

DENISON | **Hydraulics**

32nd

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ANNUAL REPORT

2004 - 2005

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

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 ,
Chikoti Gardens,
Begumpet,
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 32nd 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 Saturday, the 25th February 2006 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 4 as ordinary resolutions :

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 30th September, 2005 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, 2005 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, 2005.

"RESOLVED that a dividend @ 25% 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, 2005 and that it be paid to those members whose names appear in the Register of Members of the company as on 25th February 2006.

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 V.Pattabhi, who retires by rotation and being eligible, offers himself for re-appointment..

"RESOLVED that Shri V.Pattabhi , who retires by rotation and is eligible for reappointment , be and is hereby reappointed as a Director of the Company .

DENISON HYDRAULICS INDIA LIMITED**Special Business :**

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

5. To appoint Shri Gopi Kishan Kabra as a Director .

“RESOLVED that Shri Gopi Kishan Kabra , who was appointed as an Additional Director at the meeting of the Board of Directors of the company , held on January 27, 2006 , and who holds office as such up to the date the 32nd 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 Gopi Kishan Kabra , as a candidate for the office of Director of the company , be and is hereby appointed as a Director of the company .

EXPLANATORY STATEMENT :

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

Item No. 5

Shri Gopi Kishan Kabra , was appointed as an Additional Director at the meeting of the Board Of Directors of the company , held on January 27, 2006. 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 and administrative experience that Shri Gopi Kishan Kabra has , in different capacities in industry ; your Directors, consider that his valuable services , will be useful to the company and therefore recommend that the resolution be passed .

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 February , 2006 , to 25th February , 2006 (both days inclusive) for determining the entitlement for payment of dividend.

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3. The dividend on equity shares, as recommended by the Directors for the year ended 30th September 2005, declared at the meeting, will be made payable on or before 24th March, 2006 to those members whose names appear in the Register of Members of the company on 25th February 2006 or to their mandates registered with the company before 25th February 2006. 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 February 2006.

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 February 2006, 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, 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 the amount from the Registrar of the Companies, Kendriya Sadan, Sultan Bazaar, Hyderabad 500 001, Andhra Pradesh.

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8. Members are advised that all unclaimed dividends for the Accounting year ended 30th September, 1997 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,
Chikoti Gardens
Begumpet, Hyderabad.

By Order of the Board .

Place : Hyderabad.
Date : 27th January, 2006

V.C.JANARDAN RAO
(Chairman)

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

1. Name : Shri . Gopi Kishan Kabra
S/O : Late Balaram Kabra
 2. Age : 73 Years.
 3. Educational Qualifications: B.E.
 4. Date Of Appointment : January 27, 2006
 5. Name(s) of companies : a) Director , Kabsons Industries Limited , Hyderabad .
/ associations / firms in b) Director , Avon Organics Limited, Hyderabad .
which he holds office
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1. Name : Shri.V. Pattabhi
S/o.Shri.V. Subbaiah
 2. Age : 67 years
 3. Educational Qualifications : B.E
 4. Date of Appointment : 31.07.2003
 5. Name(s) of companies : 1. Director , .Andhra Polymers (P) Limited , Hyderabad .
/ associations / firms in 2. Director, Visaka Industries Limited Hyderabad .
which he holds office 3. Director , Minwool Rock Fibres Limited Hyderabad .
4. Director , ACE Roofing (P) Limited Hyderabad .
5. Managing Partner , M/S. Sree Harsha Enterprises, Hyderabad.

DENISON HYDRAULICS INDIA LIMITED**DIRECTORS' REPORT**

Your Directors have the pleasure in presenting the 32nd Annual Report and Audited Accounts of the company for the year ended 30th September 2005.

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

FINANCIAL RESULTS:

	Rs. In Lacs 2004-2005 (Current Year)	Rs. In Lacs 2003-2004 (Previous Year)
TOTAL INCOME	<u>2952.87</u>	<u>2067.25</u>
Profit before Depreciation & Tax	787.21	546.00
Less : Depreciation	72.48	67.92
Profit before Tax	714.73	478.08
Less : Provision for Income tax	233.23	163.18
Provision for Deferred tax	34.90	22.35
Provision for Fringe Benefit Tax	1.50	-
	269.63	185.53
Profit after Tax	445.10	292.55
Profit and Loss A/c. Surplus Brought Forward from last year	717.41	497.50
TOTAL	<u>1162.51</u>	<u>790.06</u>
APPROPRIATIONS :		
Deferred Tax liability for earlier years	—	—
General Reserve	285.00	30.00
Dividend (Proposed)	45.00	37.80
Corporate Dividend Tax	6.31	4.84
Balance carried over	826.20	717.41
TOTAL	<u>1,162.51</u>	<u>790.05</u>

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DIVIDEND

Your Directors recommend Dividend on 18,00,000 Equity Shares of Rs.10/- each at Rs.2.50 per share (25%) amounting to Rs.45.00 Lacs for the year ended 30th September, 2005.

OPERATIONS

During the year under report the sales are 44.66% higher at Rs.3183.99 Lacs against Rs.2200.92 Lacs in the previous year. The Profit before tax for the year is 49.46 % higher at Rs.714.73 Lacs against Rs.478.08 Lacs for the previous year.

DIRECTORS:

Shri M.S.Padmanabhan , has decided not to seek re-election as a Director . The Board , while respecting his decision ; wishes to place on record their appreciation , for the valuable contributions made and guidance provided by him , during his long association with the company .

Shri Gopi Kishan Kabra , was appointed as an Additional Director in the meeting of the Board Of Directors held on January 27, 2006 . 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 .

In accordance with the Articles of Association of the company , Shri V.Pattabhi , retires by rotation and being eligible , offers himself for reappointment .

The resolutions concerning the appointment of Shri Gopi Kishan Kabra and the reappointment of Shri.V.Pattabhi , are commended for your approval .

FUTURE OUTLOOK

The requirement for Hydraulic products are growing worldwide as also in our country . Your company has identified product types , which are required in large volumes and is in the process of creating required additional manufacturing facilities towards this end .The management is confident of making the best use of the expanding market for the Hydraulic products and aggregates .

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.

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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.

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 this 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 COMPLIANCE

As required under proviso to sub-section (1) of Section 383A of the Companies Act 1956, a Compliance Certificate dated January 17, 2006, issued by M/s. K. Swamy & Company, Company Secretaries, Secunderabad, covering the period 2004-2005 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 : 27th January, 2006 .

V C JANARDAN RAO
(CHAIRMAN)