

<b>BOARD OF DIRECTORS</b>	:	Shri V. C. JANARDAN RAO Chairman
		Shri SRINIVAS VG Managing Director
		Shri G. K. KABRA Independent Director
		Shri M.L. MOTWANI Independent Director
		Shri V. PATTABHI Independent Director
<b>AUDITORS</b>	:	M/S. BRAHMAYYA & CO Chartered Accountants Flat No 403 & 404, 4th Floor Golden Green Apartments, Erramanzil Colony, Hyderabad-500 082
<b>BANKERS</b>	:	Canara Bank Syndicate Bank
<b>REGISTERED OFFICE</b>	:	Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad - 500 016. Ph.No.040-27764546 Fax No.040-27765253
<b>FACTORY</b>	:	Plot No. 9, Phase-I, I.D.A, Industrial Development Area, Patancheru - 502 319, Medak District, Andhra Pradesh. Ph.No.08455-242013, 242020 & 242049 Fax No.08455-242085
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	:	M/s Venture Capital and Corporate Investments Limited 12-10-167, Bharath Nagar, Hyderabad - 500 018. Phone : 040-23818475



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**VELJAN DENISON LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 37th Annual General Meeting of M/s. Veljan Denison Limited will be held on Monday the 29th day of August, 2011, at 11.00 A.M. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad. A.P. 500 037. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & loss account for the year ended as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2011.
3. To appoint a Director in place of Shri M.L. Motwani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G.K. Kabra, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. Brahmayya & Co, Chartered Accountants, Hyderabad as the Statutory Auditors of the Company and to pass the following resolution as an Ordinary resolution:

“RESOLVED THAT M/s. Brahmayya & Co, Chartered Accountants, Hyderabad be and are hereby reappointed as the statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Board be and is hereby authorised to fix their remuneration.”

**SPECIAL BUSINESS:**

6. 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 Section 293(1)(e) of the Companies Act, 1956 and subject to the Articles of Association consent of the members be and are hereby accorded to the Board of Directors to contribute at its discretion from time to time during the financial year by way of donations or charities, not directly related to the business of the Company or welfare of its employees, which in aggregate may exceed Rs.50,000 or 5% of the Company's average net profit during the three immediately preceding financial years, subject to a maximum limit of Rs.3,00,00,000/- (Rupees Three Crore only).”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or the constituted committee be and hereby authorized to finalize and to execute such documents, Agreements, Deeds and papers as it may in its absolute discretion deem expedient with regard to the aforesaid resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution:

RESOLVED THAT subject to the guidelines issued by the Securities and Exchange Board of India (SEBI) and such changes as may be suggested by SEBI and accepted by the Company and subject to such other consents, permissions, approvals and sanctions, if any, as may be necessary and subject to such conditions, if any, as may be laid down by SEBI or any other authority (ies), consent of the Company be and is hereby accorded under Sections 81, 81(1)(a), 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and any other allied acts, the Board of Directors of the Company be and are hereby authorized to create, issue and allot further shares to the extent of 4,50,000 Equity Shares of Rs.10 each for cash at par the manner specified below:

<p>a) (One) equity share of Rs. 10 each for cash at par on right basis for every 4 (Four) Equity Shares held by the members of the Company whose names shall appear in the Register of Members of the Company on such date as the Board of Directors may determine.</p>	<p>Amount Rs. 45,00,000.</p>
<p>b) The total amount of Rs. 10 per share be called from the applicants of the shares in such manner as the Board of Directors may decide.</p> <p>c) In respect of the 4,50,000 Equity Shares to be offered on Right issue basis to the existing equity shareholders of the Company in proportion of 4:1 mentioned in (I) herein above, no fractional coupons shall be issued but all those existing equity shareholders whose equity shareholdings will not be 4 or in multiples of 4 and, therefore, who will be entitled to any fractions, will be rounded off to the nearest number.</p> <p>d) The un-subscribed portion, if any, of the above mentioned issue will be disposed of by the Board in such manner as it may think most beneficial to the Company and the Board be and is hereby authorized accordingly. Provided that the unsubscribed portion, if any, of the issue of Equity Shares be offered to the employees (including Indian working directors and workers in the permanent employment of the Company) and may be offered to financial/investment institutions, banks or mutual funds or in such manner as may be permitted under the requisite approvals.</p> <p>e) The Board be and is hereby authorized in its discretion to accept such conditions and modifications as may be prescribed by the SEBI, Stock Exchanges or other authorities while according their sanction or consent to the proposed issue of the said Equity Shares, including variation, if any, in the proposed amount of premium and take such consequential action thereon, including the authority to revise/adjust the value/quantum of Equity Shares or any portion thereof in such manner as may be beneficial to the Company in the event of such variation being considered expedient.</p>	

- f) The Equity Shares to be issued as aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid Equity Shares of the Company save and except that the said new Equity Shares shall be entitled to such dividend as may be declared at any time after allotment thereof on the amount paid up thereon on a pro rata basis.
- g) The offer of Equity Shares as aforesaid shall be issued on such terms and conditions as the Board of Directors may determine and the Board be and is hereby authorized to finalize the same and whatever deemed fit or necessary in consultation with any authority.
- h) The existing shareholders shall have a right to renounce or relinquish the Rights Shares offered to them to any other persons who are not shareholders of the Company.
8. **Appointment of Mr. V C Janardan Rao as Executive Chairman:**  
“RESOLVED THAT pursuant to the provisions of Section 269, 316, 317 and Part A of Schedule XIII of the Companies Act, 1956 and Articles of Association of the Company, Shri V C Janardan Rao, be and is hereby appointed as the Executive Chairman of the Company w.e.f. 29th August, 2011 for a period of Five years without Remuneration”

**Explanatory Statement:**

Shri V C Janardan Rao, aged about 72 years is a qualified and experienced Engineer with specialization in the area of Fluid Power. He is one of the First Directors of the Company. Shri V.C.Janardan Rao has been all along involved with the R & D wing of the company comprising of qualified and experienced Engineers and Technicians in the field of Design, Development and Manufacture of Fluid Power products. His appointment on the Board will be a value addition to the Company considering his vast experience and knowledge.

**Details of Directors seeking appointment**

Name	: Shri V C Janardan Rao
Age	: 72 years
Educational Qualifications	: B.SC. (Engg).
Date of Appointment	: First Director
Experience	: 37 Years of Experience in Veljan Denison Limited and Promoter / Director of Veljan Hydrair Ltd., and Veljan Investments Ltd.

By order of the Board  
FOR VELJAN DENISON LIMITED

Place: Hyderabad  
Date: 30-07-2011

V. C. Janardan Rao  
Chairman

**Notes:**

- a) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business items is annexed hereto.
- b) 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 such proxy need not be a member of the Company. The instrument appointing a proxy, to be effective, should be deposited at the registered office of the Company not less than 48 hours before the Meeting.
- c) Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
- d) The Share Transfer Register and Members Register will remain closed from 24<sup>th</sup> August, 2011 to 26<sup>th</sup> August, 2011 (both days inclusive) for the purpose of dividend and Annual General Meeting.
- e) The Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2011 will be payable to those members whose names appear in the Register of Members of the Company on 24<sup>th</sup> August, 2011. In case of shares held in Electronic Form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on 24<sup>th</sup> August, 2011.
- f) Members/proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
- g) Members are requested to intimate immediately to the Company, change of address, if any.
- h) Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/re-appointed is given in the annexure to the Notice.
- i) To avoid entry of unauthorized persons into the meeting premises, the signature of the members shall be verified with the specimen signature recorded with the Company at the entrance of the Venue. Inconvenience to members in this regard is highly regretted. The members are requested to carry their folio number with them.
- j) Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification.

**Explanatory Statement**

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

**Item 6:**

As per the provisions of Section 293(1) (e) of the Companies Act, 1956, inter alia, provides that any amount contributed to any charitable purpose, not directly relating to the business of the Company or the welfare of the employees, the aggregate of which exceeds Rs.50000 or five percent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the 3 financial years immediately preceding the year in which the contribution has been made, requires the approval of the members of the Company authorizing the Board for the same as aforesaid.

In view of the Company's obligations to the society at large and other social welfare and charitable funds, the Board of Directors of your Company places this resolution for your approval

**Item 7:**

The Company intends to expand its activities and increase its profitability. This shall require infusion of additional capital for which your directors propose to issue Equity Shares on rights basis.

The proposed Rights issue of 4,50,000 Equity Shares of Rs. 10/- issued in the ratio of 1 (One) equity share of Rs. 10 each for cash at par for every 4 (Four) equity shares held by the members of the Company, shall raise Rs. 45,00,000 additional capital which shall be utilized for the expansion of business

The new Equity Shares so offered in the proposed rights issue will be listed on Bombay Stock Exchange.

Hence, the resolution is recommended for your approval.

None of the Directors are interested in the resolution except to the extent of their shareholding.

By order of the Board  
FOR VELJAN DENISON LIMITED

Place: Hyderabad  
Date: 30-07-2011

V. C. Janardan Rao  
Chairman

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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)

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1. Name : Shri M L Motwani
2. Age : 75 Years
3. Educational Qualifications : B. E. (Mech), Post Graduate diploma in  
Industrial Marketing.
4. Date of Appointment : 25/07/2000
5. Experience : Retired as Senior  
Executive from M/s Shriram Fuel  
Injection and Industries Limited-  
Hyderabad

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1. Name : Shri G K Kabra
2. Age : 78 Years
3. Educational Qualifications : B. E. Electrical
4. Date of Appointment : 27/01/2006
5. Name of the Companies : A. M/s .Kabson Industries Limited  
Hyderabad , Director  
B. M/s. Satruc Appliances Private Limited,  
Director



**DIRECTORS' REPORT**

To  
The Members of  
VELJAN DENISON LIMITED  
Hyderabad

Your Directors take pleasure in presenting the 37th Annual Report on the affairs of the Company along with the audited Accounts for the year ended 31st March, 2011.

**1. FINANCIAL RESULTS:**

In order to adopt the uniform financial year ending 31<sup>st</sup> March, your company has made an application to the Registrar of Companies, Hyderabad and has obtained the approval for extension of Financial year up to 31<sup>st</sup> March, 2011. Financial results are prepared based on the extended period of 18 months for the current year produced as given below.

Rs. In Lakhs			
Sl. No.	Particulars	31-03-2011 (18 Months)	30-09-2009 (12 Months)
1.	Profit /Loss (PBDIT)	3068.71	1100.62
2.	Less: Depreciation	492.85	263.41
3.	Profit before Tax	2575.86	837.21
4.	Less: Tax	878.56	365.88
5.	Profit After Tax	1697.30	471.33

**2. OPERATIONS:**

During the year under report the sales are 241.36 % higher at Rs.10694.25 Lacs as against Rs. 4430.90 Lacs in the previous year. The Profit before tax for the year is 307.67 % higher at Rs.2575.86 Lacs against Rs.837.21 Lacs for the previous year.

**3. FUTURE OUTLOOK:**

To address the capital requirements of the Company it is proposed to infuse fresh capital by way of a Rights Issue of Rs. 45 lacs in the financial year 2011-12. This shall provide the Company with the necessary boost to develop new and better products.

The prevailing Market conditions world wide may likely to increase in the turnover and profitability of the Company for 2011-2012

**4. DIVIDEND:**

Your Company has had a consistent Dividend policy that balances the dual objectives of appropriately rewarding Shareholders and retaining adequate funds, in order to maintain a healthy Capital adequacy ratio to support future growth.

Consistent with this policy and based on the Company's performance, the Directors are pleased to recommend a dividend of Rs 7.50/- per equity share for the financial year which, if approved at the ensuing Annual General Meeting will be paid to those members whose names appear as shareholders of the Company as at the end of business hours on 24.08.2011 as per particulars to be furnished for this purpose.

The Dividend payout as proposed is in accordance with the Company's policy to pay sustainable Dividend linked to long term performance, keeping in view the Capital needs for the Company's growth plans and the intent to achieve optimal financing of such plans through internal accruals.

The dividend distributed would be tax free in the hands of the Shareholders.

**5. RESERVES:**

The Company has transferred Rs. 2 Crore, i.e. 11.78 % of the current profits to reserves of the Company.

**6. PARTICULARS OF EMPLOYEES:**

There are no employees whose particulars are to be provided as required under Sec 217(2A) of the Companies Act, 1956 read with Companies (particulars of the employees) rules, 1975, since none of the employees drawing a salary in excess of the limits prescribed under the above rules.

**7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

As required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the necessary information is given in the Annexure I which is annexed to this report.

**8. FIXED DEPOSITS:**

Your Company has not accepted any deposits from the public in the terms of Sec 58A of the Companies Act, 1956 during the year under review.

**9. DIRECTORS:**

Pursuant to Section 256 of the Companies Act, 1956, read with Articles of Association of the Company, Shri M L Motwani and Shri G K. Kabra, Directors