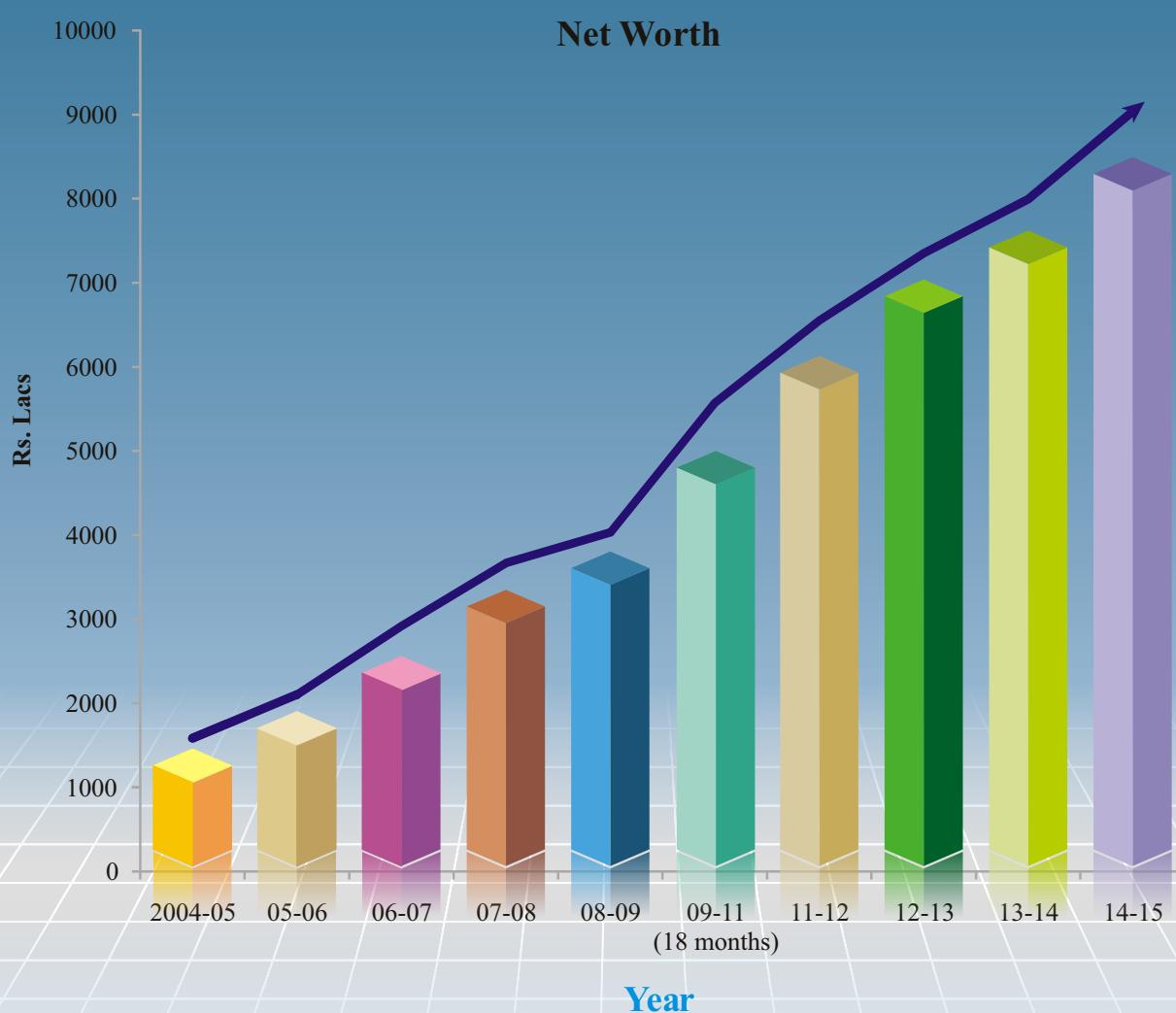


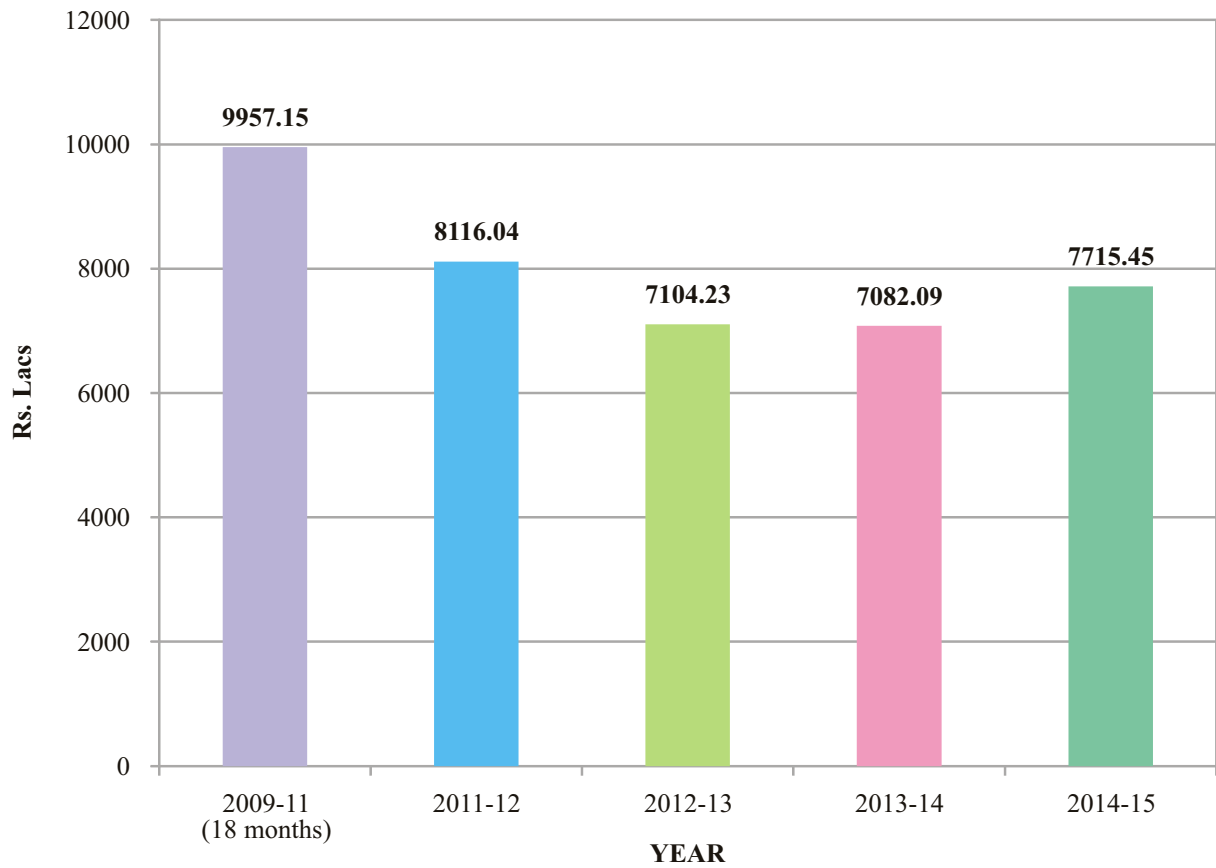


# 41<sup>st</sup> ANNUAL REPORT 2014 - 2015

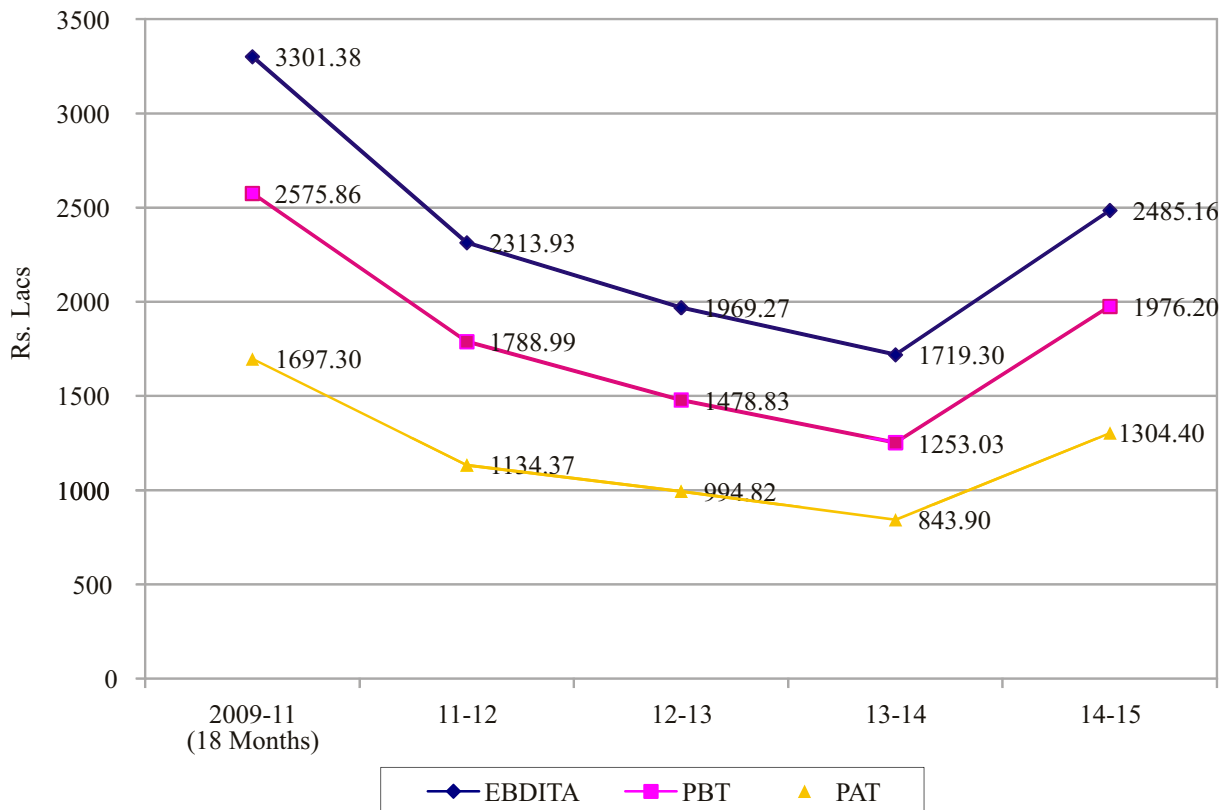


**VELJAN DENISON LIMITED**

## NET SALES



## PROFIT TREND



**BOARD OF DIRECTORS :**

**Shri. V. C. JANARDAN RAO**  
Chairman and Managing Director

**Shri. SRINIVAS VG**  
Executive Director

**Shri. G. K. KABRA**  
Independent Director

**Shri . M.L. MOTWANI**  
Independent Director

**Shri, V. PATTABHI**  
Independent Director

**Shri. B.S.SRINIVASAN**  
Independent Director

**Smt. U.UMA DEVI**  
Director

**BOARD'S SUB – COMMITTEES****1. Audit Committee**

Shri. V. PATTABHI - Chairman  
Shri. B.S. SRINIVASAN  
Shri. SRINIVAS VG  
Shri. M.L. MOTWANI

**2. Corporate Social Responsibility(CSR) Committee**

Shri. V. C. JANARDAN RAO- Chairman  
Shri. B.S.SRINIVASAN  
Shri . M.L. MOTWANI

**3. Nomination & Remuneration Committee**

Shri. G. K. KABRA - Chairman  
Shri . M.L. MOTWANI  
Shri. V. PATTABHI

**4. Stakeholder's Relationship Committee**

Shri. V. C. JANARDAN RAO- Chairman  
Shri . M.L. MOTWANI  
Shri. V. PATTABHI

**Senior Management**

**Company Secretary:**  
Smt. K. GIRIJA BALA

**Chief Finance Officer :**  
Shri. DHEERAJ KUMAR

**Statutory Auditors :**

M/S. BRAHMAYYA & CO.,  
Chartered Accountants  
Flat No 403 & 404, 4th Floor  
Golden Green Apartments,  
Erramanzil Colony, Hyderabad – 500082

**Secretarial Auditor :**

M/S VBM RAO & ASSOCIATES  
Company Secretaries  
Flat No.106, Elite Fort Apartments,  
Near Secretariat Colony, Puppalaguda  
Manikonda , Hyderabad – 500089

**Internal Auditor:**

M/S M V NARAYANA REDDY & CO  
Chartered Accountants  
Flat No.504, Vijaya Sree Apartments  
Behind Chermas, Ameerpet  
Hyderabad – 500073

**Cost Auditor:**

M/s. SRK & Co.,  
Cost Accountants, # 205, 3rd Floor, Reliance Krishna  
Apts, Hillfort Road,  
Hyderabad – 500 004

**Bankers:**

Canara Bank  
Syndicate Bank

**Registered Office:**

Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad- 500016, Telangana.  
Ph.No.040-27764546  
Fax No.040-27765253

**Factory:**

Plot No. 10A, Phase-I, I.D.A, Industrial  
Development Area, Patancheru - 502 319, Medak  
District,Telangana  
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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**HIGHLIGHTS OF TEN YEAR'S PERFORMANCE**

Particulars	2004-05	2005-06	2006-07	2007-08
1. Sales & other income	2952.87	3507.77	5113.01	6438.87
2. Profit Before int, dep & tax	826.52	1027.10	1699.28	1769.91
3. Profit before extraordinary/exceptional Items & Tax	714.73	873.20	1508.53	1443.18
4. Profit after Tax	445.10	580.49	921.97	851.40
5. Net Fixed Assets	919.33	1245.72	1780.04	2594.78
6. Share Capital	180.00	180.00	180.00	180.00
7. Reserves & surplus	1402.00	1920.92	2737.60	3483.71
8. Net Worth	1582.00	2100.92	2917.60	3663.71
9. Return on Net worth(RONW) PAT/Networth	28.14%	27.63%	31.60%	23.24%
10. Return on Avg.Capital Employed (ROCE)	0.16	0.17	0.18	0.11
11. Cash Earnings per share(Rs)	0.94	6.77	4.61	-7.23
12. Earnings per share (Rs)	24.73	32.25	51.22	47.30
13. Dividend per Share (Rs)	2.50	3.00	5.00	5.00
14. Book Value per Share(Rs)	87.89	116.72	162.09	203.54
15. Sundry Debtors - No of Days	110	127	135	122
16. Turnover/Avg Inventory (Times)	3.30	3.16	3.66	3.56
17. Current Ratio	2.30	1.80	1.94	2.30
20. Debt-Equity Ratio	0.70	0.96	0.85	0.97

**HIGHLIGHTS OF TEN YEAR'S PERFORMANCE**

<b>2008-09</b>	<b>2009-11 (18 Months)</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
4274.72	10219.37	8370.12	7375.52	7400.61	8187.41
1271.29	3301.38	2313.93	1969.27	1719.30	2485.16
837.21	2575.86	1788.99	1478.83	1253.03	1976.20
471.33	1697.30	1134.37	994.82	843.90	1304.40
3223.39	3411.96	3301.50	3096.36	2878.52	2666.09
180.00	180.00	225.00	225.00	225.00	225.00
3850.09	5389.97	6328.21	7125.61	7772.08	8813.24
4030.09	5569.97	6553.21	7350.61	7997.08	9038.24
11.70%	30.47%	17.31%	13.53%	10.55%	14.43%
0.06	0.17	0.10	0.07	0.06	0.07
2.75	1.91	4.77	52.33	30.11	8.89
26.19	94.29	50.42	44.21	37.51	57.97
5.00	7.50	7.50	7.50	7.50	10.00
223.89	309.44	291.25	326.69	355.43	401.70
126	200	171	225	167	279
2.38	2.82	3.54	2.76	2.89	2.58
2.61	2.28	2.38	2.15	2.67	2.62
0.63	0.61	0.47	0.55	0.45	0.47

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 41<sup>ST</sup> Annual General Meeting of M/s. Veljan Denison Limited (CIN: L29119TG1973PLC001670) will be held on Wednesday the 30th day of September, 2015, at 11.30 A.M. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad-500037, Telangana to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements for the year ended 31st March, 2015 and the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the year ended 31st March, 2015.
3. To elect and appoint a Director in place of Smt.U. Uma Devi (DIN: 00125840), who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of section 139 and 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. Brahmayya & Co, Chartered Accountants, Hyderabad having Firm Registration No.000513S allotted by The Institute of Chartered Accountants of India, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Forty Second AGM to be held in the year 2016, and that the Board of Directors be and is hereby authorized 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 sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V (as amended from time to time) to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, on the recommendation of Nomination and Remuneration Committee consent of the Shareholders is hereby accorded for the appointment of Sri. V. C. Janardan Rao (DIN 00181609) as Chairman and Managing Director for a period of five years with effect from 1st January 2015 on following terms of remuneration:

- a) Basic salary: Rs.3,00,000/- per month.
- b) Commission: The commission will be in addition to the salary, perquisites and allowances.

The amount of commission shall not exceed 2% of the profits of the Company in a year and shall be subject to the overall ceilings laid down in Sections 196,197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act.

- c) In addition to the salary and commission as stated above, Sri. V C Janardan Rao shall be entitled to the following perquisites and allowances, subject to the overall remuneration in a financial year not exceeding the maximum limits prescribed from time to time under Sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act.



**Category A:**

- a. Medical Reimbursement
- b. Leave travel concession: Actual expenditure incurred for self and family once in a year
- c. Club fee: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed
- d. Insurance :Personal Accident Insurance, Medical Insurance and such other Insurance subject to the overall limits

The above mentioned perquisites and allowances shall be paid at par with those for the senior managerial personnel.

**Category B:**

- a. Contribution towards Provident Fund and Superannuation Fund/Pension Fund to the extent either of these singly or put together are not taxable under the Income tax Act, 1961
- b. Gratuity payable in accordance with the rules of the company will not be included in the computation of ceiling of remuneration
- c. Provision of car for use on Company's business and telephone (mobiles) at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Chairman and Managing Director.
- d. Earned/Privileged leave on full pay and allowance as per rules of the Company. Leave accumulated but not availed of during his tenure may be allowed to be encashed as per the rules of the Company

**Overall Remuneration:**

The aggregate of salary, commission, perquisites and allowance in any financial year shall not exceed the limits prescribed from time to time under Sections 196,197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act for the time being in force.

**Minimum Remuneration:**

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed by Schedule V to the Act, including any statutory modifications or re-enactment thereof, as may, for the time being, be in force.

“RESOLVED FURTHER THAT Sri V. C. Janardan Rao, Chairman and Managing Director and Smt. U. Umadevi, Director of the Company is hereby severally authorised to do all acts for this purpose including filing of necessary forms with the Registrar of Companies (MCA), other authorities / regulators as may be required.”

By order of the Board  
**FOR VELJAN DENISON LIMITED**

Place: Hyderabad  
Date: 31/07/2015

V. C. Janardan Rao  
Chairman & Managing Director

**Notes:**

- a) 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. A PROXY FORM FOR THE AGM IS ENCLOSED.
- b) 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.
- c) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business items as set out in the Notice is annexed hereto.
- d) The Shareholders of the Company are informed that the amount of dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Education and Protection Fund [“the fund”] constituted by the Central Government and the shareholder(s) would not be able to claim any amount of the dividend so transferred to the Fund. All unclaimed / unpaid dividends declared for and up to the financial year 2006-2007 had been transferred to the fund by the company.
- e) The shareholders who have not encashed their earlier dividend warrants are requested to write to the Company immediately for claiming outstanding dividends declared by the Company.
- f) As per RBI notification, with effect from 1st October, 2009, the remittance of the money through ECS was replaced by National Electronic Clearing Service (NECS) and banks have been instructed to move to the NECS Platform. For the shareholders holding shares in electronic form, please furnish the new Bank Account Number as allotted to you by the bank after implementation of its Core Banking Solutions alongwith a photocopy of a cheque pertaining to the concerned account to your Depository Participant.
- g) The Equity shares of the Company are tradable in dematerialized form. In view of the same and to avail of the in built advantages of the ECS payment, nomination facility and other advantages, the shareholders are requested to get their shares in demat form. The Company ISIN No. INE232E01013.
- h) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the R & T Agent, namely M/s.Venture Capital and Corporate Investments Limited, 12-10-167, Bharath Nagar, Hyderabad 500018, Telangana. Phones: 040- 23818475
- i) Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 is being sent in the permitted mode.
- j) The Share Transfer Register and Members Register will remain closed from 23rd September, 2015 to 30th September, 2015 (both days inclusive) for the purpose of dividend and Annual General Meeting.

- k) The Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2015 will be payable to those members whose names appear in the Register of Members of the Company on 22nd September, 2015. 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 22nd September, 2015.
- l) Members/proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
- m) Members are requested to intimate immediately to the Company, change of address, if any.
- n) Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / reappointed is given in the annexure to the Notice.
- o) 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.
- p) Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification.
- q) Voting through electronic means;
  - a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through E Voting Services provided by Central Depository Services Limited(CDSL).

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

- (vii) The voting rights shall be as per the number of equity share held by the Member(s) as on 22nd September 2015 Members are eligible to cast vote electronically only if they are holding shares as on that date.
- (viii) The Companies (Management and Administration) Amendment Rules, 2014 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Friday, 25th September, 2015 and shall close at 5.00 p.m. on Monday, 28th September, 2015. The e-voting module shall be disabled by Central Depository Services (India) Limited on 28th September 2015 after 5.00 p.m.
- (ix) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id /folio number in the Dividend Bank details field as mentioned in instruction(iv).</li> </ul>

- (x) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xiv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xvi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xix) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xx) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date ) of 22nd September 2015

Mr. M.Vijaya Bhaskara Rao, Practicing Company Secretary (Membership No. FCS 6273 ) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

**Explanatory Statement****(Pursuant to the provisions of Section 102 of the Companies Act, 2014)****ITEM 5**

The Board of Directors of the Company at its meeting held on 18th December, 2014, subject to the approval of the members of the Company, approved appointment of Shri. V C Janardan Rao as Chairman and Managing Director of the Company for a period of 5 years commencing from 1st January, 2015.

Shri. V C Janardan Rao, aged about 75 years is a qualified and experienced Engineer with specialization in the area of Fluid Power. He is the main Promoter and Director 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. He has 40 years of working experience with the Company and is the main pillar behind the Company.

The remuneration proposed to be paid to Shri. V C Janardan Rao is within the permissible limits specified by the Act and is commensurate with the responsibilities of heading a Company of this size.

The details of terms and conditions between the company and Shri. V C Janardan Rao is open for inspection at the registered Office of the Company between 11.00 a.m and 1.00p.m on all days except Sunday and holidays, until the date of the Annual General Meeting or any adjournment thereof.

The Board recommends the Special Resolution as set out at item 5 for your approval.

Except the Director being appointed in terms of the said resolution, none of the Directors or Key Managerial Personnel of the Company are interested in the resolution.

By order of the Board  
**FOR VELJAN DENISON LIMITED**

Place: Hyderabad  
Date: 31/07/2015

V. C. Janardan Rao  
Chairman & Managing Director

## BRIEF PROFILES OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT

### Item No.3.:

- a) Name : Smt. U. Umadevi  
 b) DIN : 00125840  
 c) Date of Birth : 03/12/1965  
 d) Date of Appointment : 30/07/2014  
 e) Designation : Director  
 f) Number of Shares held in the Company : 110834

She is a commerce graduate from Osmania University. She is a second generation entrepreneur, who is running a manufacturing business successfully for the last 15 years . Her other Directorships and Committee Memberships are as under.

S.No.	Name of the Company	Nature of Interest	Committee membership / Chairmanship
1	Suxus Systems Limited	Managing Director	NIL
2	JDM Hydro Pneumatics Limited	Director	NIL
3	Veljan Hydrair Limited	Director	NIL
4	Veljan Investments Limited	Director	NIL
5	Veljan Shlcast Limited	Director	NIL
6	Ecmat Limited	Director	NIL
7	Veljan Pneumatics Limited	Director	NIL

### Item No.5 :

- a) Name : Shri V.C. Janardan Rao  
 b) DIN : 00181609  
 c) Date of Birth : 28/06/1939  
 d) Date of Appointment : 19/12/1973  
 e) Designation : Chairman and Managing Director  
 f) Number of Shares held in the Company : 309753

He is a qualified and experienced Engineer with specialization in the area of Fluid Power. He has a 40 years of experience in Veljan Denison Limited.

S.No.	Name of the Company	Nature of Interest	Committee membership / Chairmanship
1	Veljan Hydrair Limited	Managing Director	NIL
2	Veljan Investments Limited	Director	NIL
3	Veljan Shlcast Limited	Director	NIL

## DIRECTORS' REPORT

To  
The Members of  
VELJAN DENISON LIMITED

Your Directors take pleasure in presenting the 41st Annual Report on the affairs of the Company along with the Audited Accounts for the year ended 31st March, 2015.

### 1. FINANCIAL RESULTS:

Particulars	Year ended 31.03.2015 Rs.in Lakhs	Year ended 31.03.2014 Rs.in Lakhs
<b>Income :</b>		
Revenue from Operations	7885.14	7279.99
Other Income	302.27	120.62
<b>Total Revenue</b>	<b>8187.41</b>	<b>7400.61</b>
<b>Expenditure:</b>		
Cost of Materials Consumed	2416.03	2615.26
Job Expenses	837.07	934.49
Changes in inventories of Finished goods, Work-in- Progress and Stock-in-Trade	70.65	(126.60)
Employee Benefit Expenses	671.72	659.57
Finance Costs	228.09	161.93
Depreciation and Amortization Expenses	280.87	304.34
Other Expenses	1706.78	1598.59
<b>Total Expenses</b>	<b>6211.21</b>	<b>6147.58</b>
Profit before Tax	1976.20	1253.03
<b>Tax Expenses</b>		
(1)Current Tax	671.71	422.53
(2)Deferred Tax	0.09	(13.40)
<b>Profit for the year</b>	<b>1304.40</b>	<b>843.90</b>
Appropriated as under:		
Dividend proposed	225.00	168.75
Tax on Proposed Dividend	38.24	28.68
General Reserve	150.00	125.00
<b>Total amount appropriated</b>	<b>413.24</b>	<b>322.43</b>
Earning per Equity Share of the face value of Rs. 10 each Basic and Diluted (in Rs.)	57.97	37.51



**2. COMPANY'S PERFORMANCE:**

During the year under review the sales are 8.31 % higher at Rs.7885.14 Lacs as against Rs.7279.99 Lacs in the previous year. The Profit before tax for the year is 57.71% higher at Rs.1976.20 Lacs against Rs.1253.02 Lacs for the previous year.

There has been increase in profits due to Comparatively better sales realization, and some incidental receipts non repetitive in nature.

**3. FUTURE OUTLOOK:**

Growth in the hydraulic equipment industry depends on overall economic expansion and, in particular, growth in industrial production. Similar to other industrial segments, the hydraulic industry experienced a significant downturn during the 2008 - 2009 economic recession but has gradually recovered. With fears of another recession subsiding completely, growth prospects for 2015 and beyond, corroborated by recent GDP growth, industrial production and consumer confidence data etc looks slightly encouraging.

Experts believe the positive outlook in certain end user markets such as material handling equipment and construction machinery is a sign that indicates the industry may achieve a steady growth rate.

**4. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

Management Discussions and Analysis Report, as required under the Listing Agreement with the Stock Exchange is annexure to the report.

**5. 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.

Consistent with this policy and based on the Company's performance, the Directors are pleased to recommend a dividend of Rs 10 /- per equity share for the financial year 2014-15 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 22nd September 2015 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.

**6. RESERVES:**

The Company has transferred Rs.1.50 Crore, i.e. 11.50 % of the current profits to reserves of the Company.

**7. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed to this report.

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

The information required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Account) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is given in the Annexure I which is annexed to this Report.

**9. DEPOSITS:**

Your Company has not accepted any deposits from the public during the year under review and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

**10. DIRECTORS:**

None of the directors of the company is disqualified under the provisions of the Companies Act 2013 or under the Listing Agreement with the BSE.

As per the provisions of the Companies Act, 2013 read with Articles of Association of the Company, Smt.U.Uma Devi, retire by rotation and being eligible offer, herself for re-appointment at this Annual General Meeting. Board recommends her re-appointment at the AGM.

During the year under review the Board appointed Shri. V. C. Janardan Rao as Chairman & Managing Director effective from 1st January 2015 for a period of five years. Board recommends his appointment at the AGM.

**11. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal audit Department monitors and evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies.

**12. AUDITORS:**

Pursuant to the provisions of Section 139 of the Companies Act and the rules framed thereunder, M/s.Brahamayya & Co., Chartered Accountants, (FRN: 000513S) Hyderabad were appointed as Statutory Auditors of the Company from the conclusion of the 40th Annual General meeting of the Company held on 30th September, 2014 till the conclusion of the 43rd Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting. Directors recommend the ratification of Auditors Appointment from the conclusion of 41st AGM to the conclusion of the 42nd AGM.

The Auditor's Report for the financial year 2014-2015 does not contain any qualification, reservation or adverse remarks.

**13. SECRETARIAL AUDITORS**

The Board had appointed M/s VBM Rao & Associates, Company Secretaries, Hyderabad to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2014-15. The report of the Secretarial Auditor is annexed to this report. The Secretarial Auditor's Report for the financial year does not contain any qualification, reservation or adverse remarks.

**14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES**

Eleven meetings of the board were held during the year. For details of the meetings of the board and committee meeting, please refer to the Corporate Governance report, which forms part of this report.

**15. TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO IEPF.**

Pursuant to the provisions of Section 125 of the Companies Act, 2013 the Unclaimed Dividend which remained unpaid/unclaimed for a period of 7 years have been transferred by the company to the Investor Education and protection Fund( IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

**16. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Particulars of loans, guarantees and investments have been disclosed in the financial statements.

**17. TRANSACTIONS WITH RELATED PARTIES**

All related party transactions done by the company during the financial year were at arm's length and in the ordinary course of business. All related party transactions were placed in the meetings of Audit committee and the Board of directors for their necessary review and approval.

During the financial year your Company has not entered into any material transaction (as per Clause 49 of the Listing Agreement) with any of its related parties which may have potential conflict with the interest of the Company at large.

Disclosures pursuant to Accounting Standards on related party transaction have been made in the notes to the Financial Statements.

**18. MANAGERIAL REMUNERATION:**

Details of the ratio of the remuneration of each director to the median employees remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014 has been annexed separately and forms part of this report.

**19. CORPORATE SOCIAL RESPONSIBILITY**

Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

In accordance with the provisions of the Companies Act, 2013 the Company have constituted a corporate Social Responsibility committee which comprises of the following members:

- |                           |          |
|---------------------------|----------|
| 1. Shri. V C Janardan Rao | Chairman |
| 2. Shri. M L Motwani      | Member   |
| 3. Shri. B.S. Srinivasan  | Member   |

The contents of the CSR activities undertaken by the Company have been annexed separately and forms part of this report.

**20. EXTRACT OF ANNUAL RETURN**

Pursuant to the Section 92(3) of the Companies Act, 2013 Extract of the Annual Return is annexed to this report in the prescribed Form MGT – 9 (which forms part of this report).

**21. CORPORATE GOVERNANCE CERTIFICATE**

The Compliance certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement form part of this Report.

**22. 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.

**23. DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 134 (3)(c) and 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that (based on the representations received from the Management):

- 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) they 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 that period ;
- iii) they 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) they have prepared the Annual Accounts on a going concern basis
- v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

“Internal Financial Control” means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including the adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information;

- vi) they have devised proper systems to ensure Compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**24. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub section (3) of section 178 relating to the remuneration for the Directors, Key Managerial Personnel, and other employees.

**25. REPORT ON RISK MANAGEMENT POLICY**

The Company has formed the Risk Management Committee with its members as Shri. V. Pattabhi, Shri.B.S.Srinivasan, Shri. Srinivas VG and Shri. M.L. Motwani, the committee will perform its activities according to the Risk Policy finalized by the Board indicating the development and implementation of Risk Management.

**26. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company has put in place a Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in accordance with the requirement of the ‘Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees of the Company are covered under the afore mentioned Policy.

The summary of complaints received and disposed off upto 31st March 2015 were as under: Number of complaints received: Nil

Number of complaints disposed off: Not Applicable

**27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**28. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

There were no material changes/commitments affecting the financial position of the Company between March 31, 2015 and the date of Board's Report

**29. ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE**

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

**30. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the companies Act, 2013 and Clause 49 of the Listing Agreement.

**31. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Your Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct applies to all the employees, including Directors of the Company.

The Code of Conduct Hotline is available on the Company website to report any genuine concerns about unethical behavior, any actual or suspected fraud or violation of Company's Code of Conduct.

**32. 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.

**33. 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 for continued support and assistance.

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: 31/07/2015

V. C. Janardan Rao  
Chairman & Managing Director

## CORPORATE GOVERNANCE

### 1) COMPANY'S PHILOSOPHY:

Your Company firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the very values of transparency, accuracy, professionalism and accountability. The Company will endeavor to improve on these aspects on ongoing basis.

Board of Directors of your Company has adopted the compliance of good corporate governance and to keep the shareholder informed about the happenings in the Company. The Company has complied with corporate governance code as per Clause 49 of the Listing Agreement.

The information required to be attached to the Directors' Report is as under:

### 2) BOARD OF DIRECTORS COMPOSITION:

Your Board comprises optimal complement of Independent as well as Non Executive Directors having in-depth knowledge of the business of the industry.

The size and composition of the Board confirms to the requirements of the Corporate Governance code under the Listing Agreement entered with the Stock Exchange. Board Comprises of

Sl. No.	Name of the Director	Designation
1.	Shri V.C.Janardan Rao	Chairman & Managing Director
2.	Shri Srinivas VG	Executive Director
3.	Shri G.K.Kabra	Independent Director
4.	Shri M.L.Motwani	Independent Director
5.	Shri V.Pattabhi	Independent Director
6.	Shri B.S.Srinivasan	Independent Director
7.	Smt.U.Uma Devi	Director

Various committees support the Board in its functions. The Board of Directors and its Committees meet at regular intervals.

#### Board Procedure:

The calendar of meetings of the Board of Directors is determined well in advance and Notices of the Meetings of the Board are issued by the Company Secretary on the advice and guidance of the Chairman and Managing Director. The agenda and notes thereon are finalised by the Chairman and Managing Director and circulated sufficiently in advance by the Company Secretary.

Elaborate and meticulous deliberations take place at the meetings of the Board all relevant information is put up to the Board and comprehensive presentations are made to it to facilitate considered and informed decision making. Heads of the business verticals also attend the meetings of the Board as invitees to provide a better perspective on the operations. The time gap between two meetings of the Board did not exceed four months.

The board duly met 11 (Eleven) times during the period from 01-04-2014 to 31-03-2015, the dates are 29/04/2014; 30/05/2014; 30/07/2014; 01/09/2014; 03/09/2014; 29/09/2014; 08/11/2014; 18/12/2014; 16/01/2015; 12/02/2015 and 21/03/2015 and the attendance of the Board of Directors are as follows:

**ATTENDANCE OF DIRECTORS IN THE BOARD AND ANNUAL GENERAL MEETING:**

Sl. No.	Name of The Director	Board Meetings Attended During the year	Designation	Category	Attended At the last Annual General Meeting	Number Of the Other Director Ship	No. of Board Committees Of which Member / Chairman
1.	Shri V.C. Janardan Rao	10	Chairman and Managing Director	Promoter	No	3	0
2.	Shri Srinivas VG	11	Executive Director	Promoter	Yes	2	0
3.	Shri B.S.Srinivasan	10	Director	Independent And Non Executive Directors	Yes	2	3 (Member)
4.	Shri G.K. Kabra	11	Director		Yes	1	0
5.	Shri M.L. Motwani	11	Director		Yes	0	0
6.	Shri V. Pattabhi	11	Director		Yes	6	0
7.	Smt U Uma Devi	8	Director	Promoter	Yes	7	0

**Whistle blower policy**

At the Board Meeting held on 30th July 2014, the company has formulated a Whistle Blower Policy with a view to provide a mechanism for associates to approach the Chairman of the Audit Committee of the Company to, inter alia, report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or policy. Further, the policy provides necessary safeguards for protection of associates from reprisals or victimization, for whistle blowing in good faith.

**Code of Conduct:**

The Board has laid down a code of conduct for all Board members and senior management of the Company, which is available on the Company's web-site. All the Board members and senior management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended March 31, 2015. A declaration to this effect, duly signed by the Chairman and Managing Director is given hereto.

**Declaration**

I, V C Janardan Rao Chairman and Managing Director do hereby declare that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

V C Janardan Rao  
Chairman and Managing Director  
Place: Hyderabad  
Date: 31/07/2015

### 3. AUDIT COMMITTEE:

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include :

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditor of the company, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - i) Any changes in accounting policies and practices.
  - ii) Major accounting entries based on exercise of judgment by management
  - iii) Qualification in draft audit report.
  - iv) Significant adjustments arising out of audit.
  - v) The going concern assumption
  - vi) Compliance with accounting standards.
  - vii) Compliance with Stock Exchange and legal requirements concerning financial statements.
  - viii) Scrutiny of inter-corporate loans and investments
  - ix) Valuation of undertakings or assets of the company , wherever it is necessary
  - ix) Any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

#### Composition :

The Audit Committee Comprises of following Directors:

Sl. No.	Name of Director	Designation	Status
1.	Shri. V. Pattabhi	Chairman	Independent and Non- Executive director
2.	Shri. Srinivas VG	Member	Executive Director
3.	Shri. M. L. Motwani	Member	Independent and Non- Executive director
4.	Shri. B.S. Srinivasan	Member	Independent and Non- Executive director

The Audit committee duly met 04 (Four) times during the financial year on 29.05.2014, 30.07.2014, 08.11.2014, and 12.02.2015 and the attendance of the Members in the Meeting is as follows:



**Attendance of Audit Committee Members at their Meetings:**

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Shri V. Pattabhi	4	4
2.	Shri. Srinivas VG	4	4
3.	Shri. M. L. Motwani	4	4
4.	Shri. B.S. Srinivasan	4	3

All the members of the Audit Committee are financially literate with knowledge in finance and accounts.

The Chairman and Managing Director , Business Heads, Head of Finance and Internal Auditors attend meeting of the Audit Committees, as and when required.

The Statutory Auditors remain present during discussion and review of quarterly results and annual accounts, as invitees in meetings of the Audit Committee.

The Company Secretary acts as the Secretary to the Audit committee.

Shri V. Pattabhi , Chairman of the Audit Committee was present at last Annual General Meeting to answer Shareholders queries.

**4. NOMINATION AND REMUNERATION COMMITTEE:**

A Nomination and Remuneration Committee was constituted in the year 2008 to evaluate and implement remuneration payable to Executive Directors and for deciding the other benefits.

a) The role of Nomination and Remuneration Committee is –

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- (ii) Formulation of criteria for evaluation of Independent Directors and the Board;
- (iii) Devising a policy on Board diversity;
- (iv) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

**b) Remuneration policy :**

Remuneration to Whole-time Directors and Company's employees is decided after considering the following factors:

- i) Restrictions specified in various Act like Companies Act, Income Tax, Etc.
- ii) Market trend for remuneration paid for similar positions.
- iii) Performance of the person in the Company.
- iv) Profits of the Company.

**Composition of Nomination and Remuneration Committee**

Sl. No.	Name of Director	Designation	Status
1.	Shri. G.K. Kabra	Member	Chairman, Independent and Non- Executive Director
2.	Shri. M.L. Motwani	Member	Independent and Non- Executive Director
3.	Shri. V. Pattabhi	Member	Independent and Non- Executive Director

The Remuneration Committee duly met 04 (Four) times during the financial year 30/05/2014; 30/07/2014; 18/12/2014 & 21/03/2015 the attendance of the Members in the Meeting is as follows .

**Attendance of Nomination and Remuneration Committee Members at their Meetings:**

Sl. No.	Name of Director	No. of Meetings held	No. of Meetings attended
1.	Shri. G.K. Kabra	4	4
2.	Shri. M.L. Motwani	4	4
3.	Shri. V. Pattabhi	4	4

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2014-15 are as follows:

(in Rs.)

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Shri. V C Janardan Rao	Chairman & Managing Director (For the period 01/01/2015 to 31/03/2015)	10,07,129	12,82,191	1,80,000	24,69,320
Shri. Srinivas VG	Managing Director (For the period 1/04/2014 to 31/12/2014) Executive Director (from 21st March, 2015)	22,29,285	32,31,065	80,000	55,40,350
Shri. V. Pattabhi	Independent Director	—	3,76,143	3,60,000	7,36,143
Shri. M.L. Motwani	Independent Director	—	3,76,143	3,20,000	6,96,143
Shri. B.S. Srinivasan	Independent Director	—	3,41,948	3,20,000	6,61,948
Smt. U. Uma Devi	Promoter Director	—	2,73,558	1,80,000	4,53,558
Shri. G.K. Kabra	Independent Director	—	3,76,143	2,60,000	6,36,143

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

In accordance with the provisions of the Companies Act, 2013 the Company have constituted a Corporate Social Responsibility Committee which comprises of the following members:

Sl. No.	Name of Director	Designation	Status
1.	Shri. V C Janardan Rao	Chairman	Chairman and Managing Director
2.	Shri. M. L. Motwani	Member	Independent and Non- Executive Director
3.	Shri. B.S. Srinivasan	Member	Independent and Non- Executive Director

During the year the Committee met once on 01/08/2014 and all the members attended the meeting.

The contents of the CSR activities undertaken by the Company have been annexed separately and forms part of this report

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The members of the Committee are :

Sl. No.	Name of Director	Designation	Status
1.	Shri. V.C. Janardan Rao	Chairman	Chairman and Managing Director
2.	Shri. M. L. Motwani	Director	Independent and Non Executive Director
3.	Shri. V.Pattabhi	Director	Independent and Non Executive Director

### Terms of reference :

The committee was formed with the object of providing immediate attention to the shareholders grievance and to look into the matter relating to the share transfers, replacement of lost/ stolen/ mutilated share certificates, issue of duplicate share certificates and to redress the investors' complaints in minimum possible time. This sub-committee also focuses on strengthening investors' relations.

### The functions of the committee include :

- 1) Transfer of shares.
- 2) Dematerialization of shares.
- 3) Complaints pertaining to Non-receipt of refund orders.
- 4) Any other matter.

No Meeting was held during the year as the Company has not received any letters/ complaints from the investors. There were no pending letters/ complaints as on the date of the Directors' Report.

Name and designation of the Compliance officer: Mrs. K.Girija Bala (Company Secretary)

**GENERAL BODY MEETING:**

i) Location and Time of the last 3 Annual General Meetings:

Year	Date of AGM	Time of Meeting	Place where the meeting was held
2014	30.09.2014	11.30 A.M	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2013	30.09.2013	11.00 A.M	
2012	29.09.2012	11.00 A.M	

ii) Whether any special resolution passed in the previous AGMs: YES

iii) Whether any special resolution passed last year through postal ballot: NO

iv) Whether any special resolution is proposed to be conducted through postal ballot: NO

v) Procedure for postal ballot: N.A.

**7. COMPLIANCE OF INSIDER TRADING NORMS:**

The Company has adopted the code of internal procedures and conduct for listed companies notified by Securities Exchange Board of India prohibiting Insider Trading. A Policy document on internal code of conduct is available at the registered office of the Company. Insiders are complying with the code of conduct adopted by the Company from time to time.

**8. DISCLOSURES:**

- 1) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large.: NIL.
- 2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years. NIL
- 3) During the year under review, the Vigil Mechanism and Whistle Blower Policy was adopted by the Board of Directors to provide a framework to promote responsible and secure reporting of undesirable activities. During the year there was no reporting of any undesirable activity by any person.
- 4) Details of compliance with Mandatory requirements and adoption of the Non- mandatory requirement of this clause: All mandatory requirements have been appropriately complied with. The Company is ready to adopt non-mandatory requirements.

**9. MEANS OF COMMUNICATION:**

The Quarterly results are published in the newspapers like Praja Shakti, Financial Express and Annual Reports are sent to all the Shareholders yearly.

**10. GENERAL SHAREHOLDER INFORMATION:**

- a) The 41st Annual General Meeting of the Company will be held on 30th September, 2015 at 11.30 A.M. at Plot No. A 18 & 19 APIE, Balanagar, Hyderabad-500037, Telangana.

- b) The Financial Year of the Company is from 1st April, 2014 to 31st March, 2015 this year.
- c) Date of Book Closure: 23rd September 2015 to 30th September, 2015 (both days inclusive)
- d) The Board of Directors in its Meeting held on 30-05-2015 have recommended dividend of 100% for the year ended 31st March, 2015 to those members whose names appear in the Register of Members as on 22nd September 2015.
- e) The Shares of the Company are listed at The Bombay Stock Exchange Limited.
- f) The listing fees for the financial years 2014-15 and 2015-16 has been paid to the respective stock exchange.
- g) Stock code: 505232
- h) ISIN for the Company's Equity Shares: INE 232E01013
- i) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- j) Monthly high and Low Stock quotations during the Financial year are as follows:

**The Bombay Stock Exchange, Mumbai**
**STOCK PRICE**

Month	High (Rs.)	Low (Rs.)	No. of Shares
Apr-14	249.00	276.25	4610
May-14	266.00	308.80	5756
Jun-14	282.15	379.95	12506
Jul-14	347.10	377.00	3269
Aug-14	343.95	419.80	10528
Sep-14	405.00	526.05	13350
Oct-14	451.35	538.00	13636
Nov-14	550.00	777.35	24773
Dec-14	700.35	719.00	13848
Jan-15	630.00	674.00	6405
Feb-15	625.00	667.00	3111
Mar-15	566.25	597.50	6276

Source : The Bombay Stock Exchange - Website

- k) Shares received for physical transfers are generally registered within a period of 10 days from the date of receipt of the valid and duly filled up transfer deeds.
- l) In respect of transfer of physical shares, Shareholders are advised to contact our STA; M/s. Venture Capital and Corporate Investments Limited; 12-10-167, Bharath Nagar, Hyderabad-500018, Telangana. Phones: 040- 23818475

### 11. Registrar and Transfer Agents

M/s. Venture Capital and Corporate Investments Limited;  
12-10-167, Bharath Nagar, Hyderabad-500018,  
Telangana. Phones: 040- 23818475

### 12. Share Transfer System :

The Company has appointed M/s. Venture Capital & Corporate Investments Ltd., as its Share Transfer Agent for both Physical and Demat segment of equity shares with effect from 31st March, 2003.

### 13. Distribution of Shareholding : As on 31st March, 2015

Nominal Value Rs.	Holders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto - 5000	1933	94.80	14,61,560	6.50
5001 - 10000	51	2.50	3,59,800	1.60
10001 - 20000	23	1.13	3,23,820	1.44
20001 - 30000	4	0.20	98,930	0.44
30001 - 40000	3	0.15	1,07,560	0.48
40001 - 50000	2	0.10	1,00,000	0.44
50001 - 100000	9	0.44	6,52,140	2.90
100001 and above	14	0.69	1,93,96,190	86.21
<b>TOTAL</b>	<b>2039</b>	<b>100.00</b>	<b>2,25,00,000</b>	<b>100.00</b>

### 14. Shareholding Pattern : As on 31st March, 2015

Category	Number of Shareholders	No. of Shares held	Percentage of Shareholding (%)
Promoters (Both Indian & Foreign)	15	1687097	74.98
Mutual Funds and UTI	0	0	0
Banks, Financial Institutions, Insurance Companies	0	0	0
Flls	0	0	0
Private Corporate Bodies	50	16192	0.72
Indian Public	1960	310775	13.81
Non-Resident Indians	13	1936	0.09
Overseas Body Corporates	1	234000	10.4
<b>Total</b>	<b>2039</b>	<b>2250000</b>	<b>100</b>

**15. Dematerialisation of shares and liquidity:**

ISIN (Code No.) : INE232E01013

18,84,942 shares of the Company are being held in Demat form as on 31st March, 2015.

**16. Outstanding GDRs / ADRs / Warrants and other Convertible Instruments,**

conversion dates and likely impact on equity : NIL

**17. Plant Location:**

Plot No.10A, Phase – I, I.D.A, Industrial Development Area,  
Patancheru, Medak District, Telangana – 502319

**18. Address for Correspondence:**

Veljan Denison Limited  
Secretarial Department  
Plot No.44, 4th Floor, HCL Towers,  
Chikoti Gardens, Begumpet, Hyderabad – 500016  
Telephone : 040-27764546, Fax: 040-27765253  
Email: comp\_secy@veljan.in  
Website : www.veljan.in

**Declaration**

As provided under Clause 49 of the Listing Agreement with the stock exchange, it is hereby declared that all Board members and Senior Management Personnel of the Company have affirmed the compliance of the Code of Conduct for the year ended 31st March, 2015

Date : 31/07/2015

Place : Hyderabad

**VC Janardan Rao**

Chairman and Managing Director

**CEO / CFO CERTIFICATION**

Under Clause 49 of the Listing Agreement with the Stock exchange

In relation to the Audited Financial Accounts of the Company as at 31st March, 2015, we hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

**For Veljan Denison Limited**

Date : 31/07/2015

V C Janardan Rao

Dheeraj Kumar

Place : Hyderabad

Chairman and Managing Director

Chief Finance Officer



**Certificate of Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To,  
The Members of  
Veljan Denison Limited

1. We have examined the compliance of conditions of Corporate Governance by Veljan Denison Limited (the Company) for the year ended March 31st, 2015 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchange in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **BRAHMAYYA & CO.,**  
Chartered Accountants.  
Firm's Reg.No.000513S

**(K.S.RAO)**  
Partner  
Membership No.015850

Place: Hyderabad  
Date : 31/07/2015

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Overview

The Economy of India is the seventh largest in the world by nominal GDP and the third largest by purchasing power parity. India's economy became the world's fastest growing major economy from the last quarter of 2014, replacing China.

The long term growth prospective of the Indian economy is moderately positive due to its young population, corresponding low dependency ratio healthy savings and investment rates and increasing integration into the global economy. The Indian economy has the potential to become the world's 3rd largest Economy by next decade and one of the largest economies by mid-century.

According to a forecast done by Frost & Sullivan analysts demand from construction industry to propel the 19.72 Billion Indian Hydraulic Components market towards 50.43 Billion in 2017. India's emergence as a manufacturing hub attracts international participants to its Hydraulic components market. The rapid boom in Indian infrastructure industry, along with the more moderate growth of the manufacturing sector, has stabilized the demand for hydraulic components in India. The Government of India's planned investment of 45 trillion in infrastructure in the 12th five year plan (2012-17) should be a major boost for construction equipment and thereby, hydraulic components.

Reforms and Policy initiation with stress on Make in India is expected to propel growth of Industrial sector and there by hydraulic power sector.

The increased investments and expansions in core sector like infrastructure, steel, cement, mining, as well as Oil & Gas is driving the market for ancillary products such as hydraulic components. Emphasis on the Indian power sector is also expected to give a leg up to the hydraulic component market. With rapid capacity additions and expansions, the market is anticipated to grow by more than 15% over the next five years.

### Outlook

Despite the projected double digit growth rate, low availability of reliable Raw material and components from unorganized sector restrains further growth of the hydraulic components market. Moreover, escalating input costs directly affects the margins of component manufacturers. The scarcity of Raw materials results in higher costs, compounding the challenge for component manufacturers.

Recent successive devaluation of Yuan by China adds to existing and significant competition from that country. By and large, in the midst of a challenging and dynamic environment from several areas, Financial year 2014-15 has given some hope for bright future with a caution on too big an Optimism. Continued higher cost of Raw materials and finances and challenges across different sectors, Industrial operations remained a little slow through most part of the financial year under review.

However, the proven track record of VDL as a quality manufacturer of vane based hydraulic pumps, valves and power pack systems with close to four decades of experience in the industry with geographically diversified customer base, drawing on the established relationships with the Original Equipment Manufacturer (OEM) customers, dealer networks in India and abroad and government agencies, resulting in stable revenues. VDL's low dependence on imported raw material combined with indigenous and own manufacture of the individual components results in a considerable pricing advantage over larger competitors who have fairly large import content. However, the Growth has been constrained by the modest scale of operations of VDL with presence in a niche segment of products that limits its addressable market size. The Growth is also constrained by the vulnerability of the company's sales to the economic down turns given the capital goods

nature of its products, as can also be seen from the limited turnover growth the company witnessed since 2011.

In the current year due to slowdown in the end user industry and the vulnerability of the company's sales to economic down turns given the capital goods nature of its products, the company has not seen any substantial growth in its revenues. VDL is also exposed to technology up gradation of competitors and substitute product risks inherent to the sector.

In spite of the difficult economic environment, VDL achieved stable revenues and remained committed to face the external challenges and continued to focus on strengthening its competitive edge.

**OPPORTUNITIES :**

Growth in the hydraulic equipment industry depends on overall economic expansion and, in particular, growth in industrial production. Similar to other industrial segments, the hydraulic industry experienced a significant downturn during the 2008 - 2009 economic recession but has gradually recovered. With fears of another recession subsiding completely, growth prospects for 2015 and beyond, further corroborated by recent GDP growth, industrial production and consumer confidence data looks encouraging.

Experts believe the positive outlook in certain end user markets such as material handling equipment and construction machinery is a positive sign that the industry may achieve a steady growth rate.

With revival of business confidence coupled with aggressive actions on reforms, infrastructure and inclusive growth by the government, the economy is likely to be vibrant and develop positively.

Developments to upgrade technology and the steps to expand the range of hydraulic equipments will gradually restore better competitiveness of your company vis-a-vis, the manufacturers and importers of foreign goods.

The top credit rating agencies, World Bank and IMF are optimistic and have pegged the GDP growth in 7.5%+ trajectory. Your company believes in positive outlook and moderate growth over the next year and well poised for the opportunities in and around Hydraulic component Industry.

**THREATS :**

Expanding activities of powerful multinationals in the field with latest applications knowledge has to be countered. Stated optimism of the economic development is yet to be seen in real terms.

Any adverse changes in the industrial environment or government policy making affecting our customers could lead to reduction in demand for their finished products, in turn can have a direct impact on the demand of our products.

**RISKS AND CONCERNS:**

The rise in interest-rate and / or raw material prices and any slackness in implementation of various infrastructure projects may slow down the demand.

Increasing Competition from cheaper imports, may impact the Company's market-share and volumes.

Cost increase in basic materials has a major impact on the Company's input costs.

Availability of components, in right quality and at right time from the vendors is a constant cause of concern.

Rise in the input costs such as Power, Human Resources, and drop in demand due to unforeseen adverse market conditions, technological obsolescence are issues of concern and may put pressure on the performance of the Company.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has adequate Internal Control Procedures commensurate with the size of the Company.

**HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

A cordial environment prevailed in the manufacturing unit and offices of the Company during the year. The Company has been continuously training its employees in the newer technologies. Industrial relations continued to be cordial.

**CAUTIONARY STATEMENT:**

Cautionary Statement in this “Management Discussion & Analysis” may be considered to be “forward looking statements” within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

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

Information pursuant to Section 134(8)(3) of the Companies Act, 2013:

**(A) Conservation of Energy**

- i) The Company is using solar light in the shop floor.
- ii) The steps taken by the Company for utilising alternate sources of energy : Use of solar light in possible areas
- iii) The capital investment on energy conservation equipments : NIL

**(B) Technology absorption**

- i) The efforts made towards technology absorption:  
A Continuous interaction and exchange of information in the industry is being maintained with a view to absorbing, adapting and innovating new methods that may be possible.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution:  
The main benefits derived are :- Quality improvement, cost reduction and import substitution.
- iii) In case of imported technology (imported during the last three years reckoned from beginning of the financial year) -
  - a) The year of import: 2014-2015
  - b) Whether the technology been fully absorbed: Yes
  - c) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:  
Not applicable
- iv) The expenditure incurred on Research and Development : Nil

**(C) Foreign Exchange Earnings and Outgo**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows :

Foreign Exchange used : Rs. 123.79 (Lacs) (Previous Year Rs.236.03 (Lacs))

Foreign Exchange earned : NIL (Previous Year : NIL)

By order of the Board  
**FOR VELJAN DENISON LIMITED**

Place: Hyderabad  
Date: 31/07/2015

V. C. Janardan Rao  
Chairman & Managing Director

**ANNEXURE TO DIRECTOR'S REPORT****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

## 1. Details of contracts or arrangements or transactions not at arm's length basis : NIL

(a)	Name(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in General Meeting as required under first provision to section 188.	

## 2. Details of material contracts or arrangement or transactions at arm's length basis :

	<b>Name(s) of related party</b>	<b>Relationship</b>
(a)	M/s. Veljan Hydrair Ltd	Some of the Directors of the Company are also Directors in the said Ltd Companies
	M/s. Veljan Investments Ltd	
	M/s. Suxus Systems Ltd	
	M/s. JDM Hydro Pneumatics Ltd	
	M/s. Ecmat Ltd	
	Mr. V C Janardhan Rao	Key Managerial Personnel
	Mr. Srinivas V G	
(b)	Nature of contracts/arrangements/transactions	The Companies have transacted Sales/Purchases/Discounts/Rent/ Job Expenses//Professional Charges as per terms and conditions mutually agreed.
(c)	Duration of the contracts/arrangements/transactions	From 01.04.2014 to 31.03.2015
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Per mutual agreement
(e)	Date(s) of approval by the Board, if any:	N.A
(f)	Amount paid as advances, if any:	Nil

By order of the Board  
**FOR VELJAN DENISON LIMITED**

Place: Hyderabad  
Date: 31/07/2015

V. C. Janardan Rao  
Chairman & Managing Director

## DETAILS OF RATIO OF REMUNERATION OF DIRECTORS

### {Section 197(12) and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Name of the Director	Ratio
*Shri V C Janardan Rao (3 months)	49.43
** Shri Srinivas V G (9 Months)	39.30

\* appointed as Managing Director with effect from 1st January 2015

\*\* Ceased to be the Managing Director with effect from 1st January 2015

- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name of the Employee	Designation	% Increase
Shri V C Janardan Rao	Chairman and Managing Director	100%
Shri Srinivas V G	Executive Director	Nil
Shri Dheeraj Kumar	Chief Financial Officer	Nil
Smt Girija Bala	Company Secretary	Nil

- (iii) the percentage increase in the median remuneration of employees in the financial year: 3.92%

- (iv) the number of permanent employees on the rolls of company: 166

- (v) the explanation on the relationship between average increase in remuneration and company performance:  
On account of increase in VDA of workers.

- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Name of Employee	Division	Remuneration Rs.in Lacs	Revenue From Operations Rs.in Lacs		% Increase
			2014-2015	2013-2014	
Shri Dheeraj Kumar	Chief Financial Officer	21.00	8187.41	7400.61	9.61
Smt K. Girija Bala	Company Secretary	7.80			

- (vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year

Particulars	1975	2014	2015
Share Price	10	253.05	566.25
No. of Equity Shares	450000	2250000	2250000
PE Ratio		6.74	9.76
Market Capitalization (In Rs.)	45,00,000	56,93,62,500	12,74,062,500

- (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was no increase in salary of the employees except in the VDA of workers.

- (vi) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

Key Managerial Personnel	% of Revenue	% of PBT
Shri V C Janardan Rao	0.87	3.46
Shri Srinivas V G	0.98	4.15

- (x) the key parameters for any variable component of remuneration availed by the directors : On PBT
- (xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year NIL and

We hereby affirm that the remuneration paid to the Directors and Employees is as remuneration policy of the Company

By order of the Board  
**FOR VELJAN DENISON LIMITED**

Place: Hyderabad  
Date: 31/07/2015

V. C. Janardan Rao  
Chairman & Managing Director



### Annexure to Directors Report ANNUAL REPORT ON CSR ACTIVITIES

1. The Company's CSR Policy

Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

2. The Composition of the CSR Committee :

Shri. V C Janardan Rao      Chairman

Shri. M. L. Motwani      Member

Shri. B.S. Srinivasan      Member

3. Net Profit of the Company for last three financial years (as per section 198 of the companies Act, 2013)

(Rs. In Lakhs)

2011 - 12      1788.99

2012 - 13      1478.83

2013 - 14      1253.03

Average of last 3 years : Rs 1507.92 Lakhs

Prescribed CSR Expenditure (two per cent of the amount of average of last 3 years) – Rs.30.14 Lakhs

(a) Total amount spent for the financial year – Rs.53.00 Lakhs

(b) Amount Unspent, if any – NIL

(c) Manner in which the amount spent during the financial year is detailed below:

A contribution to Andhra Pradesh Chief Minister Relief Fund towards reconstruction of Visakhapatnam city after it was hit by cyclone Hudhud and contribution to Prime Minister's National Relief Fund towards calamity caused due to floods and landslides in Jammu Kashmir.

4. In case the company has failed to spend the two percent, of the average Net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its board report – N.A

5. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**VCJanardan Rao**

**Chairman and Managing Director**

**Chairman of CSR Committee**

**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31/03/2015**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)**  
**of the Companies Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

A	CIN	L29119TG1973PLC001670
B	Registration Date	19/12/1973
C	Name of the Company	VELJAN DENISON LIMITED
D	Category/Sub-Category of the Company	COMPANY LIMITED BY SHARES / INDIAN NON-GOVERNMENT COMPANY
E	Address of the Registered office and contact details	PLOT NO.44,4TH FLOOR,CHIKOTI GARDENS BEGUMPET, HYDERABAD, TELANGANA. Ph: 040-27764546, Fax : 040-27765253
F	Whether listed company Yes/No	LISTED with BSE Limited.
G	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/S VENTURE CAPITAL AND CORPORATE INVESTMENTS LIMITED 12-10-167, BHARATH NAGAR, HYDERABAD – 500018 PHONE : 040-238184758

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Hydraulic Pumps	84136090	81.19
2	Hydraulic Valves	84818090	8.74
3	Hydraulic Motors	84121000	7.89
4	Power Pack	84799090	1.57

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
- Not Applicable -					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)Promoters									
(1)Indian									
(a)Individual/HUF	1231493	31930	1263423	56.15	1231493	31930	1263423	56.15	0
(b)Central Govt	—	—	—	—	—	—	—	—	—
(c)State Govt (s)	—	—	—	—	—	—	—	—	—
(d)Bodies Corp.	423674	—	423674	18.83	423674	—	423674	18.83	0
(e)Banks / FI	—	—	—	—	—	—	—	—	—
(f)Any Other....	—	—	—	—	—	—	—	—	—
Sub-Total (A) (1)	1655167	31930	1687097	74.98	1655167	31930	1687097	74.98	0
(2)Foreign									
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
(b) Other - Individuals	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
(c)Bodies Corp.	—	—	—	—	—	—	—	—	—
(d)Banks / FI	—	—	—	—	—	—	—	—	—
(e)Any Other....	—	—	—	—	—	—	—	—	—
Sub-Total (A) (2)	—	—	—	—	—	—	—	—	—
Total Shareholding of Promoter (A)= (A) (1) + (A) (2)	1655167	31930	1687097	74.98	1655167	31930	1687097	—	—
								—	—
								0	—
								—	—

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)Public Shareholding									
(1)Institutions									
(a)Mutual Funds	—	—	—	—	—	—	—	—	—
(b)Banks/FI	—	—	—	—	—	—	—	—	—
(c)Central Govt	—	—	—	—	—	—	—	—	—
(d)State Govt (s)	—	—	—	—	—	—	—	—	—
(e)Venture Capital funds	—	—	—	—	—	—	—	—	—
(f)Insurance Companies	—	—	—	—	—	—	—	—	—
(g)FIIs	—	—	—	—	—	—	—	—	—
(h)Foreign Venture	—	—	—	—	—	—	—	—	—

Capital Funds	—	—	—	—	—	—	—	—	—
(b) Others (Specify)	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
Sub-Total (B)(1)	—	—	—	—	—	—	—	—	—
(1) Non- Institutions									
(a) Bodies Corp									
i. Indian	6902	—	6902	0.31	16192	—	16192	0.72	0.41
ii. Overseas	—	234000	234000	10.40	—	234000	234000	10.40	0
(b) individuals	—	—	—	—	—	—	—	—	—
i. Individual share holders holding nominal share capital up to Rs. 1 lakh	186659	104314	290973	12.93	180198	99128	279326	12.41	-0.52
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	29070	—	29070	1.29	29070	—	29070	1.29	0
( c ) Non Resident Individuals	1300	—	1300	0.06	1936	—	1936	0.09	0.03
(d) Clearing Member	658	—	658	0.03	2379	—	2379	0.11	0.08
Sub-Total (B)(2)	224589	338314	562903	25.02	229775	333128	562903	25.02	0
Total Shareholding of Public = (B) (1) + (B) (2)	224589	338314	562903	25.02	229775	333128	562903	25.02	0
C. Shares held by custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	1879756	370244	2250000	100	1884942	365058	2250000	100	0

(ii) Shareholding of Promoters:

S.No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	V C Janardan Rao	309753	13.76	0	309753	13.76	0	0
2	Chukkamamba Sri Velamati	597139	26.54	0	597139	26.54	0	0
3	Uma Devi Uppaluri	110834	4.93	0	110834	4.93	0	0
4	Srinivas V G	47760	2.12	0	47760	2.12	0	0
5	Sarojinidevi Kilaru	99852	4.44	0	99852	4.44	0	0
6	Lalithadevi Sanjay Jayavarthanavelu	98085	4.36	0	98085	4.36	0	0
7	Veljan Hydrair Limited	169830	7.55	0	169830	7.55	0	0
8	Veljan Investments limited	243950	10.84	0	243950	10.84	0	0
9	Suxus Systems Limited	6552	0.29	0	6552	0.29	0	0
10	JDM Hydropneumatics Limited	3342	0.15	0	3342	0.15	0	0
<b>Total</b>		<b>1687097</b>	<b>74.98</b>	<b>0</b>	<b>1687097</b>	<b>74.98</b>	<b>0</b>	<b>0</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No Change					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Incentive Fastighet A B	—	—	—	—
	At the beginning of the year	234000	10.4	234000	10.4
	At the End of the year	234000	10.4	—	—
2	Srivenkata Ramakrishna Prasad Anumolu	—	—	—	—
	At the beginning of the year	15070	0.67	15070	0.67
	At the End of the year	15070	0.67	—	—
3	Lincoln P Coelho	—	—	—	—
	Kiran S Coelho	—	—	—	—
	At the beginning of the year	14000	0.62	14000	0.62
	At the End of the year	14000	0.62	—	—
4	Vadlapatla Sarojini Devi	—	—	—	—
	At the beginning of the year	10000	0.44	10000	0.44
	At the End of the year	10000	0.44	—	—
5	Vadlapatla Vimala Devi	—	—	—	—
	At the beginning of the year	10000	0.44	10000	0.44
	At the End of the year	10000	0.44	—	—
6	Jigar Hasmukh Savla	—	—	—	—
	Hasmukh Ravji Savla	—	—	—	—
	At the beginning of the year	7683	0.34	—	—
	At the End of the year	7750	0.34	—	—

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	Hitesh Ramji Javeri	—	—	—	—
	Radhabai Ramji Javeri	—	—	—	—
	Harsha Hitesh Javeri	—	—	—	—
	At the beginning of the year	6904	0.31	6904	0.31
	At the End of the year	6904	0.31	—	—
8	Bala Bhanu Prabhavathi	—	—	—	—
	At the beginning of the year	6683	0.3	6683	0.3
	At the End of the year	6683	0.3	—	—
9	Indukuri Rama Krishnam Raju	—	—	—	—
	At the beginning of the year	6028	0.27	6028	0.27
	At the End of the year	6028	0.27	—	—
10	Kakarala Vijaya Lakshmi	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	1397	0.06	—	—
	Date wise Increase /	5897	0.27	—	—
		—	—	—	—
	Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	—	—	—	—
		—	—	—	—
		—	—	—	—
		—	—	—	—
		—	—	—	—
	( or on the date of separation, if	—	—	—	—
	Separated during the year)	—	—	—	—

## (v) Shareholding of Directors and Key Managerial Personnel:

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
a.	<b>Directors</b>				
1	<b>Mr.V.C.JanardanRao</b> Chairman and Managing Director	–	–	–	–
	At the beginning of the year	309753	13.76	309753	13.76
	At the End of the year	309753	13.76	309753	13.76
2	<b>Mr. Srinivas VG</b> Executive Director	–	–	–	–
	At the beginning of the year	47760	2.12	47760	2.12
	At the End of the year	47760	2.12	47760	2.12
3	<b>Mrs. U Uma Devi</b>	–	–	–	–
	At the beginning of the year	110834	4.93	110834	4.93
	At the End of the year	110834	4.93	110834	4.93
4	<b>Mr. V.Pattabhi</b>	–	–	–	–
	At the beginning of the year	–	–	0	0.00
	At the End of the year	–	–	0	0.00
5	<b>Mr.B.S.Srinivasan</b>	–	–	–	–
	At the beginning of the year	–	–	0	0.00
	At the End of the year	–	–	0	0.00
6	<b>Mr. M.L.Motwani</b>	–	–	–	–
	At the beginning of the year	–	–	0	0.00
	At the End of the year	–	–	0	0.00
7	<b>Mr. G.K.Kabra</b>	–	–	–	–
	At the beginning of the year	–	–	0	0.00
	At the End of the year	–	–	0	0.00
b.	<b>Key Managerial Personnel</b>	–	–	–	–
1	<b>Mr. Dheeraj Kumar</b>	–	–	–	–
	At the beginning of the year	–	–	0	0.00
	At the End of the year	–	–	0	0.00
2	<b>Mrs. K. Girija Bala</b>	–	–	–	–
	At the beginning of the year	–	–	0	0.00
	At the End of the year	–	–	0	0.00



## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment NIL

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1949.62	–	–	1949.62
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year				
Addition	700.06	–	–	700.06
Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	2649.68	–	–	2649.68
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Shri. V.C. Janardan Rao Chairman and Managing Director (For the period 01/01/2015 to 31/03/2015)	Shri. Srinivas VG Managing Director (For the period 01/04/2014 to 31/12/2014)	Total Amount
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,07,258	20,72,235	
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	99,871	1,57,050	
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit - others, specify...	12,82,191	32,31,065	
5	Sitting Fees	1,80,000	80,000	
	<b>Total (A)</b>	<b>24,69,320</b>	<b>55,40,350</b>	
	<b>Ceiling as per the Act : 5% of net profit Rs. 98.81 lacs.</b>			

**B. Remuneration to other Directors:**

S.No	Particulars of Remuneration	Shri. B.S. Srinivasan	Shri. G.K. Kabra	Shri. M.L.Motwani	Shri. V. Pattabhi	Total Amount
	3. Independent Directors					
	• Fee for attending board / committee meetings	3,20,000	2,60,000	3,20,000	3,60,000	12,60,000
	• Commission	3,41,948	3,76,143	3,76,143	3,76,143	14,70,377
<b>Total (1)</b>		6,61,948	6,36,143	6,96,143	7,36,143	27,30,377
Smt. U. Umadevi						
	4. Other Non-Executive Directors					
	• Fee for attending board / committee meetings		1,80,000			1,80,000
	• Commission		2,73,558			2,73,558
<b>Total (2)</b>			4,53,558			4,53,558
<b>Total (B) = (1)+(2)</b>			31,83,935			
<b>Total Managerial Remuneration</b>			—			
<b>Overall Ceiling as per the Act : 11% of the net profit is Rs. 217.38 lacs.</b>						

**C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD :**

S.No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	6,99,108	18,82,224	—
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	—	80,892	2,17,776	—
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—	—
5	Others, please specify	—	—	—	—
<b>Total (A)</b>			<b>7,80,000</b>	<b>21,00,000</b>	

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil**

**SECRETARIAL AUDIT REPORT**

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]  
FOR THE FINANCIAL YEAR ENDED 31-03-2015

To,  
The Members,  
Veljan Denison Limited  
(CIN: L29119TG1973PLC001670)  
Plot No. 44, 4th Floor, Chikoti Gardens  
Begumpet, Hyderabad – 500 016

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Veljan Denison Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Veljan Denison Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31-03-2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31-03-2015 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable during the audit period);
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (not applicable during the audit period);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable during the audit period);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable during the audit period); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable during the audit period);
- 6) And other laws generally applicable to the company.

**I have also examined compliance with the applicable clauses of the following:**

- a) Secretarial Standards issued by the Institute of Company Secretaries of India. (Not applicable during the audit period 2014-15)
- b) The Listing Agreement entered into by the Company with BSE Limited (BSE);

To the best of our knowledge and understanding, we are of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., as referred above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were generally carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried through and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that during the audit period, there were no instances of:**

- i. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- ii. Redemption / buy-back of securities.
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction, etc.
- v. Foreign technical collaborations.

**For VBM Rao & Associates**  
**Company Secretaries**

**M. Vijaya Bhaskara Rao**  
**Company Secretary in Practice**  
**FCS No. 6273, CP No. 5237**

Place: Hyderabad  
Date: 31/07/2015

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF VELJAN DENISON LIMITED, HYDERABAD.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of VELJAN DENISON LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its Profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of the section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23(1) to financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm's Regn No. 000513S

**(K.S.RAO)**

Partner

Membership No.015850

Place : Hyderabad  
Date : 30/05/2015

**Annexure to the Auditor's Report:**

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of VELJAN DENISON LIMITED, HYDERABAD, for the year ended March 31, 2015.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
  
b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
c. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.  
  
b. In view of our comment in paragraph (a) above, Clause (III) (a) and (b) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records of the Company, the company regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other statutory dues with the appropriate authorities.  
  
b. According to the records of the Company, no undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

- c. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute.
  - d. According to the records of the Company, there were no amounts which were required to be transferred to Investor Education and Protection Fund. Therefore, the provisions of clause 3 (vii) (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
8. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
10. The Company has not given any guarantee for the loans taken by others from banks and financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
12. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm's Regn No. 000513S

**(K.S.RAO)**

Partner

Membership No.015850

Place : Hyderabad

Date : 30/05/2015



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2015**

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2015 Rs.	AS AT 31-03-2014 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS'S FUNDS:</b>			
(a) Share Capital	1	225.00	225.00
(b) Reserves and Surplus	2	8813.24	7772.08
<b>2 NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	15.82	0.00
(b) Deferred tax liabilities (Net)		424.26	424.17
<b>3 CURRENT LIABILITIES</b>			
(a) Short-term borrowings	4	2633.86	1949.62
(b) Trade payables	5	459.91	433.52
(c) Other current liabilities	6	847.31	740.90
(d) Short-term provisions	7	263.24	197.43
<b>Total</b>		<b>13682.64</b>	<b>11742.72</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	8	2259.95	2490.06
(ii) Intangible assets	8	4.22	8.24
(iii) Capital work-in-progress	8	401.93	380.22
(b) Long term loans and advances	9	66.40	63.24
<b>2 CURRENT ASSETS</b>			
a) Inventories	10	1764.98	1740.54
b) Trade receivables	11	6317.62	3492.22
c) Cash and cash equivalents	12	1019.01	819.07
d) Short-term loans and advances	13	1288.40	2281.17
e) Other Current Assets	14	560.13	467.96
<b>Total</b>		<b>13682.64</b>	<b>11742.72</b>
Accounting Policies and notes on Accounts	23		
The notes referred to above form an integral part of these Financial Statements.			

As Per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants,  
Firm regn No. 000513S

**K S Rao**  
Partner  
Membership No. 015850

**V C Janardan Rao**  
Managing Director

**Srinivas VG**  
Executive Director

Place: Hyderabad  
Date : 30/05/2015

**K. Girija Bala**  
Company Secretary

**Dheeraj Kumar**  
C F O

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015 (Figures in Rs Lakhs)

Particulars	Refer Note No	Current Year Rs.	Previous Year Rs.
<b>INCOME:</b>			
<b>I. Revenue from operations</b>	15	<b>7885.14</b>	7279.99
<b>II. Other Income</b>	16	<b>302.27</b>	120.62
<b>III. Total (I +II)</b>	Total	<b>8187.41</b>	7400.61
<b>IV. EXPENSES</b>			
Cost of Raw Materials Consumed	17	<b>2416.03</b>	2491.07
Cost of Finished Goods Sold		<b>0.00</b>	124.19
Changes in inventories of finished goods, work-in-progress	18	<b>70.65</b>	-126.60
Employee benefit expense	19	<b>671.72</b>	659.57
Finance costs	20	<b>228.09</b>	161.93
Depreciation	21	<b>280.87</b>	304.34
Other expenses	22	<b>2543.85</b>	2533.08
<b>Total Expenses</b>		<b>6211.21</b>	6147.58
<b>V. Profit Before Tax</b>		<b>1976.20</b>	1253.03
<b>VI. Less Tax expense:</b>			
(1) Current tax		<b>671.71</b>	407.00
(2) Earlier Years		<b>0.00</b>	15.53
(3) Deferred tax		<b>0.09</b>	-13.40
<b>VII. Profit after Tax</b>		<b>1304.40</b>	843.90
<b>VIII. Earning per equity share (Amount in Rs)</b>			
(1) Basic		<b>57.97</b>	37.51
(2) Diluted		<b>57.97</b>	37.51
Accounting Policies and Notes on Accounts 23			
The notes referred to above form an integral part of these Financial Statements.			

As Per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants,  
Firm regn No. 000513S

**K S Rao**  
Partner  
Membership No. 015850

**V C Janardan Rao**  
Managing Director

**Srinivas VG**  
Executive Director

Place: Hyderabad  
Date : 30/05/2015

**K. Girija Bala**  
Company Secretary

**Dheeraj Kumar**  
C F O

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2015** (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2015 Rs.	Previous Year 31-03-2014 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Tax & Extraordinary items	1976.20	1253.03
Depreciation	280.87	304.34
Interest Expenses	228.09	161.93
Interest Income	(252.76)	(80.50)
Loss on sale of Asset	6.85	
Tools and Jigs, Fixtures and Patterns Written off	13.50	14.35
<b>OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE</b>	<b>2252.75</b>	<b>1653.15</b>
Adjustments for :		
Inventories	(37.94)	(179.96)
Trade receivable	(2825.41)	1314.60
Other Receivable	1206.60	(1804.46)
Trade payable	207.76	(267.41)
Income Tax paid	(784.02)	(322.33)
Net cash flow from operating activities A	19.74	393.59
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	251.47	62.66
Proceed from sale of Asset	4.00	
Purchase of fixed Assets	(382.70)	(188.55)
Net Cash Used in investing Activities B	(127.23)	(125.89)
<b>C CASH FLOW FROM FINANCE ACTIVITIES:</b>		
Proceeds from Long Term Borrowing	19.87	(219.36)
working capital loans	684.25	(409.47)
Interest paid	(228.09)	(161.93)
Dividend paid	(168.60)	(154.32)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>307.43</b>	<b>(945.08)</b>
<b>D NET CASH INCREASE / DECREASE IN CASH AND CASH EQUIVALENT</b>	<b>199.95</b>	<b>(677.38)</b>
<b>OPENING CASH &amp; BANK BALANCE</b>	<b>819.06</b>	<b>1496.45</b>
<b>CLOSING CASH &amp; BANK BALANCE</b>	<b>1019.01</b>	<b>819.07</b>

1. The above cash flow statement has been prepared under the Indirect method set out in the As-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicates the cash outgo.
3. Previous year figures have been regrouped and recasted wherever necessary to confirm the current classification.

As Per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants,  
Firm regn No. 000513S

**K S Rao**  
Partner  
**Membership No. 015850**

Place: Hyderabad  
Date : 30/05/2015

**V C Janardan Rao**  
Managing Director

**K. Girija Bala**  
Company Secretary

**Srinivas VG**  
Executive Director

**Dheeraj Kumar**  
C F O

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

**NOTE 1**

<b>SHARE CAPITAL:</b>	<b>AS AT 31-03-2015</b>		<b>AS AT 31-03-2014</b>	
	<b>Numbers</b>	<b>Rs. in Lakhs</b>	<b>Numbers</b>	<b>Rs. in Lakhs</b>
<b>AUTHORISED</b>				
Equity Shares of Rs 10/- each	<b>3,000,000</b>	<b>300.00</b>	3,000,000	300.00
		<u><b>300.00</b></u>		<u>300.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
Equity Shares of Rs 10/- each fully paid up	<b>2,250,000</b>	<b>225.00</b>	2,250,000	225.00

Disclosure pursuant to Note no. 6(A)(d) of part I of Schedule VI to the Companies Act, 2013

<b>Particulars</b>	<b>No of Equity Shares Rs 10/- each As At 31-03-2015</b>	<b>No of Equity Shares Rs 10/- each As At 31-03-2014</b>
Share Outstanding at the beginning of the Year	<b>2,250,000</b>	2,250,000
Shares Issued during the Year	<b>0.00</b>	0.00
Share redeemed/bought back during the Year	<b>N.A.</b>	N.A.
Shares outstanding at the end of the Year	<b>2,250,000</b>	2,250,000

Details of Share Holders Holding more than 5% Shares in the company

<b>Name of the Share Holders</b>	<b>As At 31st March 15</b>		<b>As At 31st March 14</b>	
	<b>No of Share Held</b>	<b>% of Holding</b>	<b>No of Share Held</b>	<b>% of Holding</b>
V Chukkamamba	<b>597,139</b>	<b>26.54</b>	597,139	26.54
V C Janardan Rao	<b>309,753</b>	<b>13.76</b>	309,753	13.76
Veljan Investments Ltd	<b>243,950</b>	<b>10.84</b>	243,950	10.84
Veljan Hydrair Limited	<b>169,830</b>	<b>7.55</b>	169,830	7.55
Incentive Fastighet AB	<b>234,000</b>	<b>10.40</b>	234,000	10.40

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2015 Rs.	AS AT 31-03-2014 Rs.
<b>NOTE 2</b>		
<b>RESERVES &amp; SURPLUS:</b>		
<b>a. CAPITAL RESERVES (Subsidy)</b>		
At the commencement of the Year	15.00	15.00
<b>Closing Balance</b>	<u>15.00</u>	<u>15.00</u>
<b>b. Capital Redumption Reserve</b>		
At the commencement of the Year	3.00	3.00
<b>Closing Balance</b>	<u>3.00</u>	<u>3.00</u>
<b>c. Investment Allowance Reserved Utilised</b>		
At the commencement of the Year	12.80	12.80
<b>Closing Balance</b>	<u>12.80</u>	<u>12.80</u>
<b>d. Security Premium</b>		
At the commencement of the Year	45.00	45.00
<b>Closing Balance</b>	<u>45.00</u>	<u>45.00</u>
<b>e. General Reserve</b>		
At the commencement of the Year	1445.00	1320.00
Add: Current Year	<u>150.00</u>	<u>125.00</u>
<b>Closing Balance</b>	<u>1595.00</u>	<u>1445.00</u>
<b>f. Surplus:</b>		
At the commencement of the Year	6251.28	5729.81
Add: Transfer from profit and loss account	1304.40	843.90
<b>Total Surplus</b>	<u>7555.68</u>	<u>6573.71</u>
Less : Proposed Dividend on Equity Shares	225.00	168.75
Corporate Dividend Tax	38.24	28.68
Transfer to General Reserve	150.00	125.00
<b>Closing Balance</b>	<u>7142.44</u>	<u>6251.28</u>
<b>Grand Total</b>	<u>8813.24</u>	<u>7772.08</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2015 Rs.	AS AT 31-03-2014 Rs.
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**NOTE 3****LONG TERM BORROWING - SECURED :****Other Loans**

1. Car Loans From Canara Bank

**TOTAL****15.82****15.82**

0.00

**0.00**

1. Against Hypothecation of Vehicles and Guaranteed by the One of the Director of the Company.

Terms of Repayment:: Equated Monthly Instalments

**NOTE 4****SHORT TERM BORROWING - SECURED****1. Working Capital Loans :**

a. Cash Credit From : Canara Bank

b. Cash Credit From : Syndicate Bank

**TOTAL****1681.56****952.30****2633.86**

1200.36

749.26

**1949.62**

Working Capital Loans are secured by hypothecation of Raw Materials, Finished Goods, Book Debts and documentary bills discounted and second charges on the fixed Assets of the Company except the Vehicles Under Hypothecation, further Guaranteed by One Director of the company in the Capacity to the extent of Rs 2500 Lakhs.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2015 Rs.	AS AT 31-03-2014 Rs.
<b>NOTE 5</b>		
<b>TRADE PAYABLES</b>		
Sundry creditors		
Due to Micro, Small and Medium Enterprises	3.62	0.86
Others	456.29	432.66
<b>TOTAL</b>	<b>459.91</b>	<b>433.52</b>
<b>NOTE 6</b>		
<b>OTHER CURRENT LIABILITIES</b>		
1. Car Loan from Banks.	5.70	1.65
2. Sundry Creditors : For Capital Expenditure	15.94	11.47
Expenses	413.99	251.54
3. Advance from Customers	53.29	32.05
4. Income Tax (Net)	178.77	262.39
5. Unclaimed Dividends	107.85	107.70
6. Other Liabilities	71.77	74.10
<b>TOTAL</b>	<b>847.31</b>	<b>740.90</b>
<b>NOTE 7</b>		
<b>SHORT TERM PROVISIONS</b>		
Proposed Dividend	225.00	168.75
Corporate Dividend Tax	38.24	28.68
<b>TOTAL</b>	<b>263.24</b>	<b>197.43</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

**NOTE 8 - FIXED ASSETS**

Particulars	GROSS BLOCK			
	As at 01.04.2014 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2015 Rs.
<b>a) 1. TANGIBLE ASSETS:</b>				
Land	104.44			104.44
Factory Buildings	367.90			367.90
Other Buildings	29.31			29.31
Water Works	4.31			4.31
Electrical Installations	3.72			3.72
Plant and Machinery	4140.15	12.42	19.90	4132.67
Inspection & Testing Equipment	149.33	14.53		163.86
Office Equipment	147.31	2.77		150.08
Air conditioners	13.27			13.27
Furniture & Fixtures	51.03	0.47		51.50
Canteen Equipment	0.25			0.25
Vehicles	57.50	27.40		84.90
Material Handling Equipment	27.18	0.00		27.18
<b>Sub Total</b>	<b>5095.70</b>	<b>57.59</b>	<b>19.90</b>	<b>5133.39</b>
<b>b) 2. INTANGIBLE ASSETS</b>				
Software	76.76	0.00		76.76
<b>Sub Total</b>	<b>76.76</b>	<b>0.00</b>	<b>0.00</b>	<b>76.76</b>
<b>c) Capital Work in progress</b>	<b>380.22</b>	<b>21.71</b>		<b>401.93</b>
<b>Sub Total</b>	<b>380.22</b>	<b>21.71</b>	<b>0.00</b>	<b>401.93</b>
<b>GRAND TOTAL</b>	<b>5552.68</b>	<b>79.30</b>	<b>19.90</b>	<b>5612.08</b>
<b>Previous Year</b>	<b>5466.18</b>	<b>86.50</b>	<b>0.00</b>	<b>5552.68</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

<b>D E P R E C I A T I O N</b>				<b>N E T B L O C K</b>	
<b>Upto 31.03.2014 Rs.</b>	<b>For the year Rs.</b>	<b>Deductions Rs.</b>	<b>Upto 31.03.2015 Rs.</b>	<b>As at 31.03.2015 Rs.</b>	<b>As at 31.03.2014 Rs.</b>
				104.44	104.44
86.70	11.11		97.81	270.09	281.20
14.33	0.50		14.83	14.48	14.98
3.96	0.01		3.97	0.34	0.35
3.53	0.00		3.53	0.19	0.19
2197.36	218.56	9.05	2406.87	1725.80	1942.79
102.68	6.08		108.76	55.10	46.65
123.04	11.89		134.93	15.15	24.27
7.02	5.59		12.61	0.66	6.25
29.86	11.36		41.22	10.28	21.17
0.19	0.05		0.24	0.01	0.06
25.71	9.81		35.52	49.38	31.79
11.26	1.89		13.15	14.03	15.92
<b>2605.64</b>	<b>276.85</b>	<b>9.05</b>	<b>2873.44</b>	<b>2259.95</b>	<b>2490.06</b>
68.52	4.02		72.54	4.22	8.24
<b>68.52</b>	<b>4.02</b>	<b>0.00</b>	<b>72.54</b>	<b>4.22</b>	<b>8.24</b>
				401.93	380.22
<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>401.93</b>	<b>380.22</b>
<b>2674.16</b>	<b>280.87</b>	<b>9.05</b>	<b>2945.98</b>	<b>2666.10</b>	<b>2878.52</b>
2369.82	304.34	0.00	2674.16	2878.50	3096.36

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2015 Rs.	AS AT 31-03-2014 Rs.
<b>Note 9</b>		
<b>LONG TERM LOANS AND ADVANCES :</b>		
Deposit Recoverable (un secured Considered Good) (Telephones, APCPDCL & Others)	<b>66.40</b>	63.24
<b>TOTAL</b>	<b><u>66.40</u></b>	<u>63.24</u>
<b>Note 10</b>		
<b>INVENTORIES</b>		
As valued and certified by the Management		
a) Raw Materials (Valued at cost on weighted average method)	<b>799.38</b>	701.93
b) Stock-in-Process (Valued at cost on weighted average method or realisable value which ever is less)	<b>436.58</b>	363.89
c) Finished Goods (Valued at cost on weighted average method or realisable value which ever is less)	<b>322.51</b>	465.84
d) Stores & Spares (Valued at cost on weighted average method)	<b>93.91</b>	93.14
e) Jigs & Fixture, Patterns and Tools & Implements	<b>112.60</b>	115.74
<b>TOTAL</b>	<b><u>1764.98</u></b>	<u>1740.54</u>
<b>Details of Raw materials</b>		
Steels	<b>159.99</b>	135.42
Castings	<b>155.69</b>	130.84
Components	<b>350.20</b>	300.33
Imported Material	<b>133.50</b>	135.34
<b>TOTAL</b>	<b><u>799.38</u></b>	<u>701.93</u>
<b>Note 11</b>		
<b>Trade Receivables</b>		
Receivables for a period exceeding six months unsecured considered good	<b>2852.90</b>	508.35
Receivables for a period less than six months unsecured considered good	<b>3464.72</b>	2983.87
<b>TOTAL</b>	<b><u>6317.62</u></b>	<u>3492.22</u>
Sundry Debtors Include amount due from M/s Veljan Hydrair Limited, a Company under the same management	<b>4565.43</b>	1690.34
Maximum amount due	<b>4565.43</b>	3533.21

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2015 Rs.	AS AT 31-03-2014 Rs.
<b>Note 12</b>		
<b>CASH AND CASH EQUIVALENTS:</b>		
Cash on Hand	0.30	0.52
Balances With Scheduled Banks:		
In Current Accounts	526.18	299.09
Balance with Banks against Dividends payments	107.85	107.79
In Fixed Deposits Accounts	379.28	350.00
Balance With Margin for LC's and BG's	5.40	61.67
<b>TOTAL</b>	<b>1019.01</b>	<b>819.07</b>
<b>Note 13</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
Advances for capital expenditure	425.80	117.95
Advances for Supply of Raw Materials & Expenses	105.17	146.08
Loans and Advances	583.62	1840.37
Deposits recoverable	168.28	172.68
Staff Advances	5.53	4.09
<b>TOTAL</b>	<b>1288.40</b>	<b>2281.17</b>
<b>Note 14</b>		
<b>OTHER CURRENT ASSETS:</b>		
VAT Receivable	72.22	135.76
Service Tax Receivable	267.44	235.04
Deposit with Excise Department	51.92	39.14
Prepaid expenses	18.63	14.74
Interest Receivables	20.63	19.33
Claims Receivables (Vat)	113.63	
Other Receivable	14.36	22.65
Fringe Benefit Tax Paid	1.30	1.30
<b>TOTAL</b>	<b>560.13</b>	<b>467.96</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2015	Previous Year 31-03-2014
<b>Note 15</b>		
<b>REVENUE FROM OPERATIONS :</b>		
Sale of Products		
Pumps & Spares	6716.28	6476.52
Valves & spares	723.20	468.37
Motors & spares	653.22	583.49
Power Packs & Spares	130.44	99.25
Scrap Sales	48.29	63.05
	<u>8271.43</u>	<u>7690.68</u>
Less: Central Excise Duty	386.29	410.69
<b>TOTAL</b>	<u><b>7885.14</b></u>	<u><b>7279.99</b></u>
<b>Note 16</b>		
<b>OTHER INCOME</b>		
Interest Earned	252.76	80.50
Service Charges	0.83	0.76
Miscellaneous receipts	2.66	1.28
Income pertaining to prev. year	14.12	0.44
Unclaimed Creditors Balance Written Back	22.61	26.36
Unclaimed Provision Written Back	9.29	11.28
<b>TOTAL</b>	<u><b>302.27</b></u>	<u><b>120.62</b></u>
<b>Note 17</b>		
<b>RAW MATERIALS CONSUMED :</b>		
Opening Stocks	701.93	640.75
Add: Purchases	2513.48	2552.25
	<u>3215.41</u>	<u>3193.00</u>
Less Closing stocks	799.38	701.93
<b>Cost of Raw Materials Consumed</b>	<u><b>2416.03</b></u>	<u><b>2491.07</b></u>
<b>TOTAL</b>		
Cost of Finished Goods Sold	0.00	124.19
	<u>0.00</u>	<u>124.19</u>

**Imported and Indigenous Raw material Consumed**

	% of Consumption	Current Year 31-03-2015	% of Consumption	Previous Year 31-03-2014
Imported	6.01%	145.25	3.28%	81.67
Indigenous	93.99%	2270.78	96.72%	2409.40
<b>TOTAL</b>	<u><b>100.00%</b></u>	<u><b>2416.03</b></u>	<u><b>100.00%</b></u>	<u><b>2491.07</b></u>

**Details of Raw Material Consumed**

Steels Consumed	273.05	335.44
Castings Consumed	908.78	1004.54
Components Consumed	1088.95	1069.43
Imported Material Consumed	145.25	205.85
<b>TOTAL</b>	<u><b>2416.03</b></u>	<u><b>2615.26</b></u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2015	Previous Year 31-03-2014
<b>Note 18</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS</b>		
(Increase)/Decrease in Stocks		
<b>Opening Stocks</b>		
Finished Goods	465.84	401.65
Stock-in-Process	363.90	301.49
<b>TOTAL</b>	<u>829.74</u>	<u>703.14</u>
<b>Closing Stocks</b>		
Finished Goods	322.51	465.84
Stock-in-Process	436.58	363.90
<b>TOTAL</b>	<u>759.09</u>	<u>829.74</u>
(Increase)/ Decrease in Stocks	<u>70.65</u>	<u>-126.60</u>
<b>Note 19</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries , Wages and Bonus	606.89	588.57
Contribution to Provident Fund	35.14	39.25
Contribution to Employee's State Insurance	7.88	11.06
Group Gratuity & Deposit Linked Insurance	5.38	7.40
Superannuation Premium	1.97	4.22
Workmen & Staff Welfare Expenses	14.46	9.07
<b>TOTAL</b>	<u>671.72</u>	<u>659.57</u>
<b>Note 20</b>		
<b>FINANCE COSTS</b>		
Interest	190.76	152.40
Other Borrowing Costs	37.33	9.53
<b>TOTAL</b>	<u>228.09</u>	<u>161.93</u>
<b>Note 21</b>		
<b>DEPRECIATION EXPENSE</b>		
Depreciation	280.87	304.34
<b>TOTAL</b>	<u>280.87</u>	<u>304.34</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2015	Previous Year 31-03-2014
<b>Note 22</b>		
<b>OTHER EXPENSES</b>		
Job Expenses	837.07	934.50
Stores Consumed	216.69	284.09
Packing Material Consumed	97.99	142.45
Carriage Inward	40.79	51.19
Power and Fuel	124.41	141.22
Repairs & Maintenance		
Building	0.38	2.32
Plant and Machinery	32.87	33.37
Others	59.67	59.40
Tools & Dies written off	13.50	14.35
Rent	17.09	22.77
Licenses and Taxes	8.59	6.62
Sales Tax	121.40	134.85
Insurance	9.60	9.83
Printing & Stationery	9.61	14.28
Postage & Telephones	12.87	13.12
Travelling & Conveyance	34.74	28.93
Foreign Travelling Expenses	0.00	10.29
Vehicle Maintenance	4.76	5.16
Professional & Legal Charges	34.59	37.65
Remuneration to Directors	92.37	68.85
Selling & Distribution Expenses	474.49	413.33
Advertisement	3.01	0.64
Remuneration to Auditors:		
For Audit Fees	4.49	4.49
For Tax Audit Fees	0.56	0.56
Sitting fee to Directors	17.00	8.80
Prior Period Expenditure	0.00	20.25
Donations	63.65	1.35
General Expenses	68.95	46.70
Service Tax Paid	1.38	5.18
Loss on Sale of Asset	6.85	
Bad Debts Written Off	96.43	0.00
Bad Advances Written Off	0.00	16.54
Condonation Fee	38.05	
<b>TOTAL</b>	<b>2543.85</b>	<b>2533.08</b>

**Imported and Indigenous Stores Consumed**

Particulars	% of Consumption	Current Year 31-03-2015	% of Consumption	Previous Year 31-03-2014
Imported	0%	0.00	1.50%	4.64
Indigeneous	100.00%	216.69	98.50%	279.45
<b>TOTAL</b>	<b>100.00%</b>	<b>216.69</b>	<b>100.00%</b>	<b>284.09</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2015	Previous Year 31-03-2014
<b>Note 23</b>		
<b>1. A) Contingent Liabilities not provided for :</b>		
a) Towards Guarantees and Letters of credit issued by the Bankers to the extent of	<b>8.94</b>	475.47
b) Interest claimed by District Industries Centre Sangareddy for delay in payment of instalments of Interest Free sales tax loan, which is contested by the Company	<b>23.29</b>	23.29
<b>B) Contracts remaining to be executed on Capital account.</b>	<b>40.40</b>	117.95
<b>2. Value of Imports calculated on C.I.F. Basis</b>		
a) Raw Materials and Components	<b>119.45</b>	107.10
b) Traded Equipment	<b>0</b>	120.71
c) Cutting Tools	<b>0</b>	1.48
d) Maintenance items	<b>4.34</b>	4.39
<b>3. Expenditure in Foreign Currency :</b>		
Travelling	<b>0</b>	2.35
<b>4. Fixed Deposits pledged with Banks for the purpose of Guarantees/L.C.'s</b>	<b>1.05</b>	61.67
<b>5. Taxes on Income-Tax AS - 22</b>		
<b>Item of Deferred Tax Liability</b>		
Depreciation	<b>1,321.74</b>	1,381.15
Total (A)	<b><u>1,321.74</u></b>	<u>1,381.15</u>
<b>Item of Deferred Tax Assets</b>		
43B Payments	<b>73.54</b>	73.81
Total (B)	<b><u>73.54</u></b>	<u>73.81</u>
Deferred Tax Liability (A-B)	<b><u>1,248.19</u></b>	<u>1,307.34</u>
Tax there on	<b><u>424.26</u></b>	<u>424.17</u>

**6 Disclosure of Related party Transaction (As per AS-18)**
**Key Management Personnel (KMP)**

Sri VC Janardan Rao : Managing Director

Sri Srinivas VG : Executive Director

**Directors**

Sri G K Kabra

Sri ML Motwani

Sri V Patabhi

Sri BS Srinivasan

Smt. U Uma Devi

Companies/firms in which the key management and their relations are interested

1. M/s. Veljan Hydrair Ltd - Common Control

2. M/s. Veljan Investments Ltd - Common Control

3. M/s Suxus Systems Ltd

4. M/s JDM Hydro Pneumatics Ltd

5. M/s. Ecmat Limited

**A Transactions during the Year**

Particulars	Key Management Personnel	Directors	Enterprises in Which the Key Management personnel and their relatives are interested
Remuneration	29.79 (29.72)		
Commission	41.71 (27.48)	20.86 (13.74)	
SALES:			
Veljan Hydrair Limited			4519.19 (3873.28)
PURCHASES:			
Veljan Hydrair Limited			114.99 (18.48)
Suxus Systems Limited			980.83 (973.06)
DISCOUNTS:			
Veljan Hydrair Limited			448.09 (385.96)
RENT:			
Veljan Investments Limited			18.33 (22.77)
JOB EXPENSES:			
Ecmat Limited			826.75 (886.78)
JDM Hydro Pneumatics Ltd.			16.61 (13.24)
SALES			
Ecmat Limited			0.55 (1.12)
Susux Systems Limited			0.16 (0.17)
PROFESSIONAL CHARGES:			
Veljan Investments Limited			10.99 (25.04)
B. Balance as at 31.03.2015			
Payables	41.71 (27.48)	20.86 (13.74)	250.26 (95.78)
Receivable			4593.07 (1743.30)
Loan Paid to M/s Veljan Investment Limited			583.62 (1800.00)



7. In the opinion of the management, the current assets, loans and advances are expected to realise the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
8. Balances in personal accounts are subject to confirmation and there by reconciliation
9. The company has Installed machinery worth Rs. 370.72 /- ,(previous year Rs. 370.72) in M/s Ecmat Ltd, for the job works given to them.

## SIGNIFICANT ACCOUNTING POLICIES

### NOTE 24

The following are the significant accounting policies adopted by the company in the preparation and presentation of financial statements :

1. Financial Statements are prepared based on historical cost convention and in accordance with Generally Accepted Accounting Principles in India ("Indian GAPP") and Company with all Material respect with the Mandatory Accounting Standard ("AS") prescribed under section 133 of the Companies Act, 2013 ("The Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with relevant provisions of the Act and Pronouncements of the Institute of Chartered Accounts of India (ICAI). The Financial Statements have been prepared on Accrual basis. The Accounting Policies have been consistently applied by the Company are consistent with those used in the Previous Year.
2. Fixed assets are stated at cost net of Cenvat and Vat credit less accumulated depreciation. Cost of acquisition of Fixed assets is inclusive of freight, duties and taxes wherever input credits are not availed and cost of installation/erection expenses.
3. Depreciation is provided on Tangible assets in accordance with the useful life prescribed as per Schedule II of the Companies Act, 2013. Intangible asset software is written off over a period of 3 years.
4. Raw materials and consumables stores are valued at cost on weighted average method, Finished Goods and Work-in-Progress are valued at cost on weighted average method realisable value whichever less.
5. Jigs & Fixtures and Patterns are (valued after providing for) amortisation at 20% and 10% respectively Under written down value method. Initial tools were capitalised and amortised at 10% on WDV value and further issue of tools are charged to revenue as and when issued.
6. Contributions to Provident Fund are remitted to the Provident Fund Commissioner at prescribed rates Group Gratuity Schemes administered through Trustees for which policies are taken from Life Insurance Corporation of India. The said remittances and premiums are charged to the revenue.
7. Liability in respect of Encashment of leave salary to the Employees of the company is provided for actual basis.
8. All contingent Liabilities are indicated by way of a note and will be provided/paid on crystallisation.
9. Sales are inclusive of Excise duty, Sales tax and packing charges collected.
10. Provision for tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws.

**11. Foreign currency transaction:**

- a) Transaction in foreign currency are initially accounted at the exchange rate prevailing on the date of transaction and adjusted appropriately to Capital or revenue, with the difference in the rate of exchange arising on actual receipt/payment during the year.
- b) At each Balance Sheet date :  
Foreign currency monetary items are reported using the rate of exchange on that date. Foreign currency non monetary items are reported using the exchange rate at which they are initially recognised.

**12. Impairment of Assets:**

At the date of each Balance Sheet, the company evaluates for indications of impairment internally if any to the carrying amounts of its fixed assets. If any indications exist, the recoverable amount is estimated at the higher of the realisable value and value in use, as considered appropriate. If the estimated realisable value is less than the carrying amount, and impairment loss is recognised.

Reversal of impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

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As Per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants,  
Firm regn No. 000513S

**K S Rao**  
Partner  
**Membership No. 015850**

Place: Hyderabad  
Date : 30/05/2015

**V C Janardan Rao**  
Managing Director

**K. Girija Bala**  
Company Secretary

**Srinivas VG**  
Executive Director

**Dheeraj Kumar**  
C F O



**VELJAN DENISON LIMITED  
(CIN: L29119TG1973PLC001670)**

**Registered Office: Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad - 500 016, Telangana  
Tel: 91 040 27764546, Fax: 91 040 27765253  
Email: comp\_secy@veljan.in Website: www.veljan.in**

**ATTENDANCE SLIP**

**41st Annual General Meeting**

I hereby state that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, the 30th day of September, 2015 at 11.30 a.m. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037, Telangana, India, or/any adjournment thereof.

Name of the attending Shareholder:.....  
(in block letters)

Name of the Proxy:.....  
(to be filled in if proxy attends)

Signature of Shareholder:.....

Signature of Proxy:.....

Registered Folio Number: or DP / Client ID No. ....

Number of Shares held: .....

Note:

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the entrance, affixing their signature on them.
2. Members are informed that no duplicate attendance slips will be issued at the venue of the meeting.



**VELJAN DENISON LIMITED**

(CIN: L29119TG1973PLC001670)

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 Tel: 91 040 27764546, Fax: 91 040 27765253  
 Email: comp\_secy@veljan.in Website: www.veljan.in

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
 (Management and Administration) Rules, 2014)

Name of the Shareholder(s): .....  
 Address of the Shareholder(s): .....  
 E-mail Id: .....  
 Folio No. / DP id & Client id: .....

I/We being the member(s) of ..... Shares of Veljan Denison Limited, hereby appoint:

1. Name: .....  
 Address: .....  
 E-mail Id: .....  
 Signature: ..... or failing him:

1. Name: .....  
 Address: .....  
 E-mail Id: .....  
 Signature: ..... or failing him:

1. Name: .....  
 Address: .....  
 E-mail Id: .....  
 Signature: ..... or failing him:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the company at Wednesday, the 30th day of September, 2015 at 11.30 a.m. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037, Telangana, India, or/any adjournment thereof in respect of such resolutions as per attachment enclosed.

**Ordinary Business:**

1. To receive, consider and adopt the Financial Statements for the year ended 31st March, 2015 and the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the year ended 31st March, 2015.
3. To elect and appoint a Director in place of Smt.U. Uma Devi (DIN: 00125840), who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s. Brahmayya & Co, Chartered Accountants (FRN: 000513S), as auditors of the company.

**Special Business:**

1. To appoint Shri. V.C. Janardan Rao (DIN: 00181609), as Chairman and Managing Director for a period of five years w.e.f. 1<sup>st</sup> January 2015.

Signed this ..... day of ..... 2015 (Affix Revenue Stamp)

Signature of Shareholder ..... Signature of Proxy holder(s) .....

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.





**VELJAN DENISON LIMITED**

Plot NO.44, 4th Floor, HCL Towers, Chikoti Gardens, Begumpet, HYDERABAD 500 016.

Dear Member,

As you may be aware, sometimes dividend warrants mailed by Companies of their Members residential addresses could be fraudulently encashed by unscrupulous persons.

In order to give you better service and also to safeguard your interest, you are requested to inform us your Bank Account details, if not already informed, to be printed on all future dividend warrants to be mailed to you at your address registered with the Company. You are requested to fill in the coupon below (signature should match with your signature on record) and mail the same to the Company at the earliest.

The Dividend warrant, printed with your name, bank, branch name and account number, will be mailed to your residential address, as usual, or directly to your Bank, if instructed by you.

Thanking you,

Yours truly,

**V.C. JANARDAN RAO**  
Chairman and Managing Director

**Notes :**

Incorporation of Bank Account details in Dividend Warrants shall be without any liability whatsoever on the part of the Company.

You are also requested to intimate any error change in your name and /or address as given on the envelope of this communication.

------(Tear here)-----

To,

**VELJAN DENISON LIMITED**Plot NO.44, 4th Floor, HCL Towers, Chikoti Gardens,  
HYDERABAD 500 016.

From

Name : \_\_\_\_\_ Begumpet,  
Address : \_\_\_\_\_

Dear Sir,

Ref:- Folio No.

I/We refer to your recent communication. As desired, I/We give my/our Bank Account details to be printed on my/our Dividend Warrants(s)

**Name of the first named shareholder** : \_\_\_\_\_  
(Capital Letters)

**Current/Saving Account No.** : \_\_\_\_\_

**Name of the Bank** : \_\_\_\_\_

**Branch at** : \_\_\_\_\_

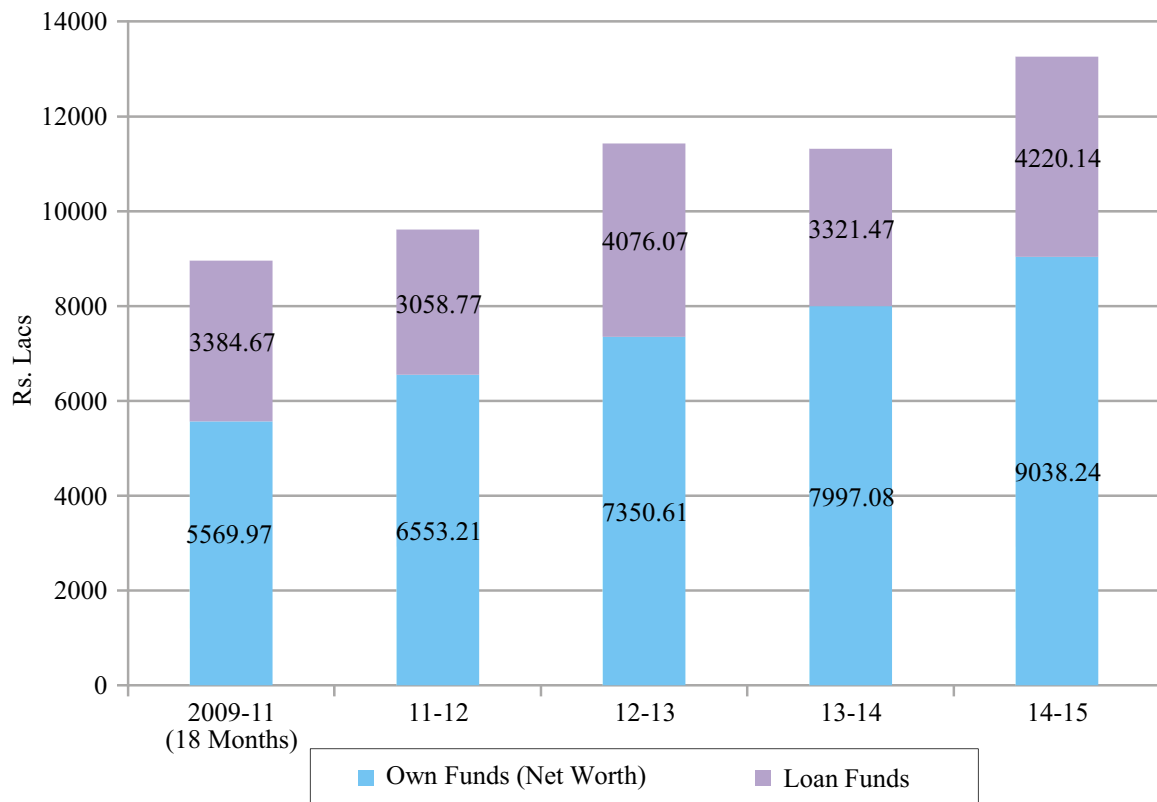
**Address of Bank** : \_\_\_\_\_

Date :

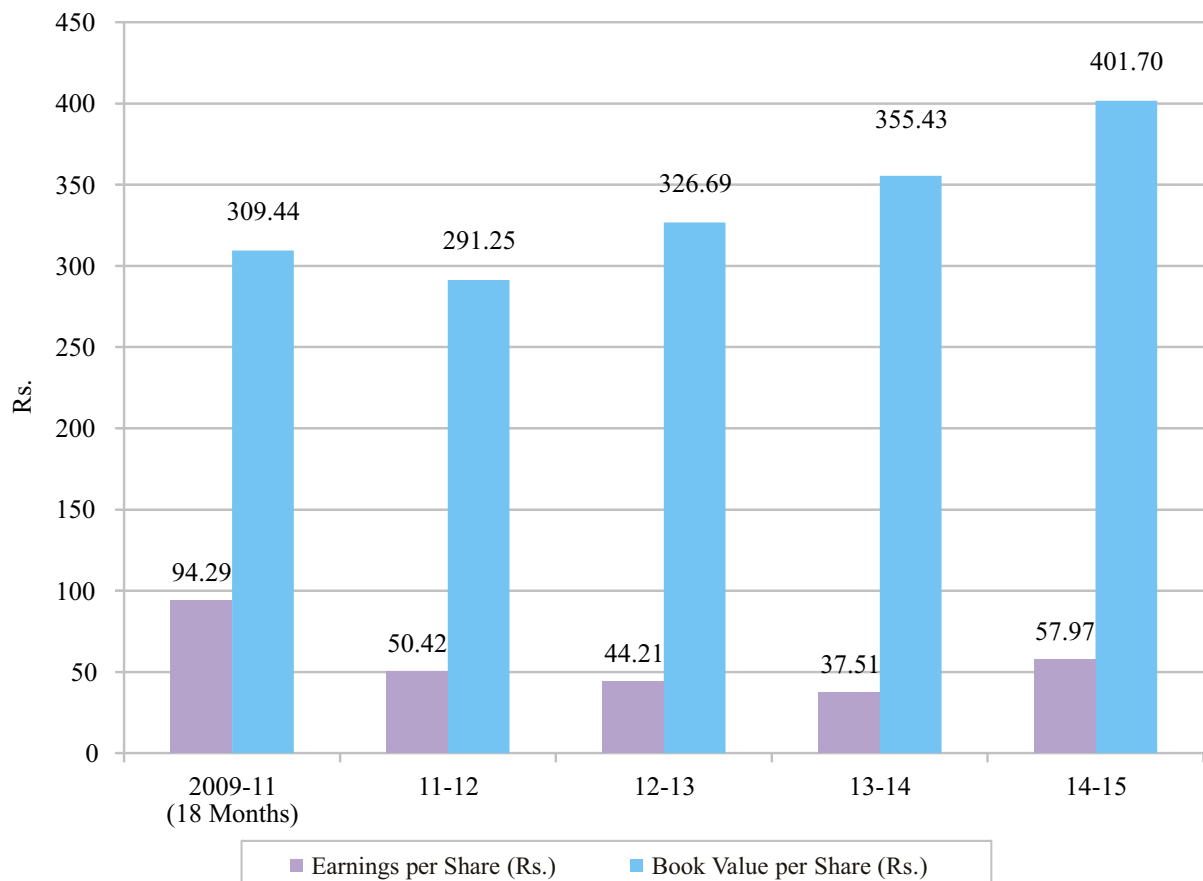
Signature



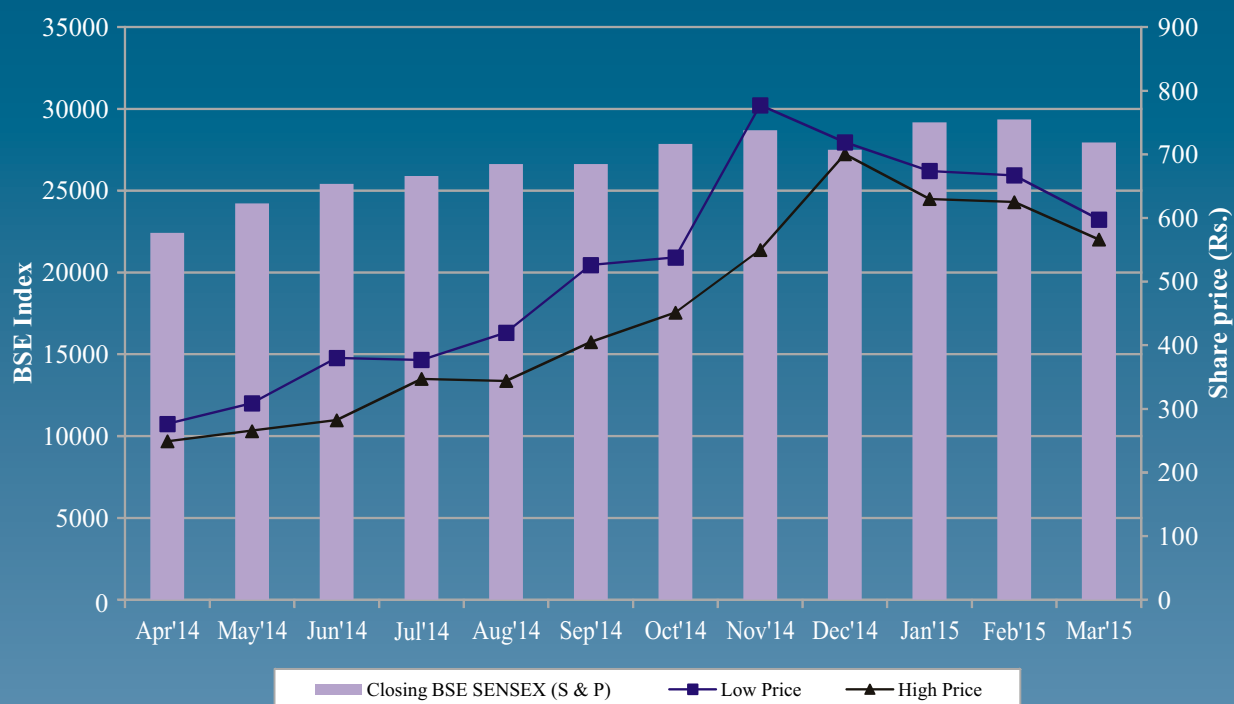
## CAPITAL EMPLOYED



## EARNINGS PER SHARE & BOOK VALUE



## SHARE PRICE MOVEMENT & BSE INDEX



## VELJAN DENISON LIMITED

Registered Office : Plot No. 44, 4th Floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad - 500016, Telangana, India.

Factory : Plot No. 10A, Phase - 1, IDA, Patancheru Medak (Dist) - 502 319, Telangana, India.