

DENISON

Hydraulics

30th

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ANNUAL REPORT

2002 - 2003

DENISON HYDRAULICS INDIA LIMITED

DIRECTORS :

SRI. V. C. JANARDAN RAO
Chairman

SRI. V. G. SRINIVAS
Managing Director

SRI. R. C. SOHNI

SRI. M. S. PADMANABHAN

SRI M. L. MOTWANI

SRI. V. PATTABHI (w.e.f. 31.7.2003)

SRI. M. R. TAGORE (upto 31.3.2003)

SRI. C. SATYANARAYANA (upto 17.6.2003)

BANKERS :

CANARA BANK
SYNDICATE BANK

AUDITORS :

M/S. BRAHMAYYA & CO.,
Chartered Accountants
Flat No. 403 & 404, IV Floor
Golden Green Apartments
Erramanzil Colony
HYDERABAD - 500 082.

REGISTERED OFFICE :

1-104, Divyashakti Commercial Complex
Ameerpet, HYDERABAD 500 016.
Ph.No. 040-23732711
Fax No. 040-23732791

FACTORY :

Industrial Development Area
Patancheru - 502 319
Medak District
Andhra Pradesh.
Ph.No. 08455-242013, 242020 & 242049
Fax No. 08455-242085

NOTICE OF ANNUAL GENERAL MEETING

To
All the Shareholders,

NOTICE is hereby given that the 30th 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, the 26th March 2004 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, 2003 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, 2003 and the Profit & Loss Account for the year ended on that date and the Report of the Auditors' and Directors' Report to the shareholders be and are hereby approved and adopted."
2. To declare dividend for the year ended 30th September, 2003.
 "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, 2003 and that it be paid to those members whose names appear in the Register of Members of the company as on 26th March 2004."
3. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass 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.R.C.Sohni, who retires by rotation and being eligible, offers himself for re-appointment.
 "RESOLVED that Shri.R.C.Sohni, 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.L.Motwani, who retires by rotation and being eligible, offers himself for re-appointment.
 "RESOLVED that Shri.M.L.Motwani, who retires by rotation and is eligible for reappointment, 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 ordinary resolution :

6. To appoint Shri.V.Pattabhi, as Director
 "Resolved that pursuant to the provisions of Section 262 of the Companies Act, 1956, Shri.V.Pattabhi, who was appointed as Director in casual vacancy during the year and who holds office until the conclusion of this Annual General Meeting be and is hereby appointed as Director of the company, retiring by rotation as per the Articles of the company."

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

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, (including any statutory modification or re-enactments thereof for the time being in force) of the Companies Act, 1956 read with Schedule XIII to the said Act, the company hereby approves the re-appointment of Shri.V.G.Srinivas as Managing Director of the company for a term of three years with effect from 1.3.2004 on the terms and conditions as to the remuneration and other perquisites as noted below and the Agreement between the company and Shri.V.G.Srinivas, a copy of which is placed before this meeting.

A.MINIMUM REMUNERATION:

- | | | |
|---|---|---|
| 1. Basic Salary | : | Rs.1,20,000/- Per Month. |
| 2. House Rent | : | 40% of salary or rent free, company's accommodation with provision of gas, electricity, and water or reimbursement thereof and the total cost to the company including house rent shall not exceed 40% of the Basic Salary. |
| 3. Perquisites | | |
| (a) Medical Reimbursement | : | Rs.60,000/- per annum |
| (b) Leave Travel Allowance | : | Rs.1,20,000/- per annum |
| (c) Car | : | The company shall provide a car with driver for the use of official purposes. |
| (d) Telephone | : | Use of telephone at residence for official purposes. |
| (e) Club Membership | : | Annual subscription for two clubs. |
| 4. Others | | |
| (i) Co's contribution to Provident Fund & Superannuation Fund | : | As per the rules of the company. |
| (ii) Gratuity | : | At a rate not exceeding half a month salary for each year of completed service. |
| (iii) Earned Leave | : | As per the rules of the company.
Encashment of leave at the end of the tenure. |

B. In addition to the above, as per the provisions of the Companies Act 1956, Shri.V.G.Srinivas may be paid a commission not exceeding 2% of the profits of the company in a year.

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

By Order of the Board

Place : Hyderabad
Date : 31st January, 2004

V C JANARDAN RAO
Chairman

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 23rd March, 2004 to 26th March, 2004 (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 2003, declared at the meeting, will be made payable on or before 24th April, 2004 to those members whose names appear in the Register of Members of the company on 26th March, 2004 or to their mandates registered with the company before 26th March 2004. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for this purpose as on 22nd March 2004..

As per SEBI guidelines, the dividends shall have to be paid to the Bank 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 26th March, 2004, as per the enclosed proforma.

4. 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 or Share Transfer Agents in respect of their physical share folios, if any.
5. 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 or Share Transfer Agents for arranging endorsements for consolidation of shareholdings.
6. 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.
7. 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.
8. Members are advised that all unclaimed dividends for the Accounting year ended 30th September, 1995 have been transferred to the company to the Investor Education & Protection Fund (IEPF) of Central Government, pursuant to Sec.205C of the Companies Act, 1956. Unclaimed dividend for the subsequent year will also be transferred to the Investor Education and Protection Fund of the Central Government if they remain unclaimed for a period of seven years from the date they become due for payment. Members may kindly note that after such date/s, i.e. after transfer of unclaimed dividend to the Investor Education and Protection Fund of the Central Government, the members shall not be entitled to claim such dividend.

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9. 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.

10. 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 physical Demat shares. Shareholders are requested to send their communication to the above said address in future.

11. The compliance on Corporate Governance as per Regulation 49 is not mandatory to your company, since the paid up capital of the company is less than Rs.3 Crores and the Net Worth of the company is less than Rs.25 Crores at any time in the history of the company. However, the information to be provided in respect of the directors seeking appointment/ reappointment is given in the annexure.

12. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

Registered Office :

1-104, Divyashakti Commercial Complex
Ameerpet, Hyderabad.

By Order of the Board

Place : Hyderabad

Date : 31st January, 2004

V C JANARDAN RAO

Chairman

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**ANNEXURE TO NOTICE CALLING GENERAL MEETING IN RESPECT OF THE ITEM NO.7
REGARDING REAPPOINTMENT OF SHRI.V.G.SRINIVAS AS
MANAGING DIRECTOR PURSUANT TO SCHEDULE XIII, PART-II, SECTION 11.1(B)**

1) GENERAL INFORMATION :

i) Nature of Industry : Manufacturers of Hydraulic Products and Systems

ii) Date or expected date of commencement of : An existing fully functioning company.
Commercial production Commercial production started in 1977.

iii) Financial performance based on given indicators: Rs. in Lacs

	2002-03	2001-02	2000-01
Total Income	2015.54	1594.66	1402.80
Profit Before Tax	416.16	350.33	199.20
Income tax	153.01	108.09	73.44
Net Profit (After Tax)	263.15	242.24	125.76
Dividend	37.80	37.80	33.84
Share Capital	180.00	180.00	180.00
Reserves & Surplus	758.30	537.79	376.96
Net Worth	938.30	717.79	556.96

**iv) Export performance and net foreign exchange :
Collaboration**

	2002-03	2001-02	2000-01
Direct	8.08	4.58	10.62
Indirect	786.99	658.33	498.38
Total	795.07	662.91	509.00

v) Foreign investments or collaborators, if any. :

Share Capital (Fully paid Equity shares of Rs.10/-each)	No. of shares	Face Value Rs.
a. Collaborator	234000	2340000
b. Others (NRI)	168587	1685870
Total	402587	4025870

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2 INFORMATION ABOUT THE APPOINTEE :**I) Background details :**

1. Name : Shri.V.G.Srinivas, S/o.Shri.V.C.Janardan Rao,
Chairman
2. Age : 35 years
3. Educational Qualifications & nature of position in the company : B.E., M.Sc. (Bath University, U.K.)
 1. Production Manager from 01.01.1993 to 29.5.1994
 2. Additional Director (Executive Director) from 30.05.1994 to 29.2.1998
 3. Managing Director from 1.3.1998 till date, incharge of day to day operations.
4. Date of Appointment : 01.01.1993
5. Name of the Companies Association/Firms in which he holds office : Nil
- i) Past remuneration : Gross Rs.1,24,000/- P.M. + 2% Commission on profits as per Schedule XIII of the Companies Act, 1956.
- ii) Comparative remuneration profile with respect to industry size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : The company is a manufacturing Unit of High Precision Hydraulic products required for critical application in the Industry. Considering the specialised technical qualifications and experience, the remuneration offered to the incumbent is reasonable and comparable to others of similar position in the Industry.
- iii) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any. : S/o.Shri.V.C.Janardan Rao, Chairman

II. OTHER INFORMATION :

- i) Expected increase in productivity and profits in measurable terms : As per the trend of past performance barring unforeseen circumstances, the company is expected to maintain the growth of production and profits.

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**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE
ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE NO.49 OF THE LISTING AGREEMENT)**

- | | | | | | | | | | | | | | | | | | |
|--|--|---|----------|--|----------|---|----------|--|----------|---|----------------------|------------------------------------|------------|--|---------------|--|----------------------------|
| 1. Name: | Shri.V.Pattabhi, S/o.Late Sri.V.Subbaiah | | | | | | | | | | | | | | | | |
| 2. Age : | 66 years | | | | | | | | | | | | | | | | |
| 3. Educational Qualifications:
& Experience | B.E. Electronics
Retired as Senior Executive from Hyderabad Industries Limited
(formerly Hyderabad Asbestos Cement Products Limited),
Hyderabad. | | | | | | | | | | | | | | | | |
| 4. Date of Appointment : | 31st July, 2003..
(Independent Non-Executive Director) | | | | | | | | | | | | | | | | |
| 5. Name of the Companies:
Association/Firms in which
he holds office | <table border="0"> <tr> <td>1. M/s.Malbar Building Products Ltd., Kerala,</td> <td>Director</td> </tr> <tr> <td>2. M/s.Andhra Polymers Pvt. Ltd., Hyderabad,</td> <td>Director</td> </tr> <tr> <td>3. M/s.Ace Roofings Pvt. Ltd., Hyderabad,</td> <td>Director</td> </tr> <tr> <td>4. M/s.Visaka Industries Ltd., Secunderabad,</td> <td>Director</td> </tr> <tr> <td>5. M/s.Shree Harsha Enterprises,Hyderabad</td> <td>Managing
Director</td> </tr> <tr> <td>6. M/s.Lab Chrystolite Inc, Canada</td> <td>Consultant</td> </tr> <tr> <td>7. M/s.Asbestos Information Centre (AIC),
New Delhi</td> <td>Vice Chairman</td> </tr> <tr> <td>8. M/s.Asbestos International Association,
Canada</td> <td>Executive Committee Member</td> </tr> </table> | 1. M/s.Malbar Building Products Ltd., Kerala, | Director | 2. M/s.Andhra Polymers Pvt. Ltd., Hyderabad, | Director | 3. M/s.Ace Roofings Pvt. Ltd., Hyderabad, | Director | 4. M/s.Visaka Industries Ltd., Secunderabad, | Director | 5. M/s.Shree Harsha Enterprises,Hyderabad | Managing
Director | 6. M/s.Lab Chrystolite Inc, Canada | Consultant | 7. M/s.Asbestos Information Centre (AIC),
New Delhi | Vice Chairman | 8. M/s.Asbestos International Association,
Canada | Executive Committee Member |
| 1. M/s.Malbar Building Products Ltd., Kerala, | Director | | | | | | | | | | | | | | | | |
| 2. M/s.Andhra Polymers Pvt. Ltd., Hyderabad, | Director | | | | | | | | | | | | | | | | |
| 3. M/s.Ace Roofings Pvt. Ltd., Hyderabad, | Director | | | | | | | | | | | | | | | | |
| 4. M/s.Visaka Industries Ltd., Secunderabad, | Director | | | | | | | | | | | | | | | | |
| 5. M/s.Shree Harsha Enterprises,Hyderabad | Managing
Director | | | | | | | | | | | | | | | | |
| 6. M/s.Lab Chrystolite Inc, Canada | Consultant | | | | | | | | | | | | | | | | |
| 7. M/s.Asbestos Information Centre (AIC),
New Delhi | Vice Chairman | | | | | | | | | | | | | | | | |
| 8. M/s.Asbestos International Association,
Canada | Executive Committee Member | | | | | | | | | | | | | | | | |

- | | |
|---|---|
| 1. Name: | Shri.V.G.Srinivas, S/o.Shri.V.C.Janardan Rao, Chairman |
| 2. Age: | 35 years |
| 3. Educational Qualifications:
& nature of position in the
company | B.E., M.Sc. (Bath University, U.K.)
1. Production Manager from 01.01.1993 to 29.5.1994
2. Additional Director from 30.05.1994 to 29.2.1998
(Executive Director)
3. Managing Director from 1.3.1998 till date, incharge of
day to day operations. |
| 4. Date of Appointment : | 01.01.1993 |
| 5. Name of the Companies :
Association/Firms in which
he holds office | Nil |
| 6. Relationship with other :
Directors | Sri.V.C.Janardan Rao, Chairman and Promoter. |

DENISON HYDRAULICS INDIA LIMITED

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE NO.49 OF THE LISTING AGREEMENT)

1. Name : Shri.R.C. Sohni, S/o.Late Shri.Chaganlal
2. Age : 72 years
3. Educational Qualifications:
& Experience B.COM.,M.A.,L.L.B.,C.A.I.I.B., D.PA.,
D.CO-OP., FELLOW DEVELOPMENT BANKING
E.D.I. (WORLD BANK)
Retired as Dy.Managing Director of M/s.SICOM Limited
4. Date of Appointment : 25.03.1989
5. Name of the Companies : 1. M/s.Bajaj Plastics Limited, Nagpur, Director
Association/Firms in which 2. M/s.Pankaj Polymers Limited, Secunderabad, Director
he holds office 3. M/s.Veljan Hydrair Private Limited, Hyderabad, Director
4. M/s.Veljan Investments Limited, Hyderabad, Managing Director



1. Name : Shri.M.L.Motwani, S/o.Late Shri.L.S.Motwani
2. Age : 68 years
3. Educational Qualifications:
& Experience B.E. (Mech), Post Graduate Diploma in Industrial Marketing.
Retired as Senior Executive from M/s.Shriram Fuel
Injection Industries Ltd., Hyderabad
4. Date of Appointment : 25.7.2000
5. Name of the Companies : 1. M/s.Shriram Fuel Injection Industries Ltd., Hyderabad, Director
Association/Firms in which he holds office