

Hydraulics

29

ANNUAL REPORT
2001 - 2002

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

BANKERS

CANARA BANK
SYNDICATE BANK

AUDITORS

M/S. BRAHMAYYA & CO.,
Chartered Accountants
403 & 404,
Golden Green Apartments
Irrum Manzil Colony
Hyderabad - 500 082.

REGISTERED OFFICE

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

FACTORY

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

NOTICE OF ANNUAL GENERAL MEETING

To

All the Shareholders,

NOTICE is hereby given that the **29th ANNUAL GENERAL MEETING** of the members of the company will be held at Plot No.A18 & 19, A.P.I.E., Balanagar, Hyderabad 500 037, Andhra Pradesh on Friday 28th March ,2003 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, 2002 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, 2002 and the Profit & Loss Account for the year ended on that date and the Report of the Auditors' and Directors' Report to the share holders be and are hereby approved and adopted."

2. To declare a dividend for the year ended 30th September, 2002.

"RESOLVED that a dividend @ 21% on 1800000 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, 2002 and that it be paid to those members whose names appear in the Register of Members of the company as on 28th March 2003, subject to deduction of Income tax at source at the applicable rates under Income Tax Act, 1961.

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 companies 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."

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

DENISON HYDRAULICS INDIA LIMITED

“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 as special resolution :

Commission to Directors :

“RESOLVED that pursuant to Section 309(4) of the Companies Act, 1956 and other applicable provisions if any, the approval of the members be and is hereby accorded for payment to the Directors of the company, other than Managing Director and Whole Time Directors, commission at the rate not exceeding 1% of the net profit of the company to be equally divided amongst them and this authorisation for payment of commission on net profits shall remain valid for a period of 5 (Five) years commencing from Financial Year 2002-2003.”

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956.

The Shareholders are aware that they had approved for payment of commission on net profits pursuant to Section 309(4) of the Companies Act, 1956 and other applicable provisions to all the Directors excepting the Managing Director and Whole Time Directors, for a period of five years commencing from Financial Year 1996-97.

The operations of the company are steadily improving with the active role and guidance of the Directors. Hence, as before, it is proposed to pay commission on net profit to all the Directors other than Managing Director and Whole Time Director, which is permissible under the Companies Act, 1956 for a further period of 5 (Five) years commencing from 2002-2003).

Your Directors commend the resolution for your approval.

All the Directors excepting the Managing Director are interested in the resolution to the extent of commission payable to them in accordance with the proposed resolution.

Registered Office :

1-104, Divyashakti Commercial Complex
Ameerpet, Hyderabad.

By Order of the Board

Place : Hyderabad
Date: 30.01.2003

V.C. JANARDAN RAO
Chairman

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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 25th March, 2003 to 28th March, 2003 (both days inclusive) for determining the entitlement for payment of dividend.
3. The dividend on equity shares, as recommended by the Directors for the year ended 30th September 2002, declared at the meeting, will be made payable subject to deduction of income tax at the rates applicable under Income Tax Act 1961, on or before 26th April, 2003 to those members whose names appear in the Register of Members of the company on 28th March, 2003 or to their mandates registered with the company before 28th March 2003. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished to the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CSDL) for this purpose.

As per SEBI guidelines, the dividends shall have to be paid to the Banks as per their Mandates furnished by the shareholders. The shareholders who have not furnished their Bank Mandates are requested to file the same to the company on or before 28.03.2003, as per the enclosed Proforma.

4. The shareholders are requested to furnish their Permanent Account Number as the Permanent Account Number will have to be mentioned in the Certificate for Deduction of Tax to be issued to the shareholders in respect of dividend paid subject to deduction of Income Tax.
5. Members are requested to notify any change in their address to their Depositories Participants (DPS) in respect of their Electronic Share accounts and to the company in respect of their physical share folios, if any.
6. Members holding shares in multiple Folio Nos. are requested to send their requests duly signed by all the joint holders together with the relevant share certificate to the company for arranging endorsements for consolidation of shareholdings.
7. Members holding shares in electronic form may please note that as per the regulations of NSDL and CDSL, the company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the company and the company will not entertain any request for deletion/change of bank details already printed on dividend warrants as per information received from the concerned Depositories.
8. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 30th September, 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 the amount from the Registrar of the Companies, Kendriya Sadan, Sultan Bazaar, Hyderabad 500 001, Andhra Pradesh.

DENISON HYDRAULICS INDIA LIMITED

9. Members are advised that the dividends for the financial year ended 30th September, 1995 onwards, which remains unpaid/unclaimed over a period of seven years have to be transferred by the company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Sec.205A & 205C of the Companies Act, 1956. and no payments shall be made in respect of such claims made by the member after the unpaid dividend amounts are transferred to the said Fund. Shareholders who have not claimed the dividend for this period are requested to lodge their claims with the company before the due date.
10. 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.
11. M/s.Venture Capital and Corporate Investments Ltd, 6-2-913/914, 3rd Floor, Progressive Towers, Khairtabad, Hyderabad 500 004, have been appointed as Transfer Agents for Demat shares. The shareholders may avail the facility of dematerialisation of shares.

Registered Office :
1-104, Divyashakti Commercial Complex
Ameerpet, Hyderabad.

By Order of the Board

Place : Hyderabad
Date: 30th January, 2003

V.C. JANARDAN RAO
Chairman

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 29th Annual Report and Audited Accounts of the company for the year ended 30th September 2002.

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

FINANCIAL RESULTS :

| | Rs. In Lacs | |
|---|-----------------------|-----------------------|
| | 2001-2002 | 2000-2001 |
| | (Current Year) | (Previous Year) |
| TOTAL INCOME | <u>1594.66</u> | <u>1402.80</u> |
| Profit before Depreciation & Tax | 397.20 | 238.35 |
| Less : Depreciation | <u>46.87</u> | <u>39.15</u> |
| Profit Before Tax | 350.33 | 199.20 |
| Less : Provision for Income Tax | 100.00 | 70.00 |
| Provision for Deferred Tax | | |
| (2001-2002) | 8.09 | |
| | | 3.44 |
| Income tax of earlier years | <u>108.09</u> | <u>73.44</u> |
| Profit after Tax | 242.24 | 125.76 |
| Profit and Loss A/c. Surplus Brought Forward from last year | 176.16 | 107.69 |
| TOTAL | <u>418.40</u> | <u>233.45</u> |

APPROPRIATIONS :

| | | |
|--|----------------------|----------------------|
| Deferred Tax liability for earlier years | 43.61 | 3.45 |
| General Reserve | 30.00 | 20.00 |
| Dividend (Proposed) | 37.80 | 33.84 |
| Corporate in dividend Tax | - | 3.45 |
| Balance Carried Over | 306.99 | 176.16 |
| TOTAL | <u>418.40</u> | <u>233.45</u> |

DENISON HYDRAULICS INDIA LIMITED**DIVIDEND :**

Your Directors have pleasure in recommending a dividend of Rs. 2.10 per Equity Share. The dividend payout would be Rs.37.80 Lacs subject to deduction of tax at source at the time of payment.

FUTURE OUTLOOK :

With the on going programme of Capital Expenditure the volume of business will further improve, but for unforeseen circumstances, it is expected that the performance is expected to respond accordingly.

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 58 A of the Companies Act, 1956 are not applicable.

DIRECTORS

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 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.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors further report that

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the company at the end of the financial year and of the profit and loss of the company of that year.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual account on a going concern basis.

SECRETARIAL COMPLIANCE

As required under proviso to sub-section (1) of Section 383A of the Companies Act 1956, a Compliance Certificate dated 10.10.2002, issued by M/s.K. Swamy & Company, Company Secretaries, Secunderabad, covering the period 2001-02 is annexed herein as Annexure II, which may be treated as part of this report.

ACKNOWLEDGMENT

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 : 30.01.2003

V. C. JANARDAN RAO
Chairman

DENISON HYDRAULICS INDIA 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. | 15,91,72,087 | 13,91,35,762 |
| ii) | Electricity | Rs. | 24,03,856 | 22,75,161 |
| iii) | Diesel | Rs. | 1,34,165 | 1,20,770 |
| Electricity Purchased (KWH) | | | 5,13,024 | 4,86,938 |
| Unit Rate (Rs. per KWH) | | | 4.68 | 4.67 |

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 requirements of the export market has also been met .

D) Foreign Exchange Earnings and Outgo :

| | Current Year | Previous year |
|-------------------------|---------------------|----------------------|
| | Rs. | Rs. |
| Foreign Exchange Earned | 444,049 | 1,076,936 |
| Foreign Exchange Used | 4,558,923 | 6,566,141 |