

To
2019
The Manager,
Dept of Corp. Services,
BSE Limited,
Dalal Street, P.J.Towers
Mumbai - 400 001

Date: September 12,

Dear Sir/Madam,

Sub: Submission of Annual Report For the year 2018-19 - Reg

Ref: VELJAN DENISON LIMITED

Scrip Code: 505232

Pursuant to Regulation 34 (1) of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015, please find enclosed herewith Annual Report 2018-19 of Veljan Denison Limited.

This is for your information and record,

Thanking You,

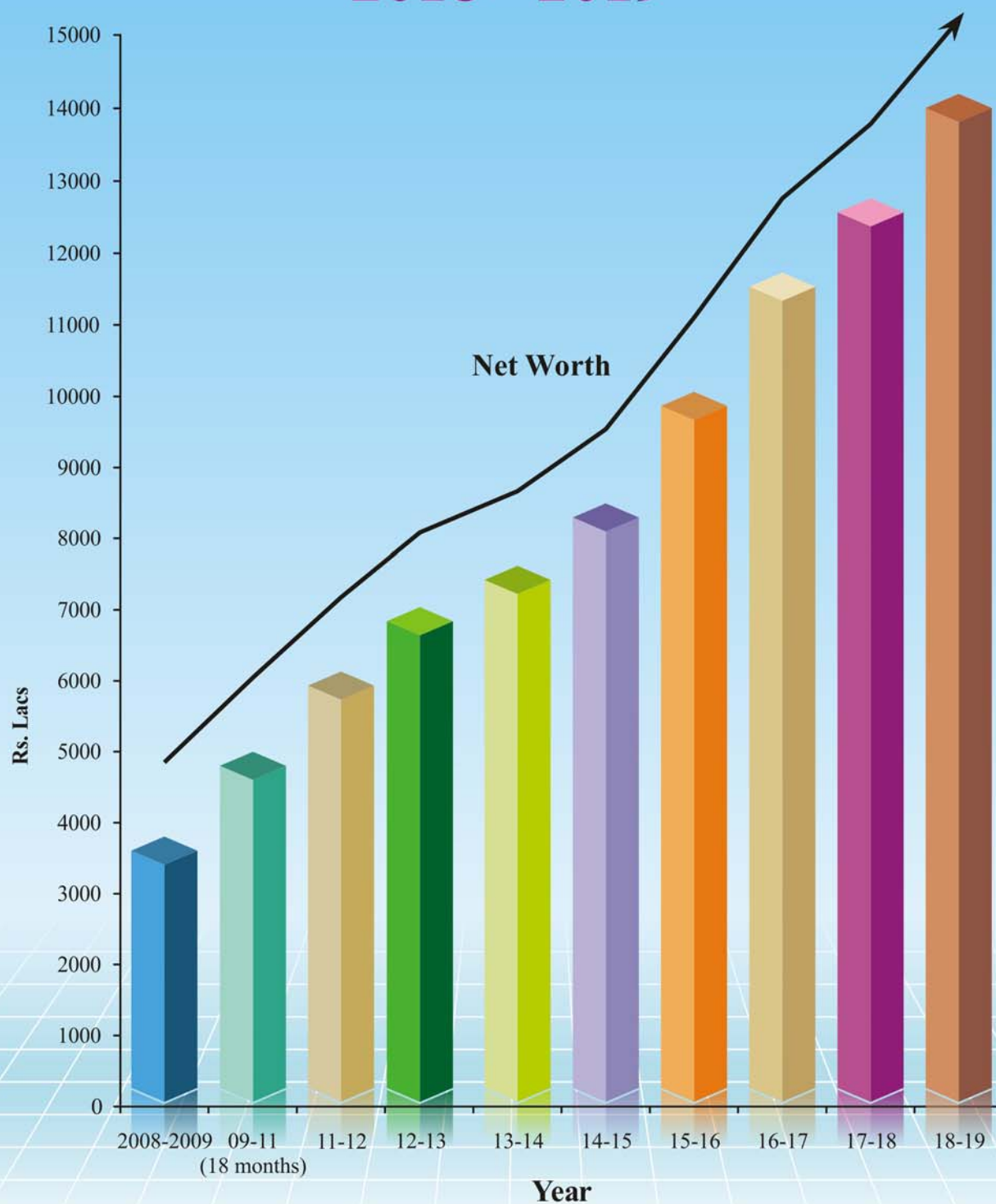
Yours Truly,
For VELJAN DENISON LIMITED,

B. Narahari
Company Secretary



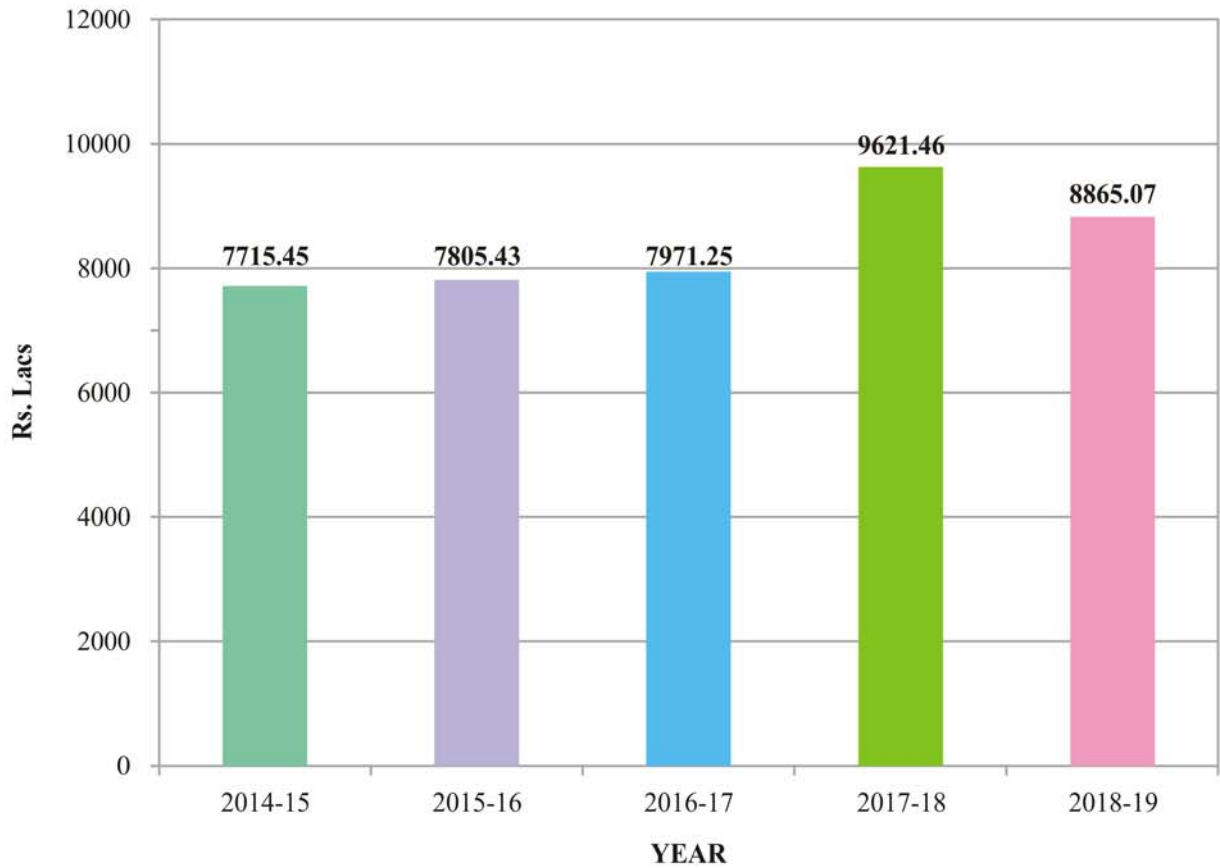


45th ANNUAL REPORT 2018 - 2019

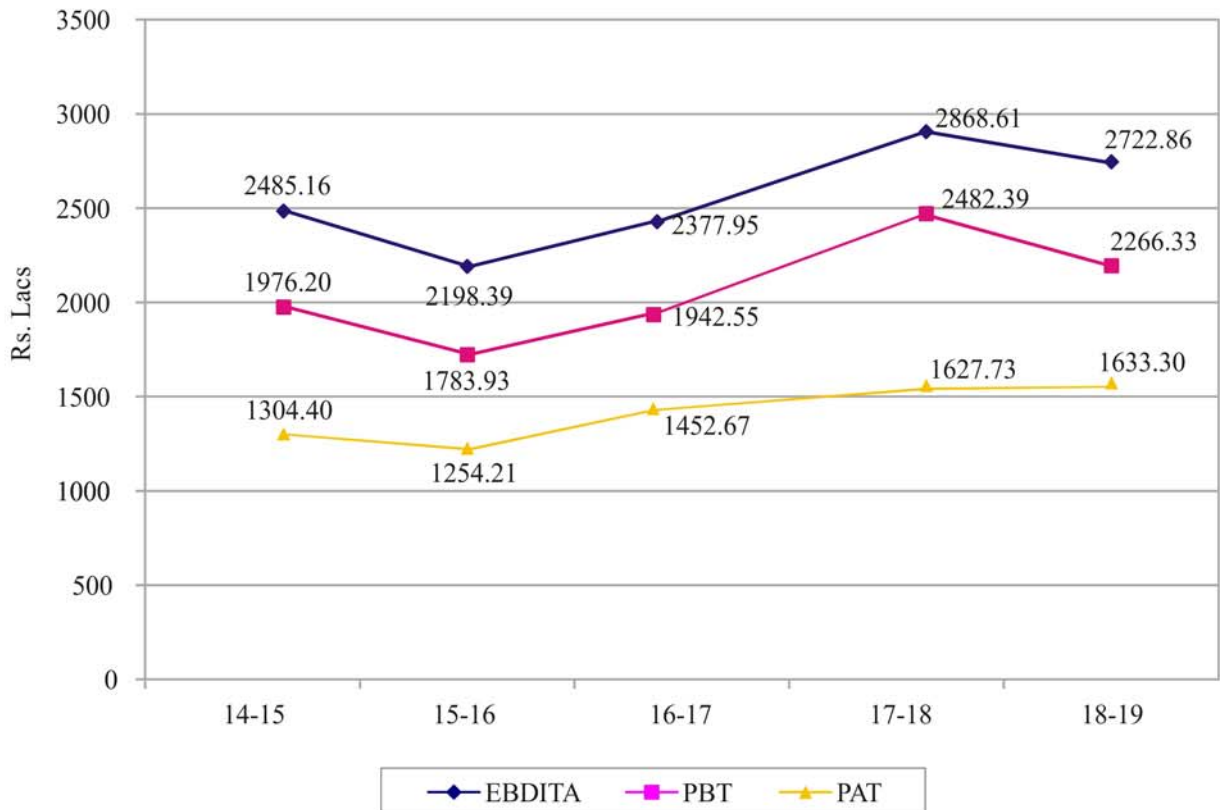


VELJAN DENISON LIMITED

NET SALES



PROFIT TREND



BOARD OF DIRECTORS :

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

2. Corporate Social Responsibility(CSR) Committee

Shri. V. C. JANARDAN RAO- Chairman
Shri. B.S.SRINIVASAN
Smt . U. UMA DEVI

3. Nomination & Remuneration Committee

Shri. V. PATTABHI - Chairman
Smt . U. UMA DEVI
Shri. B.S.SRINIVASAN

4. Stakeholder's Relationship Committee

Shri. V. PATTABHI - Chairman
Shri. V. C. JANARDAN RAO
Smt . U. UMA DEVI

SENIOR MANAGEMENT**Chief Financial Officer :**

Shri. D. RANGA CHARY
(w.e.f. 12-08-2019)

Company Secretary:

Shri. B. NARAHARI

Statutory Auditors :

M/S. K.S.RAO & CO.
Chartered Accountants
Flat No 603, 6th Floor,
Golden Green Apartments,
Erramanzil Colony, Hyderabad – 500082

Secretarial Auditor :

M/S BS & Company, Company Secretaries LLP
5-9-22/71A, Ground Floor, MCH No.250, Near Birla
Temple, Adarsh Nagar, Hyderabad – 500063

Internal Auditor:

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

Bankers:

Canara Bank
HDFC Bank Ltd.

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,
Patancheru - 502 319, Sangareddy District,
Telangana
Ph. No.: 08455-242013, 242020 & 242049,
Fax No.: 08455-242085

Registrar And Share Transfer Agents

M/s Venture Capital and
Corporate Investments Private Limited
12-10-167, Bharath Nagar, Hyderabad - 500 018.
Phone : 040-23818475

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HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

Particulars	2008-09	2009-11 (18 Months)	2011-12	2012-13
1. Sales & other income	4274.72	10219.37	8370.12	7375.52
2. Profit Before int, dep & tax	1271.29	3301.38	2313.93	1969.27
3. Profit before extraordinary/exceptional Items & Tax	837.21	2575.86	1788.99	1478.83
4. Profit after Tax	471.33	1697.30	1134.37	994.82
5. Net Fixed Assets	3223.39	3411.96	3301.50	3096.36
6. Share Capital	180.00	180.00	225.00	225.00
7. Reserves & surplus	3850.09	5389.97	6328.21	7125.61
8. Net Worth	4030.09	5569.97	6553.21	7350.61
9. Return on Net worth(RONW) PAT/Networth	11.70%	30.47%	17.31%	13.53%
10. % of Employee cost to net turnover	8.80	7.04	8.22	9.52
11. Cash Earnings per share(Rs)	41.39	122.43	65.55	58.66
12. Earnings per share (Rs)	26.19	94.29	50.42	44.21
13. Dividend per Share (Rs)	5.00	7.50	7.50	7.50
14. Book Value per Share(Rs)	223.89	309.44	291.25	326.69
15. Sundry Debtors - No of Days	126	200	171	225
16. Turnover/Avg Inventory (Times)	2.38	2.82	3.54	2.76
17. Current Ratio	2.61	2.28	2.38	2.15
20. Debt-Equity Ratio	0.63	0.61	0.47	0.55

HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
7400.61	8187.41	8076.70	8325.42	9815.97	8865.07
1719.30	2485.16	2198.39	2377.95	2868.61	2722.86
1253.03	1976.20	1783.93	1942.55	2482.39	2266.33
843.90	1304.40	1254.21	1452.67	1627.73	1633.30
2878.52	2666.09	2934.23	2708.83	2987.96	4839.28
225.00	225.00	225.00	225.00	225.00	225.00
7772.08	8813.24	9796.65	11249.32	12607.87	13970.36
7997.08	9038.24	10021.65	11474.32	12832.87	14195.36
10.55%	14.43%	12.52%	12.66%	12.68%	11.51%
9.31	8.65	9.13	9.48	7.55	8.00
51.67	71.06	67.14	76.51	85.15	87.54
37.51	57.97	55.74	64.56	72.34	72.59
7.50	10.00	10.00	10.00	10.00	10.00
355.43	401.70	445.41	509.97	570.35	630.90
167	279	291.16	244.92	212.24	194.09
2.89	2.58	2.94	2.75	3.29	2.99
2.67	2.62	3.70	3.44	4.29	3.47
0.45	0.47	0.34	0.36	0.26	0.28

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 45th Annual General Meeting of the members of **Veljan Denison Limited** (CIN: L29119TG1973PLC001670) will be held on **Monday, the 30th day of September, 2019, at 11.30 A.M. at Plot No. A 18 & 19, APIE, Balanagar, Hyderabad – 500 037** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements which includes Balance Sheet as at March 31, 2019, the Statement of Profit & Loss and Cash Flow Statement for the year ended as on that date and reports of the Board of Directors and the Auditors' thereon.
2. To declare a dividend of Rs. 10/- (Rupees Ten) per equity share of Rs. 10/-each for the financial year ended March 31, 2019.
3. To elect and appoint a Director in place of Mr. V.C. Janardan Rao (DIN: 00181609), Chairman and Managing Director who retires by rotation and being eligible, offers himself for re appointment.

SPECIAL BUSINESS:

4. Re-appointment of Mr. V. C. Janardan Rao as Managing Director of the Company:

To Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V thereof and upon the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of members of the Company be and is hereby accorded to the re-appointment of Mr. V. C. Janardan Rao (DIN 00181609) as Chairman and Managing Director of the Company, subject to retirement by rotation, for a further period of three years with effect from 1st January, 2020 on the terms and conditions including remuneration as set out below with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. V. C. Janardan Rao, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

- 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, Mr. 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 be for the time being in force.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable in the said regard.”

5. Re-appointment of Mr. V. Pattabhi as Independent Director of the Company:

To Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act and provisions of Regulation 3(d) (ii) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable regulations of the SEBI (LODR) Regulations, 2015 (as amended from time to time), Mr. Pattabhi Vangala (DIN: 00200157), who has already attained the age of 75 years, Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Companies Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, whose term shall not be subject to retirement by rotation, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from September 30, 2019 to September 29, 2024 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the Board from time to time”.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable in the said regard.”

6. Re-appointment of Mr. B.S. Srinivasan as Independent Director of the Company:

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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Companies Act and provisions of Regulation 3(d) (ii) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable regulations of the SEBI (LODR) Regulations, 2015 (as amended from time to time), Mr. B. S. Srinivasan (DIN: 00482513), who will be attaining the age of 75 years next year, Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in the Companies Act and Listing Regulations and who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, whose term shall not be subject to retirement by rotation, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for a second term of five consecutive years with effect from September 30, 2019 to September 29, 2024 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Companies Act, 2013 as determined by the Board from time to time.

RESOLVED FURTHER THAT consent of the members of the Company be and is hereby accorded for continuation of holding of office of Independent Director by Mr. B. S. Srinivasan (DIN: 00482513) upon attaining the age of 75 (Seventy years) years on 07.05.2020 up to the expiry of his second term of office i.e. up to September 29, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. Approval of Material Related Party Transactions:

To consider and if thought fit to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under, if applicable, consent of the members be and is hereby accorded to the Board of Directors or the Committee thereon for entering into the following proposed Related Party Transactions with respect to sale, purchase of goods or materials by Veljan Denison Limited for the Financial year 2019-20 up to the maximum amounts as appended in table below:

Sl. No	Name of the Related Party	Name of the Interested Director / KMP / Company	Nature of Transactions	Maximum Limit for the FY 2019-2020 (Rs. In Crores)
1	Veljan Hydrair Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Sales & Purchase	120.00 Crores
2	Suxus Systems Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Sales & Purchase	30.00 Crores
3	Ecmat Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Job work	30.00 Crores
4	Veljan Investments Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Rent	2.00 Crores
5	JDM Hydro Pneumatics Ltd.	1. U. Uma Devi	Job Work	2.00 Crores

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03.09.2019

V. C. Janardan Rao
Chairman & Managing Director
DIN: 00181609

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013 with respect to special business set out in the Notice is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/ herself and such proxy need not be a member. A proxy form for the AGM is enclosed.
3. The instrument appointing a proxy, to be effective, must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of total share capital of the Company. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
5. Brief resume of Directors /persons proposed to be appointed /reappointed as stipulated under Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India is provided as annexure to this Notice.
6. All documents referred to in the Notice are available for inspection at the Registered Office of the Company during office hours on all days except Saturdays, Sundays and public holidays up to the date of the Annual General Meeting.
7. The Attendance slip and proxy form and the instructions for e-voting are annexed hereto. The route map to the venue of the Annual General Meeting is attached and forms part of the Notice.
8. Register of members and transfer books of the Company will remain closed from Tuesday, the 24th day of September, 2019 to Monday, the 30th day of September, 2019 (both days inclusive)
9. Members, who hold shares in electronic / demat form are requested to furnish the change of address, details of their bank accounts, viz, name of the bank, full address of the branch, account no. etc., to their respective Depository Participants and who hold shares in physical form to the Company's Registrars and Transfer Agents M/s. Venture Capital and Corporate Investments Private Limited, # 12-10-167, Bharat Nagar, Hyderabad – 500 018 so as to enable the Company to incorporate the bank details on the dividend warrants.
10. Members are informed that the amount of dividend which remains unclaimed for a period of 7 years, the unpaid / unclaimed dividends along with underlying shares thereto liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Members are requested to refer website of the Company www.veljan.in as details are made available by the Company pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017.

Members are informed that the dividend amount for the Financial year ended 2011-12 remaining unclaimed/unpaid shall become due for transfer on October, 2019 to the Investor Education and Protection Fund [IEPF] established by the Central Government in terms of the Companies Act, 2013. Any member, who has not claimed dividend for the financial year ended 2011-12 onwards, is requested to approach the Company in this respect.

As per Section 124(6) of the Companies Act, 2013 read with IEPF Rules as amended from time to time, all the shares in respect of which dividend has remained unpaid / unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company had transferred unpaid / dividend till the financial year 2009-11 along with underlying shares to IEPF authorities. Company will initiate the necessary steps on due dates to transfer shares held by the members to IEPF along with dividend remaining unpaid / unclaimed thereon.

Members may please note that in the event of transfer of such shares and unclaimed dividends to IEPF, members are entitled to claim the same from IEPF authorities by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

11. 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.
12. 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 along with a photocopy of a cheque pertaining to the concerned account to your Depository Participant.
13. Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under the members holding shares in single name may, at any time, nominate in form SH-13, any person as his / her nominee to whom the securities shall vest in the event of his / her death. Nomination would help the nominees to get the shares transmitted in their favor without hassles. Members desirous of making any cancellation / variation in the said nomination can do so in SH-14.
14. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a “Green Initiative in Corporate Governance” and allowed companies to share documents with its members in the electronic mode. Regulation 36 of SEBI (LODR) Regulations, 2015 also permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications.
15. The Equity shares of the Company are tradable in dematerialized form. In view of the same and to avail of the inbuilt advantages of the ECS payment, nomination facility and other advantages, the shareholders are requested to get their shares in demat form. The Company is registered with National Securities Depository Ltd. (‘NSDL’), and Central Depository Services (India) Ltd. (‘CDSL’), for dematerialization of its Equity Shares. The Company ISIN No. INE232E01013.
16. 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 Private Limited, 12-10-167, Bharath Nagar, Hyderabad 500018, Telangana. Phones: 040- 23818475.

17. SEBI has decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a Depository. This measure has come into effect from April 01, 2019. Notices have been issued to all Shareholders holding Shares in physical mode informing them that as per revised regulation 40 of the SEBI (LODR) Regulations, 2015, shares will no longer be transferred in physical mode. Shareholders are therefore requested to dematerialize their existing shares in physical form. In this regard SEBI has also clarified as follows:
- a) The above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after April 01, 2019.
 - b) Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized.
 - c) The transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019
18. Soft copy of the Annual Report for 2018-19 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 2018-19 is being sent in the permitted mode. Members may also note that Notice of this Meeting and the Annual Report will also be available on the Company's website www.veljan.in for their download.
19. Members/ proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting; members are requested to bring their copies at the meeting.
20. 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. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification.
21. Statutory Auditors were appointed during the AGM held on 27.09.2017 for a period of 5 years subject to their ratification by shareholders every year as per the provisions of the Companies Act, 2013. However as per the amended provisions of the Companies (Amendment) Act, 2017 which were notified on 07.05.2018 Company is not required to ratify the appointment of Auditor at every annual general meeting, therefore Company is not moving the resolution for ratification of auditor at the annual general meeting.

22. Voting through electronic means;

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 National Securities Depository Limited (NSDL).

VOTING AT AGM:

The members who have not cast their votes through remote e-voting may attend and cast their votes at the Annual General Meeting through Ballot Form which shall be made available for use at the meeting.

The members who have already casted their votes through remote e-voting may attend the meeting but shall not be entitled to vote thereat. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

The instructions for shareholders voting electronically are as under:

The voting period begins on Friday, 27th September, 2019 at 9.00A.M. and ends on Sunday, 29th September, 2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (record date) of 23rd September, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.
- 6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- 7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- 8. Now, you will have to click on “Login” button.
- 9. After you click on the “Login” button, Home page of e-Voting will open

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

- 1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e Voting. Then, click on Active Voting Cycles.
- 2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- 3. Select “EVEN” of company for which you wish to cast your vote.
- 4. Now you are ready for e-Voting as the Voting page opens.
- 5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- 6. Upon confirmation, the message “Vote cast successfully” will be displayed.
- 7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- 8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to gsoumya.cs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
4. The voting rights shall be as per the number of equity share held by the Member(s) as on 23rd September, 2019. Members are eligible to cast vote electronically only if they are holding shares as on that date.
5. 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, 27th September, 2019 and shall close at 5.00 p.m. on Sunday, 29th September, 2019. The e-voting module shall be disabled by National Securities Depository Limited (NSDL) on 29th September, 2019 after 5.00 p.m.
6. 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 23rd September, 2019.
7. Mrs. Dafthardar Soumya, Practicing Company Secretary (Membership No: ACS 29312, CP No: 13199) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and she will submit her report within the period not exceeding 48 hours from the conclusion of E-voting. The Chairman will declare the results on or after the AGM of the Company accordingly and will also be placed at the company website and also forward the same to the stock exchanges where the shares has been listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT:**ITEM NO. 04:**

Upon the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 3rd September, 2019, subject to the approval of the members of the Company, approved re-appointment of Mr. V .C. Janardan Rao (DIN: 00181609) as Chairman and Managing Director of the Company for a further period of 3 years commencing from 1st January, 2020.

The main terms and conditions of his re-appointment are furnished below:

- a. Term of appointment: - 3 (Three) years with effect from January 01, 2020
- b. Salary: Basic Salary is Rs. 3.00 Lacs (Rupees Three lacs only) per month.
- c. Commission: Not exceeding 2 % of the profits
- d. Perquisites: As mentioned in the resolution

Mr. V .C. Janardan Rao, aged about 80 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. Mr. 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.

Keeping in view that Mr. V .C. Janardan Rao has rich and varied experience in the Fluid Power Industry and guided the Company through four decades of diversification and growth, it would be in the best interests of the Company to continue the employment of Mr. V .C. Janardan Rao as Chairman and Managing Director of the Company.

The remuneration proposed to be paid to Mr. 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 Mr. V. C. Janardan Rao is open for inspection at the registered Office of the Company between 11.00 AM and 1.00 PM on all days except Sunday and holidays, until the date of the Annual General Meeting or any adjournment thereof. This explanatory statement along with the proposed resolution in Item No. 4 of the Notice may also be read and treated as disclosure in compliance with the requirement of Section 190 of the Act.

The Board recommends the Special Resolution as set out at Item No. 4 for your approval.

Except the Mr. V.C. Janardan Rao and Mrs. U. Uma Devi, Director being his relative, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the accompanying Notice of the AGM.

ITEM NO. 05:

Mr. V. Pattabhi, Independent Director was appointed on 30th September 2014 for a period of 5 years and his term of office will be terminating on 29th September 2019. In accordance with Section 149(10) and (11) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five years on the Board of the Company, but shall be eligible for re-appointment for a second term of five years on passing of a special resolution by the members of the Company and disclosure of such re-appointment in the Boards' Report. A special Resolution of the members is required if the proposed Independent Directors' age exceeds 75 years.

Based on the skills, experience, knowledge and performance evaluation and recommendation of the Nomination and Remuneration Committee Meeting held on 3rd September 2019, the Board has proposed the re-appointment of Mr. V. Pattabhi (DIN: 00200157), who has already attained the age of 75 years, as Independent Director for a second term of five years with effect from 30th September, 2019 to 29th September, 2024. The Independent Director shall not be liable to retire by rotation. The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013, from Member signifying his intention to propose the candidature of Mr. V. Pattabhi (DIN: 00200157) for the office of Independent Director, to be re-appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail of the services of Mr. V. Pattabhi as Independent Director. Accordingly, the Board recommends the Special Resolutions set forth in Item No. 5 relating to the reappointment of Mr. V. Pattabhi as Independent Director, for approval by the Members of the Company. The brief profile of all the Directors who are appointing / re-appointing is provided as the annexure to this Notice.

The Company has received declaration to this effect that he meets the criteria of Independent Director as provided under section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except the Director for his own appointment, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice of the AGM.

ITEM NO. 06:

Mr. B.S. Srinivasan, Independent Director was appointed on 30th September 2014 for a period of 5 years and his term of office will be terminating on 29th September 2019. In accordance with Section 149(10) and (11) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five years on the Board of the Company, but shall be eligible for re-appointment for a second term of five years on passing of a special resolution by the members of the Company and disclosure of such re-appointment in the Boards' Report.

Based on the skills, experience, knowledge and performance evaluation and recommendation of the Nomination and Remuneration Committee Meeting held on 3rd September 2019, the Board has proposed the re-appointment of Mr. B.S. Srinivasan (DIN: 00482513) as Independent Director for a second term of five years with effect from 30th September, 2019 to 29th September, 2024. The Independent Director shall not be liable to retire by rotation. The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013, from Member signifying his intention to propose the candidature of Mr. B.S. Srinivasan (DIN: 00482513) for the office of Independent Director, to be re-appointed as such under the provisions of Section 149 of the Companies Act, 2013.

A special Resolution of the members is required if the proposed Independent Directors' age exceeds 75 years as per regulation 3 (d) (ii) of SEBI (LODR) (Amendment) Regulations, 2018 and the proposed special resolution enables Mr. B.S. Srinivasan, who will attain the age of 75 years on 07.05.2020, to continue to hold the office of Independent Director up to the expiry of his second term i.e. up to 29th September, 2024.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail of the services of Mr. B.S. Srinivasan as Independent Director. Accordingly, the Board recommends the Special Resolutions set forth in Item No. 6 relating to the reappointment of Mr. B.S. Srinivasan as Independent Director, for approval by the Members of the Company. The brief profile of all the Directors who are appointing / re-appointing is provided as the annexure to this Notice.

The Company has received declaration to this effect that he meets the criteria of Independent Director as provided under section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except the Director for his own appointment, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice of the AGM.

ITEM NO. 07:

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. The SEBI (LODR) Regulations which has come into operation with effect from December 1, 2015 has also prescribed seeking of shareholders' approval for material related party transactions. The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis. All the proposed transactions put up for approval are in ordinary course of business and at arm's length. The following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by an Ordinary resolution

Sl. No	Name of the Related Party	Relationship	Maximum Limit for the FY 2019-20 (Rs. In Crores)
1	Veljan Hydrair Ltd.	Group Company	120.00
2	Suxus Systems Ltd.	Group Company	30.00
3	Ecmat Ltd.	Group Company	30.00
4	Veljan Investments Ltd.	Group Company	2.00
5	JDM Hydro Pneumatics Ltd.	Group Company	2.00

The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto, and the Company's Related Party Transaction Policy are furnished hereunder:

Name of the Related Party	As per table above
Name of the Director or key managerial personnel who is related, if any	Mr. V. C. Janardan Rao, Mrs. V. S. Chukkamamba and Mrs. U. Uma Devi may be deemed to be concerned in their capacity as Directors of Veljan Hydrair Limited. Mrs. V S Chukkamamba & Mrs. U. Uma Devi may be deemed to be concerned in their capacity as Director of Suxus Systems Limited & Ecmat Limited
Nature of Relationship	As per table above
The nature, material terms, monetary value and particulars of the contract or arrangement	All proposed transactions are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arms' length. All the transactions are for sale, purchase of goods or materials within Veljan group.
Any other information relevant or important for the members to take a decision on the proposed resolution	The technology is possessed by related parties and Company is dependent on them for its manufacture of Products. No other company possesses this technology.

The above transactions were approved by the Audit Committee at its meeting held on May 30, 2019 and recommended by the Board of Directors to the unrelated shareholders of the Company for their approval. As per SEBI (LODR) Regulations, all entities / persons whether they are related party to particular transaction or not shall abstain from voting on resolution(s) wherein approval of material Related Party Transactions is sought from the shareholders. Accordingly, all related parties of the Company, including, among others, Veljan group entities and the Directors and Key Managerial Personnel of VHL, VIL, Suxus, Ecmat and JDM will not vote on this resolution.

None of the Directors or any of the Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 7 of the Notice.

However, Mr. V C Janardan Rao and Mrs. U Uma Devi may be deemed to be concerned in their capacity as Directors and shareholders of the Company. The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the unrelated shareholders.

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03.09.2019

V. C. Janardan Rao
Chairman & Managing Director
DIN: 00181609

Registered Office: Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad - 500 016. info@veljan.in, www.veljan.in

Annexure to the Notice:**BRIEF PROFILES OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT****Item No.4:**

- a) Name : Mr. 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

Mr. V .C. Janardan Rao, aged about 80 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. Mr. 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. He is related to Mrs. U. Uma Devi, Director of the Company. Details of his other directorships and membership/chairmanship of committees are given below:

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

Item No.5:

- a) Name : Mr. Pattabhi Vangala
 b) DIN : 00200157
 c) Date of Birth : 01/12/1938
 d) Date of Appointment : 31/07/2003
 e) Designation : Independent Director
 f) Number of Shares held in the Company : NIL

He is a Graduate in Electrical Engineer and has over 40 years of experience in various Industries. He is a Permanent Executive Committee member in Asbestos International Association. He is the member of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee of the Company. He is not related to any director of the Company. Details of his other directorships and membership/chairmanship of committees are given below:

S.No.	Name of the Company	Nature of Interest	Committee membership / Chairmanship
1	Visaka Industries Ltd	Director	4
2	Andhra polymers Pvt ltd	Director	NIL
3	Ace Roofings Pvt Ltd	Director	NIL
4	Aerolite Industries Private Limited	Director	NIL
5	Amaze Global Manufacturing Private Limited	Director	NIL

Item No.6:

- a) Name : Mr. B.S. Srinivasan
 b) DIN : 00482513
 c) Date of Birth : 07/05/1945
 d) Date of Appointment : 30/08/2013
 e) Designation : Independent Director
 f) Number of Shares held in the Company : NIL

He is a B.com Graduate and qualified as Chartered Accountant. He is a practicing Chartered Accountant and is rendering professional services as statutory and internal auditor of, small medium and large scale companies, Partnership firms, Proprietary firms, NGOs and Educational institutions. He is rendering consultancy services on financial matters, Income tax, Service tax and Sales tax issues. He is the member of the Audit Committee and Nomination and Remuneration Committee of the Company. He is not related to any director of the Company. Details of his other directorships and membership/chairmanship of committees are given below:

S.No.	Name of the Company	Nature of Interest	Committee membership / Chairmanship
1	Softsol India Limited	Director	3
2	Formatrix I.T. Solutions (India) Private Limited	Director	NIL

BOARD'S REPORT

To
The Members of
VELJAN DENISON LIMITED

Your Directors take pleasure in presenting the 45th Annual Report on the affairs of the Company along with the Audited Accounts for the year ended March 31, 2019.

1. FINANCIAL RESULTS:

Particulars	Year ended 31-03-2019 Rs.in Lakhs	Year ended 31-03-2018 Rs.in Lakhs
Income :		
Revenue from Operations	8750.87	9732.30
Other Income	114.19	83.67
Total Revenue	8865.06	9815.97
Expenditure:		
Cost of Materials Consumed	3411.25	3276.34
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	-717.18	239.32
Employee Benefit Expenses	700.02	734.96
Finance Costs	133.53	111.60
Depreciation and Amortization Expenses	323.00	274.62
Excise Duty		110.84
Other Expenses	2748.12	2585.89
Total Expenses	6598.74	7333.57
Profit before Tax	2266.32	2482.40
Tax Expenses		
(1)Current Tax	713.88	909.06
(2)Deferred Tax	-80.85	-54.39
Profit for the year	1633.29	1627.73
Earning per Equity Share of the face value of Rs. 10 each Basic and Diluted (in Rs.)	72.59	72.34

2. COMPANY'S PERFORMANCE:

During the year under review the sales were lower at Rs. 8750.87 Lacs as against Rs. 9732.30 Lacs in the previous year. The Profit before tax for the year is Rs. 2266.32 Lacs as against Rs. 2482.39 Lacs for the previous year.

3. FUTURE OUTLOOK:

India is one of the fastest growing markets for hydraulic components like valves, cylinders, accumulators, pumps, hydraulic hoses, filters, etc. Most foreign MNCs in fluid power are already present in India, with some of them here for a long time. The long term outlook of the hydraulic industry continues to be promising and challenging. By increasing the manufacturing base, your Company expects to better the revenues with improved margins in the coming years.

4. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There were no material changes/ commitments affecting the financial position or operations of the Company between March 31, 2019 and the date of Board's Report.

5. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

Management Discussions and Analysis Report, as required under Regulation 34 of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 and forms part of the report.

6. DIVIDEND:

Your Directors are pleased to recommend the payment of Dividend of Rs 10/- per share (100%) in line with the Dividend policy. The Dividend if approved by the shareholders of the Company in its Annual General Meeting will be paid out of the profits of the Company to all Shareholders of the Company whose names appear on the Register of Members as on the date of the Book Closure.

7. RESERVES:

The Company has transferred Rs. 2.00 Crore, i.e. 12.24% of the current profits to General Reserves of the Company.

8. 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.

9. 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 annexed to this Report.

10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES:

The Board of Directors met 5 times during the financial year ended 31st March, 2019 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

The Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations. For further details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Annual Report.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

None of the directors of the company is disqualified under the provisions of the Companies Act 2013 or under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2017 entered with BSE Limited.

As per the provisions of Section 152 of the Companies Act, 2013 read with Articles of Association of the Company, Mr. V. C. Janardan Rao (DIN: 00181609), retire by rotation and being eligible offer, himself for re-appointment at this Annual General Meeting. The Board recommends his re-appointment at the ensuing AGM.

Mr. V. C. Janardan Rao who was appointed as Managing Director at the 41st Annual General Meeting for a period of 5 years Company with effect from 1st January, 2015 to 31st December, 2019 and is proposed to be re-appointed as Managing Director w.e.f 1st January, 2020 for a further period of three years pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Mr. V. C. Janardan Rao is the promoter Director and is associated with the Company for more than 4 decades. The Board recommends his re-appointment at the ensuing AGM.

Mr. Pattabhi Vangala (DIN: 00200157) and Mr. B. S. Srinivasan (DIN: 00482513) who were appointed as an Independent Directors of the Company at the 40th Annual General Meeting of the Company with effect from 30th September, 2014 to 29th September, 2019.

Pursuant to Regulation 17 (1A) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Shareholders of the Company was accorded, at the Annual General Meeting held on 29th September, 2018, for continuation of directorship of Mr. Pattabhi Vangala as he had attained the age of seventy five years for continuation of his Directorship w.e.f 1st April, 2019 for the remaining term of his office.

Based on the performance evaluation of Independent Directors and their background and experience and contributions made by them during their tenure, the continued association of Mr. Pattabhi Vangala and Mr. B. S. Srinivasan, would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors.

Accordingly, it was decided by the Board to re-appoint Mr. Pattabhi Vangala (DIN: 00200157) and Mr. B. S. Srinivasan (DIN: 00482513), as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company. In terms of the Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") with effect from 1st April, 2019, the listed entity shall pass special resolution for appointment or continuance of the directorship of any person as a non-executive director who has attained the age of seventy five years and for appointments for a 2nd term of five years for the office of independent director.

Accordingly, approval of members is sought by way of special resolution at the ensuing Annual General Meeting. The Board recommends their re-appointment at the ensuing AGM.

During the year under review, Mr. M.L. Motwani resigned as Director of the Company with effect from 03.09.2018 and the Board wish to place on record its deep appreciation for the services rendered by Mr. M.L. Motwani during his tenure as Director.

During the year under review, Mr. R. Venkata Rao ceased to act as Chief Financial Officer of the Company with effect from 19.02.2019.

Mr. D. Ranga Chary has been appointed as Chief Financial Officer of the Company w.e.f 12-08-2019

12. 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 Regulation 16 of the SEBI (LODR) Regulations, 2015.

13. ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 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 and other Committees.

14. 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.

15. 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.

Internal Auditors:

The Board of Directors of the Company has appointed M/s. M.V. Narayana Reddy & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2018-19 and to maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

16. AUDITORS:

M/s.K.S.Rao&Co, Chartered Accountants, Hyderabad (FRN:003109S) were appointed as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of 43rd Annual General Meeting (AGM) till the conclusion of the Forty Eighth AGM to be held in the year 2022 subject to ratification of their appointment at every annual general meeting in terms of the provisions of Companies Act, 2013.

However as per the amended provisions of the Companies Act, 2017 notified on 07.05.2018 the Company is not required to ratify the appointment of auditors at every annual general meeting, therefore, it is not proposed to ratify the appointment of auditors at the ensuing Annual General Meeting.

During the year under review, the Statutory Auditors of the Company have not reported any fraud as required under Section 143(12) of the Companies Act, 2013.

The Auditor's Report for the financial year 2018-19 does not contain any qualification, reservation or adverse remarks.

17. SECRETARIAL AUDITORS & THEIR REPORT:

The Board had appointed M/s BS & Company, Company Secretaries LLP, , Hyderabad to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2018-19. The report of the Secretarial Auditor is annexed to this report.

S.NO.	COMMENTS	BOARD'S REPLIES
1.	The Company is yet to file Form MGT -14.	The Company is in the process of filing the same

18. TRANSFER OF UNPAID/ UNCLAIMED AMOUNTS TO IEPF:

Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend / interest / refund of applications which remains unclaimed / unpaid for a period of 7 years is required to be transferred to IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed / unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period.

Accordingly, during the financial year 2019-20, the dividend remaining unpaid and unclaimed for 7 years and shares pertaining to which dividend remains unpaid / unclaimed for 7 consecutive years shall be transferred by the Company to IEPF. The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at <http://www.iepf.gov.in/IEPF/refund.html>.

19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company had not given any loans, guarantees or made investments as per the provisions of Section 186 of the Companies Act, 2013 during the financial year under review.

20. DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE OF THE COMPANY:

The Company doesn't have any subsidiary, associate and joint venture.

21. 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. Details of all such transactions as required under section 188 of the Companies Act are annexed in Form AOC-2 forming part of the Board's Report.

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

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions which can be accessed at the Company's website <http://veljan.in/investors.html>.

22. CORPORATE SOCIAL RESPONSIBILITY:

As part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has made contributions to various activities as approved by the Committee and is in accordance with Schedule VII of the Companies Act, 2013 read with the relevant rules.

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

23. EXTRACT OF ANNUAL RETURN:

As required by Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, copy of the Annual Return in Form MGT-9 is available on the Company's website at <http://veljan.in/investors.html> and forms part of this report.

24. 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 and pursuant to Section 136 of the Companies Act, 2013 and relevant rules thereto, the disclosure pertaining to remuneration and other details of employees of the Company are made available for inspection at the Registered office of the Company with the Company Secretary during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same shall be provided without any fee.

25. MANAGERIAL REMUNERATION:

Details of the ratio of the remuneration of each of the director to the median employee's 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.

26. CORPORATE GOVERNANCE CERTIFICATE:

The Compliance certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 and forms part of the report.

27. LISTING:

The Equity Shares of your Company are continued to be listed on BSE Limited. There are no payments outstanding to the Stock Exchange and the company has paid the listing fee for the financial year 2019-20.

28. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 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;
- 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.

29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (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 aforementioned Policy.

During the year under review, the company has not received any complaints pertaining to sexual harassment

30. 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.

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 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 Regulation 16 of the SEBI (LODR) Regulations, 2015, the Company has complied with all mandatory recommendations. A Report on corporate Governance is provided elsewhere and forms part of this report.

33. INDUSTRIAL RELATIONS AND HUMAN RESOURCES:

Your company believes that its employees are one of the most valuable assets of the Company and the Board appreciates the employees across the cadres for their dedicated service to the company and expects their continuous support and higher level of productivity for achieving the targets set for the company. The total employee strength is over 184 as on March 31, 2019

34. SHARE CAPITAL:

There was no change in the Authorized Share Capital and Paid up Share Capital of the Company during the year under review.

The Company has not issued any shares with differential rights and hence no information as per the provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

35. INSURANCE:

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

36. CHANGE IN THE NATURE OF BUSINESS:

There is no change in the nature of business of the Company.

37. DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**RESIGNATIONS:**

1. Mr. M.L. Motwani resigned as Director of the Company with effect from 03.09.2018.
2. Mr. R. Venkata Rao resigned as CFO of the Company with effect from 19.02.2019.

38. RISK MANAGEMENT

The Board of Directors has formed a risk management policy to identify, evaluate, mitigate and monitor the risk associated with the business carried by the company. The Board reviews the risk management plan and ensures its effectiveness. A mechanism has been put in place which will be reviewed on regular intervals.

39. COMMITTEES OF THE BOARD:

The Board has Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. The composition and other details of these committees have been given in the Report on the Corporate Governance forming part of the Annual Report.

40. COMPLIANCE OF SECRETARIAL STANDARDS

The Company has duly complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India, for the Board and General Meetings.

41. 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: 03/09/2019

V.C. Janardan Rao
Chairman & Managing Director
DIN: 00181609

CORPORATE GOVERNANCE REPORT

Report Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the requirements of Corporate Governance is set out below:

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 is in compliance with Securities Exchange Board of India (Listing Obligation Disclosure Requirements) Regulations, 2015.

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

2) BOARD OF DIRECTORS & COMPOSITION:

The Board of Directors 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 SEBI (LODR) Regulations, 2015. Following was the composition of the Board during the year review:

S.No	Name of the Director	Designation	Category
1.	Mr. V. C Janardan Rao	Chairman & Managing Director	Promoter & Executive Director
2.	Mr. V. Pattabhi	Independent Director	Non - Executive Director
3.	Mr. B. S. Srinivasan	Independent Director	Non - Executive Director
4.	Mrs. U. Uma Devi	Director	Promoter & Non - Executive Director
5.	Mr. M. L. Motwani**	Independent Director	Non - Executive Director

* Mr. M. L. Motwani resigned as Director of the Company w.e.f 03.09.2018.

All Independent Directors possess the requisite qualifications and are experienced in their respective fields. The Board also confirms that the Independent Directors fulfill the criteria specified in the regulations and are independent of the management. The Independent Directors are appointed for a period of five years. The Managing Director and the other Non Independent Directors are subject to retire by rotation.

All the necessary disclosures have been obtained from all the directors regarding their directorship and have also been taken on record by the Board. 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 finalized 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 successive meetings of the Board did not exceed 120 days.

The Board duly met 5 (Five) times during the period from 01.04.2018 to 31.03.2019 on 30.05.2018, 07.08.2018, 03.09.2018, 14.11.2018 and 11.02.2019 and the attendance of the Directors are as follows:

ATTENDANCE OF DIRECTORS IN THE BOARD AND LAST 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.	Mr. V. C Janardan Rao	5	Chairman and Managing Director	Promoter	Yes	8	0
2.	Mr. V. Pattabhi	5	Director	Independent And Non Executive Directors	Yes	5	4
3.	Mr. B. S. Srinivasan	5	Director		Yes	2	3
4.	Mr. M. L. Motwani**	1	Director		Yes	2	0
5.	Mrs. U. Uma Devi	5	Director	Promoter And Non- Executive Directors	No	8	0

* Mr. M. L. Motwani resigned as Director of the Company w.e.f 03.09.2018.

Notes:

1. The other Directorship excludes Directorships held in Private & Foreign Companies and Companies incorporated under section-8 of the Companies Act, 2013.
2. In accordance with Reg.26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Memberships/ Chairmanships of Committees include Audit Committee and Stakeholders' Relationship Committee of Public Company has been considered.
3. None of the Directors is a director in more than 20 Companies and more than 10 public limited companies in terms of Sec-165 of the Companies Act, 2013.
4. None of the Directors is a Director in more than seven listed entities in terms of Regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. None of the Directors is a member of neither more than Ten Committees, nor acts as Chairman of more than Five Committees across all companies in which they are Directors, as required Regulation 26 of the Listing Regulations.
6. The Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.
7. Name of other listed entities where Directors of the company are Directors and the category of Directorship:

Sl No	Name of The Director	Name of other Listed Companies	Category of Directorship
1	Mr. V. Pattabhi DIN: 00200157	Visaka Industries Limited.	Independent Director
2	Mr. B.S. Srinivasan DIN: 00482513	Softsol India Limited	Independent Director

Number of shares and convertible instruments held by non- executive directors;

Name of the Non-Executive Director	No. of Shares or convertible instruments held
Mr. V. Pattabhi	0
Mr. M.L. Motwani	0
Mr. B.S. Srinivasan	0
Mrs. U. Uma Devi	1,10,834 shares of Rs. 10/- each

Familiarization Program to Independent Directors:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarized and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. Site visits to plant location are organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization programs for Independent Directors are posted on the website of the Company and can be accessed at http://www.veljan.in/investors_policy.html.

Skills / Expertise / Competencies of the Board of Directors

The Company has mix of Directors on the Board who possess the requisite qualifications, experience and expertise across multiple domains which facilitates quality decision making and enables them to contribute effectively to the Company in their capacity as Directors of the Company, more specifically in the areas of:

- a. Knowledge of Company - understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities)
- b. Industry Knowledge and experience - knowledge of industry, sector and changes in industry specific policy and
- c. Professional Skills and experience in the areas of finance, Safety & Corporate Social Responsibility and allied fields, projects, general corporate management and strategy development and implementation to assist the ongoing aspects of the business.

In the opinion of the Board, all the independent directors fulfill the conditions specified in these regulations and are independent of the management.

Inter-se relationship between Directors:

Mr. V.C. Janardan Rao and Mrs. U. Uma Devi are relatives of each other in terms of Section 2(77) of the Companies Act, 2013 and none of the other Directors have any relationship with each other.

Whistle blower policy:

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 website. 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, 2019. A declaration to this effect, duly signed by the Chairman and Managing Director is given hereto.

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
- x) 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	Category
1.	Mr. V. Pattabhi	Chairman	Independent and Non- Executive director
2.	Mr. M. L. Motwani*	Member	Independent and Non- Executive director
3.	Mr. B.S. Srinivasan	Member	Independent and Non- Executive director
4.	Mr. V.C. Janardan Rao*	Member	Executive director

* Mr. M. L. Motwani resigned as Director of the Company w.e.f 03.09.2018 and the audit committee was reconstituted on 03.09.2018 and Mr. V.C. Janardan Rao was appointed as a member of the Committee.

The Audit committee duly met 5 (Five) times during the financial year on 30.05.2018, 07.08.2018, 03.09.2018, 14.11.2018 and 11.02.2019.

Attendance of Audit Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Held
1.	Mr. V. Pattabhi	5	5
2.	Mr. M. L. Motwani	3	1
3.	Mr. B.S. Srinivasan	5	5
4.	Mr. V.C. Janardan Rao	2	2

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

The Chairman and Managing Director, Business Heads, Head of Finance and Internal Auditors attend the meetings of the Committee, as and when required.

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

The Company Secretary acts as the Secretary to the Committee.

Mr. V. Pattabhi, Chairman of the 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.

Criteria of making payments to non-executive directors is available on the Company's website.

Composition of Nomination and Remuneration Committee:

Sl. No.	Name of Director	Designation	Category
1.	Mr. V. Pattabhi	Chairman	Independent and Non- Executive director
2.	Mr. B.S. Srinivasan	Member	Independent and Non- Executive director
3.	Mrs. U. Uma Devi*	Member	Non- Executive Director

* The Nomination and Remuneration Committee was reconstituted on 03.09.2018 and Mrs. U. Uma Devi was appointed as a member of the Committee w.e.f 03.09.2018.

The Remuneration Committee duly met once during the financial year on 11.02.2019.

Attendance of Nomination and Remuneration Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Held
1.	Mr. V. Pattabhi	1	1
2.	Mr. B.S. Srinivasan	1	1
3.	Mrs. U. Uma Devi*	1	1

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2018-19 are as follows

In (Rs)

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Mr. V C Janardan Rao	Chairman & Managing Director	39,00,000	47,84,428	—	86,84,428
Mr. V. Pattabhi	Independent Director	—	7,47,566	2,00,000	9,47,566
Mr. M.L. Motwani*	Independent Director	—	1,49,513	40,000	1,89,513
Mr. B.S.Srinivasan	Independent Director	—	7,47,566	2,00,000	9,47,566
Mrs. U.Uma Devi	Director	—	7,47,566	1,00,000	8,47,566

* Mr. M. L. Motwani resigned as Director of the Company w.e.f 03.09.2018.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

The Criteria for performance evaluation was formulated after receiving inputs from the Directors covering various aspects of the Boards' functioning such as adequacy of the Composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance. The performance of Independent directors was evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc.

BOARD LEVEL PERFORMANCE EVALUATION:

Pursuant to The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Annual performance evaluation of the Directors including Chairperson, Board and its Committees viz., the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee has been carried out.

The Performance evaluation of Independent Directors was carried out by the entire board of directors without participation of the directors who are subject to the evaluation.

INDEPENDENT DIRECTORS' MEETING:

The Independent Directors meet at least once in a year, without the attendance of Executive Directors.

During the year under review, the Independent Directors met once on 11.02.2019 and among other things evaluated the performance of Non-Independent Directors and the Board of Directors as a whole review the performance of the Chairperson of the Company and evaluated of the quality, and content of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Company adopted CSR Policy which indicates the activities to be undertaken by the Company as specified in Schedule VII to the Act. The policy is provided on the Company's website.

The Composition of Corporate Social Responsibility (CSR) Committee is given below:

Sl. No.	Name of Director	Designation	Category
1.	Mr. V. C. Janardan Rao	Chairman	Chairman and Managing Director
2.	Mr. B.S. Srinivasan	Member	Independent and Non- Executive Director
3.	Mrs. U. Uma Devi*	Member	Non Executive Director

The Corporate Social Responsibility Committee was reconstituted on 03.09.2018 and Mrs. U. Uma Devi was appointed as a member of the Committee w.e.f 03.09.2018.

The Committee duly met once during the financial year on 11.02.2019.

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	Category
1.	Mr. V. Pattabhi	Chairman	Independent and Non- Executive Director
2.	Mr. V. C. Janardan Rao	Member	Executive Director
3.	Mrs. U. Uma Devi*	Member	Non Executive Director

* The Corporate Social Responsibility Committee was reconstituted on 03.09.2018 and Mrs. U. Uma Devi was appointed as a member of the Committee w.e.f 03.09.2018.

Terms of reference:

The committee was formed with the object of providing immediate attention to the shareholders grievance 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 Committee duly met once during the financial year on 11.02.2019.

The Company has resolved all the complaints from the stakeholders. There are no pending letters/ complaints as on the date of the Directors' Report.

Name and designation of the Compliance officer: Mr. B. Narahari, Company Secretary

7. CEO/CFO CERTIFICATION

The Managing Director of the Company have certified to the Board that the financial results of the Company for the year ended 31st March, 2019 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulation 33 of SEBI (LODR) Regulations.

8. 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
2018	29.09.2018	11.30 A.M	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2017	27.09.2017	11.30 A.M	
2016	30.09.2016	11.30 A.M	

No Extra-Ordinary General Meeting of the shareholders was held during the year under review.

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 Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot

v) Procedure for postal ballot: N.A.

9. 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.

10. MEANS OF COMMUNICATION:

The Quarterly results of the Company are published in the newspapers like Nava Telangana, Financial Express and Annual Reports are sent to all the Shareholders yearly and the same will be displayed in www.veljan.in along with the official press releases, if any.

11. GENERAL SHAREHOLDER INFORMATION:

a) The 45th Annual General Meeting of the Company will be held on Monday, 30th September, 2019 at 11.30 A.M. at Plot No. A 18 & 19 APIE, Balanagar, Hyderabad-500037, Telangana.

b) The Financial Year: 1st April, 2019 to 31st March, 2020.

Financial Calendar 2019 - 2020 (tentative)

First Quarter results (April - June) : On or before 14th August

Second Quarter results (July – Sept) : On or before 14th November

Third Quarter results (Oct – Dec) : On or before 14th February

Annual Results audited (Audited) : On or before 30th May

c) Date of Book Closure: 24th September 2019 to 30th September 2019 (both days inclusive).

d) The Shares of the Company are listed at BSE Limited, Mumbai.

- e) The listing fees for the financial years 2018-19 and 2019-20 has been paid to the stock exchange.
- f) Stock code: 505232
- g) ISIN for the Company's Equity Shares: INE 232E01013
- h) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- i) Dividend Payment Date: within 30 days from the date of AGM subject to the approval of members.
- j) 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.
- k) In respect of transfer of physical shares, Shareholders are advised to contact our RTA; M/s. Venture Capital and Corporate Investments Limited; 12-10-167, Bharath Nagar, Hyderabad-500018, Telangana. Phones: 040-23818475
- l) Monthly High and Low Stock quotations during the financial year are as follows:

		Share Price		BSE Sensex	
Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	High (Rs.)	Low (Rs.)
Apr-18	1149.00	1003.00	5038	35213.30	32972.56
May-18	1125.85	991.00	3897	35993.53	34302.89
Jun-18	1289.45	993.00	9575	35877.41	34784.68
Jul-18	1219.00	1010.10	3823	37644.59	35106.57
Aug-18	1232.00	980.10	10941	38989.65	37128.99
Sep-18	1037.00	770.00	11607	38934.35	35985.63
Oct-18	818.00	720.00	3750	36616.64	33291.58
Nov-18	894.60	740.05	1848	36389.22	34303.38
Dec-18	840.00	751.10	1946	36554.99	34426.29
Jan-19	835.65	735.00	1437	36701.03	35375.51
Feb-19	849.00	600.05	2613	37172.18	35287.16
Mar-19	939.95	739.60	2625	38748.54	35926.94

Source: www.bseindia.com

m) REGISTRAR AND TRANSFER AGENTS:

M/s. Venture Capital and Corporate Private Investments Limited;
12-10-167, Bharath Nagar, Hyderabad – 500 018, Telangana. Phone: 040- 23818475

n) SHARE TRANSFER SYSTEM:

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being found valid and complete in all respects. The Company appointed M/s. Venture Capital & Corporate Investments Pvt. Ltd as common Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the Securities of the Company. As per revised regulation 40 of the SEBI (LODR) Regulations, 2015, shares will no longer be transferred in physical mode. Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized.

o) Commodity price risk or foreign exchange risk and hedging activities: No hedging activities had been taken up by the company.

q) Information in respect of transfer of shares to IEPF and unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and also during the financial year 2017-18 MCA also notifies the transfer of under laying shares of unclaimed / unpaid dividend for seven years to IEPF account. The Company has transferred the unpaid dividend till 2009-11 to IEPF.

Your Company will undertake necessary steps for transfer of unclaimed / unpaid dividend laying shares pertains to financial year 2011-12 in accordance with the applicable provisions of the Act and Rules and ensure the transfer to IEPF account. Shareholders are required to claim the unpaid dividend if any immediately.

The unclaimed dividend as on March 31, 2019 with due date of transfer to IEPF is as follows:

Financial Year	Date of transfer to IEPF
2011-12	October 2019
2012-13	October 2020
2013-14	October 2021
2014-15	October 2022
2015-16	October 2023
2016-17	October 2024
2017-18	October 2025

12. A. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2019:

Nominal Value Rs.	Holders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto - 5000	2,839	97.19	16,29,460	7.24
5001 - 10000	36	1.23	2,65,490	1.18
10001 - 20000	16	0.55	2,26,680	1.01
20001 - 30000	3	0.10	77,740	0.35
30001 - 40000	5	0.17	1,71,630	0.76
40001 - 50000	4	0.14	1,85,050	0.82
50001 - 100000	6	0.21	4,63,650	2.06
100001 and above	12	0.41	1,94,80,300	86.58
TOTAL	2,921	100.00	2,25,00,000	100.00

12. B. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2019:

Category	Number of Shareholders	No. of Shares held	Percentage of Shareholding (%)
Promoters (Both Indian & Foreign)	11	16,87,097	74.98
Mutual Funds and UTI	0	0	0.00
Banks, Financial Institutions, Insurance Companies	0	0	0.00
Flls	0	0	0.00
Bodies Corporate	42	12,874	0.57
Indian Public	2,814	3,00,001	13.33
Non-Resident Indians	38	2,749	0.12
Clearing Members	15	928	0.05
IEPF	1	2,46,351	10.95
Total	2,921	22,50,000	100.00

13. DEMATERIALISATION OF SHARES AND LIQUIDITY:

21,85,070 shares of the Company representing 97.11% of the total paid up share capital of the Company are being held in Demat form as on 31st March, 2019.

14. OUTSTANDING GDRS / ADRS / WARRANTS AND OTHER CONVERTIBLE INSTRUMENTS:

Conversion dates and likely impact on equity: NIL

15. PLANT LOCATION:

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

16. 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

17. DISCLOSURES:

- a) 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.

All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with related parties are in compliance with sec 188 of the companies act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year 2018-19, as required under section 177 of the Companies Act, 2013 and Regulation 23 of the Listing Regulations, all RPTs were placed before the Audit Committee for approval.

There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interests of the Company at large. The details of the related Party transactions entered during the year and disclosures as required by the Indian Accounting Standards (INDAS 24) are disclosed in the Notes to Accounts.

- b) 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
- c) The Company has adopted, the Vigil Mechanism and Whistle Blower Policy 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.
- d) 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 has adopted various non-mandatory requirements wherever possible.
- e) Web link where policy for determining material subsidiaries is disclosed: Not available as there are no subsidiaries of the Company.
- f) Web link where policy on dealing with related party transactions: www.veljan.in/investors_policy
- g) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary, Training) are covered under this Policy. There were no complaints at the beginning of the year i.e. as on 1st April, 2018 and during the year the Company has not received any complaints and no complaints were pending as on 31st March, 2019.

- h) Insider Trading:

The Board of Directors of the Company has duly adopted revised Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of the Company, pursuant to the provisions of Regulation 8 (Code of Fair Disclosure) and Regulation 9 (Code of Conduct), respectively, of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The above codes came into effect from 01st April, 2019.

The Code of Conduct has been adopted with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Compliance Officer is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

- i) Accounting Treatment: The Company has followed the Ind AS accounting standards in the preparation of its financial statements.
- j) Risk Management: During the year, the risk assessment parameters were reviewed and modified, wherever needed. The audit committee/ Board reviewed the element of risks and the steps taken to mitigate the risks. In the opinion of the Board, there are no major elements of risk which has the potential of threatening the existence of the Company.
- k) The information on Directors seeking re-appointment/appointment is provided as annexure to the notice of the Annual General Meeting under the heading "Additional information on Directors seeking Re appointment/appointment at the ensuing Annual General Meeting".

- l) M/s. K. S. Rao & Co., Chartered Accountants (FRN: 003109S) have been appointed as the Statutory Auditors of the Company. The Auditor remuneration details are provided in the Notes to financial statements which will form part of the Annual Report.
- m) Certificate by Practicing Company Secretary: The Company has received a certificate from Mrs. D. Soumya, Practicing Company Secretary, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such authority.
- n) Compliance Officer: Mr. Narahari Bellamkonda, Company Secretary is Compliance Officer of the Company for complying with requirements of Securities Laws.
18. The Company has complied with all the requirements of Corporate Governance Report as set out in paras (2) to (17) above.
19. Non-mandatory requirements/Discretionary Requirements as stipulated in Regulation 27 (1) read with Part E of the Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015
- a) The Company's financial statements are with unmodified audit opinion.
- b) The Internal auditors of the Company report directly to the Audit Committee of the Board.
20. The Company has complied with all the mandatory clauses of corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of the regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date of its applicability.
21. Disclosures with respect to demat suspense account/ unclaimed suspense account:

The Company has followed the due procedure as provided in the Regulation 39 (4) read with Schedule V & VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in dealing with the unclaimed shares in Public issue/ Rights issues. The movement of un-claimed shares during the year as follows:-

Particulars	No of shareholders	No. of Equity Shares
Aggregate Number of Shareholders and outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2018	0	0
Unclaimed shares Credited to the Account during the year	0	0
Number of shareholders approached the Company for transfer of shares from Unclaimed Suspense Account during the year	0	0
Aggregate Number of Shareholders and outstanding Shares lying in the Unclaimed Suspense Account as on March 31, 2019	0	0
The voting rights of the above said unclaimed shares lying in Demat Account shall remain frozen till rightful owner of such shares claims the shares.	0	0

22. Compliance Certificate regarding compliance of conditions of corporate governance

As required by Schedule V (E) to SEBI (LODR) Regulations, 2015 the auditors' certificate on corporate governance is enclosed to this report and forms part of this report.

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2019 as envisaged in Listing Regulations.

V. C. Janardan Rao

Chairman and Managing Director

DIN: 00181609

Place: Hyderabad

Date: 03.09.2019

MD/ CFO CERTIFICATION

To
The Board of Directors
Veljan Denison Ltd.
Hyderabad

In relation to the Audited Financial Accounts of the Company as at 31st March, 2019, we hereby certify that:

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.

There are, to the best of our 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.

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.

We have indicated to the auditors and the Audit committee that

- (i) the significant changes in internal control over financial reporting during the year;
- (ii) the significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) no 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: 30.05.2019
Place: Hyderabad

V.C. Janardan Rao
Chairman & Managing Director
DIN: 00181609

CERTIFICATE OF CORPORATE GOVERNANCE

Under Regulation 34(3) read with Schedule V (E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**To
The Members of
Veljan Denison Limited**

We have examined all the relevant records of Veljan Denison Limited (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period commencing from 1st April, 2018 and ended on 31st March, 2019. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and para C, D and E of Schedule V for the period commencing from 1st April, 2018 and ended on 31st March, 2019.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company

For K.S. Rao & Co.,
Chartered Accountants
Firm's Regn No: 003109S

M. NAGAPRASADU
Partner
Membership No: 231388

Place: Hyderabad
Date: 27.08.2019

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Indian economy in financial year 2018-19 witnessed significant policy initiatives and the rapid industrial and infrastructure development across the world has led to an increase in demand for hydraulic products. Hydraulics is an essential element of any modern day sector ranging from industries to utilities and the residential sector. Hydraulic pumps are one of the heavily used hydraulic equipment across the globe. They are used as components of hydraulic drive systems. Hydraulic pumps are mechanical equipment that converts mechanical power of the pump into hydraulic energy of the pumped fluid. These pumps generate enough power so that the hydraulic flow can easily overcome the pressure created by the load at the outlet of the pump.

OUTLOOK:

Hydraulic Pump Market is expected to garner \$18.2 billion by 2024, registering a CAGR of 4.3% during the period. Hydraulic pump works on displacement principle. The pump converts mechanical energy into hydraulic energy, which is utilized to perform various tasks such as lift, lower, open, close or rotate components in various mobile and industrial application areas. The pumps are manufactured depending on different functional and hydraulic system requirements.

The infrastructural developments, automation across industries, such as manufacturing and automotive and increase in construction activities globally will drive the growth prospects for hydraulic pumps until the forecast period.

Increase in construction activities globally, rising sales of automobiles and increasing applications in mining industry are the major factors propelling the demand for hydraulic pumps. In addition to this, government regulations focused towards reduction of CO₂ emission and increased awareness about energy saving has led to the expansion of this market. With the costs of energy steadily rising, energy consumption is playing a more significant role than ever in the total cost of machine operation. As a result, the hydraulics industry is demanding energy efficient solutions.

However, high cost of manufacturing is a major challenge faced by the players operating in the market. Increasing pace of infrastructural improvement and increasing demand for renewable energy offers promising opportunity for players in the hydraulic pump market. Moreover, up-gradation of existing machinery would also provide lucrative business opportunity to the players.

Hydraulic pumps, particularly gear pumps are largely used in the construction industry. Extensive application of construction equipment in operations, such as excavation, earth-moving, and lifting and material handling is expected to drive the market for construction equipment.

In both developed, as well as developing countries, manufacturers are increasing their investments in machine tools to enhance their production processes and systems. The maturity of both of these markets will help the construction sector and hydraulic systems throughout the next few years.

The world hydraulic pump market is segmented based on product type, application and geography. Based on product type, the market is categorized into gear pump, vane pump and piston pump. Gear pumps would dominate the market throughout the analysis period; however, piston pumps would witness fastest growth due to increasing adoption in high pressure application areas such as mining. Market by application comprises mobile and industrial application. Industrial applications segment would grow at a faster pace due to increasing usage of hydraulic pumps in the manufacturing industry. Sub-divisions of the mobile application segment include construction, agriculture, mining and others. The pumps used across various application areas differ in terms of material, operating pressure, temperature and frequency.

The promise of bringing clarity and transparency to portfolios such as mining, housing and infrastructure has galvanised businesses, both big and small, to prepare for what could possibly be one of the most rewarding times to be in this business.

OPPORTUNITIES:

The infrastructure and construction segments have been experiencing a slowdown for the past few years, however, the future scenario seems bright. Understanding the economic condition of the country has been a major challenge. Mostly the products are used in construction, agriculture, and material handling, whose consumption is directly linked to spending on infrastructure. Unfortunately, over the last 2-3 years, this sector has been facing major slowdown. However, we are positive that the pace of economic activity will grow at a much faster rate in the near future and our opportunities would be linked to the same.

Agriculture is placing the biggest demands on water in Asia and the Pacific, as rising populations, rapid urbanization, and energy, industrial, and domestic use have left water stocks in a critical state.

Most Asian countries rely heavily on groundwater for farming. Around 80% of Asia's freshwater are used to irrigate crops, much of which is used inefficiently. It is expected to drive the growth of hydraulic pumps as they help in increasing productivity exponentially by possessing the ease and accuracy of control.

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.

FINANCIAL PERFORMANCE REVIEW:

The analysis of performance of the Company is given below:

- Sales Turnover:**

The Comparative position of sales turnover achieved by the Company is as under:

(Rs in Lacs)

Product	2018-19	2017-18
Revenue from Operations (Net)	8750.87	9732.30
Changes in inventories of Finished goods and Work-in-progress	717.18	-239.32
Total	9468.05	9492.98

- Key Performance Indicators**

An analysis of the key indicators as percentage to revenue is given below:

S.No	Particulars	2018-19	2017-18
1.	Revenue from Operations (Net)	9468.05	9492.98
2.	Cost of materials consumed - % of revenue from operations	3411.25 36.03%	3276.34 34.51%
3.	Employee Benefit Expense - % of revenue from operations	700.02 7.39%	734.96 7.74%
4.	Other Expenses - % of revenue from operations	2748.12 29.02%	2585.89 27.24%
5.	Finance Costs - % of revenue from operations	133.53 1.41%	111.60 1.18%
6.	Depreciation Expense - % of revenue from operations	323.00 3.41%	274.62 2.89%
7.	Profit Before Tax - % of revenue from operations	2266.33 23.94%	2482.39 26.15%
8.	Profit After Tax - % of revenue from operations	1633.30 17.25%	1627.73 17.15%

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” maybe considered being “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.

DISCLOSURE WITH RESPECT TO ACCOUNTING TREATMENT:

The Financial Statements does not contain any treatment which differs from any standard prescribed in any Accounting Standard.

**Secretarial compliance report of Veljan Denison Limited
for the year ended 31st March, 2019**

I, D. Soumya, Practising Company Secretary have examined :

- a) all the documents and records made available to me and explanation provided by Veljan Denison Limited (“the listed entity”)
- b) the filings / submissions made by the listed entity to the stock exchanges,
- c) website of the listed entity,
- d) any other document / filing, as may be relevant, which has been relied upon to make this certification,

For the year ended 31st March, 2019 (“Review Period”) in respect of compliance with the provisions of :

- a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued there under; and
- b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars / guidelines issued there under, have been examined, include:

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **NA**
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (buy back of securities) Regulations, 2018 - **NA**
- e) Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 - **NA**
- f) Securities and Exchange Board of India (issue and listing of debt securities) Regulations, 2008 - **NA**
- g) Securities and Exchange Board of India (issue and listing of non convertible and redeemable preference shares) Regulations, 2013 - **NA**
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars / guidelines issued there under :

And based on the above examination, I hereby report that, during the Review Period:

- a) The listed entity has complied with the provisions of the applicable above Regulations and circulars / guidelines issued there under.

S.No.	Compliance Requirement (Regulations / circular / guidelines including specific clause)	Deviations	Observations/ remarks of the Practicing Company Secretary
—	—	—	—

- b) The listed entity has maintained proper records under the applicable provisions of the above Regulations and circulars / guidelines issued there under insofar as it appears from my examination of those records.

- c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued there under:

S.No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc	Observations/ remarks of the Practicing Company Secretary if any
—	—	—	—	—

- d) The listed entity has taken the following actions to comply with the observations made in previous reports:

S.No.	Observation of the Practicing Company Secretary in the Previous reports	Observation made in the secretarial compliance report for the year ended.. (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
—	—	—	—	—

Date : 30.05.2019

Place: Hyderabad

D. Soumya
Practising Company Secretary
C.PNo. 13199

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

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014:

(A) Conservation of Energy:

- i) The Company is using solar light in the shop floor.
- ii) The steps taken by the Company for utilizing 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 maybe 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: NIL
 - b) Whether the technology has been fully absorbed: NIL
 - 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. 1186.57 Lacs (Previous Year Rs.546.96 Lacs)

Foreign Exchange earned: Rs. NIL (Previous Year: NIL)

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03/09/2019

V.C. Janardan Rao
Chairman & Managing Director
DIN: 00181609

ANNEXURE TO BOARDS' 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:

	Name(s) of related party	Relationship	
(a)	M/s. Veljan Hydrair Ltd	Group Company	
	M/s. Suxus Systems Ltd	Group Company	
	M/s. Ecmat Ltd	Group Company	
(b)	Nature of contracts/arrangements/transactions	All proposed transactions are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arms' length. All the transactions are for sale, purchase of goods or materials within Veljan group.	
(c)	Duration of the contracts/arrangements/transactions	Effective from 01.10.2016	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Name of the Company	Maximum Value of Transaction per annum
		Veljan Hydrair Ltd	120 Crores
		Suxus Systems Ltd	30 Crores
		Ecmat Ltd	30 Crores
(e)	Date(s) of approval by the Board, if any	04-08-2016	
(f)	Amount paid as advances, if any	NA	

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03/09/2019

V.C. Janardan Rao
Chairman & Managing Director
DIN: 00181609

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 (12 months)	43.98

- (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	% Decrease
Mr. V C Janardan Rao	Chairman and Managing Director	0.09%
Mr. R Venkata Rao*	Chief Financial Officer	Nil
Mr B Narahari	Company Secretary	Nil

* Mr R Venkata Rao Resigned on 19th February 2019

- (iii) the percentage increase in the median remuneration of employees in the financial year: 22.01%
- (iv) the number of permanent employees on the rolls of company: 184
- (v) the explanation on the relationship between average decrease in remuneration and company performance: On account of increase in VDA of workers.

Average Increase in Remuneration	Company's Performance
4%	Turnover is Rs. 8865 Lakhs and Net Profit is Rs. 1633 Lakhs

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

Aggregate remuneration of key managerial personnel in 2019	
Remuneration in 2019 (Rs in Lakhs)	136.81
Revenue (Rs in Lakhs)	8750.87
Remuneration as a % of revenue	1.56
Profit before Tax (PBT) (Rs in Lakhs)	2266.33
Remuneration of KMP (as a % of PBT)	6.04

- (vii) 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 remuneration of managerial personnel.

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

Key Managerial Personnel	% of Revenue	% of PBT
Mr. V C Janardan Rao	1.10	4.26
Mr. R Venkata Rao*	0.27	1.04
Mr B Narahari	0.19	0.74

* Mr R Venkata Rao Resigned on 19th February 2019

- (ix) the key parameters for any variable component of remuneration availed by the directors : Managing Director is entitled 2% on profits as part of remuneration and 1% on profits is paid as commission to non executive directors

- (x) Variations in market capitalisation of the company etc.

Particulars	2018 - 2019	2017 - 2018
Market Capitalisation	Rs. 189 Crores	226.69 Crores
Price earnings ration (based on EPS)	11.57	13.92
Market quotation of the shares compare to rate at which came out with IPO : The company came with IPO in 1979 at a price of Rs. 10/- per share and as on 29th March, 2019, the market quotation of the share is Rs.840/- in BSE		

- (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

Mr. V C Janardan Rao is the highest paid Director of the Company. In Financial year 2018-19, none of the employees has received remuneration in excess of the highest paid Director.

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

by order of the Board of Directors
For **Veljan Denison Ltd.**

Place : Hyderabad
Date : 03/09/2019

V C Janardan Rao
Chairman and Managing Director

Annexure to Directors Report

ANNUAL REPORT ON CSR ACTIVITIES

1. The 'Veljan CSR Policy' encompasses the Company's philosophy of "Serving Society through Industry" and is designed to employ Company's resources, strengths and strategies in discharging its responsibility as a Corporate Citizen.

Veljan continues to strive to transform the business environment in which it operates. It also works for the transformation of the Society. The aim of Veljan is to create an environment which enhances opportunities for all the good things, better education and overall quality of living that life has to offer. Veljan designs its CSR initiatives in alignment with its objective of enhancing the quality of life in all aspects.

Various locations will be reported to Head Office on a monthly basis and the Head Office will report to the Committee on a quarterly basis.

The CSR Department at the Head Office will conduct impact studies on a periodical basis, through independent professional third parties/ professional institutions, especially on a strategic and high value programs.

2. The Composition of the CSR Committee:

Shri. V C Janardan Rao Chairman

Shri. U. Umadevi 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)

2015 - 16 1783.93

2016 - 17 1942.55

2017 - 18 2482.39

Average of last 3 years: Rs 2069.62 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount of average of last 3 years) – Rs.41.39 Lakhs

(a) Total amount spent for the financial year – Rs. 43.75 Lakhs

(b) Amount Unspent, if any – Not applicable

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or program was undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Donation to SVSBZPP high School, Kovvali	Education	Dist: West Godavari A.P.	Rs. 15.00 Lakhs	Rs. 15.00 Lakhs	Rs. 15.00 Lakhs	Direct
1	Contribution to Sivananda Rehabilitation Home	Eradication Hunger and promoting health care	Local Area	Rs. 9.28 Lakhs	Rs. 9.28 Lakhs	Rs. 9.28 Lakhs	Direct
3	Redcross society	promoting health care	Elluru, A.P.	Rs. 17.43 Lakhs	Rs. 17.43 Lakhs	Rs. 17.43 Lakhs	Direct
4	Contribution to National Defense fund and others	Eradication Hunger and promoting health care	Local Area	Rs. 2.04 Lakhs	Rs. 2.04 Lakhs	Rs. 2.04 Lakhs	Direct

- 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 – Not applicable
- The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Date : 11-02-2019
Place : Hyderabad

V C Janardan Rao
Chairman and Managing Director &
Chairman of CSR Committee

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

To,
The Members,
Veljan Denison Limited

We were appointed by the Board of Directors of Veljan Denison Limited (“the Company”) to conduct the Secretarial Audit for the financial year ended March 31, 2019.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other documents/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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and relied on the information provided by the management and its officers for the financial year ended on 31st March, 2019 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and byelaws framed there under;
- IV. The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

VI. The Company has identified that no Industry specific laws were applicable to the Company.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) which the Company is in process of adopting.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards except the following:

- Company is yet to file Form MGT-14 for the approval of Board's Report for the financial year 2017-2018, appointment of Secretarial Auditor for the financial year 2018-2019 and Special Resolutions passed in the Annual General Meeting held on 29-09-2018.

We further report that

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

Adequate notice was given to all directors to schedule the Board / Committee meetings, agenda and detailed notes on agenda were sent 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.

During the period under review, resolutions were carried through majority. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

Based on the information, documents provided and the representations made by the Company, its officers during our audit process in our opinion, there are adequate systems and processes exist in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The compliance by the Company of the applicable financial laws, labour laws, filing of periodical returns, maintenance of financial records and books of accounts have not been reviewed by us since the same have been subject to review by Statutory Auditors, Internal Auditors and other professionals.

We further report that the following are the major events during the audit period:

- Cessation of Mr. Venkata Rao Ravi as CFO w.e.f 19/02/2019;
- Cessation of Mohanlal Lilaram Motwani from Directorship of the Company w.e.f. 03/09/2018;
- Change in the place of keeping the books of account from the Registered Office at # Plot No. 44, HCL Towers, 4th Floor, Chikoti Gardens, Begumpet, Hyderabad – 500 016 to the Plant office of the Company at Plot No. 10A, Phase-I, I.D.A, Patancheru - 502 319, Sanga Reddy District, Telangana with effect from 01.03.2019.

For BS & Company Company Secretaries LLP

Date: 03.09.2019
Place: Hyderabad

K.V.S.Subramanyam
Designated Partner
FCS No.: 5400
CPNo.: 4815

NOTE: This report is to be read with our letter of even date which is annexed as 'Annexure' and forms an integral part of this report.

‘Annexure’

To,
The Members,
Veljan Denison Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of applicable laws, rules and regulations etc.
5. The compliance of the provisions of Companies Act, 2013 and other applicable laws, Rules, Regulations, secretarial standards issued by ICSI is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorized representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/ Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the compliance by the Company of applicable fiscal laws like Direct & Indirect tax laws have not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BS & Company Company Secretaries LLP

Date: 03.09.2019
Place: Hyderabad

K.V.S.Subramanyam
Designated Partner
FCS No.: 5400
CPNo.: 4815

INDEPENDENT AUDITOR'S REPORT

To the Members of **VELJAN DENISON LIMITED**, HYDERABAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VELJAN DENISON LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors responsibility for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
<p>Appropriateness of capitalisation of costs as per Ind AS 16 Property, Plant and Equipment</p> <p>During the year, the Company capitalised Rs. 1954.40 lakhs as Property, plant and equipment installed towards modernisation cum expansion for its plants at Patancheru and vizag Units.</p> <p>Given the significance of the capital expenditure during the year, there is a risk that elements of costs that are ineligible for capitalisation in accordance with the recognition criteria provided in Indian Accounting Standard 16, Property, Plant and Equipment are capitalised.</p> <p>Refer Notes. 2 to the Financial Statements.</p>	<p>Principal audit procedures</p> <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested the design and operating effectiveness of key controls relating to capitalisation of various costs incurred in relation to Property Plant and Equipment. • Performed test of details with focus on those items that we considered significant due to their amount or nature and tested a number of items capitalised during the year against underlying supporting documents to ascertain nature of costs and whether they meet the recognition criteria provided in the Ind AS 16, Property, Plant and Equipment in this regard. • Reviewed the other costs tested during the course of our audit and debited to Statement of Profit and Loss Account, to ascertain whether these meet the criteria for capitalization. <p>Our procedures as mentioned above did not identify any costs that had been inappropriately capitalised.</p>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

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 the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 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 including Other Comprehensive Income, Statement of Changes in Equity 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
 - e) on the basis of written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act,
 - f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) 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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **K.S.RAO & CO.**
Chartered Accountants
Firm's Regn No. 003109S

(M.NAGA PRASADU)
Partner
Membership No. 231388

Place : Hyderabad
Date : 30.05.2019

Annexure - A 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, 2019.,

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 physical 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.
c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. 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, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
b. In view of our comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
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, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Goods and Services Tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at March 31, 2019 for a period more than six months from the date they became payable.
b. 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 service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.

8. 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 during the year.
9. During the year under review, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Companies (Auditor's Report) Order 2016 is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **K.S.RAO & CO.**
Chartered Accountants
Firm's Regn No. 003109S

(M.NAGA PRASADU)
Partner
Membership No.231388

Place : Hyderabad
Date : 30.05.2019

Annexure – B to the Auditor's Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of VELJAN DENISON LIMITED, HYDERABAD (“the Company”) as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including 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, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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 and error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **K.S.RAO & CO.**
Chartered Accountants
Firm's Regn No. 003109S

Place : Hyderabad
Date : 30.05.2019

(M.NAGA PRASADU)
Partner
Membership No.231388

BALANCE SHEET AS AT 31st MARCH, 2019

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2019 (Audited)	AS AT 31-03-2018 (Audited)
Assets			
NON-CURRENT ASSETS			
(a) Property, Plant & Equipment	2	4259.72	2620.75
(b) Capital work-in-Progress	2	566.79	346.22
(f) Intangible Assets	2	12.77	20.99
(d) Financial Assets			
(i) Other Financial Asset	3	69.80	69.36
		<u>4909.08</u>	<u>3057.32</u>
2 CURRENT ASSETS			
(a) Inventories	4	2615.74	1747.09
(b) Financial Assets			
i. Trade receivables	5	5174.65	6492.58
ii. Cash and cash equivalents	6	785.00	2248.40
iii. Bank Balances Other than (ii) above	7	2542.60	1298.45
iv. Loans	8	8.90	5.36
v. Other Financial Assets	9	246.28	215.29
(c) Current Tax Asset (Net)		212.94	77.07
(d) Other Current Assets	10	1922.71	1365.82
		<u>13508.82</u>	<u>13450.06</u>
	Total (1+2)	<u>18417.90</u>	<u>16507.38</u>
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share Capital	11	225.00	225.00
b) Other Equity	12	13970.36	12607.87
		<u>14195.36</u>	<u>12832.87</u>
LIABILITIES			
NON - CURRENT LIABILITIES			
A) Borrowings	13	33.33	165.21
B) Deferred tax Liability		274.54	355.39
		<u>307.87</u>	<u>520.60</u>
CURRENT LIABILITIES			
a) Financial Liabilities			
i. Borrowing	14	1754.49	1896.57
ii. Trade Payable	15		
(a) Total outstanding dues of micro and small enterprises		0	0.11
(b) Total outstanding dues other than (ii)(a) above		1002.81	201.56
iii. Other Financial Liabilities	16	910.00	699.04
b) Other Current Liabilities	17	247.37	356.63
		<u>3914.67</u>	<u>3153.91</u>
	Total	<u>18417.90</u>	<u>16507.38</u>

The accompanying notes 1 to 38 form an integral part of financial statements.

As Per our report of even date

for K S RAO & CO.,
Chartered Accountants
Firm regn No 003109S

M NAGA PRASADU
Partner
Membership No 231388

V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

U. Uma Devi
Director
DIN: 00125840

Place: Hyderabad
Date : 30-05-2019

B NARAHARI
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

(Figures in Rs Lakhs)

Particulars	Refer Note No	For the Year Ended march 31,2019	For the Year Ended march 31,2018
INCOME:			
I. Revenue from operations	18	8750.87	9732.30
II. Other Income	19	114.20	83.67
III. Total (I +II)	Total	8865.07	9815.97
IV. EXPENSES			
Cost of Raw Materials Consumed	20	3411.25	3276.34
Changes in inventories of finished goods, work-in-progress	21	(717.18)	239.32
Employee benefits expense	22	700.02	734.96
Finance costs	23	133.53	111.60
Depreciation & Amortisation Expense	24	323.00	274.62
Excise Duty		0.00	110.84
Other expenses	25	2748.12	2585.90
Total Expenses		6598.74	7333.58
V. Profit Before exceptional items and tax (III-IV)		2266.33	2482.39
VI Exceptional items / (add/Less)		0.00	0.00
VII Profit Before tax		2266.33	2482.39
VIII. Less Tax expense:			
a. Current			
i. Relating to Current Period		677.63	859.47
ii. Relating to previous		36.25	49.58
b. Deferred tax			
i. On Temporary		(80.85)	(54.39)
Total Tax Expenses		633.03	854.66
IX. Profit after Tax		1633.30	1627.73
X. Other Comprehensive Income			
Items that will not be reclassified subsequently to Profit & loss		0.00	0.00
Income tax relating to items that will not be reclassified to p & l		0.00	0.00
Total Other Comprehensive Income for the period		0.00	0.00
XI. Total Comprehensive Income for the period (IX+X)		1633.30	1627.73
XII. Earning per equity share from continuing operations			
(1) Basic	35	72.59	72.34

The accompanying notes 1 to 38 form an integral part of financial statements.

As Per our report of even date

 for K S RAO & CO.,
Chartered Accountants
Firm regn No 003109S

M NAGA PRASADU
Partner
Membership No 231388
V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

U. Uma Devi
Director
DIN: 00125840

 Place: Hyderabad
Date : 30-05-2019

B NARAHARI
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019 (Figures in Rs Lakhs)

A. EQUITY SHARE CAPITAL:	Amount		Amount
For the Year ended 31st march, 2019		For the Year ended 31st march, 2018	
Balance as at 1st April 2018	225.00	Balance as at 1st April 2017	225.00
Changes in equity Shares Capital during the year ended	0	Changes in equity Shares Capital during the year ended	0
Balance as at 31st March 2019	225.00	Balance as at 31st March 2018	225.00

B. OTHER EQUITY :

For the Year ended 31st March 2019

Particulars	Reserves and Surplus					FVOCI	Total
	Security Premium	Capital redemption reserve	investment allowance reserve	General reserve	profit & Loss a/c	equity Instruments	
Balance at 1st April 2018	45.00	3.00	12.80	2,095.00	10452.07	0.00	12607.87
Profit for the Year (1)					1633.30		1633.30
Additions / Deletions	0	0	0	0.00	0.00	0	0.00
Total Comprehensive Income (1+2)	45.00	3.00	12.80	2,095.00	12085.37	0	14241.17
Dividend paid (incl.dividend tax)					(270.81)		(270.81)
Transfer to general Reserve				200.00	(200.00)		0.00
Balance as at 31st March 2019	45.00	3.00	12.80	2,295.00	11614.56	0	13970.36

The Description of the nature and purpose of reserves within equity is as follows.

- Security premium Reserve: Premium received on issue of equity shares credited to Securities premium reserve. It can be utilised as per the provision of section 63 of the Companies Act, 2013.
- Capital Redemption Reserve - Created on cancellation of equity shares under the scheme of arrangement and redemption of preference shares. It can be utilised as per the provision of section 63 of the Companies Act. 2013
- Capital Reserve- Comprise of Capital subsidy received for setting up manufacturing plant at mohad and profit on sale of assets over the Original cost of assets.

This is the Other Equity Statement referred to in our report of even date.

As Per our report of even date

 for K S RAO & CO.,
Chartered Accountants
Firm regn No 003109S

M NAGA PRASADU
Partner
Membership No 231388
V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

U. Uma Devi
Director
DIN: 00125840

 Place: Hyderabad
Date : 30-05-2019

B NARAHARI
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2019 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2019 Rs.	Previous Year 31-03-2018 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax & Extraordinary items	2,266.33	2482.39
Depreciation	323.00	274.62
Interest Expenses	133.53	111.60
Interest Income	(107.83)	(77.42)
Loss on sale of Asset	0.34	0.00
Tools and Jigs, Fixtures and Patterns Written off	13.37	13.47
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	2,628.74	2804.66
Adjustments for :		
Inventories	(882.02)	276.67
Trade receivable	1,317.93	(547.18)
Other Receivable	(176.90)	(344.50)
Trade payable	916.22	327.31
Income Tax paid	(895.55)	(808.27)
Net cash flow from operating activities A	2,908.42	1708.69
B CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	89.71	89.21
Proceed from sale of Asset	0.32	0.00
Purchase of fixed Assets	(2,565.06)	(692.62)
Net Cash Used in investing Activities B	(2,475.03)	(603.41)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowing	(134.38)	(132.81)
working capital loans	(142.08)	(1072.97)
Interest paid	(133.53)	(111.60)
Dividend paid	(242.66)	(211.35)
NET CASH FLOW FROM FINANCING ACTIVITIES	(652.64)	(1528.73)
D NET CASH INCREASE / DECREASE IN CASH IN CASH EQUIVALENT	(219.25)	(423.45)
OPENING CASH & BANK BALANCE	3,546.85	3970.30
CLOSING CASH & BANK BALANCE	3,327.60	3546.85

1. The above cash flow statement has been prepared under the Indirect method set out in the As-7 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 K S RAO & CO.,
Chartered Accountants
Firm regn No 003109S

M NAGA PRASADU
Partner
Membership No 231388

V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

U. Uma Devi
Director
DIN: 00125840

Place: Hyderabad
Date : 30-05-2019

B NARAHARI
Company Secretary

Note No 1**Notes to Financial Statements for the year ended 31st March, 2019.****CORPORATE INFORMATION:**

Veljan Denison Limited (the “Company”) is a public limited company Incorporated on 17th December, 1973. And as its Registered office Plot No 44, 4th floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad 500 016 Telangana State. The Company is engaged in the business of Manufacturing of Hydraulic Pumps, Motors, Valves and custom build Power Packs. The Company is listed on Bombay Stock Exchange.

The financial statements of the company for the year ended March 31st, 2019 are approved for issue by the Company's Board of Directors on May 30th, 2019.

SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:**1. Significant Accounting Policies:****1.1 Statement of Compliance:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind As) as per the Companies (Indian Accounting Standard) Rules, 2015 notified under section 133 of the Companies Act 2013, amendments there to and other relevant provisions of the Act.

1.2 Basis of Preparation of Financial Statements.

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 and other relevant provisions of the Act.

These Ind As Financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied constantly except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in INR which is also the Company functional currency and all values are rounded to the nearest Lakhs (INR 00,000) except when otherwise indicated.

1.3 Classification of Assets and Liabilities as Current and Non Current:

The Company has determined its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities. This is based on the nature of product and the time between the acquisition of inventories for processing and their realization in cash and cash equivalents.

Deferred tax assets and deferred tax liabilities are classified as non –current assets and liabilities.

1.4 Use of estimates & Judgments:

The estimates and Judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognized in the period in the results are known / materialized.

1.5 Property, Plant and Equipment – Tangible Assets:

- i. Property, Plant and Equipment other than land are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital Work In progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under straight Line method (SLM) prescribed in Schedule II of the Companies Act, 2013 except assets the asset costing Rs 5000 or less on which depreciation is charges @100% in the year of acquisition.
- v. The Company follows the policy of charging depreciation on pro rate basis on the assets acquired or disposed off during year.

1.6 Intangible Assets:

Intangible assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

1.7 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for Impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value.

Recoverable value: Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of profit and loss in the year in which an asset identified as impaired.

Cash & Cash Equivalents:

For the purpose of presentation in the statement CLF'S cash and cash equivalents includes cash on hand, deposits held at call with principal institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of Cash and which are subject to on insignificant risk of changes in value.

Trade Receivable:

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

1.8 Inventory:

Inventories of raw materials, consumable stores and packing materials are valued cost on weight average method, finished Goods and work in progress are valued at cost on weighted average method or realisable value whichever less. Jigs & Fixture 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 when issued.

1.9 Financial Instrument:

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

a. Financial Asset:

Initial recognition and measurement:

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that company commits to purchase or sell the asset.

Subsequent Measurement:

For the purpose of subsequent measurement financial assets are classified as measured at:

- 1) Amortised cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through Other Comprehensive Income (FVTOCI)

Financial Asset measured at amortized cost:

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investments in equity share) at amortized cost

Financial Assets Measured at fair value through other comprehensive Income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets collecting contractual cash flow that are solely payment of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI) interest income measured using the EIR method and impairment losses, if any are recognized in the statement of Profit and loss. On de recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of profit and loss.

Financial Assets at fair value through profit or loss (FVTPL):

Financial Asset are measured at fair value through profit & loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit & loss .

De-recognition of Financial Assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Assets:

In accordance with Ind As 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivable. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

b. Financial Liabilities

Initial recognition and measurement:

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value

Subsequent Measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial Liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

All the financial liabilities of the company are subsequently measured at amortised cost using effective interest method.

De recognition of Financial Liabilities

A financial Liability shall be de recognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

1.10 Foreign Currency Transactions:

The functional and presentation Currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

1.11 Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

1.12 Revenue Recognition:

Revenue is recognized when the significant risks and rewards of universal ship are transferred to buyer. Revenue can be reliably measured and it is probable that future Economic benefits will flow to the Company.

a. Sale of Products:

Revenue from the sale of goods measured fair value of consideration received or receivable net of returns, trade discounts and allowances, and excluding taxes collected on behalf of government.

Effective 01 April 2018, the company has adopted Indian Accounting Standard 115 (Ind As 115) "Revenue from contracts with customers" using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. The effect on adoption of Ind – As 115 was insignificant.

b. Interest Income:

Interest on deposits with Government departments and financial Institutions are recognized in statement of profit and loss when the right to receive/receivable during the period.

1.13 Dividend Distribution:

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

1.14 Employee Benefits:

Short-term employee benefits are expensed as the related service is provided. A Liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

a. Defined Contribution Plans:

Contribution towards provident fund for employees is made to the regulatory authorities, where the company has no further obligations. Such benefits are classified as defined Contribution schemes as the company does not carry any further obligations, apart from the Contributions made on a monthly basis.

b. Defined benefit plans:

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contribution to LIC.

Re measurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI) net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of profit and loss.

1.15 Taxes on Income:

Tax expense comprises of current and deferred tax:

- a. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.

- b. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

1.16 Provisions:

Provisions are recognized when, as a result of past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.17 Contingent Liabilities:

Contingent are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation. A current liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

1.18 Claims:

Claims against the Company not acknowledge as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

1.19 Offsetting:

Financial assets and financial Liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.20 Earnings per share:

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1.21 Cash flow statement:

Cash flows are reported using the Indirect method. Where by profit for the period is adjusted for effects of transactions of a non-cash nature, any deferrals are accruals of past or future operating cash receipts or payments and item of Income or expenses associated with investing or financing cash flows. The cash flows from operating investing and financing activities of the company are segregated.

1.22 Segment Reporting:

The operations of the company are related to one segment i.e Hydraulic equipment.

1.23 Events after Reporting date:

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period., the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

1.24 Recent Accounting Pronouncements:**Ind As 116 –Leases:**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases, under Companies (Indian Accounting Standards) Amendment Rules 2019 which is applicable from 01st April 2019. The core principle of the new standard lies in identifying whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The new standard modifies the accounting of leases in the books of lessee. At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability, for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The accounting for leases in the books of the lessor is substantially similar to the requirements of Ind AS 17.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognize the cumulative effect of initial application as an adjustment to the opening balance of equity as of annual periods beginning on or after April 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2019, will not be retrospectively adjusted. The cumulative effect of the initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

On a preliminary assessment effect on adoption of Ind AS 116 is assessed to be of limited impact on the financials of the Company.

1.25 Critical Accounting Estimates and Judgments:

The preparation of financial statements is in conformity with generally accepted accounting Principles require management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are-

Estimates of useful life of property, plant and equipment and intangibles

Measurement of defined benefit obligation

Recognition of deferred taxes

Estimation of impairment

Estimation of provision and contingent liabilities

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

NOTE 2 - PROPERTY, PLANT & EQUIPMENT

Particulars	GROSS BLOCK			
	As at 01.04.2018 Rs.	Additions Rs.	Deductions	As at 31.03.2019 Rs.
a. Land				
Land	104.44	387.81		492.25
b. BUILDING				
Factory Buildings	367.90	264.76		632.66
Other Buildings	244.53	56.16		300.69
c. PLANT & EQUIPMENT				
Water Works	4.31			4.31
Electrical Installations	3.72			3.72
Plant and Machinery	4921.91	1151.62	0.00	6073.53
Inspection & Testing Equipments	170.72	2.29		173.01
Office Equipments	171.15	2.81		173.96
Air conditioners	14.88	0.75		15.63
Furniture & Fixtures	114.18	88.20	0.00	202.38
Canteen Equipments	0.32	0.00		0.32
Vehicles	109.67	0.00	13.11	96.56
Material Handling Equipments	27.31	0.00		27.31
Sub Total	6255.04	1954.40	13.11	8196.33
d. CAPITAL WORK IN PROGRESS				
Capital Work in progress	346.22	485.33	264.76	566.79
Sub Total	346.22	485.33	264.76	566.79
INTANGIBLE ASSETS				
Software	101.41	0.00		101.41
Sub Total	101.41	0.00	0.00	101.41
Grand Total	6702.67	2439.73	277.87	8864.53

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

D E P R E C I A T I O N				N E T B L O C K	
Upto On Assets Value	For the period on Assets value	Deductions	Upto 31.03.2019 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
				492.25	104.44
131.13	15.23		146.36	486.30	236.77
21.91	4.73		26.64	274.05	222.62
4.00	0.01		4.01	0.30	0.31
3.53	0.00		3.53	0.19	0.19
3053.55	262.11	0.00	3315.66	2757.87	1868.36
124.99	5.55		130.54	42.47	45.73
146.50	5.12		151.62	22.34	24.65
12.83	0.17		13.00	2.63	2.05
52.28	10.74		63.02	139.36	61.90
0.25	0.01		0.26	0.06	0.07
65.26	9.60	12.46	62.40	34.16	44.41
18.06	1.51		19.57	7.74	9.25
3634.29	314.78	12.46	3936.61	4259.72	2620.75
				566.79	346.22
0.00	0.00	0.00	0.00	566.79	346.22
80.42	8.22		88.64	12.77	20.99
80.42	8.22	0.00	88.64	12.77	20.99
3714.71	323.00	12.46	4025.25	4839.28	2987.96

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
Note 3		
OTHER FINANCIAL ASSET - NON CURRENT		
a) Rental Deposits	33.38	37.44
b) Security Deposits Recoverable (Telephones, TSCPDCL & Telephones)	36.42	31.92
TOTAL	69.80	69.36
Note 4		
INVENTORIES		
As valued and Certified by the Management		
a) Raw Materials (Valued at cost on weighted average method)	897.71	754.64
b) Finished Goods (Valued at cost on weighted average method or realisable value which ever is less)	363.03	345.11
c) Stores & Spares (Valued at cost on weighted average method)	89.02	80.61
d) Stock-in-Process (Valued at cost on weighted average method or realisable value which ever is less)	1149.35	450.09
e) Jigs & Fixtures, Patterns and Tools & Implements	116.63	116.64
TOTAL	2615.74	1747.09
Details of Raw materials		
Steels	215.76	125.33
Castings	271.46	259.81
Components	325.56	261.98
Imported Material	84.93	107.52
TOTAL	897.71	754.64
Note 5		
Trade Receivables		
Secured, Considered Good		
Unsecured, Considered Good		
From Related Parties	3229.45	4822.75
From Others	1945.20	1669.83
Trade Receivables which have significant increase in credit risk	0.00	0.00
Trade Receivables - Credit impaired	0.00	0.00
TOTAL	5174.65	6492.58

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
Note 6		
CASH AND CASH EQUIVALENTS:		
a) Balances With Scheduled Bank Accounts:		
In Current Accounts	578.49	2069.95
b) Cash on Hand	0.18	2.39
c) Balance with Banks against Dividends payments	143.31	160.96
d) Balance With Banks as fixed deposits, LC's and BG's	63.02	15.10
TOTAL	785.00	2248.40
Note 7		
OTHER BANK BALANCES - CURRENT		
Bank Deposits with maturity period less than 12 months	2542.60	1298.45
TOTAL	2542.60	1298.45
Note 8		
Staff advances	8.90	5.36
TOTAL	8.90	5.36
Note 9		
Other Financial Assets - Current		
a) Security deposits recoverable	190.44	177.57
b) Interest Receivable	55.84	37.72
TOTAL	246.28	215.29
Note 10		
OTHER CURRENT ASSETS		
a) Advance for Capital Purchase	611.10	214.24
b) Advance for purchase of Raw materials & Stores:	225.49	307.07
c) Pre-paid Expenses:	25.43	40.33
d) Deposits with Government	0.94	0.94
e) Service tax Receivable	0.00	0.00
f) Vat Receivables	44.27	44.27
g) Pre Paid Lease Rental	6.42	3.31
h) Claim Receivable (Vat)	149.79	149.79
i) Fringe Benefit Tax paid	1.30	1.30
j) G S T Receivable	853.14	599.41
k) Other Receivable	4.83	5.16
TOTAL	1922.71	1365.82

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)**NOTE 11**

SHARE CAPITAL:	AS AT 31-03-2019		AS AT 31-03-2018	
	Numbers	Rs	Numbers	Rs
A.AUTHORISED				
Equity Shares of Rs 10/- each	30,00,000	300.00	30,00,000	300.00
	30,00,000	300.00	30,00,000	300.00

B.ISSUED,SUBSCRIBED AND PAID UP

Equity Shares of Rs 10/- each fully paid up	22,50,000	225.00	22,50,000	225.00
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C.Reconciliation of the shares out standing at the beginning and at the end of Year:

Particulars	No of Equity Shares Rs 10/-each	No of Equity Shares Rs 10/-each
	As At 31-03-2019	As At 31-03-2018
Equit Share Capital		
Share Outstanding at the beginning of the Year	22,50,000	22,50,000
Shares Issued during the Year	0	0
Share redeemed/bought back during the Year	N.A.	N.A.
Shares outstanding at the end of the Year	22,50,000	22,50,000

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

Name of the Share Holders	As At		As At	
	31st March 2019		31st March 2018	
	No of Share held	% of Holding	No of Share held	% of Holding
Equity Shares				
V Chukkamamba	5,97,139	26.54	5,97,139	26.54
V C Janardan Rao	3,09,753	13.76	3,09,753	13.76
Veljan Investments Ltd	2,43,950	10.84	2,43,950	10.84
Veljan Hydrair Limited	1,69,830	7.55	1,69,830	7.55

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
NOTE 12		
OTHER EQUITY		
a. Security Premium		
At the beginning and at the end of the period	<u>45.00</u>	<u>45.00</u>
Closing Balance	<u>45.00</u>	<u>45.00</u>
b. Capital Redemption Reserve		
At the beginning and at the end of the period	<u>3.00</u>	<u>3.00</u>
Closing Balance	<u>3.00</u>	<u>3.00</u>
c. Investment Allowance Reserved Utilised		
At the beginning and at the end of the period	<u>12.80</u>	<u>12.80</u>
Closing Balance	<u>12.80</u>	<u>12.80</u>
d. General Reserve		
At the beginning and at the end of the period	<u>2095.00</u>	<u>1895.00</u>
Add: Current Year Transfer	<u>200.00</u>	<u>200.00</u>
Closing Balance	<u>2295.00</u>	<u>2095.00</u>
e. SURPLUS IN STATEMENT OF PROFIT & LOSS		
At the beginning of the period	<u>10452.07</u>	<u>9295.15</u>
Add: For the period	<u>1633.30</u>	<u>1627.73</u>
Total Surplus	<u><u>12085.37</u></u>	<u><u>10922.88</u></u>
Less: Appropriations:		
Dividend on Equity Shares	<u>225.00</u>	<u>225.00</u>
Tax on Dividend	<u>45.81</u>	<u>45.81</u>
Transfer to General Reserve	<u>200.00</u>	<u>200.00</u>
At the end of the period	<u><u>11614.56</u></u>	<u><u>10452.07</u></u>
Other Comprehensive Income:		
On Actuarial Gain/(Loss) on post employment benefits		
a. At the beginning of the period	<u>0.00</u>	<u>0.00</u>
b. Profit Transferred from the Statement of P & L	<u>0.00</u>	<u>0.00</u>
TOTAL	<u><u>13970.36</u></u>	<u><u>12607.87</u></u>

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
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NOTE 13
BORROWINGS - NON CURRENT
A. Term Loans - Secured:

Term Loan From Banks:

a.. H D F C Bank Limited

TOTAL
33.33

165.21

33.33
165.21

1. Term Loan from HDFC Bank Limited is Secured by way of First Charge on the Fixed Assets of the company and personal guarantee of one of the Directors of the Company

TERMS OF REPAYMENT

Particulars	Sanction Date	% Interest
HDFC Bank Limited	02-01-2015	11.75

NOTE 14
SHORT TERM BORROWING - REPAYABLE ON DEMEND : SECURED

Loan Repayable On Demand From Banks:

1. Working Capital Loans :

a. Cash Credit From : Canara Bank

b. Cash Credit From : H D F C Bank Ltd

TOTAL
1174.05

1486.62

580.44

409.95

1754.49
1896.57

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 3200 Lakhs.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2019 Rs.	AS AT 31-03-2018 Rs.
NOTE 15		
TRADE PAYABLES CURRENT		
Sundry creditors		
a. Micro and Small and Medium Enterprises	0.00	0.11
b. Other than micro and small enterprises	1002.81	201.56
TOTAL	1002.81	201.67
NOTE 16		
OTHER FINANCIAL LIABILITIES - CURRENT:		
a. Current Maturities of Long Term Borrowings		
Term Loan From Bank:		
1. H D F C Bank Limited	134.35	136.85
b. Unclaimed Dividends	143.31	160.96
c. Creditors for Capital Purchases	13.08	6.30
d. Creditors - Expenses:	619.26	394.93
TOTAL	910.00	699.04
NOTE 17		
OTHER CURRENT LIABILITIES		
a. Advance from Customers	79.42	69.06
b. Statutory Liabilities		
Central Excise Duty	0.00	3.11
Withholding Taxes	9.24	11.25
Sales Tax (Gst)	155.10	269.64
Contribution to Providend Fund	2.59	2.53
Other Statutory Dues	0.65	0.75
Other Advances	0.37	0.29
TOTAL	247.37	356.63

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2019	Previous Year 31-03-2018
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Note 18
REVENUE FROM OPERATIONS :
Sale of Products

Pumps & Spares	7249.96	7966.29
Motors & Spares	801.29	997.17
Valves & Spares	651.61	699.44
Power Packs & Spares	10.32	20.25
Scrap Sales	37.69	49.15
TOTAL	8750.87	9732.30

Note 19
OTHER INCOME
A. INTEREST INCOME ON

a. Margin Money Deposits	107.83	77.42
b. Rental Deposits	3.11	4.49

B. OTHER NON - OPERATING INCOME (Net of expenses)

a. Service Charges	0.00	0.08
b. Miscellaneous receipts	0.09	1.68
c. Credit Balances written Back	3.17	0.00
TOTAL	114.20	83.67

Note 20
COST OF RAW MATERIALS CONSUMED :

Opening Stock	754.64	825.43
Add: Purchases	3554.32	3205.55
	4308.96	4030.98
Less Closing stock	897.71	754.64
TOTAL	3411.25	3276.34
Imported and Indigeneous Raw material Consumed		
Imported	239.55	210.21
% of Consumption	7.02	6.42
Indigeneous	3171.70	3066.13
% of Consumption	92.98	93.58
TOTAL	3411.25	3276.34
Details of Raw Material Consumed		
Steels Consumed	504.09	365.88
Castings Consumed	1275.43	1137.56
Components Consumed	1392.18	1562.69
Imported Material Consumed	239.55	210.21
TOTAL	3411.25	3276.34

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2019	Previous Year 31-03-2018
Note 21		
CHANGES IN INVENTORIES OF STOCK IN TRADE AND STOCK IN PROGRESS		
(Increase)/Decrease of Stock		
Stock in Trade at the beginning of the period	345.11	329.24
Stock-in-Process at the beginning of the period	450.09	705.28
TOTAL	795.20	1034.52
Stock in Trade at the end of the period	363.03	345.11
Stock-in-Process at the end of the period	1149.35	450.09
TOTAL	1512.38	795.20
(Increase) / Decrease in Stock	(717.18)	239.32
Note 22		
EMPLOYEE BENEFITS EXPENSE		
a. Salaries , Wages and Bonus	616.79	649.25
b. Contribution to Provident Fund	30.89	30.76
c. Workmen & Staff Welfare Expenses	22.27	19.58
d. Group Gratuity & Deposit Linked Insurance	14.84	20.40
e. Contribution to Employee State Insurance	9.83	9.57
f. Superannuation Premium	5.40	5.40
TOTAL	700.02	734.96
Note 23		
FINANCE COSTS		
Interest on Term Loans	88.90	83.28
Bank Charges	44.63	28.32
TOTAL	133.53	111.60
Note 24		
DEPRECIATION & AMORTISATION EXPENSE		
a. Depreciation On Property, Plant & Equipment	314.78	268.99
b. Amortisation Of Intangible Assets	8.22	5.63
TOTAL	323.00	274.62

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2019	Previous Year 31-03-2018
Note 25		
OTHER EXPENSES		
Job Expenses	1538.52	1354.39
Stores Consumed	285.52	256.65
Packing Material Consumed	107.78	117.49
Carriage Inward	59.60	50.51
Power and Fuel	172.67	173.47
Repairs & Maintenance		
Building	3.64	4.55
Plant and Machinery	38.29	34.17
Others	78.04	59.68
Tools & Dies written off	13.37	13.47
Rent	58.65	60.27
Licenses and Taxes	24.81	7.86
Insurance	17.51	10.48
Printing & Stationery	17.23	12.17
Postage & Telephones	9.48	16.16
Travelling & Conveyance	18.35	21.85
Foreign Travelling Expenses	2.32	2.79
Vehicle Maintenance	5.91	5.39
Professional & Legal Charges	29.52	35.46
Remuneration to Directors	110.77	117.61
Selling & Distribution Expenses	17.45	16.87
Advertisement	1.05	2.55
Remuneration to Auditors:		
For Audit Fees	4.00	4.00
For Tax Audit Fees	0.50	0.50
Sitting fee to Directors	5.40	9.40
Donations	*43.75	133.46
General Expenses	79.53	57.80
Ineligible Service Tax Paid	0.00	1.98
Ineligible G S T Paid	0.01	0.42
Bad Debts Written Off	0.05	0.00
Loss on sale of Assets	0.34	0.00
Amortisation of Prepaid Lease Rental	4.06	4.50
TOTAL	2,748.12	2585.90

*Note: Donations are includes CSR Expenses of Rs. 43.75

EARNINGS PER EQUITY SHARE:

Particulars	Current Year 31-03-2019	Previous Year 31-03-2018
a. Total Comprehensive Income for the period	1,633.30	1627.73
b. Weighted average number of equity shares of Rs10/- each	22.50	22.50
Earning per Equity Share (Basic and Diluted) (a) / (b)	<u>72.59</u>	<u>72.34</u>

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)**Note 26****1. RECONCILIATION OF TAX EXPENSES****INCOME TAX**

Particulars	Current Year 31-03-2019	Previous Year 31-03-2018
Amount recognized in statement of Profit and Loss account		
Current Tax	713.88	909.06
Mat credit Entitlement		
Deferred tax expenses (income)- relating to organization and reversal of temporary differences	(80.85)	(54.39)
taxes expenses for the year	633.03	854.67
Reconcillation of effective tax rate		
Profit before tax -	2266.33	2,482.39
Enacted tax in india - 29.90%	677.63	859.47
others	44.60	4.81
	633.03	854.67
Effective tax rate	27.93	34.43

Note - 27**2. Deferred tax Liabilities (net)**

Particulars	AS AT MARCH 31 2019	AS AT MARCH 31 2018
Property, Plant and Equipment	274.54	355.39
Total	274.54	355.39

Movement in deferred tax liabilities

Particulars	Property Plant & Equipment	TOTAL
As at March 31, 2018	355.39	355.39
Charges / credited to Profit or loss (including OCI)	(80.85)	(80.85)
As at March 31, 2019	274.54	274.54

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)
Note- 28**Fair Value Measurement Hierarchy:**

Valuation techniques with significant unobservable inputs:

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table provide the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy as at march 31, 2019

Particulars	Fair Value hierarchy (level)	31st March 2019	31st March 2018
Financial Asset measured at amortized cost			
Loans to employees	3	8.91	5.36
Security Deposits	3	33.38	37.44
Financial Liabilities measured at amortized cost			
Term loans	2	167.68	302.06

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)**Note: 29****Financial Risk Management:**

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

ii Market Risk

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instruments. The value of a financial instrument may change as a result of changes in the interest rates. Foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments.

Market risk is attributable to all market risk sentive financial instruments including instruments and deposits, foreign currency receivables, payable and broowings.

Commodity Risk

Commodity price risk arises due to fluctuation in raw material (fifer prices) linked to various external factors, which can affect the production cost of the Company. The Company actively manages inventory and un may cases sale prices are linked to major raw material prices. These risks are reviewed and managed by senior management on continuous basis.

II Credit Risk:

Credit risk arises when a customer or counter party does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk its operating activities (primarily trade receivables) and from its financing / investing activities. Including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

III Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company 's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Management monitors the Company's liquidity position through rolling forecasts based on expected cash flows.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Note - 30
Forex Transactions

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
a. Expenditure in Foreign Currency during the year on account of:		
Foreigh travel	<u>1.42</u>	<u>1.32</u>
	<u>1.42</u>	<u>1.32</u>
b. Value of Imports calculated on CIF basis inrespect of :		
Raw material & Components	149.25	320.09
Capital goods	529.04	48.34
Advance Capital Goods & others	<u>506.86</u>	<u>177.21</u>
	<u>1185.15</u>	<u>545.64</u>

Note - 31
Capital Management:

The Company's objectives when managing capital are to

1. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
2. Maintain an optimal capital structure to reduce the cost of capital Consistent with others in industry, the company monitors capital on the basis of the following gearing ratio:

Debt/to equity ratio

Particulars	As AT 31-03-2019	As AT 31-03-2018
Debt	1922.17	2198.63
Equity	14195.36	12832.87
Debt to equity ratio	<u>0.14</u>	<u>0.17</u>

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)
Note - 32**Corporate Social Responsibility**

As per section 135 of the Company Act 2013, a company has to spend 2% of its average net profits of three immediate proceeding financial year as detailed below.

particulars	Amount
Gross amount required to be spent by the company during the year	42.44
Less: Amount spent during the year	43.75
(Excess)/Short spent	-1.32

Note - 33**Contingent Liabilities**

particulars	31-03-2019	31-03-2018
a. Contingent Liabilities not provided for on account of		
1. Contract to be executed on Capital Projects	743.50	335.49
2. Towards Guarantees and Letters of credit issued by bank to the extent of	119.37	355.01

Note - 34

Disclosure relating to Gratuity Liability AS-15 "Employee Benefits" (revised 2005)

As per actuation as on 31/03/2019 given by LIC of India and recognized in to the financial statement in respect to Employee Gratuity Benefit Scheme.

1. Changes in Present Value of obligations as on 31/03/2019

Particulars	31-03-2019	31-03-2018
Present Value of obligations at the beginning of the year	147.26	76.97
Interest Cost	11.78	6.16
Current Service Cost	10.79	10.52
Benefits paid	-7.91	-10.59
Present value of obligations at the end of year	-72.14	64.20
ii) Changes in the Fair value of Plan Assets as on 31/03/2019	89.77	147.26

Particulars	31-03-2019	31-03-2018
Fair Value of Plan assets at the beginning of the year	102.08	92.32
Actual return on plan assets	7.60	6.73
contributions	7.11	13.61
Benefits paid	-7.91	-10.59
Actuarial (gain)/loss on plan assets	nil	nil
Fair value of plan assets as at the end of Year	108.87	102.08

Note - 35**EARNINGS PER EQUITY SHARE:**

PARTICULARS	Current Year 31-03-2019	Previous Year 31-03-2018
a. Total Comprehensive Income for the period	1633.30	1,627.73
b. Weighted average number of equity shares of Rs10/- each	22.50	22.50
Earning per Equity Share (Basic and Diluted) (a) / (b)	72.59	72.34

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)

Note 36

Disclosure of Related party Transaction (As per Ind-AS)

Key Management Personnel (KMP)

Sri V C Janardan Rao : Chairman & Managing Director

Directors

Sri M L Motwani

Sri V Patabhi

Sri B S Srinivasan

Smt. U Uma Devi

Sri B Narahari : Company Secretary

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	39.00 (39.00)		
Commission	47.84 (52.40)	23.92 (26.20)	
SALES:			
Veljan Hydrair Limited			4092.59 (5743.56)
PURCHASES:			
Veljan Hydrair Limited			34.39 (385.19)
Suxus Systems Limited			1332.13 (1478.55)
DISCOUNTS:			
Veljan Hydrair Limited			385.14 (565.06)
RENT:			
Veljan Investments Limited			56.65 (46.39)
JOB EXPENSES:			
Ecmat Limited			1609.65 (1445.26)
SALES			
Ecmat Limited			1.58 (0.28)
Susux Systems Limited			0.06 (0.68)
B. Balance as at 31.03.2018			
Payables	51.09 (54.53)	23.92 (26.20)	532.38 (113.74)
Receivable			3229.60 (4822.75)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Figures in Rs Lakhs)**Note - 37****Due to Micro and Small Enterprises**

The micro, Small and Medium Enterprises have been identified on the basis of the information available with the Company. This had been relied upon by the auditors. Dues to such parties are given below:

Particulars	As AT 31-03-2019	As AT 31-03-2018
(a) The principle amount remaining unpaid as at the end of the year	0.00	0.11
(b) The amount of interest accrued and remaining unpaid at the end of the year	- -	- -
(c) Amount of the interest paid by the Company in terms of section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year.	- -	- -
(d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006).	- -	- -
(e) The amount of further interest remaining due and payable in the succeeding years, until such data when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the (MSMED Act, 2006).	- -	- -

Note - 38

Balances of Trade Receivable/payable are subject to confirmation

Pervious Year's figures have been regrouped wherever necessary to correspond with the current year's figures, except when otherwise stated, the figures are presented in Rupees in Lakhs.

As Per our report of even date

for K S RAO & CO.,
Chartered Accountants
Firm regn No 003109S

M NAGA PRASADU
Partner
Membership No 231388

Place: Hyderabad
Date : 30-05-2019

V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

B NARAHARI
Company Secretary

U. Uma Devi
Director
DIN: 00125840

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**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

45th 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 Monday, the 30th day of September, 2019 at 11.30a.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.

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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

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:

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

3. 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 45th Annual General Meeting of the Company on Monday, the 30th day of September, 2019 at 11.30 a.m. at Plot No. A 18 & 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, 2019 and the Reports of the Directors' and the Auditors' thereon.
2. To declare a dividend of Rs. 10/- (Rupees Ten) per equity share of Rs.10/-each for the financial year ended March 31, 2019.
3. To elect and appoint a Director in place of Mr. V.C. Janardan Rao (DIN: 00181609), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

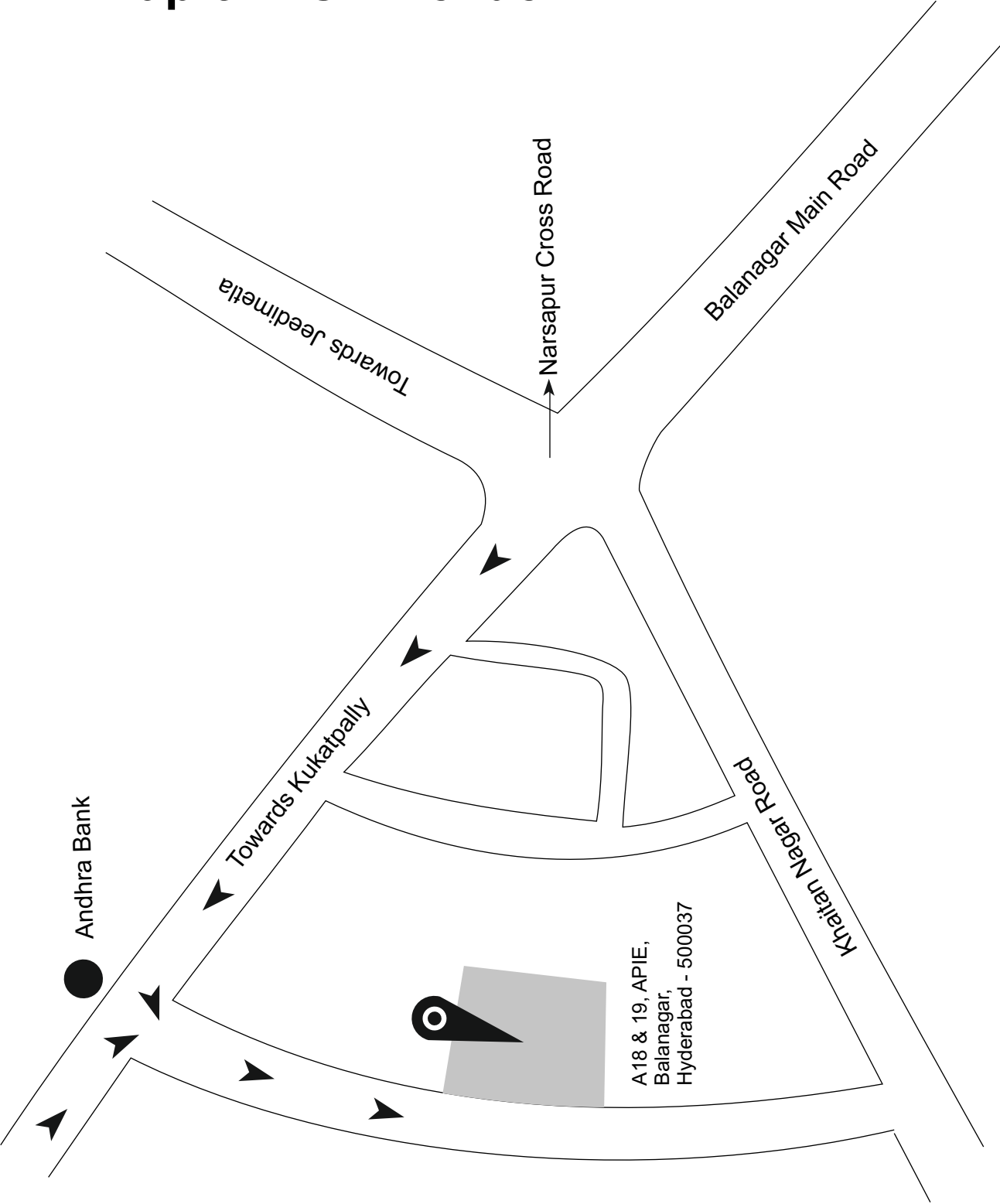
4. Re-appointment of Mr. V.C. Janardan Rao as Managing Director of the Company
5. Re-appointment of Mr. Pattabhi Vangala (DIN: 00200157) as Independent Director of the Company
6. Re-appointment of Mr. B.S. Srinivasan (DIN: 00482513) as Independent Director of the Company
7. Approval of Material Related Party Transactions

Signed this day of 2019 (Affix Revenue Stamp)

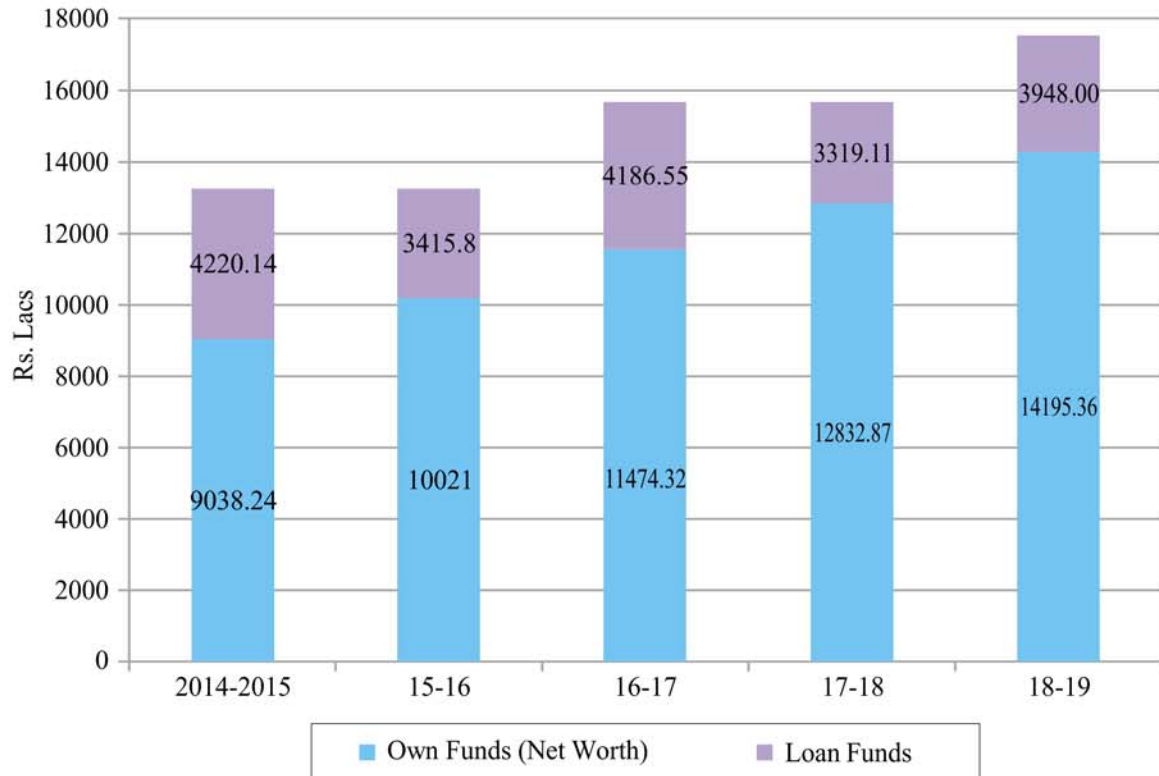
Signature of Shareholder Signature of Proxy holder(s)

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

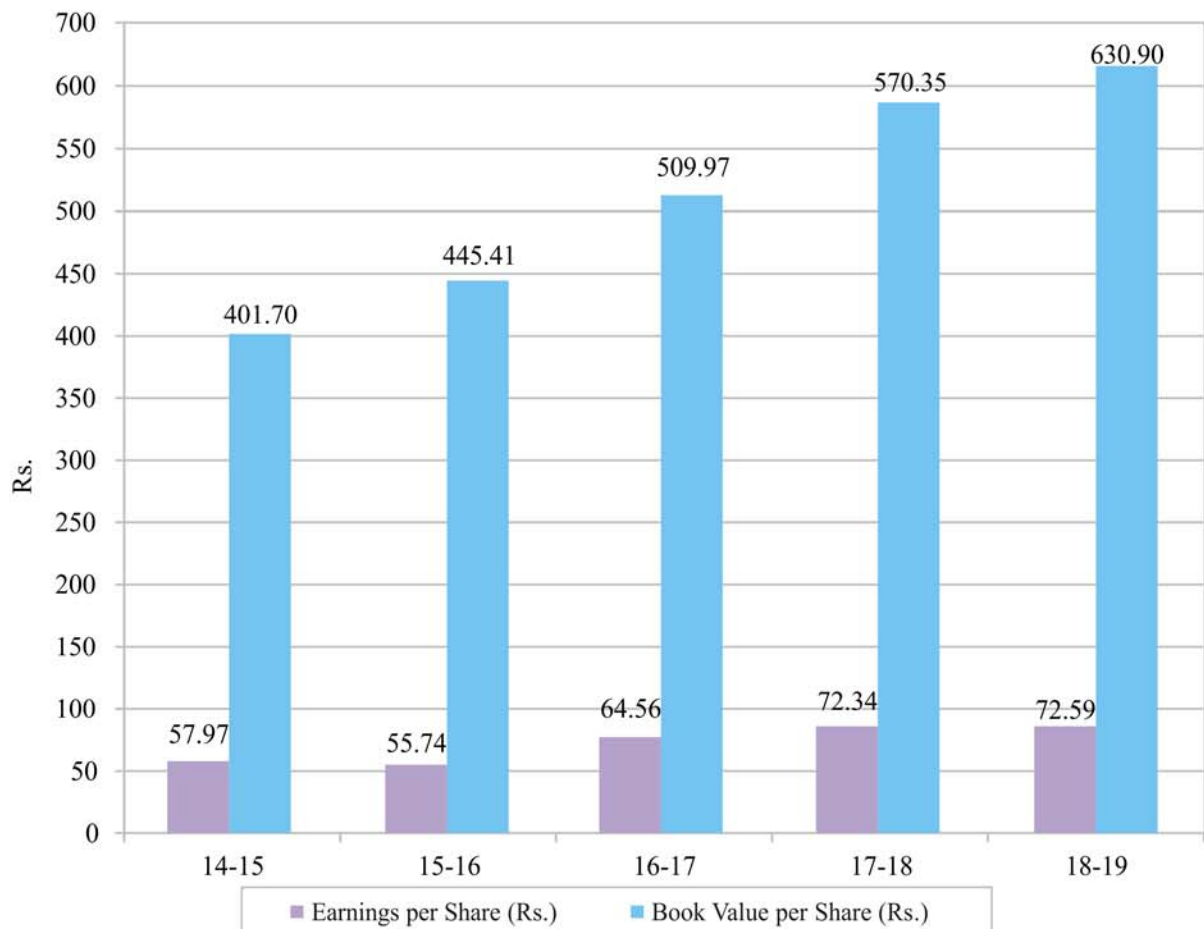
Map of AGM Venue



CAPITAL EMPLOYED



EARNINGS PER SHARE & BOOK VALUE





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, Sangareddy (Dist) - 502 319, Telangana, India.