

Hydraulics

27th ANNUAL REPORT
1999 - 2000

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DENISON HYDRAULICS INDIA LIMITED

DIRECTORS

SRI. V.C. JANARDAN RAO
Chairman

SRI. V.G. SRINIVAS
Managing Director

SRI. R.C. SOHNI

SRI. M.R. TAGORE

SRI. C. SATYANARAYANA

SRI. M.S. PADMANABHAN

SRI. M.L. MOTWANI
(Additional Director with effect from 25th July, 2000)

BANKERS

CANARA BANK

SYNDICATE BANK

AUDITORS

M/S. BRAHMAYYA & COMPANY
Chartered Accountants
Golden Green Apartments
Flat No. 403 & 404, IV Floor
Erramanzil Colony
HYDERABAD - 500 004.

REGISTERED OFFICE

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

FACTORY

Industrial Development Area
Patancheru - 502 319
Medak District.
Andhra Pradesh

DENISON HYDRAULICS INDIA LIMITED

NOTICE OF ANNUAL GENERAL MEETING

To
All the Shareholders,

NOTICE is hereby given that the **27th ANNUAL GENERAL MEETING** of the Members of the Company will be held at Plot No. A 18 & 19, A.P.I.E., Balanagar, Hyderabad - 500 037, Andhra Pradesh on Friday the 23rd March, 2001 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

To consider and if thought fit, to pass with or without modification, the following resolution nos. 1 to 5 as ordinary resolutions :

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 30th September, 2000 and the Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Reports thereon.

"RESOLVED that the Balance Sheet as at 30th September, 2000 the Profit & Loss Account for the year ended on that date and the Report of the Auditors and the Directors' Report to the shareholders be and are hereby approved and adopted".

2. To declare a dividend for the year ended 30th September, 2000.

"RESOLVED that a dividend @ 18% subject to deduction of tax at source of 135000 Equity Shares of Rs.10/- each as recommended by the Board of Directors in their Report be and is hereby declared for the year ended 30th September, 2000 and that it be paid to those members whose names appear in the Register of Members of the Company as of the 23rd March, 2001.

3. 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 Sec. 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".

4. To appoint a Director in place of Sri C. Satyanarayana who retires by rotation and being eligible, offers himself for re-appointment.

"RESOLVED that Shri C Satyanarayana, who retires by rotation and is eligible for re-appointment, be and is hereby re-appointed as a Director of the company"

DEVISON	Hydraulics
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5. To appoint a Director in place of Sri M S Padmanabhan, who retires by rotation and being eligible, offers himself for re-appointment

"RESOLVED that Shri M S Padmanabhan, who retires by rotation and is eligible for re-appointment, be and is hereby re-appointed as a Director of the company".

Special Business :

To consider and if thought fit, to pass with or without modification, the following resolution nos.6 and 7 as ordinary resolutions.

6. To appoint Shri M L Motwani, as Director

"RESOLVED that Shri M L Motwani, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 25th July, 2000 and who holds office as such upto the date of 27th Annual General meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 have been received from some members signifying their intention to propose Shri M L Motwani, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company".

7. To reappoint Shri V G Srinivas, as Managing Director and fix his remuneration.

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, Sri V G Srinivas be and is hereby appointed as Managing Director of the Company for a term of three years with effect from 01.03.2001 on the terms and conditions as to the remuneration and other perquisites as noted below :

- | | | |
|------------------------------|---|---|
| I. Salary | : | Rs. 85,000/- (Rupees Eighty five thousand only)
per month |
| II. Commission | : | 2% of the Net Profits. |
| III. Perquisites | : | |
| i) House Rent Allowance | : | 40% of Salary and provision of gas, electricity and water free of charge/reimbursement of expenditure incurred on it. |
| ii) Medical Reimbursement | : | Rs. 30,000/- Expenditure incurred for self and family |
| iii) Leave Travel Concession | : | Rs. 30,000/- per annum, for self and family |
| iv) Clubs Fees | : | Fees of clubs subject to a maximum of two clubs.
No admission and life membership fee shall be paid. |

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- v) a) Contributing to: As per the rules of the Company.
Provident Fund &
Superannuation
- b) Gratuity : At a rate not exceeding half a month salary for each year of completed service.
- c) Earned leave : As per the rules of the Company. Encashment of leave at the end of the tenure.
- d) Conveyance : The Company shall provide a car with driver for the use of official purposes.
- e) Telephone : Use of telephone at residence for official purposes.

"RESOLVED FURTHER that in pursuance of the provision of Section 198 (4) of the Companies Act, 1956, Sri V.G. Srinivas, Managing Director may be paid the above remuneration including benefits and amenities aforesaid as a minimum remuneration in the event of absence or inadequacy of net profits in any financial year, in accordance with the provisions of Section II of Part-II of Schedule XIII to the Companies Act, 1956."

EXPLANATORY STATEMENT :

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 6

Shri M L Motwani, was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 25th July, 2000. A notice has been received under Section 257 of the Companies Act, 1956 from some members signifying their intention to propose his name for election as a Director of the Company. Considering the vast Industrial & Administrative experience that Shri M L Motwani has in different capacities in Industry, your directors consider his valuable services will be useful to the Company and therefore recommend that the resolution be passed.

Item No. 7

Shri V G Srinivas, has been appointed as Managing Director with effect from 01.03.1998. Prior to that he was functioning in the company in different capacities and from the position of Executive Director he was appointed as Managing Director by the shareholders in their meeting held on 21st March, 1998 for a period of three years. He has been rendering useful services on business and financial matters of the company.

Your Directors considered to re-appoint Shri V G Srinivas, as Managing Director for a further period of three years commencing from 01.03.2001 on the terms and conditions and remuneration mentioned in the draft resolution which is in conformity with Schedule XIII of the Companies Act, 1956

None of the Directors except Shri V C Janardan Rao, Chairman, is interested in or concerned with this resolution.

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, 2001 to 23rd March, 2001 (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 Friday the 23rd March, 2001 in respect of the Equity Shares held by them.
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 Warrant to avoid incidence 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 31.03.1996 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 the Companies, Kendriya Sadan, Sultan Bazar, Hyderabad - 500 001, Andhra Pradesh.
7. The company's Equity Shares have been listed with the Stock Exchanges at Hyderabad and Mumbai, and there have been no arrears of the Listing Fees payable to the Stock Exchanges.

Registered Office :

1-104, Divyashakti
Commercial Complex,
Ameerpet, HYDERABAD
Place : Hyderabad
Date : 29.01.2001.

By Order of the Board

V.C. JANARDAN RAO
Chairman

DENISON HYDRAULICS INDIA LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 27th Annual Report and Audited Accounts of the Company for the year ended 30th September, 2000.

Pursuant to Section 21 of the Companies Act, 1956, the name of the company has been changed from Hagglunds Denison Limited to Denison Hydraulics India Limited vide fresh Certificate of Incorporation dated 09.10.2000, issued by Registrar of Companies, Andhra Pradesh.

The company's performance for the year is as under :

FINANCIAL RESULTS :

	Rs. in Lacs	
	1999-2000 (Current Year)	1998-99 (Previous Year)
TOTAL INCOME	<u>1205.08</u>	<u>962.12</u>
Profit before Depreciation & Tax	<u>164.19</u>	<u>111.49</u>
Less : Depreciation	<u>32.66</u>	<u>22.23</u>
Profit before Tax	<u>131.53</u>	<u>89.26</u>
Less : Provision for Taxation	52.63	36.92
Less : Short Provision of Income tax relating to earlier years	<u>13.07</u>	<u>Nil</u>
Profit after Tax	<u>65.83</u>	<u>52.34</u>
Profit and Loss A/c. Surplus Brought Forward	<u>81.50</u>	<u>65.81</u>
TOTAL	<u>147.33</u>	<u>118.15</u>

APPROPRIATIONS :

General Reserve	10.00	10.00
Dividend (Proposed)	24.30	24.01
Corporate Dividend Tax	5.34	2.64
Balance carried over	107.69	81.50
TOTAL	<u>147.33</u>	<u>118.15</u>

DIVIDEND :

Your Directors have pleasure in recommending a Dividend of Rs. 1.80 per Equity Share. The Dividend payout would be Rs. 24.30 Lacs.

RIGHTS ISSUE

The offer of 4,50,000 Equity Shares of Rs. 10/- each for cash at par aggregating to Rs. 45.00 Lacs on Rights basis to the existing shareholders in the ratio of 1 Equity Share for every 3 Equity Shares, opened for subscription on 18.01.2001 and it is expected that the issue will be fully subscribed.

FUTURE OUT LOOK

The performance of the company is steadily improving. The production and sales levels can be improved in future to yield higher profits by adding additional Plant and Machinery and by removing imbalances. It is proposed to take appropriate measures keeping in view of the long term interest of the company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under the disclosures under the Companies (disclosure of particulars in the report of Board of Directors) Rule 1988, 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.

Nil

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

In accordance with the Articles of Association of the company, Shri C Satyanaryana and Shri M S Padmanabhan, retire by rotation and being eligible, offer themselves for reappointment.

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Shri M L Motwani, was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 25th July, 2000. A notice has been received under Section 257 of the Companies Act., 1956 from some members signifying their intention to propose his name for election as a Director of the Company. The Resolutions concerning their appointment 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 to offer themselves for re-appointment.

ACKNOWLEDGEMENT

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

On Behalf of the Board of Directors

Place : Hyderabad.
Date : 29-01-2001

V C JANARDAN RAO
CHAIRMAN

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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.	11,99,76,504	95,731,497
ii) Electricity	Rs.	19,89,918	1,413,846
iii) Diesel	Rs.	1,01,180	60,944
Electricity Purchased (KWH)		4,14,515	317,159
Unit Rate (Rs. per KWH)		4.80	4.46

C) Technology Absorption :

The technology concerning the manufacture of Hydraulic Vane Pumps, Motors 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	1,753,934	1,602,370
Foreign Exchange Used	5,829,997	6,291,180