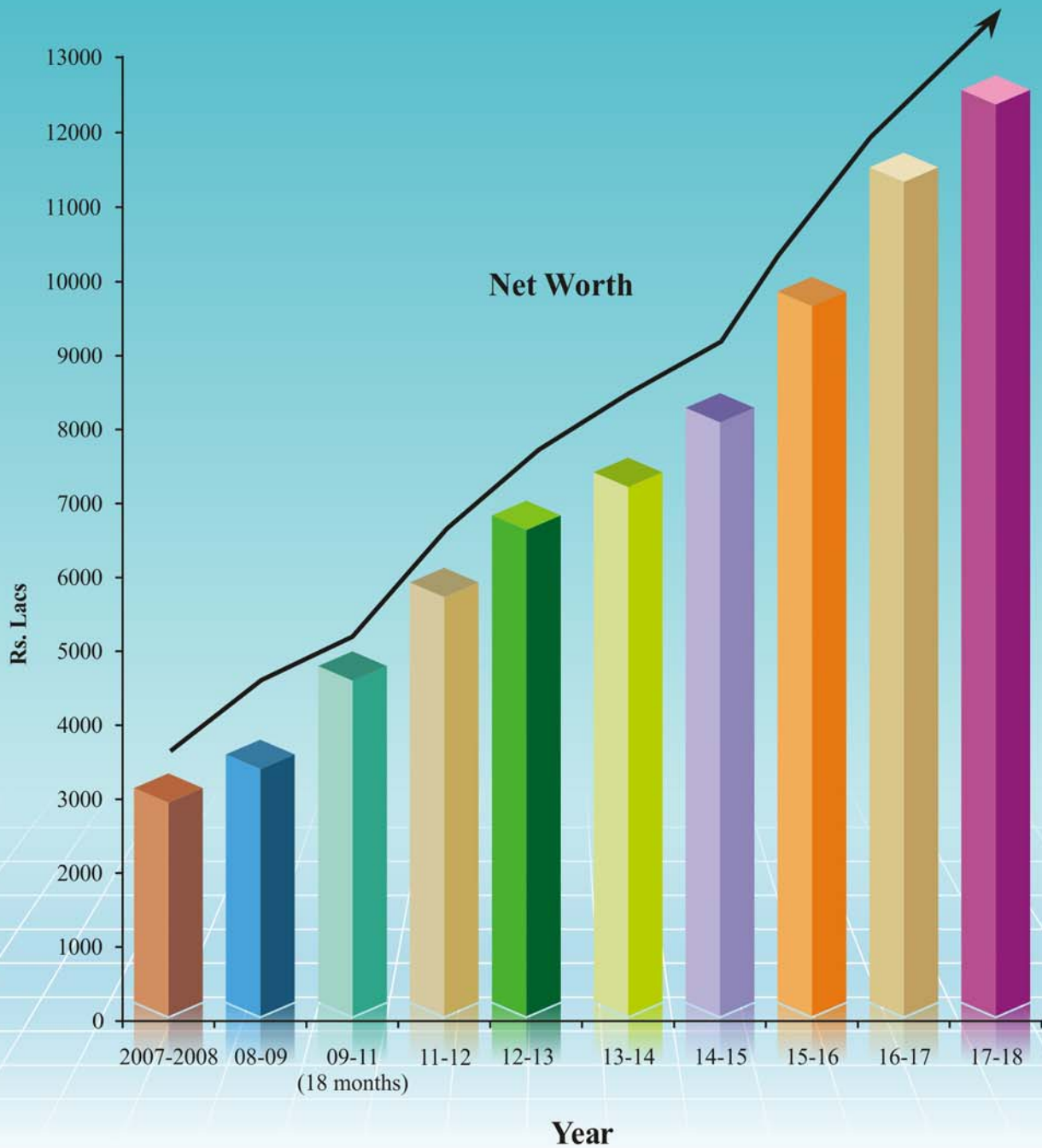


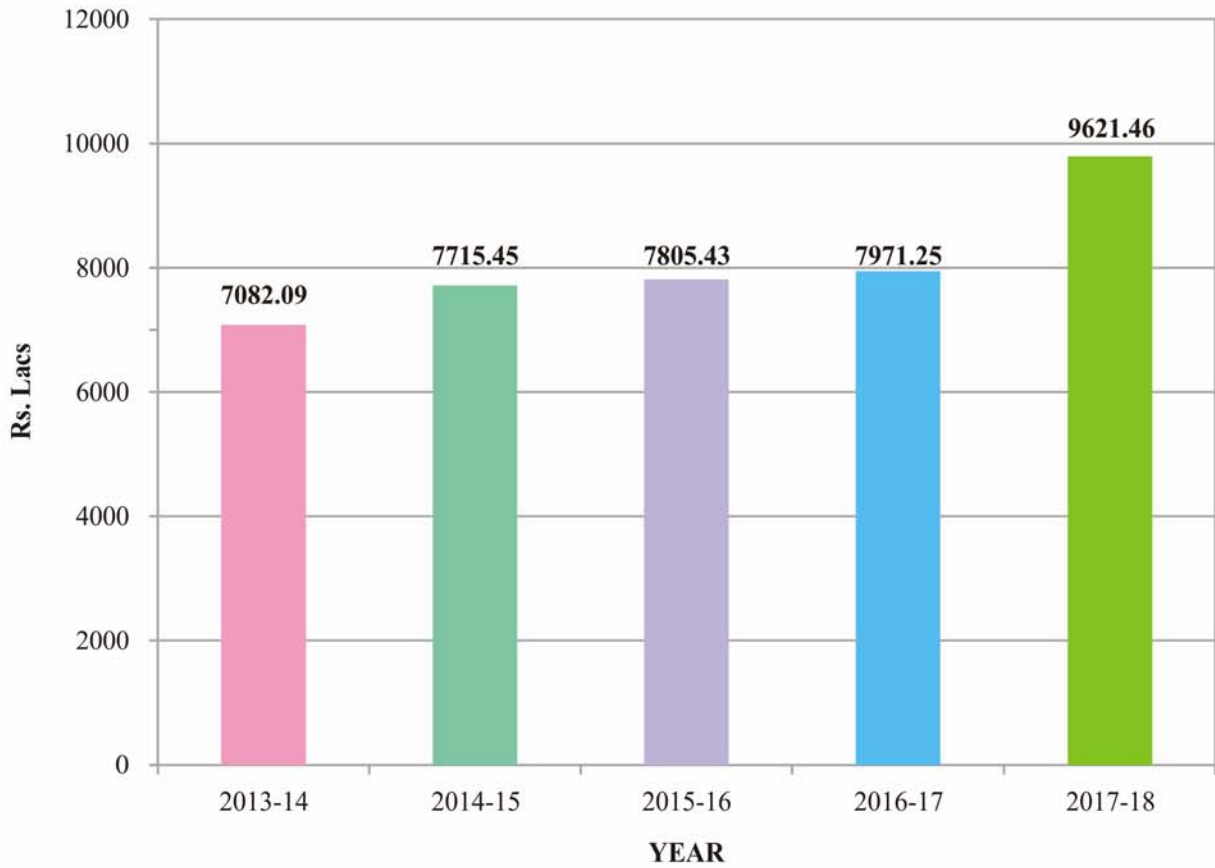


44th ANNUAL REPORT 2017 - 2018

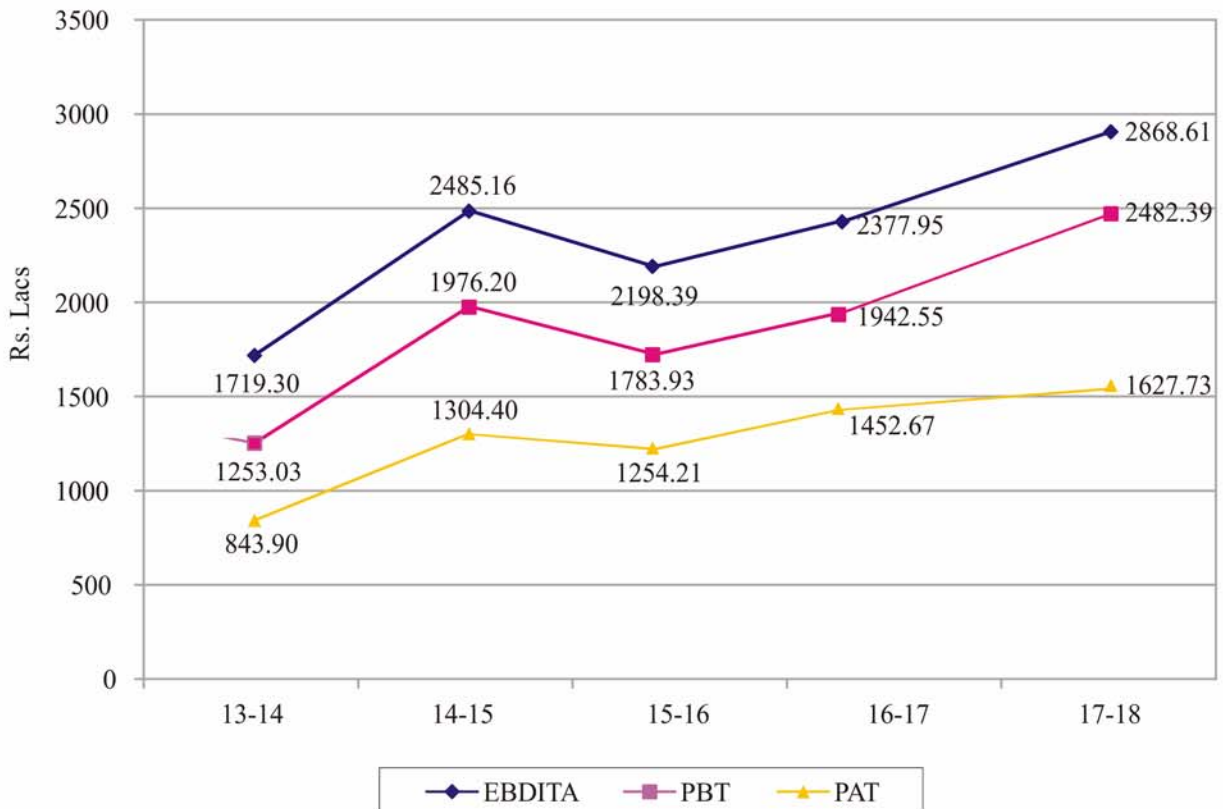


VELJAN DENISON LIMITED

NET SALES



PROFIT TREND



BOARD OF DIRECTORS :

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

Shri . M.L. MOTWANI
Independent Director
(Resigned w.e.f 03-09-2018)

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. M.L. MOTWANI

2. Corporate Social Responsibility(CSR) Committee

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

3. Nomination & Remuneration Committee

Shri. V. PATTABHI - Chairman
Shri. M.L. MOTWANI
Shri. V. PATTABHI

4. Stakeholder's Relationship Committee

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

SENIOR MANAGEMENT

Chief Finance Officer :
Shri. R. VENKATA RAO

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, Medak District, Telangana
Ph. No.: 08455-242013, 242020 & 242049,
Fax No.: 08455-242085

Registrar And Share Transfer Agents

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

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HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

Particulars	2007-08	2008-09	2009-11 (18 Months)	2011-12
1. Sales & other income	6438.87	4274.72	10219.37	8370.12
2. Profit Before int, dep & tax	1769.91	1271.29	3301.38	2313.93
3. Profit before extraordinary/exceptional Items & Tax	1443.18	837.21	2575.86	1788.99
4. Profit after Tax	851.40	471.33	1697.30	1134.37
5. Net Fixed Assets	2594.78	3223.39	3411.96	3301.50
6. Share Capital	180.00	180.00	180.00	225.00
7. Reserves & surplus	3483.71	3850.09	5389.97	6328.21
8. Net Worth	3663.71	4030.09	5569.97	6553.21
9. Return on Net worth(RONW) PAT/Networth	23.24%	11.70%	30.47%	17.31%
10. Return on Avg.Capital Employed (ROCE)	0.11	0.06	0.17	0.10
11. Cash Earnings per share(Rs)	58.04	41.39	122.43	65.55
12. Earnings per share (Rs)	47.30	26.19	94.29	50.42
13. Dividend per Share (Rs)	5.00	5.00	7.50	7.50
14. Book Value per Share(Rs)	203.54	223.89	309.44	291.25
15. Sundry Debtors - No of Days	122	126	200	171
16. Turnover/Avg Inventory (Times)	3.56	2.38	2.82	3.54
17. Current Ratio	2.30	2.61	2.28	2.38
20. Debt-Equity Ratio	0.97	0.63	0.61	0.47

HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
7375.52	7400.61	8187.41	8076.70	8325.42	9815.97
1969.27	1719.30	2485.16	2198.39	2377.95	2868.61
1478.83	1253.03	1976.20	1783.93	1942.55	2482.39
994.82	843.90	1304.40	1254.21	1452.67	1627.73
3096.36	2878.52	2666.09	2934.23	2708.83	2987.96
225.00	225.00	225.00	225.00	225.00	225.00
7125.61	7772.08	8813.24	9796.65	11249.32	12607.87
7350.61	7997.08	9038.24	10021.65	11474.32	12832.87
13.53%	10.55%	14.43%	12.52%	12.66%	12.68%
0.07	0.06	0.07	0.07	0.06	0.07
58.66	51.67	71.06	67.14	76.51	85.15
44.21	37.51	57.97	55.74	64.56	72.34
7.50	7.50	10.00	10.00	10.00	10.00
326.69	355.43	401.70	445.41	509.97	570.35
225	167	279	291.16	244.92	212.24
2.76	2.89	2.58	2.94	2.75	3.29
2.15	2.67	2.62	3.70	3.44	4.29
0.55	0.45	0.47	0.34	0.36	0.26

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 44th Annual General Meeting of the members of **Veljan Denison Limited (CIN: L29119TG1973PLC001670)** will be held on **Saturday, the 29th day of September, 2018, 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, 2018, 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, 2018.
3. To elect and appoint a Director in place of Mrs. Uma Devi (DIN: 00125840), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:**4. Continuation of the Directorship of Mr. Pattabhi Vangala (DIN: 00200157):**

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

“RESOLVED THAT in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as proposed and amended by Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) which requires a special resolution for continuing the directorship of any person as a Non Executive Director who has attained the age of seventy five years w.e.f. April 01, 2019, the consent of the members of the Company, be and is hereby accorded for the continuation of Directorship of Mr. Pattabhi Vangala (DIN: 00200157), who has already attained the age of 75 years, as Independent Director of the Company after April 01, 2019 until the expiry of his existing term.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

5. Commission payable to Non-Executive Directors:

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

“RESOLVED THAT pursuant to Section 197, 198, and all other applicable provisions of the Companies Act, 2013,

provisions of Listing Regulations and other applicable provisions if any, in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, the Company be and is hereby authorised to pay to its Directors (other than the Managing Director or Whole-time Director of the Company) for a period of 5 years commencing from April 1, 2018, such commission as the Board of Directors may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and equally in the absence of such determination) but such commission shall not exceed 1 (One) per cent of the net profits of the Company in any financial year (computed in the manner provided in Section 198 of the Companies Act, 2013).

“RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this Resolution.”

6. 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 thereunder, 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 or services etc by Veljan Denison Limited for the Financial year 2018-19 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	Material Terms and particulars of the contract or arrangement	Maximum Limit for the FY 2018-19 (Rs. In Crores)
1	Veljan Hydrair Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Sales & Purchase	As per the terms of the respective contracts or arrangements entered into or to be entered into from time to time in the ordinary course of business and on an arms' length basis.	120.00
2	Suxus Systems Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Sales & Purchase		30.00
3	Ecmat Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Job work		30.00
4	Veljan Investments Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Rent		2.00
5	JDM Hydro Pneumatics Ltd.	1. V. C. Janardan Rao 2. U. Uma Devi	Job Work		2.00

RESOLVED FURTHER THAT the Board of Directors of the Company (the “Board”, which term shall be deemed to include its “Committee of Directors”), be and is hereby authorised to do or cause to be done all such acts, matters, deeds and things and to settle any questions, difficulties or doubts that may arise with regard to any transactions with related parties and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution.”

7. Approval to make Donations:

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 Section 181 of the Companies Act, 2013 the consent of the members be and is hereby accorded to the Board of Directors to contribute or donate at its discretion for a period of 5 years with effect from the financial year 2018-19 by way of donations or contributions or otherwise provide assistance to any charitable, public, social, benevolent or general fund, society, association, institutions, trust, organization, related/ not related to the business of the Company or the welfare of its employees, which in aggregate may exceed 5% of the Company’s average net profit during the three immediately preceding financial years, subject to a maximum limit of Rs. 5,00,00,000/- (Rupees Five Crores only) in any financial year.”

RESOLVED FURTHER THAT the Board of Directors of the Company (the “Board”, which term shall be deemed to include its “Committee of Directors”), be and is hereby authorised to do or cause to be done all such acts, matters, deeds and things and to settle any questions, difficulties or doubts that may arise with regard to any transactions with related parties and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution.”

8. Increase in the Borrowing Limits:

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

“RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions, if any, passed in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors and/or any Committee of Directors thereof, to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body-corporate/ entity and/or authority, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, bonds, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 250.00 Crores (Rupees Two Hundred Fifty Crores only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

9. Creation of charge on the Assets:

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

“RESOLVED THAT consent of shareholders of the company be and is hereby accorded, pursuant to Section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions, investors and any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed Rs. 250.00 Crores (Rupees Two Hundred Fifty Crores only) at any time.”

“RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized authorised to finalise with Banks/Financial Institutions the documents for creating aforesaid mortgage and/or the charge and to do all such acts, deeds, matters and things as may be necessary, proper and expedient or incidental for giving effect to this resolution.”

10. Keeping registers, returns, etc. with the Registrars and Share Transfer Agent:

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 Section 94 and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and Rules made thereunder, including any amendments and enactments thereof, consent and approval of the Company be and is hereby accorded to keep the Register of Members and other registers/records of the Company maintained under Section 88 of the Act and copies of the Annual returns filed under Section 92 of the Act at M/s Venture Capital and Corporate Investments Limited, # 12-10-167, Bharath Nagar, Hyderabad – 500 018 who have been appointed as Registrars & Share Transfer Agent (‘RTA’), instead of the Registered Office of the Company.

RESOLVED FURTHER THAT the Board of Directors (‘the Board’, which term shall be deemed to mean and include any Committee constituted by the Board) and the Company Secretary be and are hereby severally authorized to intimate to the Registrar of Companies and to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution.”

By order of the Board of Directors
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03.09.2018

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. 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.
4. Register of members and transfer books of the Company will remain closed from Saturday, the 22nd day of September, 2018 to Saturday, the 29th day of September, 2018 (both days inclusive)
5. 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 – 500018 so as to enable the Company to incorporate the bank details on the dividend warrants.
6. Pursuant to Section 72 of the Companies Act, 2013 and the Rules made thereunder 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 favour, without any hassles. Members desirous of making any cancellation / variation in the said nomination can do so in form SH-14.
7. 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.

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. Company had transferred unpaid / dividend till the financial year 2008-09 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.

8. 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.

9. 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.
10. 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 ISIN No. INE232E01013.
11. 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.
12. Soft copy of the Annual Report for 2017-18 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 2017-18 is being sent in the permitted mode.
13. Members/ proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
14. Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / reappointed is given in the annexure to the Notice.
15. 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.
16. The route map for the AGM Venue is provided on the last page of the Annual Report.
17. Statutory Auditors were appointed during the AGM held on 21.09.2017 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.
18. Voting through electronic means;
 - a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through E Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for shareholders voting electronically are as under:

- I. The voting period begins on Wednesday, 26th September, 2018 at 9.00A.M. and ends on Friday, 28th September, 2018 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 cut off date (record date) of 21st September, 2018 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 is 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 is 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 21st September, 2018. 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 Wednesday, 26th September, 2018 and shall close at 5.00 p.m. on Friday, 28th September, 2018. The e-voting module shall be disabled by National Securities Depository Limited (NSDL) on 28th September, 2018 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 21st September, 2018
7. Mrs. Dafthardar Soumya, Practicing Company Secretary (Membership No: ACS 29312, CPNo: 13199) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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

The Securities and Exchange Board of India vide its notification dated May 09, 2018, issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter referred to as the ‘Regulations’). As per the Regulation 17 (1A) of the Regulations specifies that no listed entity shall continue the directorship of any person as a nonexecutive director who has attained the age of seventy five years unless a special resolution is passed to that effect. The said Regulation shall come into force with effect from April 01, 2019.

Mr. Pattabhi Vangala (DIN: 00200157), who was appointed as an Independent Director of the Company at the 40th Annual General Meeting of the Company held on September 30, 2014 for a period of five years, has already attained the age of 75 years. Accordingly, it is proposed to pass special resolution as set out at Item No. 4 to enable him to continue his directorship for the remaining term of his appointment.

The Board considering benefits of the expertise of Mr. Pattabhi Vangala recommends the resolution for approval of shareholders by way of special resolution.

Mr. Pattabhi Vangala is deemed to be interested in the resolution as set out at Item No.4 of the Notice. His relatives may also be deemed to be interested in the said respective resolution, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

ITEM NO. 05:

The operations of the company are steadily improving with the active role and guidance of the Directors. The Board is of the view that it is necessary that adequate compensation be given to the Non-Executive Directors and the Independent Directors so as to compensate them for their time and efforts. Hence, as before, it is proposed to pay commission on net profit to all Directors other than Managing Director and Whole Time Director which is permissible under the Companies Act, 2013 for a period of 5 years from the financial year 2018--2019.

The shareholders of the Company have at the AGM held on September 30, 2014, accorded their consent for payment of commission on profits to the Non-Executive Directors and the Independent Directors of the Company at a rate not exceeding 1 per cent of the net profits of the Company in any fiscal year (computed in the manner provided in Sections 197 and 198 of the Companies Act, 2013) for a period of 5 years i.e. upto the fiscal year 2017-18. For fiscal year commencing from 2018- 19, the payment of commission on profits is proposed at a rate not exceeding 1 per cent of the net profits of the Company in any fiscal year (computed in the manner provided in Section 198 of the Companies Act, 2013), for a period of five years.

Your Directors recommended the resolution for your approval.

All the Non-Executive Directors and the Independent Directors of the Company are concerned or interested financially in the resolution because the resolution relates to payment of commission to self. Mr. V.C. Janardan Rao, Chairman & Managing Director who is KMP is also concerned or interested in the resolution because the resolution relates to the payment of commission to his relatives. Save and except these persons, no other Director or KMP of the Company or their relatives are, in any way, concerned with or interested in, financially or otherwise.

ITEM NO. 06:

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 2018-19 (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 Ltd 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, 2018 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 are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 6 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 of the Company. The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the unrelated shareholders.

ITEM NO. 07:

Pursuant to Section 181 of the Companies Act, 2013, prior permission of the shareholders is required in the event that the Company contribute to any bona fide charitable and other funds in case any such amount, the aggregate of which, in any financial year exceed five per cent of its average net profits for the three immediately preceding financial years.

Accordingly, it is proposed to obtain the members' approval to contribute to bona fide charitable and other funds not exceeding Rs. Rs. 5,00,00,000/- (Rupees Five Crores only) in any financial year notwithstanding such contribution, in any financial year, exceeds five per cent of the Company's average net profits for the three immediately preceding financial years.

None of the Director, Key Managerial Personnel or their respective relatives is interested or concerned, financially or otherwise, in the resolution.

Your Directors recommend the approval of this proposed resolution by the way of a special resolution.

ITEM NO. 08 & 09:

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company may need additional funds. For this purpose, the Company may raise the funds from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto Rs. 250.00 Crores (Rupees Two Hundred Fifty Crores only).

Pursuant to Section 180(1)© of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole or part of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the General Meeting.

Your Directors recommend the above resolutions set out in the notice to be passed as a Special Resolutions for your approval.

None of the Directors, Managers and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financial or otherwise, in the passing of the above resolutions.

ITEM NO.10:

Pursuant to the provisions of Section 94(1) and other applicable provisions of the Companies Act, 2013 ('Act') and Rules made thereunder, approval of the Members by a Special Resolution is necessary to keep the Register of Members and other registers/records maintained under Section 88 of the Act and copies of the Annual Returns filed under Section 92 of the Act at a place other than the Registered Office of the Company. Since the said records will be kept with M/s Venture Capital and Corporate Investments Limited, # 12-10-167, Bharath Nagar, Hyderabad – 500 018 who have been appointed as the Company's Registrars & Share Transfer Agent ('RTA') instead of the Registered Office of the Company, approval of the Members by a Special Resolution is being sought.

Your Directors recommend the above resolutions set out in the notice to be passed as a Special Resolutions for your approval. None of the Directors, Managers and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financial or otherwise, in the passing of the above resolutions.

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

Place: Hyderabad
Date: 03.09.2018

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

BRIEF PROFILES OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT

Item No.3:

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

She is a commerce graduate from Osmania University. She is a second generation entrepreneur, who is running a manufacturing business successfully for the last 15 years. She is related to Mr. V .C. Janardan Rao, Chairman & Managing Director of the Company. Her other Directorships and Committee Memberships are as under.

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

Item No.4:

- 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

BOARD'S REPORT

To
The Members of
VELJAN DENISON LIMITED

Your Directors take pleasure in presenting the 44th Annual Report on the affairs of the Company along with the Audited Accounts for the year ended March 31, 2018.

1. FINANCIAL RESULTS:

Particulars	Year ended 31-03-2018 Rs.in Lakhs	Year ended 31-03-2017 Rs.in Lakhs
Income :		
Revenue from Operations	9732.30	8288.40
Other Income	83.67	71.27
Total Revenue	9815.97	8359.67
Expenditure:		
Cost of Materials Consumed	3276.34	2891.65
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	239.32	(394.81)
Employee Benefit Expenses	734.96	785.43
Finance Costs	111.60	180.73
Depreciation and Amortization Expenses	274.62	256.49
Excise Duty	110.84	601.53
Other Expenses	2585.89	2097.95
Total Expenses	7333.57	6418.97
Profit before Tax	2482.40	1940.70
Tax Expenses		
(1)Current Tax	909.06	485.37
(2)Deferred Tax	-54.39	3.90
Profit for the year	1627.73	1451.43
Earning per Equity Share of the face value of Rs. 10 each Basic and Diluted (in Rs.)	72.34	64.51

2. COMPANY'S PERFORMANCE:

During the year under review the sales are 17.42% higher at Rs. 9732.30 Lacs as against Rs. 8288.40 Lacs in the previous year. The Profit before tax for the year is Rs. 2482.39 Lacs as against Rs. 1940.70 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 of the Company between March 31, 2018 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. 12.29% 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:

Seven meetings of the Board of Directors of the Company were held during the year under review. For details of the meetings of the Board and Committee meetings, please refer to the Corporate Governance report, which forms part of this Annual Report.

11. DIRECTORS:

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 the Companies Act, 2013 read with Articles of Association of the Company, Mrs. U. Uma Devi (DIN: 00125840), retire by rotation and being eligible offer, herself for re-appointment at this Annual General Meeting. The Board recommends her re-appointment at the ensuing AGM.

Mr. Pattabhi Vangala (DIN: 00200157), who was appointed as an Independent Director of the Company at the 40th Annual General Meeting of the Company held on September 30, 2014 for a period of five years, has already attained the age of 75 years. Accordingly, it is proposed to pass special resolution as set out in the Item No. 4 of the notice to enable him to continue his directorship for the remaining term of his appointment in compliance with the Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. The Board recommends his appointment at the ensuing AGM.

During the year under review, Mr. G. K. Kabra resigned as Director of the Company with effect from 19.12.2017 and the Board wish to place on record its deep appreciation for the services rendered by Mr. G. K. Kabra during his tenure as Director.

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.

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 2017-2018 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 2017-18. The report of the Secretarial Auditor is annexed to this report.

S.NO.	COMMENTS	BOARD'S REPLIES
1.	The Company is in the process of filing various forms, returns and reports as required under Various Labour and Specific Acts, Rules and Regulations made thereunder.	Self Explanatory.

18. TRANSFER OF UNPAID/ UNCLAIMED AMOUNTS TO IEPF:

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

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.

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 Companys' 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, extract 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 2018-19.

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 187 as on March 31, 2018

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:**APPOINTMENTS:**

Mr. R. Venkata Rao was appointed as CFO of the company with effect from 26th August, 2017 and Mr. Narahari Bellamkonda appointed as Whole time Company Secretary & Compliance officer of the company with effect from 9th February, 2018 to fill the casual vacancies pursuant to the provision of Section 203 and all other applicable provisions of the Companies Act, 2013.

RESIGNATIONS:

Mr. Dheeraj Kumar resigned as CFO of the Company with effect from 21st August, 2017 and Mr. S. Jasminder Singh resigned as Company Secretary of the company with effect from 10th August, 2017.

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. 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

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

Place: Hyderabad
Date: 03/09/2018

CORPORATE GOVERNANCE REPORT

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. G. K. Kabra*	Independent Director	Non - Executive Director
6.	Mr. M. L. Motwani**	Independent Director	Non - Executive Director

*Mr. G. K. Kabra resigned as Director of the Company w.e.f 19.12.2017.

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

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 7 (Seven) times during the period from 01.04.2017 to 31.03.2018 on 19.04.2017, 30.05.2017, 26.08.2017, 14.09.2017, 27.09.2017, 14.12.2017 and 09.02.2018 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	6	Chairman and Managing Director	Promoter	Yes	7	0
2.	Mr. V. Pattabhi	7	Director	Independent And Non Executive Directors	Yes	5	4
3.	Mr. B. S. Srinivasan	7	Director		Yes	2	3
4.	Mr. G. K. Kabra*	6	Director		Yes	2	0
5.	Mr. M. L. Motwani**	5	Director		Yes	2	0
6.	Mrs. U. Uma Devi	6	Director	Promoter And Non- Executive Directors	No	7	0

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

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 has 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, 2018. 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	Status
1.	Shri. V. Pattabhi	Chairman	Independent and Non- Executive director
2.	Shri. M. L. Motwani	Member	Independent and Non- Executive director
3.	Shri. B.S. Srinivasan	Member	Independent and Non- Executive director

The Audit committee duly met 6 (Six) times during the financial year on 27.05.2017, 26.08.2017, 14.09.2017, 27.09.2017, 14.12.2017 and 09.02.2018.

Attendance of Audit Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr. V. Pattabhi	6	6
2.	Mr. M. L. Motwani	6	4
3.	Mr. B.S. Srinivasan	6	6

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	Status
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

The Remuneration Committee duly met twice during the financial year on 26.08.2017 and 09.02.2018.

Attendance of Nomination and Remuneration Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr. V. Pattabhi	2	2
2.	Mr. M. L. Motwani	2	2
3.	Mr. B.S. Srinivasan*	1	1
4.	Mr. G.K. Kabra**	1	1

* The Nomination and Remuneration Committee was reconstituted on 09.02.2018 and Mr. B.S. Srinivasan appointed as a member of the Committee w.e.f 09.02.2018.

** Mr. G.K. Kabra resigned as Director of the Company w.e.f 19.12.2017.

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2017-18 are as follows

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Mr. V C Janardan Rao	Chairman & Managing Director	39,00,000	52,40,362	—	91,40,362
Mr. V. Pattabhi	Independent Director	—	5,91,654	2,60,000	8,51,654
Mr. M.L. Motwani*	Independent Director	—	4,22,610	1,80,000	6,02,610
Mr. B.S.Srinivasan	Independent Director	—	5,91,654	2,60,000	8,51,654
Mrs. U.Uma Devi	Director	—	5,07,132	1,20,000	6,27,132
Mr. G.K. Kabra*	Independent Director	—	5,07,132	1,20,000	6,27,132

* Mr. G.K. Kabra resigned as Director of the Company w.e.f 19.12.2017.

** 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.

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. M. L. Motwani	Member	Independent and Non- Executive Director
3.	Mr. B.S. Srinivasan	Member	Independent and Non- Executive Director

The Committee duly met twice during the financial year on 26.08.2017 and 09.02.2018.

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. M. L. Motwani	Director	Independent and Non-Executive Director
3.	Mr. V.C. Janardan Rao	Director	Chairman and Managing Director

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.

Three Meetings were held during the financial year on 07.07.2017, 14.10.2017 and 09.02.2018.

The Company has not received any 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 MD and CFO of the Company have certified to the Board that the financial results of the Company for the year ended 31st March, 2018 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
2017	27.09.2017	11.30 A.M	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2016	30.09.2016	11.30 A.M	
2015	30.09.2015	11.30 A.M	

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

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

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

v) Procedure for postal ballot: N.A.

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 44th Annual General Meeting of the Company will be held on 29th September, 2018 at 11.30 A.M. at Plot No. A 18 & 19 APIE, Balanagar, Hyderabad-500037, Telangana.
- b) The Financial Year: 1st April, 2017 to 31st March, 2018.
- c) Date of Book Closure: 22nd September 2018 to 29th September 2018 (both days inclusive).
- d) The Shares of the Company are listed at BSE Limited, Mumbai.
- e) The listing fees for the financial years 2017-18 and 2018-19 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:

Month	Share Price			BSE Sensex	
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High (Rs.)	Low (Rs.)
Apr-17	1469.90	962.00	40,245	30184.22	29241.48
May-17	1380.00	1181.00	13,222	31255.28	29804.12
Jun-17	1489.00	1093.00	12,157	31522.87	30680.66
Jul-17	1500.00	1232.20	6,347	32672.66	31017.11
Aug-17	1289.95	1121.05	5,168	32686.48	31128.02
Sep-17	1225.00	983.00	7,812	32524.11	31081.83
Oct-17	1119.00	960.00	8,072	33340.17	31440.48
Nov-17	1098.00	970.00	5,687	33865.95	32683.59
Dec-17	1303.05	1013.00	6,644	34137.97	32565.16
Jan-18	1299.00	1060.00	7,116	36443.98	33703.37
Feb-18	1150.00	941.70	5,793	36256.83	33482.81
Mar-18	1055.85	917.00	4,919	34278.63	32483.84

Source: www.bseindia.com

m) REGISTRAR AND TRANSFER AGENTS:

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

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

12. A. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2018:

Nominal Value Rs.	Holders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto - 5000	2,823	97.04	16,36,650	7.43
5001 - 10000	42	1.44	3,92,100	1.33
10001 - 20000	15	0.51	2,26,760	0.97
20001 - 30000	2	0.07	1,25,090	0.25
30001 - 40000	4	0.14	66,450	0.61
40001 - 50000	4	0.14	2,36,090	0.79
50001 - 100000	6	0.21	4,65,150	2.06
100001 and above	10	0.45	1,93,51,710	86.56
TOTAL	2906	100.00	2,25,00,000	100.00

12. B. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2018:

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	59	14,657	0.65
Indian Public	2,770	2,97,081	13.21
Non-Resident Indians	34	2,687	0.12
Clearing Members	31	2,127	0.09
IEPF	1	2,46,351	10.95
Total	2,906	22,50,000	100.00

13. DEMATERIALISATION OF SHARES AND LIQUIDITY:

21,69,867 shares of the Company representing 96.44% of the total paid up share capital of the Company are being held in Demat form as on 31st March, 2018.

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:

- 1) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large: NIL.
- 2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years: NIL
- 3) 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.
- 4) Details of compliance with Mandatory requirements and adoption of the Non- mandatory requirement of this clause: All mandatory requirements have been appropriately complied with. The Company has adopted various non-mandatory requirements wherever possible.
- 5) Web link where policy for determining material subsidiaries is disclosed: Not available as there are no subsidiaries of the Company.
- 6) Web link where policy on dealing with related party transactions: www.veljan.in/investors_policy

18. The Company has complied with all the requirements of Corporate Governance Report as set out in paras (2) to (10) 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 in the 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, 2016	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, 2017	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, the auditors' certificate on corporate governance is enclosed as Annexure to 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, 2018 as envisaged in Listing Regulations.

V C Janardan Rao
Chairman and Managing Director

Place: Hyderabad
Date: 03.09.2018

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, 2018, 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 their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate 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

- (i) Significant changes in internal control over financial reporting during the year;
- (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

For Veljan Denison Limited

Date: 30.05.2018
Place: Hyderabad

V.C. Janardan Rao
Chairman & Managing Director

R. Venkata Rao
Chief Financial Officer

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, 2017 and ended on 31st March, 2018. 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, 2017 and ended on 31st March, 2018.

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: 27.08.2018

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

Indian economy in financial year 2017 witnessed significant policy initiatives such as demonetisation, implementation of GST bill and liberalization of FDI. Demonetisation was primarily aimed at curbing counterfeiting, terrorist activities and accumulation of black money but it had short-term costs in the form of inconvenience and hardship but holds the potential for long-term benefits in terms of greater digitalisation of the economy, increased flows of financial savings.

With the implementation of the landmark GST reform, it will make India a single market by reducing tax cascading and boost India's competitiveness, investment and result in job creation. Liberalisation of FDI was done to improve business climate and promote growth.

OUTLOOK:

Hydraulic Pump Market is expected to garner \$10.4 billion by 2022, registering a CAGR of 4.7% 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.

Increase in construction activities globally, rising sales of automobiles and increasing application 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. 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.

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.

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:

Product	2017 - 18	2016 - 17
Sales (Net of Excise)	9732.30	8288.40
Total	9732.30	8288.40

Key Performance Indicators

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

S.No	Particulars	2017-18	2016-17
1.	Revenue from Operations (Net)	9732.30	8288.40
2.	Cost of materials consumed - % of revenue from operations	3276.34 33.66%	2891.65 34.88
3.	Employee Benefit Expense - % of revenue from operations	734.96 7.55%	785.43 9.47%
4.	Other Expenses - % of revenue from operations	2585.89 26.57%	2097.95 22.59%
5.	Finance Costs - % of revenue from operations	111.60 1.15%	180.73 2.18%
6.	Depreciation Expense - % of revenue from operations	274.62 2.82%	256.49 3.09%
7.	Profit Before Tax - % of revenue from operations	2482.39 25.51%	1940.70 23.41%
8.	Profit After Tax - % of revenue from operations	1627.73 16.72%	1451.43 17.51%

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 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.

DISCLOSURE WITH RESPECT TO ACCOUNTING TREATMENT:

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

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.546.96Lacs (Previous Year Rs.200.92 Lacs)

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

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 03/09/2018

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	75 Crores
		Suxus Systems Ltd	25 Crores
		Ecmat Ltd	25 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

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

Place: Hyderabad
Date: 03/09/2018

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)	58.49

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

Name of the Employee	Designation	% Increase
Mr. V C Janardan Rao	Chairman and Managing Director	0.15%
Mr. Dheeraj Kumar*	Chief Financial Officer	Nil
Mr. R Venkata Rao*	Chief Financial Officer	Nil
Mr. S Jasminder Singh*	Company Secretary	Nil
Mr B narahari*	Company Secretary	Nil

* Mr. Dheeraj Kumar resigned on 21st August, 2017.

* Mr R Venkata Rao Joined on 26th August 2017

* Mr S Jasminder Singh Resigned 10th August 2017

* Mr B Narahari joined on 9th February 2018

- (iii) the percentage decrease in the median remuneration of employees in the financial year: 13.22%
- (iv) the number of permanent employees on the rolls of company: 187
- (v) the explanation on the relationship between average decrease in remuneration and company performance: On account of increase in VDA of workers.
- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Aggregate remuneration of key managerial personnel in 2018	
Remuneration in 2018 (Rs in Lakhs)	134.87
Revenue (Rs in Lakhs)	9732.30
Remuneration as a % of revenue	1.38
Profit before Tax (PBT) (Rs in Lakhs)	2482.39
Remuneration of KMP (as a % of PBT)	5.43

- (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 salary of the employees except in the VDA of workers.

- (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	1.08	424
Mr. Dheeraj Kumar*	0.10	0.40
Mr. R Venkata Rao*	0.14	056
Mr. S Jasminster Singh*	0.03	0.12
Mr B Narahari*	0.03	0.11

- * Mr. Dheeraj Kumar resigned on 21st August, 2017.
- * Mr R Venkata Rao Joined on 26th August 2017
- * Mr S Jasminster Singh Resigned 10th August 2017
- * Mr B Narahari joined on 9th February 2018

- (ix) the key parameters for any variable component of remuneration availed by the directors : On PBT
- (x) 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 2017-18, 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

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

Place : Hyderabad
Date : 03/09/2018

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. M. L. Motwani Member

Shri. B.S. Srinivasan Member

3. **Net Profit of the Company for last three financial years (as per section 198 of the Companies Act, 2013) (Rs.In Lakhs)**

2014 - 15 1976.20

2015 - 16 1783.93

2016 - 17 1942.55

Average of last 3 years: Rs 1900.89 Lakhs

4. **Prescribed CSR Expenditure (two per cent of the amount of average of last 3 years) – Rs.38.02 Lakhs**

(a) Total amount spent for the financial year – Rs. 44.46 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. 5.17 Lakhs	Rs. 5.17 Lakhs	Rs. 5.17 Lakhs	Direct
1	Contribution to Sivananda Rehabilitation Home	Eradication Hunger and promoting health care	Local Area	Rs. 8.91 Lakhs	Rs. 8.91 Lakhs	Rs. 14.08 Lakhs	Direct
3	Redcross society	promoting health care	Elluru, A.P.	Rs. 16.00 Lakhs	Rs. 16.00 Lakhs	Rs. 30.08 Lakhs	Direct
4	Contribution to UNICEF and Others Institution	Eradication Hunger and promoting health care	Local Area	Rs. 14.38 Lakhs	Rs. 14.38 Lakhs	Rs. 44.46 Lakhs	Direct

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

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, 2018**

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, 2018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Veljan Denison Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided 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, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 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 for the financial year ended on March 31, 2018 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

(6) The Company has identified the following Acts specifically applicable to the Company in addition to labour and industrial laws:

1. The Factories Act, 1948
2. The Water (Prevention and control of Pollution) Act, 1974
3. The Air (Prevention and control of Pollution) Act, 1981
4. The Environment Protection Act, 1986

We have also examined compliances with the applicable clauses of Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India (ICSI) which the Company is in the process of adopting.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except filing of various forms, returns and reports as required under various Industry Specific Acts, Rules and Regulations made thereunder which the Company is in the process of filing.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors were carried out in compliance with the law during the period under review;

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

During the period under review resolutions were carried through majority decisions. The minutes of the meetings held during the audit period did not reveal any dissenting members view. As confirmed by the management, there were no dissenting views expressed by any of the members or 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 and also on review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the Company periodically, in our opinion, there are adequate systems and processes exist in the Company to 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 like direct and indirect tax laws and 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 and other professionals.

The compliance by the Company of the applicable HR laws and financial laws, filing of periodical returns, maintenance of financial records and books of accounts has 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 following were the major events during the audit period:

1. Mr. G.K. Kabra, Independent Director resigned with effect from December 10, 2017.
2. Mr. R. Venkata Rao was appointed as the Chief Financial Officer with effect from August 26, 2017 due to the resignation of Mr. Dheeraj Kumar, Chief Financial Officer with effect from August 21, 2017.
3. Mr. B. Narahari was appointed as the Company Secretary and the Compliance Officer with effect from February 09, 2018 due to the resignation of Mr. Jasminder Singh, Company Secretary and the Compliance Officer with effect from August 10, 2017.
4. The Company has appointed M/s K.S. Rao & Co., Chartered Accountants as the Statutory Auditors of the company for a term of 5 years from 2017 to 2022 due to the expiry of the term of M/s Brahmayya & Co., Chartered Accountants as the Statutory Auditors of the company.
5. The Company has transferred 2,46,351 equity shares to the Investor Education Protection Fund on November 30, 2017 whose dividend remained unclaimed during the immediately preceding seven years.

For BS & Company Company Secretaries LLP

Date: 03.09.2018
Place: Hyderabad

Soumya Dafthardar
Designated Partner
ACS No: 29312
C P No: 13199

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 with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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: 03.09.2018
Place: Hyderabad

Soumya Dafthardar
Designated Partner
ACS No: 29312
CPNo: 13199

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VELJAN DENISON LIMITED, HYDERABAD.

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying financial statements of VELJAN DENISON LIMITED, ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (here in after referred to as "IND-AS financial statement")

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 Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its

cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 30, 2017 and 1st June, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of above matter.

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 paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect of adequacy of the internal financial controls with reference to financial statements 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 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 : 30.05.2018

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, 2018.,

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, 2018 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, the provisions of 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 : 30.05.2018

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 2018 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 2018, 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 : 30.05.2018

(M.NAGA PRASADU)
Partner
Membership No.231388

BALANCE SHEET AS AT 31st MARCH, 2018

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2018 (Audited)	AS AT 31-03-2017 (Audited)	AS AT 31-03-2016 (Audited)
Assets				
NON-CURRENT ASSETS				
(a) Property, Plant & Equipment	2	2620.75	2407.03	2656.56
(b) Capital work-in-Progress	2	346.22	295.14	269.51
(f) Intangible Assets	2	20.99	6.66	8.16
(d) Financial Assets				
(i) Other Financial Asset	3	69.36	69.88	62.37
		<u>3057.32</u>	<u>2778.71</u>	<u>2996.60</u>
2 CURRENT ASSETS				
(a) Inventories	4	1747.09	2037.23	1515.60
(b) Financial Assets				
i. Trade receivables	5	6492.58	5945.39	6801.68
ii. Cash and cash equivalents	6	2248.40	2767.97	1238.59
iii. Other Bank Balances	7	1298.45	1202.33	410.91
iv. Loans	8	5.36	6.40	5.74
v. Other Financial Assets	9	215.29	232.94	203.27
(c) Current Tax Asset (Net)		77.07	223.66	0.00
(d) Other Current Assets	10	1365.82	875.14	669.47
		<u>13450.06</u>	<u>13291.06</u>	<u>10845.26</u>
	Total (1+2)	<u>16507.38</u>	<u>16069.77</u>	<u>13841.86</u>
EQUITY AND LIABILITIES				
EQUITY				
A) Equity Share Capital	11	225.00	225.00	225.00
b) Other Equity	12	12607.87	11250.95	9799.51
		<u>12832.87</u>	<u>11475.95</u>	<u>10024.51</u>
LIABILITIES				
NON - CURRENT LIABILITIES				
A) Borrowings	13	165.21	297.49	464.33
B) Deferred tax Liability		355.39	409.79	405.89
		<u>520.60</u>	<u>707.28</u>	<u>870.22</u>
CURRENT LIABILITIES				
a) Financial Liabilities	14	1896.57	2969.54	2016.27
i. Borrowing	15	201.67	202.45	227.07
ii. Trade Payable	16	699.04	599.35	549.53
iii. Other Financial Liabilities	17	356.63	115.20	105.81
b) Other Current Liabilities				48.45
c) Current tax Liabilities		3153.91	3886.54	2947.13
	Total	<u>16507.38</u>	<u>16069.77</u>	<u>13841.86</u>

The accompanying notes 1 to 42 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 : 30-05-2018

B NARAHARI
 Company Secretary

R VENKATA RAO
 C F O

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018 (Figures in Rs Lakhs)

Particulars	Refer Note No	For the Year Ended march 31,2018	For the Year Ended march 31,2017
INCOME:			
I. Revenue from operations	18	9732.30	8288.40
II. Other Income	19	83.67	71.27
III. Total (I +II)	Total	9815.97	8359.67
IV. EXPENSES			
Cost of Raw Materials Consumed	20	3276.34	2891.65
Changes in inventories of finished goods, work-in-progress	21	239.32	(394.81)
Employee benefits expense	22	734.96	785.43
Finance costs	23	111.60	180.74
Depreciation & Amortisation Expense	24	274.62	256.49
Excise Duty		110.84	601.53
Other expenses	25	2585.90	2097.94
Total Expenses		7333.58	6418.97
V. Profit Before exceptional items and tax (III-iv)		2482.39	1940.70
VI Exceptional items (add/(Less))		0.00	0.00
VII Profit Before tax		2482.39	1940.70
VIII. Less Tax expense:			
a. Current			
i. Relating to Current Period			
		859.47	672.28
ii. Relating to previous			
		49.58	(186.91)
b. Deferred tax			
i. On Temporary			
		(54.39)	3.90
Total Tax Expenses		854.66	489.27
IX. Profit after Tax		1627.73	1451.43
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+XI)		1627.73	1451.43
XII. Earning per equity share from continuing operations			
(1) Basic	37	72.34	64.51

The accompanying notes 1 to 42 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 : 30-05-2018

B NARAHARI
Company Secretary

R VENKATA RAO
C F O

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018 (Figures in Rs Lakhs)

A. EQUITY SHARE CAPITAL:	Amount		Amount
For the Year ended 31st march, 2018		For the Year ended 31st march, 2017	
Balance as at 1st April 2017	225.00	Balance as at 1st April 2016	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 2018	225.00	Balance as at 31st March 2017	225.00

B. OTHER EQUITY :

For the Year ended 31st March 2018

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 2017	45.00	3.00	12.80	1895.00	9295.15	0.00	11250.95
Profit for the Year (1)					1627.73		1627.73
Additions / Deletions	0	0	0	0	0	0	0
Total Comprehensive Income (1+2)	45.00	3.00	12.80	1895.00	10922.88	0	12878.68
Dividend paid (incl.dividend tax)					(270.80)		(270.80)
Transfer to general Reserve				200.00	(200.00)		0.00
Balance as at 31st March 2018	45.00	3.00	12.80	2095.00	10452.07	0	12607.87

For the Year ended 31st March 2017

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 2016	45.00	3.00	12.80	1745.00	7993.72	0.00	9799.52
Profit for the Year (1)					1451.43		1451.43
Additions / Deletions	0	0	0	0.00	0.00	0	0.00
Total Comprehensive Income (1+2)	45.00	3.00	12.80	1745.00	9445.15	0	11250.95
Dividend paid (incl.dividend tax)					0.00		0.00
Transfer to general Reserve				150.00	(150.00)		0.00
Balance as at 31st March 2018	45.00	3.00	12.80	1895.00	9295.15	0	11250.95

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

Place: Hyderabad

Date : 30-05-2018

V C Janardan Rao

Chairman & Managing Director

DIN: 00181609

B NARAHARI

Company Secretary

U. Uma Devi

Director

DIN: 00125840

R VENKATA RAO

C F O

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2018 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2018 Rs.	Previous Year 31-03-2017 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax & Extraordinary items	2482.39	1940.70
Depreciation	274.62	256.49
Interest Expenses	111.60	180.74
Interest Income	(77.42)	(63.10)
Loss on sale of Asset	0.00	0.00
Tools and Jigs, Fixtures and Patterns Written off	13.47	12.21
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	2804.66	2327.04
Adjustments for :		
Inventories	276.67	(533.85)
Trade receivable	(547.18)	856.29
Other Receivable	(344.50)	(145.12)
Trade payable	327.32	36.12
Income Tax paid	(808.27)	(757.49)
Net cash flow from operating activities A	1708.70	1782.99
B CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	89.21	36.78
Proceed from sale of Asset	0.00	0.00
Purchase of fixed Assets	(692.62)	(107.95)
Net Cash Used in investing Activities B	(603.41)	(71.17)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowing	(132.81)	(178.74)
working capital loans	(1072.97)	953.27
Interest paid	(111.60)	(178.91)
Dividend paid	(211.35)	13.36
NET CASH FLOW FROM FINANCING ACTIVITIES	(1528.73)	608.98
D NET CASH INCREASE / DECREASE IN CASH IN CASH EQUIVALENT	(423.45)	2320.80
OPENING CASH & BANK BALANCE	3970.30	1649.50
CLOSING CASH & BANK BALANCE	3546.85	3970.30

- The above cash flow statement has been prepared under the Indirect method set out in the Ind As 7 issued by the Institute of Chartered Accountants of India.
- 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

Place: Hyderabad
Date : 30-05-2018

V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

B NARAHARI
Company Secretary

U. Uma Devi
Director
DIN: 00125840

R VENKATA RAO
C F O

Note No. 1**Notes to Financial Statements for the year ended 31st March, 2018.****CORPORATE INFORMATION:**

Veljan Denison Limited (the “Company”) has been Incorporated on 17th December, 1973. 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, 2018 are approved for issue by the Company’s Board of Directors on May 30th, 2018.

SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:**1. Significant Accounting Policies:****1.1. 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 over all the periods presented in these financial statements.

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.

1.2. 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.

1.3. Property, Plant and Equipment – Tangible Assets:

- i. Property, Plant and Equipment 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.
- vi. Transition to Ind As:
On transition to Ind As, the Company has selected to continue with the carrying value of all of its property, Plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

1.4. 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.

1.5. 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.

1.6. Inventory:

Inventories of raw materials, consumable stores and packing materials are valued cost on weighted 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 and when issued.

1.7. 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 derecognition, 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 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.

1.8. 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.

1.9. 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.

1.10. 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.

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.

1.11. 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.

1.12. 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.

1.13. 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.

1.14. 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.

1.15. 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.

1.16 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.

1.17. 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.

1.18. 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.

1.19. 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.

1.20. Segment Reporting:

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

1.21. 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.

1.22. Standards issued, but not yet effective:

The standards issued, but not effective up to the date of issuance of the company's financial statements are disclosed below.

Ind As 115, Revenue from contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principal of the new standard is that revenue should be recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expect to be entitled in change for those goods and services. Further, the new standard requires enhance disclosures about the nature, amount, timing and un certainty of revenue and cash flows arising from entity's contracts with customers.

The company will adopt the standard from April 1, 2018 and the management is in the process of determining the effect on adoption Ind AS 115.

Ind AS 21, Foreign Currency transactions and advance consideration:

On March, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transactions for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

1.23. 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 FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

NOTE 2 - PROPERTY & EQUIPMENT

Particulars	GROSS BLOCK			
	As at 01.04.2017 Rs.	Additions Rs.	Deductions	As at 31.03.2018 Rs.
a. Land				
Land	104.44			104.44
b. BUILDING				
Factory Buildings	367.90			367.90
Other Buildings	187.18	57.35		244.53
c. PLANT & EQUIPMENT				
Water Works	4.31			4.31
Electrical Installations	3.72			3.72
Plant and Machinery	4570.16	351.75		4921.91
Inspection & Testing Equipments	164.23	6.49		170.72
Office Equipments	156.30	14.85		171.15
Air conditioners	14.38	0.50		14.88
Furniture & Fixtures	62.41	51.77		114.18
Canteen Equipments	0.32			0.32
Vehicles	109.67			109.67
Material Handling Equipments	27.31			27.31
Sub Total	5772.33	482.71		6255.04
d. CAPITAL WORK IN PROGRESS				
Capital Work in progress	295.14	108.43	57.35	346.22
Sub Total	295.14	108.43	57.35	346.22
INTANGIBLE ASSETS				
Software	81.45	19.96		101.41
Sub Total	81.45	19.96		101.41
Grand Total	6148.92	611.10	57.35	6702.67

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (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 31.03.2018 Rs.	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.
				104.44	104.44
120.02	11.11		131.13	236.77	247.89
18.78	3.13		21.91	222.62	168.39
3.99	0.01		4.00	0.31	0.32
3.53			3.53	0.19	0.19
2827.38	226.17		3053.55	1868.36	1742.77
119.60	5.39		124.99	45.73	44.61
142.11	4.39		146.50	24.65	14.18
12.71	0.12		12.83	2.05	1.67
47.46	4.82		52.28	61.90	14.95
0.24	0.01		0.25	0.07	0.08
52.93	12.33		65.26	44.41	56.75
16.55	1.51		18.06	9.25	10.76
3365.30	268.99		3634.29	2620.75	2407.02
				346.22	295.14
0.00				346.22	295.14
74.79	5.63		80.42	20.99	6.67
74.79	5.63		80.42	20.99	6.67
3440.09	274.62		3714.71	2641.77	2413.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2018 Rs.	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
Note 3			
OTHER FINANCIAL ASSET - NON CURRENT			
a) Rental Deposits	37.44	38.06	37.74
b) Security Deposits Recoverable (Telephones, APCPDCL & Telephones)	31.92	31.82	24.63
TOTAL	<u>69.36</u>	<u>69.88</u>	<u>62.37</u>
Note 4			
INVENTORIES			
As valued and Certified by the Management			
a) Raw Materials (Valued at cost on weighted average method)	754.64	825.43	687.31
b) Finished Goods (Valued at cost on weighted average method or realisable value which ever is less)	345.11	329.24	241.60
c) Stores & Spares (Valued at cost on weighted average method)	80.61	73.08	76.93
d) Stock-in-Process (Valued at cost on weighted average method or realisable value which ever is less)	450.09	705.28	398.10
e) Jigs & Fixtures, Patterns and Tools & Implements	116.64	104.20	111.66
TOTAL	<u>1747.09</u>	<u>2037.23</u>	<u>1515.60</u>
Details of Raw materials			
Steels	125.33	124.80	138.42
Castings	259.81	242.76	155.50
Components	261.98	369.48	263.63
Imported Material	107.52	88.39	129.76
TOTAL	<u>754.64</u>	<u>825.43</u>	<u>687.31</u>
Note 5			
Trade Receivables			
Unsecured, Considered Good			
a) Related Parties	4822.75	3995.15	5000.40
b) Others	1669.83	1950.24	1801.28
TOTAL	<u>6492.58</u>	<u>5945.39</u>	<u>6801.68</u>
Receivables due from related parties is the amount due from M/s. Veljan Hydrair Limited, a Company Under the same management			
Maximum amount due from M/s. Veljan Hydrair Limited	4822.75	3995.15	5000.40

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2018 Rs.	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
Note 6			
CASH AND CASH EQUIVALENTS:			
a) Balances With Scheduled Bank Accounts:			
In Current Accounts	2069.95	2601.54	1086.36
b) Cash on Hand	2.39	0.71	2.47
c) Balance with Banks against Dividends payments	160.96	147.31	133.95
d) Balance With Banks as fixed deposits, LC's and BG's	15.10	18.41	15.81
TOTAL	<u>2248.40</u>	<u>2767.97</u>	<u>1238.59</u>
Note 7			
OTHER BANK BALANCES - CURRENT			
Bank Deposits with maturity period less than 12 months (Includes LC"s and BG's))	1298.45	1202.33	410.91
TOTAL	<u>1298.45</u>	<u>1202.33</u>	<u>410.91</u>
Note 8			
Staff advances	5.36	6.40	5.74
TOTAL	<u>5.36</u>	<u>6.40</u>	<u>5.74</u>
Note 9			
Other Financial Assets - Current			
a) Security deposits recoverable	177.57	183.43	180.08
b) Interest Receivable	37.72	49.51	23.19
TOTAL	<u>215.29</u>	<u>232.94</u>	<u>203.27</u>
Note 10			
OTHER CURRENT ASSETS			
a) Advance for Capital Purchase	214.24	75.48	3.45
b) Advance for purchase of Raw materials & Stores:	307.07	132.30	73.73
c) Pre-paid Expenses:	40.33	23.09	16.56
d) Deposits with Government	0.94	95.74	45.72
e) Service tax Receivable	0.00	351.97	304.30
f) Vat Receivables	44.27	34.11	35.82
g) Pre Paid Lease Rental	3.31	3.71	4.04
h) Claim Receivable (Vat)	149.79	149.79	147.24
i) Fringe Benefit Tax paid	1.30	1.30	1.30
j) G S T Receivable	599.41	0.00	0.00
k) Other Receivable	5.16	7.65	37.31
TOTAL	<u>1365.82</u>	<u>875.14</u>	<u>669.47</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)
NOTE 11

SHARE CAPITAL:	AS AT 31-03-2018		AS AT 31-03-2017		AS AT 31-03-2016	
	Numbers	Rs	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	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	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	No of Equity Shares Rs 10/-each
	As At 31-03-2018	As At 31-03-2017	As At 31-03-2016
	Equit Share Capital		
Share Outstanding at the beginning of the Year	22,50,000	22,50,000	22,50,000
Shares Issued during the Year	0	0	0
Share redeemed/bought back during the Year	N.A.	N.A.	N.A.
Shares outstanding at the end of the Year	22,50,000	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		As At	
	31st March 2018		31st March 2017		31st March 2016	
	No of Share held	% of Holding	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	5,97,139	26.54
V C Janardan Rao	3,09,753	13.76	3,09,753	13.76	3,09,753	13.76
Veljan Investments Ltd	2,43,950	10.84	2,43,950	10.84	2,43,950	10.84
Veljan Hydrair Limited	1,69,830	7.55	1,69,830	7.55	1,69,830	7.55

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2018 Rs.	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
NOTE 12			
OTHER EQUITY			
a. Security Premium			
At the beginning and at the end of the period	45.00	45.00	45.00
Closing Balance	<u>45.00</u>	<u>45.00</u>	<u>45.00</u>
b. Capital Redumption Reserve			
At the beginning and at the end of the period	3.00	3.00	3.00
Closing Balance	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
c. Investment Allowance Reserved Utilised			
At the beginning and at the end of the period	12.80	12.80	12.80
Closing Balance	<u>12.80</u>	<u>12.80</u>	<u>12.80</u>
d. General Reserve			
At the beginning and at the end of the period	1895.00	1745.00	1595.00
Add: Current Year Transfer	200.00	150.00	150.00
Closing Balance	<u>2095.00</u>	<u>1895.00</u>	<u>1745.00</u>
e. SURPLUS IN STATEMENT OF PROFIT & LOSS			
At the beginning of the period	9295.15	7993.72	7142.45
Add: For the period	1627.73	1451.43	1254.20
(Adjustment due to adoption of New Ind As)			
Total Surplus	<u>10922.88</u>	<u>9445.15</u>	<u>8396.65</u>
Less: Appropriations:			
Dividend on Equity Shares	225.00	0.00	225.00
Tax on Dividend	45.81	0.00	45.80
Transfer to General Reserve	200.00	150.00	150.00
Add: Adjustment due to adoption of new Ind AS		0.00	17.86
At the end of the period	<u>10452.07</u>	<u>9295.15</u>	<u>7993.71</u>
Other Comprehensive Income:			
On Actuarial Gain/(Loss) on post employment benefits			
a. At the beginning of the period	0.00	0.00	
b. Profit Transferred from the Statement of P & L	0.00	0.00	
Grand Total	<u>12607.87</u>	<u>11250.95</u>	<u>9799.51</u>
TOTAL			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2018 Rs.	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 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	165.21	297.49	428.99
TOTAL	165.21	297.49	428.99

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

B. Other Loans:

Vehicle Hire Purchase Loan	0	0	35.34
TOTAL	0	0	35.34
Grand Total	165.21	297.49	464.33

NOTE 14**SHORT TERM BORROWING - REPAYABLE ON DEMAND : SECURED**

Loan Repayable On Demand From Banks:

1. Working Capital Loans :

a. Cash Credit From : Canara Bank	1486.62	1899.71	2016.27
b. Cash Credit From : H D F C Bank Ltd	409.95	1069.83	0.00
TOTAL	1896.57	2969.54	2016.27

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 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2018 Rs.	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
NOTE 15			
TRADE PAYABLES CURRENT			
Sundry creditors			
a. Micro and Small and Medium Enterprises	0.11	1.19	1.35
b. Other than micro and small enterprises	201.56	201.26	225.72
TOTAL	<u>201.67</u>	<u>202.45</u>	<u>227.07</u>

NOTE 16
OTHER FINANCIAL LIABILITIES - CURRENT:

a. Current Maturities of Long Term Borrowings			
Term Loan From Bank:			
1. H D F C Bank Limited	136.85	137.38	138.65
2. Car Loans	0.00	0.00	8.80
b. Dues to Others	0.00	0.97	1.51
c. Unclaimed Dividends	160.96	147.31	133.95
d. Creditors for Capital Purchases	6.30	6.40	11.23
f. Creditors - Expenses:	394.93	307.29	255.39
TOTAL	<u>699.04</u>	<u>599.35</u>	<u>549.53</u>

NOTE 17
OTHER CURRENT LIABILITIES

a. Advance from Customers	69.06	61.46	44.82
b. Statutory Liabilities			
Central Excise Duty	3.11	38.64	27.54
Withholding Taxes	11.25	4.58	7.29
Sales Tax (Gst)	269.64	6.84	23.08
Contribution to Providend Fund	2.53	3.03	2.48
Other Statutory Dues	0.75	0.65	0.60
Other Advances	0.29	0.00	0.00
TOTAL	<u>356.63</u>	<u>115.20</u>	<u>105.81</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2018	Previous Year 31-03-2017
Note 18		
REVENUE FROM OPERATIONS :		
Sale of Products		
Pumps & Spares	7966.29	7093.61
Motors & Spares	997.17	826.44
Valves & Spares	699.44	479.25
Power Packs & Spares	20.25	75.29
Scrap Sales	49.15	50.58
TOTAL	<u>9732.30</u>	<u>8525.17</u>
Less: sales tax		236.77
TOTAL	<u>9732.30</u>	<u>8288.40</u>
Note 19		
OTHER INCOME		
A. INTEREST INCOME ON		
a. Margin Money Deposits	77.42	63.10
b. Rental Deposits	4.49	4.46
B. OTHER NON - OPERATING INCOME (Net of expenses)		
a. Service Charges	0.08	0.53
b. Miscellaneous receipts	1.68	3.04
c. Prior Period Income	0.00	0.14
TOTAL	<u>83.67</u>	<u>71.27</u>
Note 20		
COST OF RAW MATERIALS CONSUMED :		
Opening Stock	825.43	687.31
Add: Purchases	<u>3205.55</u>	<u>3029.77</u>
	4030.98	3717.08
Less Closing stock	754.64	825.43
TOTAL	<u>3276.34</u>	<u>2891.65</u>
Imported and Indigeneous Raw material Consumed		
Imported	210.21	213.12
% of Consumption	6.42	7.37
Indigeneous	3066.13	2678.53
% of Consumption	93.58	92.63
TOTAL	<u>3276.34</u>	<u>2891.65</u>
Details of Raw Material Consumed		
Steels Consumed	365.88	272.10
Castings Consumed	1137.56	1069.53
Components Consumed	1562.69	1336.90
Imported Material Consumed	210.21	213.12
TOTAL	<u>3276.34</u>	<u>2891.65</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2018	Previous Year 31-03-2017
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	329.24	241.61
Stock-in-Process at the beginning of the period	705.28	398.10
TOTAL	1034.52	639.71
Stock in Trade at the end of the period	345.11	329.24
Stock-in-Process at the end of the period	450.09	705.28
TOTAL	<u>795.20</u>	<u>1034.52</u>
(Increase)/ Decrease in StockTOTAL	239.32	-394.81
Note 22		
EMPLOYEE BENEFITS EXPENSE		
a. Salaries , Wages and Bonus	649.25	694.92
b. Contribution to Provident Fund	30.76	27.64
c. Workmen & Staff Welfare Expenses	19.58	12.38
d. Group Gratuity & Deposit Linked Insurance	20.40	38.84
e. Contribution to Employee State Insurance	9.57	6.25
f. Superannuation Premium	5.40	5.40
TOTAL	<u>734.96</u>	<u>785.43</u>
Note 23		
FINANCE COSTS		
Interest on Term Loans	83.28	151.32
Bank Charges	28.32	29.42
TOTAL	<u>111.60</u>	<u>180.74</u>
Note 24		
DEPRECIATION & AMORTISATION EXPENSE		
a. Depreciation On Property, Plant & Equipment	268.99	255.00
b. Amortisation Of Intangible Assets	5.63	1.49
TOTAL	<u>274.62</u>	<u>256.49</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2018	Previous Year 31-03-2017
Note 25		
OTHER EXPENSES		
Job Expenses	1354.39	1102.45
Stores Consumed	256.65	221.50
Packing Material Consumed	117.49	107.95
Carriage Inward	50.51	47.12
Power and Fuel	173.47	160.26
Repairs & Maintenance		
Building	4.55	8.51
Plant and Machinery	34.17	18.99
Others	59.68	52.36
Tools & Dies written off	13.47	12.21
Rent	60.27	18.60
Licenses and Taxes	7.86	8.02
Insurance	10.48	10.55
Printing & Stationery	12.17	9.14
Postage & Telephones	16.16	13.43
Travelling & Conveyance	21.85	17.42
Foreign Travelling Expenses	2.79	29.87
Vehicle Maintenance	5.39	5.08
Professional & Legal Charges	35.46	28.94
Remuneration to Directors	117.61	100.79
Selling & Distribution Expenses	16.87	12.31
Advertisement	2.55	3.18
Remuneration to Auditors:		
For Audit Fees	4.00	4.02
For Tax Audit Fees	0.50	0.50
Sitting fee to Directors	9.40	6.80
Donations	*133.46	32.87
General Expenses	57.80	53.16
Ineligible Service Tax Paid	1.98	3.40
Ineligible G S T Paid	0.42	0.00
Bad Debts Written Off	0.00	1.36
Advances written Off	0.00	2.68
Amortisation of Prepaid Lease Rental	4.50	4.47
TOTAL	<u>2585.90</u>	<u>2097.94</u>

*Note: Donations are includes CSR Expenses of Rs. 44.46

EARNINGS PER EQUITY SHARE:

Particulars	Current Year 31-03-2018	Previous Year 31-03-2017
a. Total Comprehensive Income for the period	1627.73	1451.43
b. Weighted average number of equity shares of Rs10/- each	22.50	22.50
Earning per Equity Share (Basic and Diluted) (a) / (b)	<u>72.34</u>	<u>64.51</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Note 26

1. RECONCILIATION OF TAX EXPENSES

INCOME TAX

Particulars	Current Year 31-03-2018	Previous Year 31-03-2017
Amount recognized in statement of Profit and Loss account		
Current Tax	909.06	485.37
Mat credit Entitlement		
Deferred tax expenses (income)- relating to organization and reversal of temporary differences	(54.39)	3.90
taxes expenses for the year	854.67	489.27
Reconcillation of effective tax rate		
Profit before tax -	2,482.39	1,940.70
Enacted tax in india - 34.62%	859.47	672.28
others	4.81	(183.01)
	854.67	489.27
Effective tax rate	34.43	25.21

Note - 27

2. Deferred tax Liabilities (net)

Particulars	AS AT MARCH 31 2018	AS AT MARCH 31 2017	AS AT MARCH 31 2016
Property, Plant and Equipment	355.39	409.79	405.89
total	355.39	409.79	405.89

Movement in deferred tax liabilities

Particulars	Property & Equipment	Other items	TOTAL
As at March 31, 2016	405.89	0.00	405.89
Charges / credited			
to Profit or loss (including OCI)	3.90	0.00	3.90
As at March 31,2017	409.79	0.00	409.79
Charges / credited			
to Profit or loss (including OCI)	(54.39)		
As at March 31,2018	(355.39)	0.00	409.79

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)**Note - 28****FIRST TIME ADOPTION OF IND AS**

These financial statements for the year ended 31st March 2018 are the company's first annual Ind As complied financial statements. For all period up to and including the year ended 31st March 2017, the company prepared its financial statements in accordance with Accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (accounts) Rules, 2014 (previous GAAP). Detailed explanation on how the transition from previous GAAP to Ind AS has effected the Company's Balance Sheet, financial performance and cash flows given as under.

In preparing these Ind AS financial Statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101 as explained below.

1. Mandatory exceptions from retrospective application Estimates**a. Estimates:**

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2016 and 31st March, 2017

1. Fair Values of Financial assets & Financial Liabilities.
2. Impairment of financial assets based on expected credit loss modal
3. Discount rates

b. Classification and measurement of financial asset:

The classification of financial assets to be measured at amortized cost or fair value through profit and loss or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

2. Optional Exemptions from retrospective application

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly, applied following exemption.

a. Deemed Cost

The Company has elected to consider carrying amount of all items of property, plant and equipments measured as per Indian GAAP as recognized in the financial statements as at the date of transition as deemed cost at the date of transition. The effect of consequential changes arising on the application of other Ind AS has been adjusted to the deemed cost of property, Plant & Equipment.

Transition to Ind AS Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

3. Reconciliation between previous GAAP and Ind AS (as at 31st march, 2017 and 1st april, 2016)

Particulars	As at 31st March 2017			As at 1st April 2016		
	Previous GAAP	Effects of transition to Ind AS	Ind As	Previous GAAP	Effects of transition to Ind AS	Ind As
Assets						
NON-CURRENT ASSETS						
(a) Property, Plant & Equipment	2,407.03	0.00	2,407.03	2,656.56	0.00	2,656.56
(b) Capital work-in-Progress	295.14	0.00	295.14	269.51	0.00	269.51
(f) Intangible Assets	6.66	0.00	6.66	8.16	0.00	8.16
(d) Financial Assets						
(i) Other Financial Asset	73.60	3.72	69.88	66.41	4.04	62.37
	2,782.43	3.72	2,778.71	3,000.64	4.04	2,996.60
2 CURRENT ASSETS						
(a) Inventories	2,037.23	0.00	2,037.23	1,515.60	0.00	1,515.60
(b) Financial Assets						
i. Trade receivables	5,945.39	0.00	5,945.39	6,801.68	0.00	6,801.68
ii. Cash and cash equivalents	2,767.97	0.00	2,767.97	1,238.59	0.00	1,238.59
iii. Other Bank Balances	1,202.33	0.00	1,202.33	410.91	0.00	410.91
iv. Loans	6.40	0.00	6.40	5.74	0.00	5.74
v. Other Financial Assets	232.94	0.00	232.94	203.27	0.00	203.27
(c) Current Tax Asset (Net)	223.66	0.00	223.66			0.00
(d) Other Current Assets	871.43	(3.71)	875.14	665.43	(4.04)	669.47
	13,287.35	(3.71)	13,291.06	10,841.22	(4.04)	10,845.26
	16,069.78	0.02	16,069.77	13,841.86	0.00	13,841.86
EQUITY AND LIABILITIES						
EQUITY						
A) Equity Share Capital	225.00	0.00	225.00	225.00	0.00	225.00
b) Other Equity	11,249.32	(1.62)	11,250.95	9,796.65	(2.86)	9,799.51
	11,474.32	(1.62)	11,475.95	10,021.65	(2.86)	10,024.51
LIABILITIES						
NON - CURRENT LIABILITIES						
A) Borrowings	300.00	2.51	297.49	468.67	4.34	464.33
B) Deferred tax Liability	408.92	(0.87)	409.79	404.41	(1.47)	405.89
	708.92	1.64	707.28	873.08	2.86	870.22
CURRENT LIABILITIES						
a) Financial Liabilities						
i. Borrowing	2969.54	0.00	2969.54	2016.27	0.00	2016.27
ii. Trade Payable	202.45	0.00	202.45	227.07	0.00	227.07
iii. Other Financial Liabilities	598.38	(0.97)	599.35	548.02	(1.51)	549.53
b) Other Current Liabilities	116.17	0.97	115.20	107.32	1.51	105.81
c) Current tax Liabilities	0.00	0.00	0.00	48.45	0.00	48.45
	3886.54	0.00	3886.54	2947.13	0.00	2947.13
	16069.78	0.02	16069.77	13841.86	0.00	13841.86

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

4. Reconciliation of statement of profit and Loss for the year ended 31st march, 2017

Particulars	I GAAP	Effects of transition to Ind AS	Ind As
INCOME:			
I. Revenue from operations	8288.40	0.00	8288.40
II. Other Income	66.82	4.46	71.27
III. Total (I +II)	8355.22	4.46	8359.67
IV. EXPENSES			
Cost of Raw Materials Consumed	2891.65	0.00	2891.65
Changes in inventories of finished goods, work-in-progress	(394.81)	0.00	(394.81)
Employee benefits expense	785.43	0.00	785.43
Finance costs	178.91	1.83	180.74
Depreciation & Amortisation Expense	256.49	0.00	256.49
Excise Duty	601.53	0.00	601.53
Other expenses	2093.47	4.47	2097.94
Total Expenses	6412.67	6.30	6418.97
V. Profit Before exceptional items and tax (III-iv)	1942.55	(1.84)	1940.70
VI. Exceptional items (add/(Less))			0.00
VII. Profit Before tax	1942.55	(1.84)	1940.70
VIII. Less Tax expense:			
a. Current			
i. Relating to Current Period	672.28	0.00	672.28
ii. Relating to previous	(186.91)	0.00	(186.91)
b. Deferred tax			
i. On Temporary	4.50	0.61	3.90
Total Tax Expenses	489.88	0.61	489.27
IX. Profit after Tax	1452.67	(1.23)	1451.43
X. Other Comprehensive Income			
Items that will not be reclassified subsequently to Pprofit & 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 (VIII)		0.00	0.00
XI. Total Comprehensive Income for the period (IX+X)	1452.67	(1.23)	1451.43
XII. Earning per equity share from continuing operations			
(1) Basic	64.56		64.51

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

5. Notes to reconciliation of balance sheet and profit as previously reported under IGAAP to Ind-AS

1. Property, Plant & Equipment, Non-current Asset:

Under the previous GAAP the transactions costs relating to origination of term loans raised specifically for acquisition of items of property, Plant & Equipment were capitalized. Ind As 109 requires transaction costs incurred towards origination of borrowings to be deducted from the proceeds of borrowings on initial recognition. The Cost are treated as part of the interest expense by applying the effective interest method. Hence upfront fees under previous GAAP is reversed and reduced from term loan.

2. Deferred Tax

under previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. under Ind AS, deferred taxes are recognized using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases.

3. Provisions:

Under Previous GAAP, proposed dividends and related the dividend distribution taxes are recognised as provision in the year to which they relate, irrespective of when they are declared. Under Ind-AS, dividends and related dividend distribution tax are recognized as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

4. Other income:

- b. As stated earlier on Security Deposit to Building owners are measured at fair value. Notional interest on such deposits is included under other income .
- b. As stated earlier on Deposit to Building owners are measured at amortized cost. Notional interest on such deposits is included under other expenditure

Note-29
Fair Value Measurement Hierachy:
Valuation techniques with significant unobservable inputs:

This level of hierachy includes financial assets and liabilities measured using inputs that are not based on observable market date (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 hierachy of the company's assets and laibilities.

Quantitative disclosures of fair value measurement hierachy as at March 31, 2018

Particulars	Fair Value hierarchy (level)	31st March 2018	31st March 2017	31st March 2016
Financial Asset measured at amortized cost				
Loans to employees	3	5.36	6.40	5.74
Security Deposits	3	37.44	38.06	37.74
Financial Liabilities measured at amortized cost				
Term loans	2	302.06	434.87	611.78

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)**Note: 30****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 innstruments 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 FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Note - 31
Forex Transactions

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
a. Expenditure in Foreign Currency during the year on account of:		
Foreigh travel	1.32	12.73
	<u>1.32</u>	<u>12.73</u>
b. Value of Imports calculated on CIF basis inrespect of :		
Raw material & Components	368.43	120.08
Advance Capital Goods & others	177.21	68.11
	<u>545.64</u>	<u>188.19</u>

Note - 32
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 31-03-2018	As AT 31-03-2017	As AT 31-03-2016
Debt	3319.11	4184.03	3411.46
Equity	12832.87	11475.95	10024.51
Debt to equity ratio	<u>0.26</u>	<u>0.36</u>	<u>0.34</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)
Note - 33**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 preceding financial year as detailed below.

particulars	Amount
Gross amount required to be spent by the company during the year	38.02
Less: Amount spent during the year	44.46
Excess/Short spent	6.44

Note - 34**Contingent Liabilities**

particulars	31-03-2018	31-03-2017
a. Contingent Liabilities not provided for on account of		
1. Contract to be executed on Capital Projects	335.49	358.13
2. Towards Guarantees and Letters of credit issued by bank to the extent of	355.01	113.27

Note - 35

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

As per actuation as on 31/03/2018 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 31/03/2018

Particulars	31-03-2018	31-03-2017
Present Value of obligations at the beginning of the year	69.80	53.01
Interest Cost	5.58	4.24
Current Service Cost	5.74	4.71
Benefits paid	(10.59)	(13.03)
Present value of obligations at the end of year	73.77	69.80

ii) Changes in the Fair value of Plan Assets as on 31/03/2017

Particulars	31-03-2018	31-03-2017
Fair Value of Plan assets at the beginning of the year	79.91	62.99
Actual return on plan assets contributions	5.73	4.38
	9.54	25.57
Benefits paid	(10.59)	(13.03)
Actuarial (gain)/(loss) on plan assets	nil	nil
Fair value of plan assets as at the end of Year	84.59	79.91

Note - 36**EARNINGS PER EQUITY SHARE:**

PARTICULARS	Current Year 31-03-2018	Previous Year 31-03-2017
a. Total Comprehensive Income for the period	1627.73	1451.43
b. Weighted average number of equity shares of Rs10/- each	22.50	22.50
Earning per Equity Share (Basic and Diluted) (a) / (b)	72.34	64.51

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)

Note 37

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 Pattabhi

Sri B S Srinivasan

Smt. U Uma Devi

Sri R Venkata Rao : C.F.O

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. 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	52.40 (41.19)	26.20 (20.60)	
SALES:			
Veljan Hydrair Limited			5743.56 (3456.53)
PURCHASES:			
Veljan Hydrair Limited			385.19 (58.80)
Suxus Systems Limited			1478.55 (1392.97)
DISCOUNTS:			
Veljan Hydrair Limited			565.06 (334.92)
RENT:			
Veljan Investments Limited			46.39 (18.75)
JOB EXPENSES:			
Ecmat Limited			1445.26 (1071.14)
			0.28 (0.37)
SALES			0.68 0.00
Ecmat Limited			
Susux Systems Limited			113.74 (27.44)
B. Balance as at 31.03.2018			
Payables	54.53 (41.19)	26.20 (20.60)	4822.75 (3995.15)
Receivable			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Figures in Rs Lakhs)
Note - 38**Micro, Small and Medium Enterprises**

This information with regard to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the company and relied upon by the Auditors accordingly, the trade payable include Rs 11,195 (Previous year Rs 1,18,810/-) due to them for a period exceeding 30 days and company has not paid any interest during the year to any enterprise registered under Micro, small and Medium enterprises development Act, 2006

Note - 39**Goods and Service Tax:**

Effective July 01, 2017, sales are recorded net GST whereas earlier sales were recorded inclusive of excise duty and sales tax which formed part of expenses. Hence revenue from operations for the year ended 31st March, 2018 are not comparable with the previous year corresponding figures.

Note - 40

Balances of Trade Receivable/payable are subject to confirmation

Note - 41

The company has Installed machinery worth Rs 370.72 lakhs (previous year Rs 370.72) in M/s. Ecmat Limited for the job works given to them

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

V C Janardan Rao
Chairman & Managing Director
DIN: 00181609

U. Uma Devi
Director
DIN: 00125840

Place: Hyderabad
Date : 30-05-2018

B NARAHARI
Company Secretary

R VENKATA RAO
C F O

VELJAN DENISON LIMITED
(CIN: L29119TG1973PLC001670)
Registered Office: Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens,
Begumpet, Hyderabad - 500 016, Telangana
Tel: 91 040 27764546, Fax: 91 040 27765253
Email: comp_secy@veljan.in Website: www.veljan.in

ATTENDANCE SLIP

44th 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 Saturday, the 29th day of September, 2018 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 - FORM MGT 11

(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 44th Annual General Meeting of the Company on Saturday, the 29th day of September, 2018 at 11.30 a.m. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037, Telangana, India, or/any adjournment thereof in respect of such resolutions as per attachment enclosed.

Ordinary Business:

1. To receive, consider and adopt the Financial Statements for the year ended 31st March, 2018 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, 2018.
3. To elect and appoint a Director in place of Smt.U. Uma Devi (DIN: 00125840), who retires by rotation and being eligible, offers herself for re-appointment.

Special Business:

4. Continuation of the Directorship of Mr. Pattabhi Vangala (DIN: 00200157)
5. Commission payable to Non-Executive Directors
6. Approval of Material Related Party Transactions
7. Approval to make Donations
8. Increase in the Borrowing Limits
9. Creation of charge on the Assets
10. Keeping registers, returns, etc. with the Registrars and Share Transfer Agent

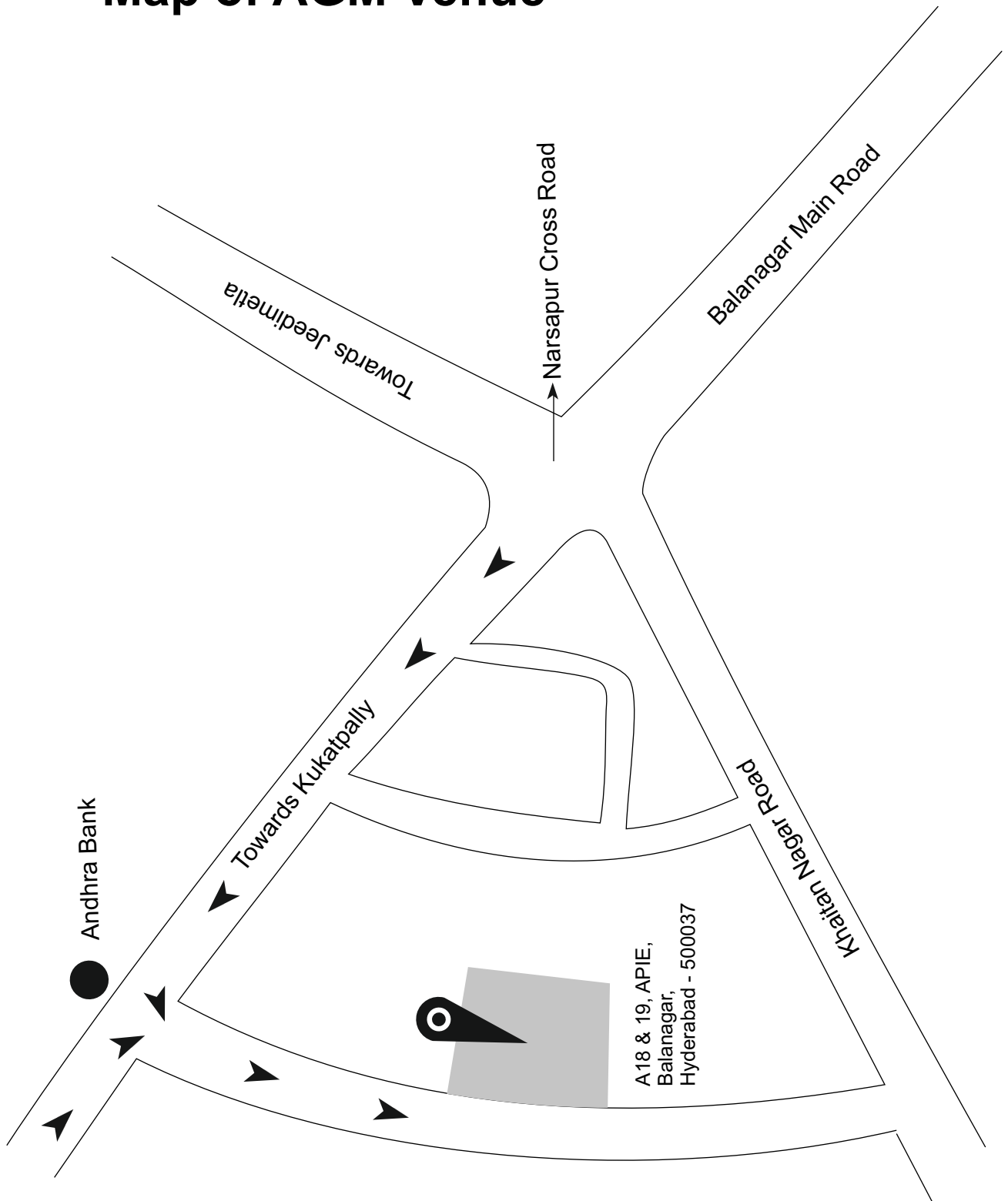
Signed this.....day of2018 (Affix Revenue Stamp)

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.

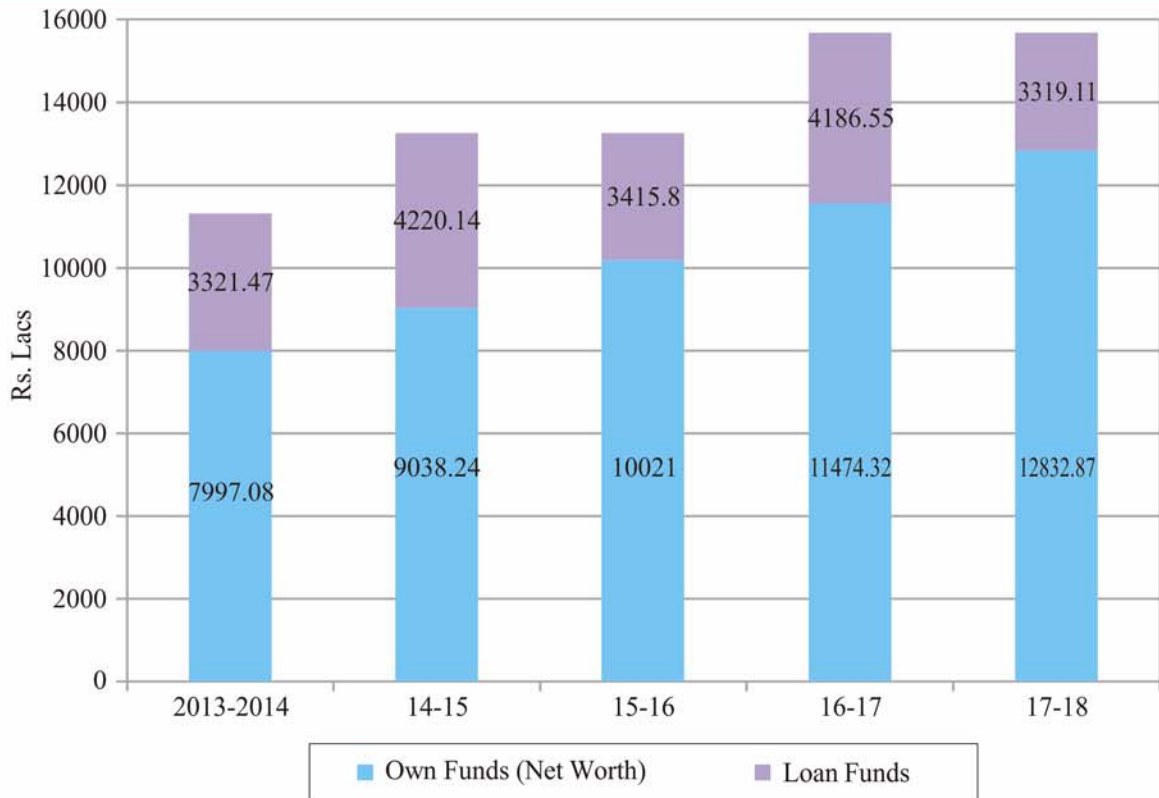
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Map of AGM Venue

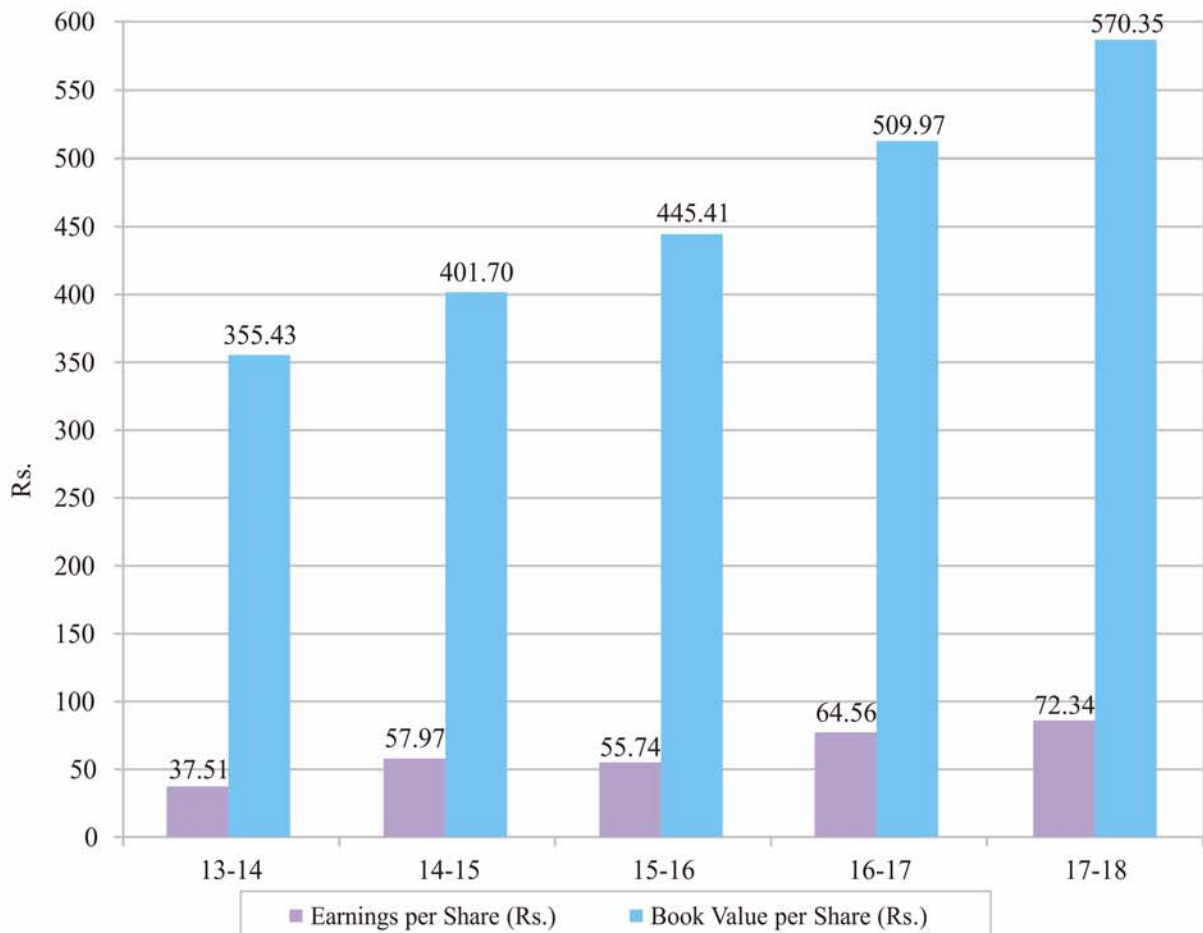


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CAPITAL EMPLOYED



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.