the Industrial Automation segment which deals in control systems and instruments including erection, commissioning, integration and servicing of such systems and instruments for the domestic and export markets.

In view of the above, primary reporting disclosure for business segment, as envisaged in AS 17 is not applicable to the Company and secondary segment reporting has been confined to sales in India and exports outside India.

(i) Information about Secondary Business Segments: Rs. Lakhs

	India		Outside India		Total	
	2005	2004	2005	2004	2005	2004
Revenue by Geographical Market						
External (Net)	21,278.50	15,364.90	3,941.22	3,119.24	25,219.72	18,484.14
Inter-segment	-	-	-	-	-	-
Total	21,278.50	15,364.90	3,941.22	3,119.24	25,219.72	18,484.14
Carrying amount of Segment Assets	17,472.14	12,918.41	-	-	17,472.14	12,918.41
Capital Expenditure	2,217.73	435.63	-	-	2,217.73	435.63
				2005		2004
				Rs. Lakhs		Rs. Lakhs

(ii) Reconciliation of Segment Revenue with the Financial Statements

Total Revenue	25,219.72	18,484.14
Interest Income	32.22	10.03
Profit on Sale of Investments	41.85	25.83
As per Financial Statement	25,293.79	18,520.00

17. Related Party Disclosures

A) Summary of the transactions with related parties is as follows:

	2005	2004
	Rs. Lakhs	Rs. Lakhs
i. Sales - Manufactured Items		
Parties under common control [B(ii)]		
Yokogawa Australia Pty. Limited,	646.37	-
Yokogawa Middle East E.C., Baharin	313.46	-
	959.83	-
Services		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	37.51	109.73
	37.51	109.73
Parties under common control [B(ii)]		
Yokogawa Middle East E.C., Baharin	399.44	458.21
Yokogawa Corporation of America	79.53	191.62
Yokogawa Engineering Asia Pte. Limited, Singapore	715.79	229.89
Yokogawa System Engineering Corporation, Japan	442.45	416.21
Yokogawa A I M Corporation, Japan	115.69	144.30
Others	8.98	106.08
	1,761.88	1,546.31
	1,799.39	1,656.04
	2,759.22	1,656.04

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

17. Related Party Disclosures (Contd.)

A) Summary of the transactions with related parties is as follows:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
ii. Other Income		
Commission		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	101.97	35.61
	<u>101.97</u>	<u>35.61</u>
Parties under common control [B(ii)]		
Yokogawa M & C Corporation, Japan	1.02	8.67
Others	-	0.87
	<u>1.02</u>	<u>9.54</u>
	<u>102.99</u>	<u>45.15</u>
Sales Support Fees		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	90.91	59.13
	<u>90.91</u>	<u>59.13</u>
Reimbursements		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	9.05	-
	<u>9.05</u>	<u>-</u>
iii. Materials		
Purchase of Raw Materials and Components		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	7,346.74	3,311.66
	<u>7,346.74</u>	<u>3,311.66</u>
Parties under common control [B(ii)]		
Yokogawa Industrial Safety Systems, Malaysia	162.13	1,233.03
Yokoagawa Electric Asia Pte Ltd, Singapore	9.35	1,580.81
Others	797.52	855.84
	<u>969.00</u>	<u>3,669.68</u>
	<u>8,315.74</u>	<u>6,981.34</u>
iv. Expenses		
Contribution to Provident and Other Funds		
Others [B(iv)]		
Yokogawa Blue Star Employees Provident Fund	47.85	39.08
Yokogawa Blue Star Employees Contributory Benevolent Fund	0.73	0.63
	<u>48.58</u>	<u>39.71</u>

YOKOGAWA INDIA LIMITED

SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

17. Related Party Disclosures (Contd.)

A) Summary of the transactions with related parties is as follows:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Training Expenses		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	9.38	-
	<u>9.38</u>	<u>-</u>
Parties under common control [B(ii)]		
Yokogawa Industrial Safety Systems, Malaysia	-	2.46
Yokogawa Engineering Asia Pte Limited, Singapore	-	3.56
	<u>-</u>	<u>6.02</u>
	9.38	6.02
Repairs and Maintenance		
Parties where control exists [B(i)(b)]		
Blue Star Limited	-	3.42
	<u>-</u>	<u>3.42</u>
Royalty		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	22.41	16.36
	<u>22.41</u>	<u>16.36</u>
Rent		
Parties where control exists [B(i)(b)]		
Blue Star Limited	-	0.90
	<u>-</u>	<u>0.90</u>
Provision for Doubtful Debts		
Parties where control exists [B(i)(b)]		
Blue Star Limited	-	13.24
	<u>-</u>	<u>13.24</u>
Professional Charges		
Parties under common control [B(ii)]		
Yokogawa Middle East E.C., Baharin	23.29	-
	<u>23.29</u>	<u>-</u>
Miscellaneous Expenses		
Parties where control exists [B(i)]		
Yokogawa Electric Corporation, Japan	50.44	34.26
Blue Star Limited	-	0.16
	<u>50.44</u>	<u>34.42</u>

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

17. Related Party Disclosures (Contd.)

A) Summary of the transactions with related parties is as follows:

	2005	2004
	Rs. Lakhs	Rs. Lakhs
Parties under common control [B(ii)]		
Yokogawa Deutschland GmbH	0.68	-
	0.68	-
Managerial Remuneration		
Key Management Personnel [B(iii)]		
Mr. Noriaki Hirose	31.22	17.17
	31.22	17.17
v. Capital Goods Purchased		
Parties where control exists [B(i)]		
Yokogawa Electric Corporation, Japan	800.06	-
Blue Star Limited	-	7.34
	800.06	7.34
Parties under common control [B(ii)]		
Yokogawa Trading US Inc	-	4.41
	-	4.41
	800.06	11.75
vi. Reimbursement of expenses		
Parties where control exists [B(i)(a)]		
Yokogawa Electric Corporation, Japan	1.97	26.08
	1.97	26.08
vii. Outstanding Payables		
Parties where control exists [B(i)]		
Yokogawa Electric Corporation, Japan	3,850.13	2,030.24
Blue Star Limited	-	1.01
	3,850.13	2,031.25
Parties under common control [B(ii)]		
Yokogawa Industrial Safety Systems, Malaysia	69.98	283.50
Others	234.90	329.03
	304.88	612.53
Others [B(iv)]		
Yokogawa Blue Star Employees Provident Fund	7.18	3.35
Yokogawa Blue Star Employees Contributory Benevolent Fund	0.10	-
	7.28	3.35
	4,162.29	2,647.13

SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

17. Related Party Disclosures (Contd.)

A) Summary of the transactions with related parties is as follows:

	2005	2004
	Rs. Lakhs	Rs. Lakhs
viii. Outstanding Receivables		
Parties where control exists [B(i)]		
Yokogawa Electric Corporation, Japan	87.91	89.39
Blue Star Limited	-	13.24
	87.91	102.63
Parties under common control [B(ii)]		
Yokogawa Middle East E. C, Baharin	133.15	124.27
Yokogawa Engineering Asia Pte. Ltd, Singapore	192.16	67.62
Yokogawa System Engineering Corporation, Japan	98.26	83.60
Yokogawa Australia Pty Limited	435.06	-
Others	31.58	79.65
	890.21	355.14
Others [B(iv)]		
Yokogawa Blue Star Employees Welfare Trust – Stock Option Scheme	85.95	85.95
	85.95	85.95
	1,064.07	543.72

B) Names of related parties and description of relationship:

i. Parties where control exists:

a. Holding Company

Yokogawa Electric Corporation, Japan (YEC) [YEC was holding 40% equity shares in the Company upto September 30, 2003 and became holding company from October 1, 2003.]

b. Party having substantial interest in the company

Blue Star Limited [Upto September 30, 2003]

ii. Parties under common control with whom transactions have taken place during the year:

Rota Yokogawa GmbH & Co. K G, Germany
 Yokogawa A I M Corporation, Japan
 Yokogawa Corporation Of America
 Yokogawa Engineering Asia Pte Limited, Singapore
 Yokogawa Electric Asia Pte Ltd, Singapore
 Yokogawa Electric Korea Co. Limited
 Yokogawa Europe B.V., Netherlands
 Yokogawa Industrial Safety Systems, Malaysia
 Yokogawa M & C Corporation, Japan
 Yokogawa Middle East E.C, Baharin
 Yokogawa System Centre Europe B.V., Netherlands
 Yokogawa System Engineering Corporation, Japan
 Yokogawa Electric (China) Co.

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

17. Related Party Disclosures (Contd.)

B) Names of related parties and description of relationship:

Yokogawa Australia Pty Ltd.
Yokogawa Systems Central
Yokogawa Deutschland GmbH
Yokogawa Amercia Do Sul
Chongqing Yokogawa
Yokogawa Marex Technology Ltd.

Parties under common control with whom no transactions have taken place during the year:

Yokogawa Industrial Safety Systems, Netherlands
Yokogawa United Kingdom Limited
Yokogawa France S.A.S, France
Yokogawa Trading US Inc
Measurement Systems Pte Ltd., Singapore

iii Key Management Personnel

Mr. Noriaki Hirose, Managing Director

iv. Others with whom transactions have taken place during the year:

Parties where Key Management Personnel are able to exercise significant influence

Yokogawa Blue Star Employees Contributory Benevolent Fund
Yokogawa Blue Star Employees Provident Fund

Others with whom no transactions have taken place during the year:

Yokogawa Blue Star Employees Welfare Trust - Stock Option Scheme

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

18. a) Rent expense/income include lease rentals payments/receipts towards buildings (including those for employee residences). Such leases are generally for a period of 11 to 60 months with options of renewal against increased rent and premature termination of agreement through notice period of 1 to 3 months, except for non cancellable lease taken during the year. The particulars of these leases are as follows:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Minimum lease payments		
Under Rent in Schedule N	152.20	126.37
Minimum sub – lease payments received		
Under Rental Income in Schedule L	32.51	11.78
There are no contingent rents		
(b) Obligation on non cancelable lease:		
Not later than one year	34.75	32.40
Later than one year but not later than five years	22.16	53.00
Later than five years	-	-

SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

19. Earning per Share (Note 10 on Schedule P)

	2005	2004
	Rs. Lakhs	Rs. Lakhs
a) Net Profit/(Loss) after tax available for equity shares (Rs. lakhs)	1,523.38	1.71
b) Basic/Weighted Average number of Equity Shares of Rs.10 each	8,750,000	8,750,000
c) Basic and Diluted Earnings/(Loss) Per Share (Rs.)	17.41	0.02

20. Taxation (Note 9 on Schedule P)

a) **Transfer Pricing:**

The Finance Act 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001) detailed Transfer Pricing regulations for computing the income from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the due date of filing the Return of Income.

For the tax year ended March 31, 2004, the Company had undertaken a study to comply with the said transfer pricing regulations for which the prescribed certificate of the Accountant has been obtained and this did not envisage any tax liability.

For the tax year ending March 31, 2005, the Company will carry out a similar study to comply with the said regulations.

b) **Deferred Taxation**

The net Deferred Tax Asset/(Liability) as on March 31, 2005 amounting to Rs. 92.19 lakhs [2004: Rs.533.67 lakhs] has been arrived at as follows:

	2005	2004
	Rs. Lakhs	Rs. Lakhs
(A) Deferred Tax Assets arising from:		
(i) Expenses charged in the financial statements but allowable as deductions in future years under the Income Tax Act, 1961.		
(a) Expenses allowable for tax purposes when paid	84.69	91.21
(b) Provision for Doubtful Debts	247.06	541.20
(c) Voluntary Retirement Scheme compensation paid to employees allowable in subsequent years	7.62	12.41
(d) Others	11.85	-
(ii) Unabsorbed depreciation allowance carried forward as per the Income Tax Act, 1961	-	159.32
	351.22	804.14
(B) Less: Deferred Tax Liabilities arising from:		
(i) Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return.	(257.42)	(270.47)

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SCHEDULES TO ACCOUNTS

O. NOTES ON ACCOUNTS (Contd.)

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
20. Taxation (Note 9 on Schedule P) (Contd.)		
(ii) Provision for Product Support	(1.61)	-
	<u>(259.03)</u>	<u>(270.47)</u>
Net Deferred Tax Asset /(Liability)	<u>92.19</u>	<u>533.67</u>
Net Deferred Tax Debit / (Credit)	<u>441.48</u>	<u>(195.24)</u>
Accounted as:		
Debit / (Credit) to current year Profit and Loss Account	<u>441.48</u>	<u>(195.24)</u>
	<u>441.48</u>	<u>(195.24)</u>

The tax impact for the above purpose has been arrived by applying a tax rate of 33.66%(2004: 35.875%) being the prevailing tax rate for Indian companies under the Income Tax Act, 1961.

21. Movement in provision for doubtful debts is as under:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Opening Provision	1,508.56	1,212.26
Add: Provision made during the year	254.79	1,098.07
Less: Amounts written off during the year	<u>1,029.34</u>	<u>801.77</u>
Closing Provision	<u>734.01</u>	<u>1,508.56</u>

22. a) Aggregate Cost of product support charged in the Profit and Loss Account Rs.5.69 lakhs (2004: Rs.17.66 lakhs) under various heads of accounts are as follows:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
In Schedule M Under Materials	3.05	5.62
In Schedule N as Cost of Product Support	<u>2.64</u>	<u>12.04</u>
	<u>5.69</u>	<u>17.66</u>

b) Movement in provision for product support expenses is as under:

	2005	2004
	<u>Rs. Lakhs</u>	<u>Rs. Lakhs</u>
Opening Provision	22.10	13.75
Add: Provision Made During the year	7.43	20.39
Less: Amounts written back / utilised during the year	<u>12.22</u>	<u>12.04</u>
Closing Provision	<u>17.31</u>	<u>22.10</u>

23. Names of Small Scale Industrial (SSI) Undertakings to whom the Company owes a sum which is outstanding for more than thirty days as on March 31, 2005 are given below:

Maruthi Engg Products, V K Industries, Fibertek Communications, Nandi Powertronics, Modayil Properties, Aegis Industries, Shiltron Electronics, Viman Multiplug, Shri Sai Industries and Fincore Cables.

The above information and that given in Schedule J - "Current Liabilities" regarding Small Scale Industrial Undertakings has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

24. Reimbursable travelling expenses billed to customers in connection with services rendered to them, which were hitherto being debited to the relevant account head amounting to Rs.363.81 lakhs and recognised as revenue, have from the current year been netted off against the relevant expense head. However this change in the practice has no effect on the profit and loss account for the year.

25. Previous year's figures have been re-arranged/regrouped wherever necessary.

SCHEDULES TO ACCOUNTS**P. Statement on Significant Accounting Policies****1. Basis of Accounting**

The Company adopts the historical cost and accrual basis in the preparation of its accounts and complies with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets and Depreciation

Fixed Assets are stated at cost, along with costs directly attributable to bringing the assets to their working condition.

Depreciation on fixed assets is provided on Straight Line Method (SLM) at rates prescribed in Schedule XIV to the Companies Act, 1956 except for the following, which are depreciated at SLM based on the management's estimate of useful life of such assets:

Vehicles under employees' buyback scheme	15%
Certain specific Plant and Machinery	20%

Cost of Improvements to leasehold premises are amortised over the lease periods.

3. Investments

Long term investments are stated at cost, except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognise the decline. Current investments are stated at lower of cost and net realisable/fair value.

4. Inventories

Inventories are valued at cost (net of CENVAT, where applicable) or net realisable value, whichever is lower. The costs are, in general, ascertained under weighted average method.

5. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and resultant gain or loss is recognized in the Profit and Loss Account. In case of forward contracts, the difference between the forward rate and the exchange rate at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences relating to fixed assets are adjusted to the cost of the assets.

6. Sales

Sales are inclusive of excise duty, freight, insurance and octroi charges recoverable from the customers (corresponding charges being included under relevant expenditure heads) but excludes sales tax.

7. Revenue Recognition and Cost of Product Support

- a) In respect of divisible contracts, revenue is recognised for supplies as and when supplies are completed and in respect of erection and commissioning, on completion of the same.
- b) (i) In respect of indivisible contracts entered upto March 31, 2003, revenue is recognised on the percentage of completion method, according to the billing schedules agreed with the customers. The relevant cost is recognised in the accounts in the year of recognition of the revenues.
- (ii) In respect of indivisible contracts entered from April 1, 2003, revenue is recognised using the percentage of completion method. The percentage of work completed is determined principally by comparing the accumulated costs incurred for work performed and billed to the customers upto the reporting date with management's current estimate of total cost to be incurred at contract completion (Also refer Note 6 on Schedule O).

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SCHEDULES TO ACCOUNTS

P. Statement on Significant Accounting Policies (Contd.)

- c) Recognition of profit, in both divisible and indivisible contracts, is adjusted to ensure that it does not exceed the estimated overall contract margin. In addition, anticipated future losses on contracts are provided fully.
- d) Revenues from services are recognised when such services are rendered and is exclusive of service tax. Expenses reimbursable from customers are netted off against the relevant account head (Note 24 on Schedule O).
- e) Cost of product support is provided for on an estimated basis.
- f) Claims recoverable by the Company are accounted on accrual basis, when claims have been lodged with relevant authorities.

8. Retirement Benefits

Provisions for / contributions to retirement benefits schemes are made as follows:

- a) Provident fund on the basis of actual liability,
- b) Gratuity based on amount advised by the fund/actuarial valuation,
- c) Leave encashment benefit on the basis of actuarial valuation,
- d) Superannuation / Pension schemes on the basis of actual liability.

9. Taxes on Income

Tax on income for the current period is determined on the basis of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

10. Earnings Per Share

Annualised earnings (basic and diluted) per equity share is arrived at based on Net Profit/(Loss) after taxation to the basic/weighted average number of equity shares.

Regd. Office : Plot No. 96, Electronic City Complex, 3rd Cross, Hosur Road, **Bangalore-560 100.**

Factory : 58, 59, Electronics City, Hosur Road, **Bangalore-560 100.**

Regional Office :

▲ 203, Som Dutt Chambers II, No.9, Bhikaji Cama Place, **New Delhi-110 066.**

▲ A/201, East Wing, Taksh Complex, 2nd Floor, Near ESI Hospital, Gotri Road, **Baroda-390 021.**

▲ Metro Towers, Flat No. 6/1, 6th Floor, 1, Ho-Chi-Minh, Sarani, **Kolkata-700 071.**

▲ 516-522, "Bhaveswar Arcade", 5th Floor, L.B.S. Marg, Opp. Shreyas Cinema, Ghatkopar (West), **Mumbai-400 086.**

▲ India Garage Building, 3rd Floor, Mount Road, **Chennai-600 006.**

Sales Office :

▲ 2934/E, 2nd Floor, Are Ranga Complex, 1st Main, 2nd Stage, Vijayanagar, **Bangalore-560 040**

▲ Subhasailam, 28/477, Club Lane, Kadvantara, **Kochi-682 020.**

▲ 109, 'Trident', 28, Vijayanagar Colony, Wellington Road, **Secunderabad-500 009.**

▲ Paramar Trade Centre, Office No. 204, 2nd Floor, Sadhu Vaswani Chauk, **Pune-411 001.**

▲ 9-29-74, Balaji Nagar, Siripuram Junction, **Visakhapatnam-530 003.**

▲ 201, 'A' Wing, Likmat Bhavan, Ramdaspath, **Nagpur-440 012.**

▲ 1/317, Virat Khand 1, Gomti Nagar, **Lucknow-226 010**

▲ 29, Shankernagar Society, (Near Sona Hotel), Palanpuria Patia, **Surat-395 009**

YOKOGAWA INDIA LIMITED

Regd. Office : Plot No. 96, Electronic City Complex, 3rd Cross, Hosur Road, Bangalore 560 100.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting venue.

Name of the member attending the Meeting (In block letters) _____

Member's Folio No. _____

In case of Proxy, Name of Proxy _____

No. of Shares held _____

I hereby record my presence at the Eighteenth Annual General Meeting on Thursday, June 30, 2005 at Plot No. 96, Electronic City Complex, 3rd Cross, Hosur Road, Bangalore 560 100. at 10.00 a.m.

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

- Notes :
1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting duly filled in and hand it over at the entrance duly signed.
 2. Shareholder/Proxy holder desiring to attend the meeting should bring this copy of the Annual Report for reference at the Meeting.



YOKOGAWA INDIA LIMITED

Regd. Office : Plot No. 96, Electronic City Complex, 3rd Cross, Hosur Road, Bangalore 560 100.

PROXY FORM

I/We _____

of _____

being a member/members of Yokogawa India Limited hereby appoint

of _____

or failing him/her _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Plot No. 96, Electronic City Complex, 3rd Cross, Hosur Road, Bangalore 560 100. on Thursday June 30, 2005 and at any adjournment thereof.

Signed this _____ day of _____ 2005.

Signature of the said _____

of _____

Affix
Revenue
Stamp

Note : If a member is unable to attend the Meeting, he may sign this form and send it to the Registered Office of the Company so as to reach atleast 48 hours before the time for holding the Meeting.

NOTICE

Notice is hereby given that the **Eighteenth Annual General Meeting** of the members of the company will be held at Registered Office of the Company at Plot No.96, Electronics City Complex, Hosur Road, Bangalore - 560 100 at 10.00 a.m. on Thursday, the 30th day of June 2005 to transact the following business:

A. ORDINARY BUSINESS

- 1 To receive, consider and adopt the audited balance sheet as at March 31, 2005 and Profit and Loss Accounts for the year ended March 31, 2005 and the report of the Directors and Auditors thereon.
- 2 To declare Dividend for the financial year ended March 31, 2005.
- 3 To appoint a Director in the place of Mr. P C Nayak who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint a Director in the place of Mr. N D Prabhu who retires by rotation and being eligible offers himself for re-appointment.
- 5 To appoint M/s. Price Waterhouse, Chartered Accountants, Auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix the remuneration.

By order of the Board of Directors

Bangalore
May 18, 2005

B. SHIVADUTT
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Shareholders intending to acquire information about the accounts to be explained at the meeting are requested to inform the Company at least a week in advance of their intention to do so that the papers relating thereto may be made available if the chairman permits such information to be furnished
3. The Registrar of Members and the Share Transfer Books of the Company will remain closed from **Thursday, 23rd June 2005 to Thursday, 30th June 2005 (both days inclusive)** for the purpose of payment of dividend.
4. Members are requested to note that dividends not encashed or remaining unclaimed within a period of seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred, under Section 205-A of the Companies Act, 1956, to the Investor Education and Protection Fund, established under Section 205C of the said act, Members, who have not yet encashed the dividend warrant(s) are requested to forward their claims to the Company's Registrar and Share Transfer Agents. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount.
5. Members are requested either to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the Company or its Registrar and Share Transfer Agents, viz., Karvy Computershare Private Limited, #51/2, T K N Complex, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore - 560 004, Karnataka or to their respective Depository Participant (DP) in case the shares are held in demat form.
6. The particulars of Directors retiring by rotation are given in the Corporate Governance Section of this Annual Report.
7. The Shareholders are requested to communicate all their correspondence including share transfer to:
Karvy Computershare Pvt. Ltd.,
No 51/2, TKN Complex
Vanivilas Road Opp. National College
Basavanagudi
Bangalore - 560004

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING ELECTION
AT THE ANNUAL GENERAL MEETING**

1. **Mr. P C Nayak** belonging to the Indian Administrative Service, 1955 batch and a Post Graduate of Economics and statistics had served as a Joint Secretary in several Departments/Ministries of the Government of India. During his tenure as an IAS Officer, some of the important positions held by him are CEO, Maharashtra Industrial Development Corporation, Secretary- Department of Industries, Energy and Labour, Head of India Investment Centers at Dusseldorf and New York and Member - Secretary of Foreign Investment Board. He is now a Director of Syndicate Bank.
2. **Mr. N D Prabhu**, Commerce Graduate and CAIB (London), a Banker by profession, joined Canara Bank in 1955, become its Executive Director in 1983 and retired as Chairman and Managing Director in 1991. He is now Chairman on the Board of Brescon Corporate Advisors Ltd., Jumbo bag Ltd., Self Growth Nidhi Ltd., and Director on the Board of Bal Pharma Ltd.

Attendance record of Directors seeking re-election

Board Meetings (01.04.2004 to 31.03.2005)

Name of the Director	No. of Board Meetings held	No. of Meetings attended in person	Attendance at the last AGM
P C Nayak	4	4	Yes
N D Prabhu	4	4	Yes

Audit Committee Meetings (01.04.2004 to 31.03.2005)

Name of the Director	No. of Audit Committee Meetings held	No. of Meetings attended in person
P C Nayak	4	4
N D Prabhu	4	4