



33rd

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ANNUAL REPORT

2005 - 2006

DENISON HYDRAULICS INDIA LIMITED

DIRECTORS :

SRI. V. C. JANARDAN RAO
Chairman

SRI. SRINIVAS VG
Managing Director

SRI. R. C. SOHNI

SRI. G. K. KABRA

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

DENISON HYDRAULICS INDIA LIMITED
NOTICE OF ANNUAL GENERAL MEETING

To
All the Shareholders,

NOTICE is hereby given that the 33rd 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 9th March 2007 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, 2006 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, 2006 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, 2006.

"RESOLVED that a dividend @ 30% 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, 2006 and that it be paid to those members whose names appear in the Register of Members of the company as on 9th March 2007.

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 Shri G K KABRA who retires by rotation and being eligible , offers himself for re-appointment.

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

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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 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."

SPECIAL BUSINESS :

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

6. To re-appoint Shri. Srinivas VG, 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. Srinivas VG, as Managing Director of the company for a term of three years with effect from 01-03-2007 on the terms and conditions as to the remuneration and other perquisites as noted below and the Agreement between the company and Shri. Srinivas VG, a copy of which is placed before this meeting.

A. MINIMUM REMUNERATION :

1. Basic Salary	:	Rs.1,32,200/- Per Month, with 10% increase every year.
2. House Rent	:	<div style="display: flex; align-items: center;"> <div style="font-size: 4em; margin-right: 10px;">}</div> <div>As applicable to the senior managers of the company.</div> </div>
3. Perquisites	:	
(a) Medical Reimbursement	:	
(b) Leave Travel Allowance	:	
(c) Co's contribution to Provident Fund & Superannuation Fund	:	
(d) Gratuity	:	
(e) Earned Leave	:	

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4. Others

- (a) Car : The company shall provide a car with driver for the use of official purposes.
- (b) Telephone : Use of telephone at residence for official purposes.
- (c) Club Membership : Annual subscription for two clubs.

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

Registered Office:
Denison Hydraulics India Limited
Plot No. 44, 4th Floor, HCL Towers
Chikoti Gardens, Begumpet,
Hyderabad-500 016

By Order of the Board

V C JANARDAN RAO
Chairman

Place : Hyderabad
Date : 31-01-2007

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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 6th March, 2007 to 9th March, 2007 (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 2006, declared at the meeting, will be made payable on or before 8th April, 2007 to those members whose names appear in the Register of Members of the company on 9th March 2007 or to their mandates registered with the company before. 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 6th March 2007.

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 9th March 2007, 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, 1998 have been transferred to the General Revenue Account of the Central Government. Shareholders who

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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, 1999 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, Khairatabad, 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 :
Plot No. 44, 4th Floor, HCL Towers
Chikoti Gardens,
Begumpet, Hyderabad.

By Order of the Board

Place : Hyderabad
Date : 31-01-2007

V C JANARDAN RAO
CHAIRMAN

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**ANNEXURE TO NOTICE CALLING GENERAL MEETING IN RESPECT OF THE ITEM NO.6
REGARDING REAPPOINTMENT OF SHRI SRINIVAS VG 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 Commercial Production** : An existing fully functioning company.
Commercial production started in 1977.

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

	2005-2006	2004-2005	2003-2004
Total Income	3753.77	3189.25	2224.91
Profit Before Tax	873.20	714.73	478.09
Income tax	292.70	268.13	185.55
Net Profit (After Tax)	580.49	445.10	292.55
Dividend	54.00	45.00	37.80
Share Capital	180.00	180.00	180.00
Reserves & Surplus	1920.92	1402.00	1008.21
Net Worth	2100.92	1582.00	1188.21

iv) Export performance and net foreign exchange : Rs.in Lacs

	2005-2006	2004-2005	2003-2004
Direct	1.87	-	3.50
Indirect	1661.49	1405.96	911.93
Total	1663.36	1405.96	915.43

v) Foreign investments or collaborators if any :

Share Capital (fully paid Equity Shares of Rs 10/- each)	No. of Shares	Face Value (Rs.)
a. Foreign Holding	234000	2340000
b. Others(NRI)		
TOTAL	234000	2340000

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I) Background details :

1. Name : Shri Srinivas VG, S/o Shri V C Janardan Rao, Chairman
2. Age : 37 years
3. Nature of position in the Company :
 1. Production Manager from 01-01-1993 to 29-05-1994
 2. Additional Director (Executive Director) from 30-05-1994 to 29-02-1998
 3. Managing Director from 01.03.1998 till date. Incharge of day to day operation.
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 1,68,000/- P.M +2% Commission on profits as per Schedule XIII of the Companies Act 1956.
- ii) Comparative remuneration : The Company is a manufacturing Unit of High Precision Hydraulic products required for critical application in the Industry. Considering the specialized technical qualifications and experience the remuneration offered to the incumbent is reasonable and comparable to others of similar position in the industry.
(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))
- 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 M L Motwani, S/o Late Shri L S Motwani
2. Age : 71 years
3. Educational Qualifications : B.E.(Mech), Post Graduate Diploma in Industrial
& Experience Marketing. Retired as Senior Executive from
M/s Shirram Fuel Injection and Industries Limited,
Hyderabad.
4. Date of Appointment : 25-07-2000
5. Name of the Companies : M/s Shirram Fuel Injection and Industries
Limited., New Delhi, Director

1. Name : Shri G K Kabra
2. Age : 74years
3. Educational Qualifications : B.E. Electrical
4. Date of Appointment : 27-01-2006
5. Name of the Companies : M/s Kabson Industries Limited. Hyderabad
Director.
M/s SatrucAppliances Private Limited.
Director.