



<sup>th</sup>  
**38** **ANNUAL**  
**REPORT**  
**2011-2012**  
VELJAN DENISON LIMITED



**BOARD OF DIRECTORS** : 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

**COMPANY SECRETARY** : K. Girija Bala

**AUDITORS** : M/S. BRAHMAYYA & CO  
Chartered Accountants  
Flat No 403 & 404, 4th Floor  
Golden Green Apartments,  
Erramanzil Colony,  
Hyderabad-500 082

**BANKERS** : Canara Bank  
Syndicate Bank

**REGISTERED OFFICE** : Plot No.44, 4th Floor,  
HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad - 500 016.  
Ph.No.040-27764546  
Fax No.040-27765253

**FACTORY** : 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

**REGISTRAR AND SHARE  
TRANSFER AGENTS** : M/s Venture Capital and  
Corporate Investments Limited  
12-10-167, Bharath Nagar,  
Hyderabad - 500 018.  
Phone : 040-23818475

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 38th Annual General Meeting of M/s. Veljan Denison Limited will be held on Saturday the 29th day of September, 2012, 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, 2012 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, 2012.
3. To appoint a Director in place of Shri V. Pattabhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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:**

5. 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 is 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 (Rupees Fifty Thousand Only) 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 is 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.”

By order of the Board  
FOR VELJAN DENISON LIMITED

Place: Hyderabad  
Date: 03-09-2012

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 26<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012 (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, 2012 will be payable to those Members whose names appear in the Register of Members of the Company on 25<sup>th</sup> September, 2012. 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 25<sup>th</sup> September, 2012.
- 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.

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**Explanatory Statement**

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

**Item 5:**

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. 50,000 /- (Rupees Fifty Thousand Only) 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

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: 03-09-2012

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 V.Pattabhi
2. Age : 75 Years
3. Educational Qualifications : B. E.
4. Date of Appointment : 25/07/2003
5. Name of the Companies in which Directorships are held.
  - A. Andhra Polymers (P) Ltd Hyderabad  
Director
  - B. Visaka Industries Ltd, Hyderabad  
Director
  - C. Shree Harsha enterprises, Hyderabad
  - D. Minwool Rock Fibres Ltd., Hyderabad  
Director

## DIRECTORS' REPORT

To  
The Members of  
VELJAN DENISON LIMITED  
Hyderabad

Your Directors take pleasure in presenting the 38th Annual Report on the affairs of the Company along with the Audited Accounts for the year ended 31st March, 2012.

### 1. FINANCIAL RESULTS:

Rs. In Lakhs

| Sl. No. | Particulars          | 31-03-2012<br>(12 Months) | 31-03-2011<br>(18 Months) |
|---------|----------------------|---------------------------|---------------------------|
| 1.      | Profit /Loss (PBDIT) | <b>2117.86</b>            | 3068.71                   |
| 2.      | Less: Depreciation   | <b>328.87</b>             | 492.85                    |
| 3.      | Profit before Tax    | <b>1788.99</b>            | 2575.86                   |
| 4.      | Less: Tax            | <b>654.62</b>             | 878.56                    |
| 5.      | Profit After Tax     | <b>1134.37</b>            | 1697.30                   |

### 2. OPERATIONS:

During the year under report apparently the sales are 81.36 % lesser at Rs. 8269.94 Lacs as against Rs. 10163.96 Lacs in the previous year, but Previous Year sale was reported for 18 months as against 12 months in the Current Year. The Profit before tax for the year Rs. 1788.99 Lacs against Rs. 2575.86 Lacs for 18 months of Previous Year.

### 3. FUTURE OUTLOOK:

The prevailing Market conditions world wide may likely to increase in the Turnover and Profitability of the Company for 2012-2013.

### 4. DIVIDEND:

Your Company 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.

Consisting 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 (Physical and Demat) whose names appear as Shareholders of the Company as at the end of business hours on 25.09.2012 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. RIGHTS ISSUE:**

The offer of 4,50,000 Equity Shares of Rs. 10/- each for cash at par for every 4 (Four) Equity Shares to the existing Shareholders of the Company aggregating to Rs. 45,00,000 on Right basis, for which the subscription was fully subscribed and shares were allotted. The subject Equity Shares have since been Listed with the Bombay Stock Exchange Limited. The funds have since been utilized for the purpose mentioned in the Letter of offer.

**6. RESERVES:**

The Company has transferred Rs. 1.20 Crore, i.e. 10.58 % of the Current Profits to Reserves of the Company.

**7. 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.

**8. 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.

**9. 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.

**10. DIRECTORS:**

Pursuant to Section 256 of the Companies Act, 1956, read with Articles of Association of the Company, Shri V. Pattabhi, Director who retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re appointment.

**11. LISTING:**

The Company is listed in The Bombay Stock Exchange Limited and there have been no arrears of the listing fees payable to the Stock Exchange.

**12. AUDITORS:**

M/s. Brahamayya & Co., Chartered Accountants, Hyderabad the existing Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for Reappointment. They have signified their willingness and confirmed their eligibility under the provisions of the Companies Act, 1956.

**13. DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:

- i) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any.
- ii) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were 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 of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding 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.

**14. REPORT ON CORPORATE GOVERNANCE:**

In accordance with the Clause 49 of the Listing Agreement, the Company has complied with all mandatory recommendations. A Report on Corporate Governance is provided elsewhere in this report.

**15. ACKNOWLEDGMENTS:**

Your Directors acknowledge with a deep sense of gratitude the continued support extended by Investors, Customers, Business Associates, Bankers and Vendors. Your Directors take this opportunity to thank the regulatory Authorities and Governmental Authorities. Your Directors also place on record their appreciation for the contribution of all the employees of the Company in achieving the performance.

By order of the Board  
FOR VELJAN DENISON LIMITED

Place: Hyderabad  
Date: 03-09-2012

V. C. Janardan Rao  
Chairman

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**ANNEXURE**

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.

**a. 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 :**

Rs. in Lakhs

|                             |            | Current Year   | Previous Year |
|-----------------------------|------------|----------------|---------------|
| a) Turnover                 | <b>Rs.</b> | <b>8664.32</b> | 10694.25      |
| b) Electricity              | <b>Rs.</b> | <b>84.77</b>   | 89.53         |
| c) Diesel                   | <b>Rs.</b> | <b>50.50</b>   | 35.27         |
| Electricity Purchased (KWH) |            | <b>17.09</b>   | 17.92         |
| Unit Rate (Rs.per KWH)      |            | <b>4.93</b>    | 4.97          |

**b. Technology Absorption :**

The technology concerning the manufacture of Hydraulic Vane Pumps, Motors and Hydraulic Valves of various types, is continuously being renewed and the in house R&D efforts are contributing to new product development and the products are indigenously manufactured.

**d) Foreign Exchange Earnings and Outgo:**

Rs. in Lakhs

|                       | Current Year<br>Rs. | Previous year<br>Rs. |
|-----------------------|---------------------|----------------------|
| Foreign Exchange Used | <b>224.50</b>       | 355.39               |