



th
38 **ANNUAL**
REPORT
2011-2012
VELJAN DENISON LIMITED



BOARD OF DIRECTORS : Shri V. C. JANARDAN RAO
Chairman

Shri SRINIVAS VG
Managing Director

Shri G. K. KABRA
Independent Director

Shri M.L. MOTWANI
Independent Director

Shri V. PATTABHI
Independent Director

COMPANY SECRETARY : K. Girija Bala

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

BANKERS : Canara Bank
Syndicate Bank

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

FACTORY : Plot No. 9, Phase-I, I.D.A,
Industrial Development Area,
Patancheru - 502 319,
Medak District,
Andhra Pradesh.
Ph.No.08455-242013, 242020 & 242049
Fax No.08455-242085

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 38th Annual General Meeting of M/s. Veljan Denison Limited will be held on Saturday the 29th day of September, 2012, at 11.00 A.M. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad. A.P. 500 037. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss account for the year ended as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend for the year ended 31st March, 2012.
3. To appoint a Director in place of Shri V. Pattabhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Brahmayya & Co, Chartered Accountants, Hyderabad as the Statutory Auditors of the Company and to pass the following resolution as an Ordinary resolution:

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

SPECIAL BUSINESS:

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

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

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

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03-09-2012

V. C. Janardan Rao
Chairman

Notes:

- a) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business items is annexed hereto.
- b) A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and such Proxy need not be a Member of the Company. The instrument appointing a Proxy, to be effective, should be deposited at the registered office of the Company not less than 48 hours before the Meeting.
- c) Corporate Members intending to send their Authorized Representatives are requested to send a duly certified copy of the Board Resolution authorizing their Representative to attend and vote on their behalf at the Annual General Meeting.
- d) The Share Transfer Register and Members Register will remain closed from 26th September, 2012 to 28th September, 2012 (both days inclusive) for the purpose of Dividend and Annual General Meeting.
- e) The Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2012 will be payable to those Members whose names appear in the Register of Members of the Company on 25th September, 2012. In case of shares held in Electronic Form, the dividend will be payable on the basis of Beneficial Ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on 25th September, 2012.
- f) Members/Proxies are requested to fill in the enclosed Attendance Slip and deposit the same at the entrance of the Meeting gate.
- g) Members are requested to intimate immediately to the Company, change of address, if any.
- h) Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/re-appointed is given in the annexure to the Notice.
- i) To avoid entry of unauthorized persons into the meeting premises, the signature of the Members shall be verified with the Specimen Signature Recorded with the Company at the entrance of the Venue. Inconvenience to Members in this regard is highly regretted. The Members are requested to carry their folio number with them.
- j) Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification.

Explanatory Statement

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

Item 5:

As per the provisions of Section 293(1) (e) of the Companies Act, 1956, inter alia, provides that any amount contributed to any charitable purpose, not directly relating to the business of the Company or the welfare of the employees, the aggregate of which exceeds Rs. 50,000 /- (Rupees Fifty Thousand Only) or five percent of the Company's Average Net Profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the 3 Financial Years immediately preceding the year in which the contribution has been made, requires the approval of the Members of the Company Authorizing the Board for the same as aforesaid.

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

Hence, the resolution is recommended for your approval.

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

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03-09-2012

V. C. Janardan Rao
Chairman

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT
THE ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE NO.49 OF THE
LISTING AGREEMENT)

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

DIRECTORS' REPORT

To
The Members of
VELJAN DENISON LIMITED
Hyderabad

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

1. FINANCIAL RESULTS:

Rs. In Lakhs

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

2. OPERATIONS:

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

3. FUTURE OUTLOOK:

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

4. DIVIDEND:

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

Consisting with this policy and based on the Company's performance, the Directors are pleased to recommend a Dividend of Rs. 7.50 /- per equity share for the Financial Year which, if approved at the ensuing Annual General Meeting will be paid to those Members (Physical and Demat) whose names appear as Shareholders of the Company as at the end of business hours on 25.09.2012 as per particulars to be furnished for this purpose.

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

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

5. RIGHTS ISSUE:

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

6. RESERVES:

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

7. PARTICULARS OF EMPLOYEES:

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

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

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

9. FIXED DEPOSITS:

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

10. DIRECTORS:

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

11. LISTING:

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

12. AUDITORS:

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

13. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any.
- ii) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

14. REPORT ON CORPORATE GOVERNANCE:

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

15. ACKNOWLEDGMENTS:

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

By order of the Board
FOR VELJAN DENISON LIMITED

ANNEXURE

DISCLOSURE OF PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

a. Measures taken for Conservation of Energy :

This being a Precision Machining Industry, there are no major energy conservation measures except prevention of waste in utilising machines, avoiding waste in electrical lighting during the day by providing north light etc.

Data in respect of Energy Conservation :

Rs. in Lakhs

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

b. Technology Absorption :

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

d) Foreign Exchange Earnings and Outgo:

Rs. in Lakhs

	Current Year Rs.	Previous year Rs.
Foreign Exchange Used	224.50	355.39

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report on the Business of the Company as applicable and to the extent relevant is given below:

Overview & Operations of the Company:

Veljan Denison Limited has been in the Business of Manufacturing Highly Engineered Fluid Power Components, Products and Systems since inception. Over time, the Company has expanded its product range by successfully engineering products catering to the increased demands of various industry segments and applications. The market has received the products well and now the volumes for the products are on a positive growth.

The overall performance of the Company during the period under review was on a positive note.

Business Environment:

During the period from April 2011 to Mar'2012, the Company had a better growth in demand for its products as there was improvement in Global market.

Opportunities & Threats:

The growth in infrastructure, construction and manufacturing activity coupled with the thrust on exports offers scope for the industry to grow.

Competitive activity has increased in almost all the segments of the Indian market due to entry of new foreign players as well as expansion plans of the existing domestic and foreign manufacturers. The Company is aware of the increasing competition and is taking measures to remain competitive in the market place.

Outlook for the Company:

The Company foresees a bright future for the Fluid Power Industry in India as also other overseas markets. With many Infrastructure projects on the anvil as also Manufacturing Industry's growth, the Company envisages a healthy demand for its products. The Company is exploring opportunities to modernize and thereby economize on the scale of operations with a view on the future outlook of the industry.

Risks and Concerns:

- The rise in interest-rate and / or crude prices and any slackness in implementation of various infrastructure projects may slow down the demand.
- Increasing Competition from imports, may impact the Company's market-share and volumes.
- Cost increase in basic materials like steel/pig-iron etc. has a major impact on the Company's input costs.
- Availability of components especially castings, in right quality and at right time from the vendors is a constant cause of concern.
- Foreign Exchange fluctuations may place pressure on the financial performance of the Company.
- Rise in the input costs such as Power, Human Resources, and drop in demand due to unforeseen adverse market conditions are issues of concern and may put pressure on the performance of the Company.

Internal Control Systems and Their Adequacy:

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

Human Resources/Industrial Relations:

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

Cautionary Statement:

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

CORPORATE GOVERNANCE**1. COMPANY'S PHILOSOPHY:**

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

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

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

2. BOARD OF DIRECTORS COMPOSITION:

Your Board comprises optimal complement of Independent as well as Non executive Directors having in-depth knowledge of the business of the industry. The size and composition of the Board confirms to the requirements of the Corporate Governance code under the Listing Agreement entered with the Stock Exchanges. Board Comprises of

Sl. No.	Name of the Director	Designation
1.	Shri V.C. Janardan Rao	Chairman
2.	Shri Srinivas VG	M.D.
3.	Shri G.K. Kabra	Director
4.	Shri M.L. Motwani	Director
5.	Shri V. Pattabhi	Director

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

The board duly met 05 (Five) times during the period from April '2011 to Mar'2012. The dates are 30.04.2011; 30.07.2011; 28.08.2011; 31.10.2011; and 21.01.2012; and the attendance of the Board of Directors are as follows:

ATTENDANCE OF DIRECTORS IN THE BOARD AND ANNUAL GENERAL MEETING:

Sl. No.	Name of the Director	Board meetings attended during the year	Designation	Category	Attended at the last Annual General Meeting	Number of the other director ship	No. of Board Committees of which Member / Chairman
1.	Shri V.C. Janardan Rao	5	Chairman	Promoter	Yes	2	1
2.	Shri Srinivas VG	-	M.D.	Promoter Independent and Non-Executive Directors	No	-	1
3.	* Shri R.C. Sohni	1	Director		Yes		
4.	Shri G.K. Kabra	5	Director		Yes	2	1
5.	Shri M.L. Motwani	5	Director		Yes	-	3
6.	Shri V. Pattabhi	4	Director		Yes	5	2

* Due to sudden demise of Shri R.C. Sohni on 13-07-2011. The Office of Director is automatically got Vacated

3. AUDIT COMMITTEE:
1. Terms of Reference:

- 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, 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 judgement 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) Any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

Composition :

The Audit Committee Comprises of following Directors:

Sl. No.	Name of Director	Designation	Status
1.	Sri. V. Pattabhi	Member	Chairman, Independent and Non- Executive director
2.	Sri. Srinivas VG	Member	Managing Director
3.	Sri. M. L. Motwani	Member	Independent and Non- Executive director

The Audit committee duly met 04 (Four) times during the financial year on 30.04.2011,30.07.2011, 31.11.2011, and 21.01.2012 and the attendance of the Members in the Meeting is as follows:

Attendance of Audit Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Shri Srinivas VG	4	0
2.	Shri V. Pattabhi	4	4
3.	Sri. M. L. Motwani	4	4

4. REMUNERATION COMMITTEE:

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

Composition of Remuneration Committee

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

Not being required, hence the Remuneration Committee did not meet but the matters related to the same are discussed with the committee members from time to time.

Attendance of Remuneration Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings held	No of Meetings attended
1.	Shri G.K. Kabra	0	0
2.	Shri M L Motwani	0	0
3.	Sri. V. Pattabhi	0	0

The details of Salary and other benefits paid for the year ended 31.03.2012 to the Managing Director is as follows:

Rs. in Lakhs

Name of the Director and Designation	Salary Basic	Other Allowances	Total Remuneration
Sri. Srinivas VG Managing Director	Rs 17.45	Rs 49.87	Rs 67.32

The Company has paid sitting fees to all Directors amounting to Rs. 4,90,000/- for Board Meetings and Committee Meetings. The details of aggregate amount of sitting Fees paid to each non-executive & Independent Director during the financial period from April'2011 to Mar'2012 is as follows:

Name of the Director	Sitting Fees
Sri V C Janardan Rao	Rs 90,000/-
Sri. R.C. Sohni	Rs 10,000/-
Sri. G.K. Kabra	Rs 90,000/-
Sri. V. Pattabhi	Rs 1,40,000/-
Sri. M.L. Motwani	Rs 1,60,000/-

5. INVESTORS GRIEVANCE COMMITTEE:

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

Terms of reference :

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

The functions of the Committee include :

- 1) Transfer of shares.
- 2) Dematerialisation of shares.
- 3) Complaints pertaining to Non-Receipt of Refund Orders.
- 4) Any other matter.

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

Name and designation of the Compliance officer:

Mrs. K. Girija Bala (Company Secretary)

GENERAL BODY MEETING:

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

Year	Date of AGM	Time of Meeting	Place where the Meeting was held
2011	29.08.2011	11.00 A.M.	Plot No A 18 & 19, A.P.I.E, Balanagar, Hyderabad-500037
2009	30.06.2010	11.00 A.M.	Plot No 9, Phase I, I.D.A., Patancheru-502319
2008	31.03.2009	11.00 A.M.	Plot No 9, Phase I, I.D.A., Patancheru-502319

- ii) No Resolution was passed by way of Postal Ballot during the Financial Year.

7. COMPLIANCE OF INSIDER TRADING NORMS:

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

8. DISCLOSURES:

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.

There are no materially significant transactions made by the Company with its Promoters, Directors or the Management their Subsidiaries or Relatives etc. which have potential conflict with the interests of the Company at large.

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. NONE

9. MEANS OF COMMUNICATION:

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

10. GENERAL SHAREHOLDER INFORMATION:

a) The 38th Annual General Meeting of the Company will be held on 29th September, 2012 at 11.00 A.M. at A 18 & 19 APIE, Balanagar, Hyderabad. A.P.

b) The Financial Year of the Company is from 1st April, 2011 to 31st March, 2012 this year.

c) Date of Book Closure: 26th September 2012 to 28th September, 2012 (both days inclusive)

d) The Board of Directors in its Meeting held on 03-09-2012 have recommended dividend of 75% for the year ended 31st March, 2012 to those members whose names appear in the Register of Members (Physical and Demat) as on 25-09-2012.

e) The Shares of the Company are listed at Bombay Stock Exchange Limited.

f) The Listing Fees for the Financial Years 2010-11 and 2011-12 has been paid to the respective Stock Exchange.

- g) Stock code: 505232
- h) ISIN for the Company's Equity Shares: INE 232E01013
- i) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- j) Monthly High and Low Stock Quotations during the Financial year are as follows:

The Stock Exchange, Mumbai

Month (Rs.)	High (Rs.)	Low (Rs.)
Apr-11	382.00	313.15
May-11	513.00	397.95
Jun-11	490.00	443.00
Jul-11	621.85	471.00
Aug-11	546.35	392.30
Sep-11	470.00	415.05
Oct-11	467.35	335.00
Nov-11	422.90	331.25
Dec-11	366.00	282.10
Jan-12	355.80	277.00
Feb-12	380.00	340.00
Mar-12	425.40	332.10

(Source : The Stock Exchange, Bombay - Website)

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

11. Share Transfer System :

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

12. Distribution of shareholding : As on 31st March, 2012

Nominal Value	Holders		Amount	
	Number	% to Total	In Rs	% to Total
Upto - 5000	1909	94.46	14,47,490	6.43
5001 - 10000	59	2.92	4,04,450	1.80
10001 - 20000	20	0.99	2,91,490	1.30
20001 - 30000	5	0.25	1,27,220	0.57
30001 - 40000	2	0.10	73,420	0.33
40001 - 50000	4	0.20	1,92,000	0.85
50001 - 100000	8	0.40	5,76,700	2.56
100001 and above	14	0.68	1,93,87,230	86.16
TOTAL	2021	100.00	2,25,00,000	100.00

13. Shareholding pattern : As on 31st March, 2012

Category	No. of shares	% to share capital
Promoters	16,87,097	74.98
Public (Including Foreign Holding)	5,62,903	25.02
Total	<u><u>22,50,000</u></u>	<u><u>100.00</u></u>

14. Dematerialisation of shares and liquidity :

ISIN (Code No.) : INE232E01013

1,87,637 shares of the Company are being held in Demat form as on 31st March, 2012.

15. Outstanding GDRs / ADRs / Warrants and other Convertible Instruments, conversion dates and likely impact on equity : NIL

Declaration of Compliance with Code of Conduct

I hereby Confirm that the Company has obtained from all the Members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the Financial Year ended 31st March, 2012

For Veljan Denison Limited

Date : 03-09-2012

Srinivas VG

Place : Hyderabad

Managing Director

CEO/CFO CERTIFICATION

Under Clause 49 of the Listing Agreement with the Stock exchanges

In relation to the Audited Financial Accounts of the Company as at 31st March, 2012, we hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of 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.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

For Veljan Denison Limited

Srinivas VG
Managing Director

Dheeraj Kumar
Finance Manager

Date : 03-09-2011

Place : Hyderabad

Auditors Certificate On Compliance of Corporate Governance

To
The Members of
VELJAN DENISON LIMITED
Hyderabad, A.P.

We have examined the compliance of condition of Corporate Governance by Veljan Denison Limited, Hyderabad, (A.P.) for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place: Hyderabad
Date : 03-09-2012

(K.S.RAO)
Partner
Membership No.15850

AUDITORS' REPORT

To the Members of VELJAN DENISON LIMITED, HYDERABAD.

We have Audited the attached Balance Sheet of VELJAN DENISON LIMITED, HYDERABAD (A.P) as at 31st March, 2012 and also the statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our Audit in accordance with Auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

2. i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v) On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Notes annexed therewith, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
- b) In the case of the Statement of Profit and Loss of the Profit of the Company for the year ended on that date and
- c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Place: Hyderabad
Date : 03-09-2012

(K.S.RAO)
Partner
Membership No.15850

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

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 most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the Assets. No Material discrepancies were noticed on such verification.
c) During the year the Company has not disposed off any Fixed Assets.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained under section 301 of the Companies Act 1956.
b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the Company.
c) The Company has not taken Secured or Unsecured Loans covered in the Register maintained under section 301 of the Companies Act 1956 in view of our comment Sub-Section (4A), 3(f) and (g) of the aforesaid order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.

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- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the Public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacturing of Hydraulic Equipments and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
11. 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.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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13. The Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore the requirements relating to such companies are not applicable to the Company.
 14. The Company is not dealing or trading in shares, securities, debentures and other investments.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. In our opinion, and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were obtained.
 17. In our opinion, and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
 18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
 19. During the year, the Company has not issued any debentures and therefore the question of creating security in respect thereof does not arise.
 20. During the year, the Company issued 4,50,000 Equity shares at par to the existing share holders of the Company.
 21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Brahmayya & Co.**,
Chartered Accountants
Firm's Reg.No.000513S

Place : Hyderabad
Date : 03-09-2012

(K.S.Rao)
Partner
Membership No.15850



VELJAN DENISON LIMITED

Plot No.44, 4th Floor, HCL Towers,
Chikoti Gardens, Begumpet, Hyderabad - 16.

BALANCE SHEET AS AT 31st MARCH, 2012

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS'S FUNDS:			
(a) Share Capital	1	225.00	180.00
(b) Reserves and Surplus	2	6,328.21	5,389.97
2 NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3	219.73	505.51
(b) Deferred tax liabilities (Net)		433.56	388.94
3 CURRENT LIABILITIES			
(a) Short-term borrowings	4	1,008.49	676.08
(b) Trade payables	5	533.47	768.71
(c) Other current liabilities	6	1,100.95	1,262.43
(d) Short-term provisions	7	196.13	157.42
Total		10,045.54	9,329.06
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	8	3,045.82	3,282.44
(ii) Intangible assets	8	6.16	10.99
(iii) Capital work-in-progress	8	249.52	118.52
(b) Long term loans and advances	9	57.37	39.91
2 CURRENT ASSETS			
a) Inventories	10	1,650.20	1,121.67
b) Trade receivables	11	4,053.70	3,908.95
c) Cash and cash equivalents	12	319.01	211.63
d) Short-term loans and advances	13	267.42	269.83
e) Other Current Assets	14	396.34	365.12
Total		10,045.54	9,329.06

Accounting Policies and notes on Accounts 23

The notes referred to above form an integral part of these Financial Statements.

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

K S Rao
Partner
Membership No. 15850

V C Janardan Rao
Chairman

G K Kabra
Director

K. Girija Bala
Company Secretary

Place: Hyderabad
Date : 03-09-2012

**VELJAN DENISON LIMITED**Plot No.44, 4th Floor, HCL Towers,
Chikoti Gardens, Begumpet, Hyderabad - 16.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012** (Figures in Rs Lakhs)

Particulars	Refer Note No	Current Year (12 Months) Rs.	Previous Year (18 Months) Rs.
INCOME:			
I. Revenue from operations	15	8,269.94	10,163.95
II. Other Income	16	100.18	55.42
III. Total (I +II)	Total	<u>8,370.12</u>	<u>10,219.37</u>
IV. EXPENSES			
Cost of Raw Materials Consumed	17	2,651.61	3,065.23
Changes in inventories of finished goods, work-in-progress	18	-166.93	-25.97
Employee benefit expense	19	666.79	701.00
Finance costs	20	196.07	258.52
Depreciation	21	328.87	492.85
Other expenses	22	2,904.72	3,151.89
Total Expenses		<u>6,581.13</u>	<u>7,643.52</u>
V. Profit Before Tax		1,788.99	2,575.85
VI. Less Tax expense:			
(1) Current tax		610.00	865.00
(2) Deferred tax		44.62	13.56
VII. Profit after Tax		<u>1,134.37</u>	<u>1,697.29</u>
VIII. Earning per equity share (Amount in Rs)			
(1) Basic		50.42	94.29
(2) Diluted		50.42	94.29

Accounting Policies and Notes on Accounts 23

The notes referred to above form an integral part of these
Financial statements.As Per our report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants,
Firm regn No. 000513S**K S Rao**
Partner
Membership No. 15850**V C Janardan Rao**
Chairman**G K Kabra**
Director**K. Girija Bala**
Company SecretaryPlace: Hyderabad
Date : 03-09-2012



VELJAN DENISON LIMITED

Plot No.44, 4th Floor, HCL Towers,
Chikoti Gardens, Begumpet, Hyderabad - 16.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2012 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2012 Rs.	Previous Year 31-03-2011 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax & Extraordinary items	1788.99	2575.86
Depreciation	328.87	492.85
Interest Expenses	196.07	232.67
Interest Income	(10.59)	(10.91)
Tools and Jigs, Fixtures and Patterns Written off	11.62	13.61
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	2314.96	3304.08
Adjustments for :		
Inventories	(540.15)	(208.60)
Trade receivable	(144.75)	(2379.23)
Other Receivable	(74.85)	121.46
Trade payable	(252.92)	475.84
Income Tax paid	(810.55)	(719.72)
Net cash flow from operating activities A	491.74	593.82
B CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	11.29	19.60
Purchase of fixed Assets	(175.14)	(411.89)
Net Cash Used in investing Activities B	(163.85)	(392.29)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowing	(280.75)	(329.39)
working capital loans	332.41	477.07
Share capital	45.00	
Interest paid	(196.07)	(232.66)
Dividend paid	(121.10)	(82.14)
NET CASH FLOW FROM FINANCING ACTIVITIES	(220.51)	(167.12)
D NET CASH INCREASE/DECREASE IN CASH AND CASH	107.38	34.41
OPENING CASH & BANK BALANCE	211.63	177.22
CLOSING CASH & BANK BALANCE	319.01	211.63

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

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

K S Rao
Partner
Membership No. 15850

V C Janardan Rao
Chairman

G K Kabra
Director

K. Girija Bala
Company Secretary

Place: Hyderabad
Date : 03-09-2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

NOTE 1

SHARE CAPITAL:	AS AT 31-03-2012		AS AT 31-03-2011	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
AUTHORISED				
Equity Shares of Rs 10/- each	3,000,000	300.00	3,000,000	300.00
		<u>300.00</u>		<u>300.00</u>
ISSUED, SUBSCRIBED AND PAID UP				
Equity Shares of Rs 10/- each fully paid up	2,250,000	225.00	1,800,000	180.00

Disclosure pursuant to Note no. 6(A)(d) of part I of Schedule VI to the Companies Act, 1956

Particulars	No of Equity Shares Rs 10/- each As At 31-03-2012		No of Equity Shares Rs 10/- each As At 31-03-2011	
	Share Outstanding at the beginning of the Year	1,800,000		1,800,000
Shares Issued during the Year	450,000		0	
Share redeemed/bought back during the Year	N.A.		N.A.	
Shares outstanding at the end of the Year	2,250,000		1,800,000	

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

Name of the Share Holders	As AT 31st March 12		As AT 31st March 11	
	No of Share Held	% of Holding	No of Share Held	% of Holding
V Chukkamamba	597,139	26.54	455,687	25.32
V C Janardan Rao	309,753	13.76	253,327	14.07
Veljan Investments Ltd	243,950	10.84	186,162	10.34
Veljan Hydrair Limited	169,830	7.55	129,600	7.20
Incentive Fastighet AB	234,000	10.40	234,000	13.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
NOTE 2		
RESERVES & SURPLUS:		
a. CAPITAL RESERVES (Subsidy)		
At the commencement of the Year	15.00	15.00
Closing Balance	15.00	15.00
b. Capital Redemption Reserve		
At the commencement of the Year	3.00	3.00
Closing Balance	3.00	3.00
c. Investment Allowance Reserved Utilised		
At the commencement of the Year	12.80	12.80
Closing Balance	12.80	12.80
d. Security Premium		
At the commencement of the Year	45.00	45.00
Closing Balance	45.00	45.00
e. General Reserve		
At the commencement of the Year	1,100.00	900.00
Add: Current Year	120.00	200.00
Closing Balance	1,220.00	1,100.00
f. Surplus:		
At the commencement of the Year	4,214.17	2,874.30
Add: Transfer from Surplus	1,134.37	1,697.29
Total Surplus	5,348.54	4,571.59
Less : Proposed Dividend on Equity Shares	168.75	135.00
Corporate Dividend Tax	27.38	22.42
Transfer to General Reserve	120.00	200.00
Closing Balance	5,032.41	4,214.17
Grand Total	6,328.21	5,389.97

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
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NOTE 3
LONG TERM BORROWING - SECURED :
Term Loans

1. Andhra Pradesh State Financial Corporation	213.90	499.50
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Other Loans

2. Car Loans From Kotak Mahindra Bank	5.83	6.01
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TOTAL	219.73	505.51
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1. Term Loan from Andhra Pradesh State Financial Corporation is Secured by Way of First Charge on the Fixed Assets of the Company and Personal Guarantees of Two of the Directors of the company.

Terms of Repayment

Particulars	Sanction Date	Term Loan interest %	Instalments Quarterly
Andhra Pradesh State Financial Corporation	05-07-06	12	19

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

Terms of Repayment: Equated Monthly Instalments

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

a. Cash Credit From : Canara Bank	730.62	527.97
b. Cash Credit From : Syndicate Bank	232.07	144.94

2. Documentary Bills Discounting :

c. From - Canara Bank	0.00	3.17
d. From - Syndicate Bank	45.80	0.00

TOTAL	1,008.49	676.08
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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 their Capacities to the extent of Rs 1010 Lakhs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
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NOTE 5
TRADE PAYABLES

Sundry creditors

Due to Micro, Small and Medium Enterprises	8.46	31.10
Others	525.01	737.61
TOTAL	<u>533.47</u>	<u>768.71</u>

NOTE 6
OTHER CURRENT LIABILITIES

1. Andhra pradesh State Financial Corporation	285.60	285.60
2. Kotak Mahindra Bank	10.96	5.93
3 Sundry Creditors : For Capital Expenditure	22.25	6.85
Expenses	494.97	519.97
4. Advance from Customers	57.43	54.08
5. Income Tax (Net))	77.71	255.84
6. Unclaimed Dividends	78.30	64.40
7. Other Liabilities	73.73	69.76
TOTAL	<u>1,100.95</u>	<u>1,262.43</u>

NOTE 7
SHORT TERM PROVISIONS

Proposed Dividend	168.75	135.00
Corporate Dividend Tax	27.38	22.42
TOTAL	<u>196.13</u>	<u>157.42</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 8 - FIXED ASSETS

(Figures in Rs Lakhs)

	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2011 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2012 Rs.	Upto 31.03.2011 Rs.	For the year Rs.	Deductions Rs.	Upto 31.03.2012 Rs.	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
a) 1. TANGIBLE ASSETS:										
Land	104.44			104.44					104.44	104.44
Factory Buildings	367.90			367.90	51.01	11.89		62.90	305.00	316.89
Other Buildings	29.31			29.31	12.69	0.55		13.24	16.07	16.62
Water Works	4.14			4.14	3.51	0.28		3.79	0.35	0.63
Electrical Installations	3.72			3.72	3.53			3.53	0.19	0.19
Plant and Machinery	4,039.48	60.56		4,100.04	1,373.00	281.84		1,654.84	2,445.20	2,666.48
Inspection & Testing Equipment	146.88	0.53		147.41	80.25	7.74		87.99	59.42	66.63
Office Equipment	132.13	4.92		137.05	103.97	10.14		114.11	22.94	28.16
Air conditioners	13.27			13.27	5.37	0.55		5.92	7.35	7.90
Furniture & Fixtures	46.99	2.73		49.72	21.41	3.30		24.71	25.01	25.58
Canteen Equipment	0.25			0.25	0.16	0.01		0.17	0.08	0.09
Vehicles	40.95	16.55		57.50	9.81	5.00		14.81	42.69	31.14
Material Handling Equipment	25.69	0.47		26.16	8.00	1.08		9.08	17.08	17.69
Sub Total	4,955.15	85.76	0.00	5,040.91	1,672.71	322.38	0.00	1,995.09	3,045.82	3,282.44
b) 2. INTANGIBLE ASSETS										
Software	67.66	1.66		69.32	56.67	6.49		63.16	6.16	10.99
Sub Total	67.66	1.66	0.00	69.32	56.67	6.49	0.00	63.16	6.16	10.99
c) Capital Work in progress										
Capital Work in progress	118.52	131.00	0.00	249.52	0.00	0.00		0.00	249.52	118.52
Sub Total	118.52	131.00	0.00	249.52	0.00	0.00	0.00	0.00	249.52	118.52
GRAND TOTAL	5,141.33	218.42	0.00	5,359.75	1,729.38	328.87	0.00	2,058.25	3,301.50	3,411.95
Previous Year	4,459.91	681.42		5,141.33	1,236.53	492.85		1,729.38	3,411.95	3,223.39

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
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Note 9
LONG TERM LOANS AND ADVANCES :

Deposit Recoverable (un secured Considered Good) (Telephones,APCPDCL & Others)	57.37	39.91
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TOTAL	57.37	39.91
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Note 10
INVENTORIES

a) Raw Materials (Valued at cost on weighted average method)	791.40	483.18
b) Stock-in-Process (Valued at cost on weighted average method or realisable value which ever is less)	256.37	209.21
c) Finished Goods (Valued at cost on weighted average method or realisable value which ever is less)	367.57	247.80
d) Stores & Spares (Valued at cost on weighted average method)	147.50	115.12
e) Jigs & Fixture, Patterns and Tools & Implements	87.36	66.36

TOTAL	1,650.20	1,121.67
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Details of Raw materials

Steels	254.93	130.60
Castings	103.75	145.14
Components	350.35	161.51
Imported Material	82.37	45.93

Total	791.40	483.18
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Note 11
Trade Receivables

Receivables for a period exceeding six months unsecured considered good	430.15	501.96
Receivables for a period less than six months unsecured considered good	3623.55	3406.99

TOTAL	4053.70	3908.95
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Sundry Debtors Include amount due from M/s Veljan Hydrair Limited, a Company under the same management	2492.49	1858.25
Maximum amount due	2737.93	2069.17

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2012 Rs.	AS AT 31-03-2011 Rs.
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Note 12
CASH AND CASH EQUIVALENTS:

Cash on Hand	0.53	0.93
Balances With Scheduled Banks: In Current Accounts	165.30	17.69
Balance with Banks against Dividends payments	78.62	64.75
In Fixed Deposits Accounts	55.36	102.42
Balance With Margin for LC's and BG's	19.20	25.84
TOTAL	<u>319.01</u>	<u>211.63</u>

Note 13
SHORT TERM LOANS AND ADVANCES

Advances for capital expenditure	12.59	40.47
Advances for Supply of Raw Materials & Expenses	227.36	205.61
Deposits recoverable	23.16	17.06
Staff Advances	4.31	6.69
TOTAL	<u>267.42</u>	<u>269.83</u>

Note 14
OTHER CURRENT ASSETS:

VAT Receivable	138.61	94.69
Service Tax Receivable	203.38	193.90
Deposit with Excise Department	9.23	26.70
Prepaid expenses	12.01	11.92
Interest Receivables	0.66	1.36
Other Receivable	31.20	34.30
Frenge Benefit Tax Paid	1.25	2.25
TOTAL	<u>396.34</u>	<u>365.12</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2012	Previous Year 31-03-2011
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Note 15
REVENUE FROM OPERATIONS :
Sale of Products

Pumps & Spares	7,221.21	8,999.58
Valves & spares	608.89	840.22
Motors & spares	692.00	706.50
Power Packs & Spares	142.23	147.95

	<u>8,664.33</u>	<u>10,694.25</u>
Less: Central Excise Duty	394.39	530.30

TOTAL	<u><u>8,269.94</u></u>	<u><u>10,163.95</u></u>
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Note 16
OTHER INCOME

Interest Earned	10.59	10.91
Service Charges	0.92	2.53
Scrap Sales	86.85	38.95
Miscellaneous receipts	0.66	1.74
Credit Balances Written Back	1.16	0.58
Excess Provision Written Back	0.00	0.71

TOTAL	<u><u>100.18</u></u>	<u><u>55.42</u></u>
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Note 17
RAW MATERIALS CONSUMED :

Opening Stocks	483.18	363.06
Add: Purchases	2,959.83	3,185.35
	<u>3,443.01</u>	<u>3,548.41</u>
Less Closing stocks	791.40	483.18
Cost of Raw Materials Consumed	<u><u>2,651.61</u></u>	<u><u>3,065.23</u></u>

Imported and Indigenous Raw material Consumed

	% of Consumption	Current Year 31-03-2012	% of Consumption	Previous Year 31-03-2011
Imported	7.71%	204.42	3.74%	114.63
Indigenous	92.29%	2,447.19	96.26%	2,950.60
TOTAL	<u><u>100.00%</u></u>	<u><u>2,651.61</u></u>	<u><u>100.00%</u></u>	<u><u>3065.23</u></u>

Details of Raw Material Consumed

Steels Consumed	327.95	399.11
Castings Consumed	927.91	987.06
Components Consumed	1,191.33	1,564.43
Imported Material Consumed	204.42	114.63

TOTAL	<u><u>2,651.61</u></u>	<u><u>3,065.23</u></u>
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2012	Previous Year 31-03-2011
Note 18		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS		
(Increase)/Decrease in Stocks		
Opening Stocks		
Finished Goods	247.80	75.90
Stock-in-Process	209.21	355.14
TOTAL	457.01	431.04
Closing Stocks		
Finished Goods	367.57	247.80
Stock-in-Process	256.37	209.21
TOTAL	623.94	457.01
(Increase)/ Decrease in Stocks	-166.93	-25.97

Note 19
EMPLOYEE BENEFITS EXPENSES

Salaries , Wages and Bonus	577.38	611.91
Contribution to Provident Fund	36.00	42.44
Contribution to Employee's State Insurance	13.02	12.79
Group Gratuity & Deposit Linked Insurance	22.81	11.65
Superannuation Premium	4.05	5.62
Workmen & Staff Welfare Expenses	13.53	16.59
TOTAL	666.79	701.00

Note 20
FINANCE COSTS

Interest	170.82	232.66
Other Borrowing Costs	25.25	25.86
TOTAL	196.07	258.52

Note 21
DEPRECIATION EXPENSE

Depreciation	328.87	492.85
TOTAL	328.87	492.85

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2012	Previous Year 31-03-2011
Note 22		
OTHER EXPENSES		
Job Expenses	1,083.48	1,300.53
Stores Consumed	367.38	259.78
Packing Material Consumed	74.91	120.27
Carriage Inward	35.46	34.97
Power and Fuel	84.77	89.53
Repairs & Maintenance		
Building	11.21	4.73
Plant and Machinery	40.84	36.81
Others	42.99	36.53
Tools & Dies written off	11.62	13.61
Rent	23.36	35.75
Licenses and Taxes	9.14	20.72
Sales Tax	153.90	206.80
Insurance	8.01	8.70
Printing & Stationery	18.43	18.51
Postage & Telephones	11.61	18.53
Travelling & Conveyance	24.07	31.75
Foreign Travelling Expenses	10.74	1.62
Vehicle Maintenance	3.35	2.09
Professional & Legal Charges	37.42	47.72
Remuneration to Directors	84.03	122.63
Selling & Distribution Expenses	495.60	497.85
Advertisement	6.39	1.38
Remuneration to Auditors:		
For Audit Fees	3.37	3.31
For Tax Audit Fees	0.56	1.10
Sitting fee to Directors	4.90	5.20
Prior Period Expenditure	0.08	0.48
Donations	214.01	183.09
General Expenses	39.89	45.47
Bad Debts Written Off	3.20	2.43
TOTAL	<u>2,904.72</u>	<u>3,151.89</u>

Imported and Indigenous Stores Consumed

Particulars	% of Consumption	Current Year 31-03-2012	% of Consumption	Previous Year 31-03-2011
Imported	1.85%	6.81	0.00%	0.00
Indigeneous	98.15%	360.57	100.00%	259.78
TOTAL	<u>100.00%</u>	<u>367.38</u>	<u>100.00%</u>	<u>259.78</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2012 Rs.	Previous Year 31-03-2011 Rs.
1. A) Contingent Liabilities not provided for :		
a) Towards Guarantees and Letters of credit issued by the Bankers to the extent of	91.80	129.22
b) Bills discounted with bankers to the extent of	45.80	3.17
c) Interest claimed by District Industries Centre Sangareddy for delay in payment of instalments of Interest Free sales tax loan, which is contested by the Company	23.29	23.29
B) Contracts remaining to be executed on Capital account.	23.88	66.81
2. Value of Imports calculated on C.I.F. Basis		
a) Raw Materials and Components	211.65	110.54
b) Cutting Tools	6.22	0.00
c) Maintenance items	1.51	0.00
d) Machinery	0.00	242.52
3. Expenditure in Foreign Currency :		
Travelling	4.53	1.16
Donations	0.00	1.18
4. Fixed Deposits pledged with Banks for the purpose of Guarantees/L.C.'s	19.20	25.84
5. Taxes on Income-Tax AS - 22 Item of Deferred Tax Liability		
Depreciation	1,348.77	1,224.54
Total (A)	<u>1,348.77</u>	<u>1,224.54</u>
Item of Deferred Tax Assets 43B Payments	73.21	80.26
Total (B)	<u>73.21</u>	<u>80.26</u>
Deferred Tax Liability (A-B)	<u>1,275.55</u>	<u>1,144.28</u>
Tax there on	<u>433.56</u>	<u>388.94</u>

6. Disclosure of Related party Transactions (As per AS-18)

Key Management Personnel (KMP)

Sri V C Janardan Rao : Chairman
 Sri Srinivas VG : Managing Director

Directors

Sri GK Kabra
 Sri ML Motwani
 Sri VPattabhi

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

A Transactions during the Year

Particulars	Key Management Personnel	Directors	Enterprises in Which the Key Management personnel and their relatives are interested
Remuneration	29.72 (44.56)		
Commission	37.60 (54.14)	18.80 (27.07)	
Sales			4,861.19 (5,006.59)
Purchases			107.38 (27.81)
Incentive /Discounts			482.96 (496.40)
Rent & Expenses			22.83 (36.22)
Professional Charges			24.00 (36.00)

B. Balances as at 31.03.2011

Payables	37.60 (55.66)	18.80 (27.07)	0.00 (2.04)
Receivables			2,492.49 (1,858.25)

- 7 In the opinion of the Management, the Current Assets, loans and advances are expected to realise the amount at which they are stated, if realised in the ordinary course of Business and provision for all known liabilities have been adequately made in the accounts.
- 8 Balances in personal accounts are subject to confirmation and there by reconciliation.
- 9 The company has Installed Machinery worth Rs. 370.72(previous year Rs 370.72) In M/S Ecmat Ltd, for the job works given to them.
10. Consequent to the Notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under Revised Schedule VI accordingly, the Previous year's figures also have been reclassified to confirm to this year's classification.

SIGNIFICANT ACCOUNTING POLICIES**Note No. 23**

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

1. Financial Statements are prepared based on historical cost convention and in accordance with generally accepted accounting principles
2. Fixed Assets are stated at cost net of Cenvat and Vat credit less accumulated depreciation. Cost of acquisition of Fixed assets is inclusive of freight, duties and taxes wherever input credits are not availed and cost of installation/erection expenses.
3. Depreciation on Tangible Assets of the Company is provided on straight line method as per Schedule XIV of the Companies Act, 1956. Intangible Asset Software is written off over a period of 3 years.
4. Raw materials and consumables stores are valued at cost on weighted average method, Finished Goods and Work-in-Progress are valued at cost on weighted average method or realisable value whichever is less
5. Jigs & Fixtures and Patterns are (valued after providing for) Amortisation at 20% and 10% respectively Under written down value method. Initial tools were capitalised and Amortised at 10% on WDV value and further issue of tools are charged to revenue as and when issued.
6. Contributions to Provident Fund are remitted to the Provident Fund Commissioner at prescribed rates Group Gratuity Schemes administered through Trustees for which policies are taken from Life Insurance Corporation of India. The said remittances and premiums are charged to the revenue.
7. Liability in respect of Encashment of leave salary to the Employees of the company is provided on actual basis.
8. All contingent Liabilities are indicated by way of a note and will be provided/paid on crystallisation.
9. Sales are inclusive of Excise Duty, Sales Tax and packing charges collected.
10. Provision for Tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws.
11. Foreign Currency transaction:
 - a) Transaction in foreign currency are initially accounted at the exchange rate prevailing on the date of transaction and adjusted appropriately to Capital or revenue, with the difference in the rate of exchange arising on actual receipt/payment during the year.
 - b) At each Balance Sheet date :

Foreign currency monetary items are reported using the rate of exchange on that date.

Foreign currency non monetary items are reported using the exchange rate at which they are initially recognised.

12. Impairment of Assets:

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

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

Signatures to Notes 1 to 23 forming part of the financial statements annexed hereto:

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

K S Rao
Partner
Membership No. 15850

V C Janardan Rao
Chairman

G K Kabra
Director

K. Girija Bala
Company Secretary

Place: Hyderabad
Date : 03-09-2012

VELJAN DENISON LIMITED

Registered Office:
Plot NO.44, 4th Floor,
HCL Towers, Chikoti Gardens,
Begumpet, HYDERABAD - 500 016.
Ph.No.040-27764546, Fax No.040-27765253

PROXY FORM

I/We _____
of _____
_____ being Member/Members of VELJAN DENISON LIMITED

hereby appoint _____ of _____
or failing him _____ of _____
or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company to be held on Saturday the 29th September, 2012, at Plot No. A18 & 19, APIE, Balanagar, Hyderabad-500 037, A.P. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____
signed by the said _____

Affix 1/- Rupee
Revenue Stamp

Note : The Proxy must be returned so as to reach the Registered Office of the Company at Plot No.44, 4th Floor, HCL TOWERS Chikoti Gardens, Begumpet, HYDERABAD 500 016. not less than FORTY EIGHT HOURS before the commencement of the meeting.

----- ✂ ----- CUT HERE ----- ✂ -----

VELJAN DENISON LIMITED

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

ATTENDANCE SLIP

38th Annual General Meeting - 29th September, 2012
Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037. A.P.

Name of the attending Member/Proxy (in block letters)

Member's Folio No. :

No. of Shares held :

I hereby record my presence at 38th Annual General Meeting - 29th September, 2012.

Member's/Proxy's Signature

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING AND HANDOVER AT THE ENTRANCE DULY FILLED IN .

VELJAN DENISON LIMITED

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

Dear Member,

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

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

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

Thanking you,

Yours truly,

V.C. JANARDAN RAO
Chairman

Notes :

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

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

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

To,

VELJAN DENISON LIMITED

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

From

Name : _____
Address : _____

Dear Sir,

Ref:- Folio No.

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

Name of the first named shareholder : _____
(Capital Letters)

Current/Saving Account No. : _____

Name of the Bank : _____

Branch at : _____

Address of Bank : _____

Date :

Signature



— Veljan Denison Limited —