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DENISON Hydraulics



25th ANNUAL REPORT 1997-98



DIRECTORS

SRI. V.C. JANARDAN RAO

Chairman

SRI. V.G. SRINIVAS

Managing Director

SRI. A.K. PRASAD

SRI. M.R. TAGORE

SRI. C. SATYANARAYANA

SRI. M.S. PADMANABHAN

SRI. R.C. SOHNI

SRI. G. PHANI

Nominee Director (APSFC) upto 30th May, 1998

BANKERS

CANARA BANK

SYNDICATE BANK

AUDITORS

M/S. BRAHMAYYA & COMPANY

Chartered Accountants

920, Tilak Road,

HYDERABAD - 500 001.

REGISTERED OFFICE

1-104, Divyashakti Commercial Complex,
Ameerpet, HYDERABAD - 500 016.

FACTORY

Industrial Development Area

Patancheru - 502 319

Medak District.

Andhra Pradesh



HAGGLUNDS DENISON LIMITED

NOTICE OF ANNUAL GENERAL MEETING

To
All the Shareholders,

NOTICE is hereby given that the 25th ANNUAL GENERAL MEETING of the Members of the Company will be held at Hyderabad Management Association, 401, Raghavaratna Towers, Chirag Ali Lane, Hyderabad - 500 001. Andhra Pradesh on Monday the 22nd March, 1999 at 3.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 30th September, 1998 and the Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Reports thereon.
2. To declare a dividend for the year ended 30th September, 1998.
3. To appoint a Director in place of Sri C. Satyanarayana who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri M.S. Padmanabhan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass with or without modification the following Resolution.

RESOLVED THAT pursuant to provisions of Sections 224 of the Company's Act, 1956, M/s. Brahmayya & Co., Chartered Accountants, be and are hereby reappointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorised to fix their Remuneration.

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NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be valid must be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th March, 1999 to 22nd March, 1999 (Both days inclusive).
3. The dividend on Equity Shares, if declared, will be paid to those Shareholders whose names appear in the Register of Members of the Company on 22nd March, 1999 in respect of the Equity Shares held by them prior to the Rights Shares allotted on 14th October, 1998, subject to the provisions of Section 206A of the Companies Act, 1956.
4. Members are requested to notify any change in their address to the company.
5. Members are requested to intimate their Bank Account details so that the same can be printed on the Dividend Warrants to avoid incidences of fraudulent encashment of Dividend Warrants. The members could use the enclosed application form for opting to receive Dividend Warrants mentioning the Bank Name, Address and Account Number.
6. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim from the Registrar of Companies, Andhra Pradesh at the address given below :

The Registrar of Companies
Kendriya Sadan
Sultan Bazar,
HYDERABAD - 500 001.

Registered Office :

1-104, Divya Shakti
Commercial Complex,
Ameerpet, HYDERABAD

By Order of the Board

V.C. JANARDAN RAO
CHAIRMAN

Place : Hyderabad

Date : January 30, 1999

HAGGLUNDS DENISON LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25th Annual Report and Audited Accounts of the Company for the year ended 30th September, 1998.

OPERATIONS :

The total income for the year is Rs. 774.07 lacs against Rs. 928.92 lacs of the previous year. The shortfall compared to the previous year is mainly on account of the recessionary conditions prevailing in the Engineering Industry. It is expected that during the current year the market conditions will improve.

FINANCIAL RESULTS :

	Rs. in Lacs	
	1997-98 (Current Year)	1996-97 (Previous Year)
Profit before Depreciation & Tax	84.62	86.06
Less : Depreciation	18.38	18.43
Profit before Tax	66.24	67.63
Less : Provision for Taxation	24.00	25.00
Profit after Tax	42.24	42.63
Profit and Loss A/c. Surplus Brought Forward	51.39	36.58
TOTAL	<u>93.63</u>	<u>79.21</u>
 APPROPRIATIONS :		
General Reserve	10.00	10.00
Dividend (Proposed)	16.20	16.20
Corporate Dividend Tax	1.62	1.62
Balance carried over	65.81	51.39
TOTAL	<u>93.63</u>	<u>79.21</u>

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DIVIDEND :

Your Directors have pleasure in recommending a Dividend of Rs. 1.80 per Equity Share. The Dividend payout would be Rs. 16.20 Lacs.

RIGHTS ISSUE :

The offer of 4,50,000 Equity Shares of Rs. 10/- each with a premium of Rs. 10/- per share on Rights basis to the Shareholders was closed on 19th September, 1998 and the issue has been fully subscribed and the allotment was made on October 14, 1998. The Directors convey their thanks for the confidence reposed by the investors.

DISCLOSURES UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988 :

As required under the above said regulation the necessary additional information is given in the Annexure-I which may be treated as part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 :

Statement enclosed (Annexure II)

FIXED DEPOSITS :

The Company has not accepted any Deposits from the public and therefore, the provisions of Section 58A of the Companies Act, 1956, are not applicable.

DIRECTORS :

The nomination of Sri G. Phani, a Nominee Director of APSFC has been withdrawn with effect from 30th May, 1998. The Directors place on record the valuable guidance given by Sri G. Phani during the tenure of his Office.

In accordance with the Articles of Association of the Company, Sri C. Satyanarayana and Sri M.S. Padmanabhan retire by rotation and being eligible, offer themselves for reappointment. The Resolutions concerning their reappointment are commended for your approval.

AUDITORS :

M/s. Brahmayya & Company, Chartered Accountants, Hyderabad, the Company's Auditors will be retiring on the conclusion of this Annual General Meeting and are eligible offer themselves for re-appointment.

AUDITORS REPORT :

With regard to the observation made by the Auditors in their report annexed to the Accounts the members may please note the relevant note attached to the Accounts is self-explanatory.

ACKNOWLEDGEMENT :

The Company acknowledges with gratitude the co-operation and assistance given by the Financial Institutions, Banks and Investors during the period under review.

On Behalf of the Board of Directors

V.C. JANARDAN RAO
CHAIRMAN

Place : Hyderabad.
Date : 30-1-1999

HAGGLUNDS DENISON LIMITED

ANNEXURE I

DISCLOSURE OF PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) Measures taken for Conservation of Energy :

This being a Precision Machining Industry, there are no major energy conservation measures except prevention of waste in utilising machines, avoiding waste in electrical lighting during the day by providing north light, etc.

B) Data in respect of Energy Conservation :

		Current Year	Previous Year
i) Turnover	Rs.	76,070,140	92,638,790
ii) Electricity	Rs.	1,062,986	1,136,492
iii) Diesel	Rs.	55,950	133,934
Electricity Purchased (KWH)		237,906	256,544
Unit Rate (Rs. per KWH)		4.47	4.43

C) Technology Absorption :

The technology concerning the manufacture of Hydraulic Vane Pumps, Motor and Hydraulic Valves of various types, has been fully absorbed and the products are indigenously manufactured.

The performance of the existing vane products have been upgraded to suit the varying application demands.

The product under manufacture have a wide acceptance in the Hydraulic Market in India as well in abroad. The quality requirement of the export market has also been met.

D) Foreign Exchange Earnings and Outgo :

	Current Year Rs.	Previous Year Rs.
Foreign Exchange Earned	251,669	Nil
Foreign Exchange Used	4,210,113	5,601,103

ANNEXURE II

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 30th September, 1998.

Employed part of the year.

Name and Qualification	Age in Years	Designation	Remuneration received Rupees	Experience In Years	Date of Commencement of Service	Last employed Designation Name
Sri VG Srinivas B.E. M.Sc.	30	Managing Director	2,66,000/-	6	01.03.98	Executive Director Hagglunds Denison Limited

Note :

- 1) Nature of employment is contractual.
- 2) Sri V.G. Srinivas is relative to Sri V.C. Janardan Rao, Chairman of the Company.
- 3) Remuneration received includes salary, company contribution to Provident Fund and perquisites valued as per Income Tax Rules.

On Behalf of Board of Directors

Place : Hyderabad.
Date : 30-1-1999

V.C. JANARDAN RAO
CHAIRMAN