

Hydraulics

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ANNUAL REPORT

2003 - 2004

DENISON HYDRAULICS INDIA LIMITED

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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

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 : Plot NO.44, 4th Floor,
HCL TOWERS Chikotigardens
Begumpat, HYDERABAD 500 016.
Ph.No.040-27764546
Fax No.040-27765253

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 31st 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 25th March 2005 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, 2004 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, 2004 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, 2004.

"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, 2004 and that it be paid to those members whose names appear in the Register of Members of the company as on 25th March 2005.

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 re-appointment, be and is hereby re-appointed as a Director of the company".

DENISON HYDRAULICS INDIA LIMITED**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 22nd March, 2005 to 25th March, 2005 (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 2004, declared at the meeting, will be made payable on or before 23rd April, 2005 to those members whose names appear in the Register of Members of the company on 25th March, 2005 or to their mandates registered with the company before 25th March 2005. 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 21st March 2005..

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 25th March, 2005, 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.

DENISON **Hydraulics**

8. Members are advised that all unclaimed dividends for the Accounting year ended 30th September, 1996 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.
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.

Registered Office :

Plot No. 44, 4th Floor,
HCL TOWERS
Chikotigardens
Begumpet, Hyderabad.

By Order of the Board

Place : Hyderabad
Date : 31st January, 2005

V C JANARDAN RAO
Chairman

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 : 73 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

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1. Name : Shri.M.L.Motwani, S/o.Late Shri.L.S.Motwani
2. Age : 69 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

DIRECTORS' REPORT

Your Directors' have pleasure in presenting the 31st Annual Report and Audited Accounts of the company for the year ended 30th September 2004.

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

FINANCIAL RESULTS:

	Rs. In Lacs 2003-2004 (Current Year)	Rs. In Lacs 2002-2003 (Previous Year)
TOTAL INCOME	<u>2067.25</u>	<u>1851.46</u>
Profit before Depreciation & Tax	<u>546.00</u>	<u>476.71</u>
Less : Depreciation	67.92	60.55
 Profit before Tax	 478.08	 416.16
Less : Provision for Income tax	163.18	130.00
Provision for Deferred tax	<u>22.35</u>	<u>23.01</u>
 Profit after Tax	 292.55	 263.15
Profit and Loss A/c. Surplus Brought Forward from last year	497.50	306.99
TOTAL	<u><u>790.05</u></u>	<u><u>570.14</u></u>
 APPROPRIATIONS :		
Deferred Tax liability for earlier years	—	—
General Reserve	30.00	30.00
Dividend (Proposed)	37.80	37.80
Corporate Dividend Tax	4.84	4.84
Balance carried over	717.41	497.50
TOTAL	<u><u>790.05</u></u>	<u><u>570.14</u></u>

DENISON HYDRAULICS INDIA LIMITED**DIVIDEND**

Your Directors recommend Dividend on 18,00,000 Equity Shares of Rs.10/- each at Rs.2.10 per share (21%) amounting to Rs.37.80 Lacs for the year ended 30th September, 2004.

OPERATIONS

During the year under report the sales are 9.31% higher at Rs.2200.92 Lacs against Rs.2013.34 Lacs in the previous year. The Profit before tax for the year is 14.88 % higher at Rs.478.08 Lacs against Rs.416.16 Lacs for the previous year.

FUTURE OUTLOOK

Your company is having exclusive rights to sell the 'DENISON' Brand Products in India. However, with the changes that have taken place in the ownership of 'DENISON', USA., and other places, the 'DENISON' products of foreign origin are likely to be marketed in India with a different Brand name, which situation is likely to affect market for your company's products in India. In the changed scenario, it is expected that the products which can be offered at very competitive price only can survive and the profit margins are likely to be eroded to a greater extent. Your directors are seized of the developments that are taking place and necessary protective actions are being taken.

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

The company did not engage any employee throughout the financial year under report, who are in receipt of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month, employed for a part of the year.

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 the company, Shri.R.C.Sohni and Shri.M.L.Motwani, retire by rotation and being eligible, offer themselves for re-appointment.

The resolutions concerning their appointment/reappointment as mentioned above 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 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 had 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 accounts on a going concern basis.

SECRETARIAL COMPLAINCE

As required under proviso to sub-section (1) of Section 383A of the Companies Act 1956, a Compliance Certificate dated 24th January, 2005 issued by M/s.K.Swamy & Company, Company Secretaries, Secunderabad, covering the period 2003-2004 is annexed herein as Annexure II, which may be treated as part of this report.

CORPORATE GOVERNANCE

As required by the Securities & Exchange Board of India (SEBI), clause 49 of the Listing Agreement with the Stock Exchanges is not applicable to your company as the paid up Share Capital of the company is less than the prescribed limits.

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 : 31st January, 2005

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.

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.

Data in respect of Energy Conservation :

	Current Year	Previous Year
a) Turnover	Rs. 22,00,92,802	20,13,34,581
b) Electricity	Rs. 24,59,252	26,35,652
c) Diesel	Rs. 5,17,802	1,34,752
d) Electricity Purchased (KWH)	5,48,078	5,81,087
e) Unit Rate (Rs. per KWH)	4.07	4.53

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 R&D department for the company is currently involved developing newer range of products.

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

d) Foreign Exchange Earnings and Outgo:

	Current Year Rs.	Previous Year Rs.
Foreign Exchange Earned	3,49,511	808,500
Foreign Exchange Used	67,16,852	3,345,111