

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

Shri SRINIVAS VG
Managing Director

Shri G. K. KABRA
Independent Director

Shri M.L. MOTWANI
Independent Director

Shri V. PATTABHI
Independent Director

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

BANKERS : Canara Bank
Syndicate Bank

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

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

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

VELJAN DENISON LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 37th Annual General Meeting of M/s. Veljan Denison Limited will be held on Monday the 29th day of August, 2011, at 11.00 A.M. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad. A.P. 500 037. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & loss account for the year ended as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend for the year ended 31st March, 2011.
3. To appoint a Director in place of Shri M.L. Motwani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G.K. Kabra, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint M/s. Brahmayya & Co, Chartered Accountants, Hyderabad as the Statutory Auditors of the Company and to pass the following resolution as an Ordinary resolution:

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

SPECIAL BUSINESS:

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

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

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

7. 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 guidelines issued by the Securities and Exchange Board of India (SEBI) and such changes as may be suggested by SEBI and accepted by the Company and subject to such other consents, permissions, approvals and sanctions, if any, as may be necessary and subject to such conditions, if any, as may be laid down by SEBI or any other authority (ies), consent of the Company be and is hereby accorded under Sections 81, 81(1)(a), 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and any other allied acts, the Board of Directors of the Company be and are hereby authorized to create, issue and allot further shares to the extent of 4,50,000 Equity Shares of Rs.10 each for cash at par the manner specified below:

<p>a) (One) equity share of Rs. 10 each for cash at par on right basis for every 4 (Four) Equity Shares held by the members of the Company whose names shall appear in the Register of Members of the Company on such date as the Board of Directors may determine.</p>	<p>Amount Rs. 45,00,000.</p>
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- b) The total amount of Rs. 10 per share be called from the applicants of the shares in such manner as the Board of Directors may decide.
- c) In respect of the 4,50,000 Equity Shares to be offered on Right issue basis to the existing equity shareholders of the Company in proportion of 4:1 mentioned in (I) herein above, no fractional coupons shall be issued but all those existing equity shareholders whose equity shareholdings will not be 4 or in multiples of 4 and, therefore, who will be entitled to any fractions, will be rounded off to the nearest number.
- d) The un-subscribed portion, if any, of the above mentioned issue will be disposed of by the Board in such manner as it may think most beneficial to the Company and the Board be and is hereby authorized accordingly. Provided that the unsubscribed portion, if any, of the issue of Equity Shares be offered to the employees (including Indian working directors and workers in the permanent employment of the Company) and may be offered to financial/investment institutions, banks or mutual funds or in such manner as may be permitted under the requisite approvals.
- e) The Board be and is hereby authorized in its discretion to accept such conditions and modifications as may be prescribed by the SEBI, Stock Exchanges or other authorities while according their sanction or consent to the proposed issue of the said Equity Shares, including variation, if any, in the proposed amount of premium and take such consequential action thereon, including the authority to revise/adjust the value/quantum of Equity Shares or any portion thereof in such manner as may be beneficial to the Company in the event of such variation being considered expedient.

- f) The Equity Shares to be issued as aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid Equity Shares of the Company save and except that the said new Equity Shares shall be entitled to such dividend as may be declared at any time after allotment thereof on the amount paid up thereon on a pro rata basis.
- g) The offer of Equity Shares as aforesaid shall be issued on such terms and conditions as the Board of Directors may determine and the Board be and is hereby authorized to finalize the same and whatever deemed fit or necessary in consultation with any authority.
- h) The existing shareholders shall have a right to renounce or relinquish the Rights Shares offered to them to any other persons who are not shareholders of the Company.
8. **Appointment of Mr. V C Janardan Rao as Executive Chairman:**
"RESOLVED THAT pursuant to the provisions of Section 269, 316, 317 and Part A of Schedule XIII of the Companies Act, 1956 and Articles of Association of the Company, Shri V C Janardan Rao, be and is hereby appointed as the Executive Chairman of the Company w.e.f. 29th August, 2011 for a period of Five years without Remuneration"

Explanatory Statement:

Shri V C Janardan Rao, aged about 72 years is a qualified and experienced Engineer with specialization in the area of Fluid Power. He is one of the First Directors of the Company. Shri V.C.Janardan Rao has been all along involved with the R & D wing of the company comprising of qualified and experienced Engineers and Technicians in the field of Design, Development and Manufacture of Fluid Power products. His appointment on the Board will be a value addition to the Company considering his vast experience and knowledge.

Details of Directors seeking appointment

Name	:	Shri V C Janardan Rao
Age	:	72 years
Educational Qualifications	:	B.SC. (Engg).
Date of Appointment	:	First Director
Experience	:	37 Years of Experience in Veljan Denison Limited and Promoter / Director of Veljan Hydrair Ltd., and Veljan Investments Ltd.

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad

V. C. Janardan Rao

Date: 30-07-2011

Chairman

Notes:

- a) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business items is annexed hereto.
- b) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing a proxy, to be effective, should be deposited at the registered office of the Company not less than 48 hours before the Meeting.
- c) Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
- d) The Share Transfer Register and Members Register will remain closed from 24th August, 2011 to 26th August, 2011 (both days inclusive) for the purpose of dividend and Annual General Meeting.
- e) The Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March, 2011 will be payable to those members whose names appear in the Register of Members of the Company on 24th August, 2011. In case of shares held in Electronic Form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on 24th August, 2011.
- f) Members/proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
- g) Members are requested to intimate immediately to the Company, change of address, if any.
- h) Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/re-appointed is given in the annexure to the Notice.
- i) To avoid entry of unauthorized persons into the meeting premises, the signature of the members shall be verified with the specimen signature recorded with the Company at the entrance of the Venue. Inconvenience to members in this regard is highly regretted. The members are requested to carry their folio number with them.
- j) Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification.

Explanatory Statement

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

Item 6:

As per the provisions of Section 293(1) (e) of the Companies Act, 1956, inter alia, provides that any amount contributed to any charitable purpose, not directly relating to the business of the Company or the welfare of the employees, the aggregate of which exceeds Rs.50000 or five percent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the 3 financial years immediately preceding the year in which the contribution has been made, requires the approval of the members of the Company authorizing the Board for the same as aforesaid.

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

Item 7:

The Company intends to expand its activities and increase its profitability. This shall require infusion of additional capital for which your directors propose to issue Equity Shares on rights basis.

The proposed Rights issue of 4,50,000 Equity Shares of Rs. 10/- issued in the ratio of 1 (One) equity share of Rs. 10 each for cash at par for every 4 (Four) equity shares held by the members of the Company, shall raise Rs. 45,00,000 additional capital which shall be utilized for the expansion of business

The new Equity Shares so offered in the proposed rights issue will be listed on Bombay Stock Exchange.

Hence, the resolution is recommended for your approval.

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

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 30-07-2011

V. C. Janardan Rao
Chairman

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

1. Name : Shri M L Motwani
2. Age : 75 Years
3. Educational Qualifications : B. E. (Mech), Post Graduate diploma in Industrial Marketing.
4. Date of Appointment : 25/07/2000
5. Experience : Retired as Senior Executive from M/s Shriram Fuel Injection and Industries Limited- Hyderabad
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1. Name : Shri G K Kabra
2. Age : 78 Years
3. Educational Qualifications : B. E. Electrical
4. Date of Appointment : 27/01/2006
5. Name of the Companies : A. M/s .Kabson Industries Limited
Hyderabad , Director
B. M/s. Satruc Appliances Private Limited,
Director
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DIRECTORS' REPORT

To
The Members of
VELJAN DENISON LIMITED
Hyderabad

Your Directors take pleasure in presenting the 37th Annual Report on the affairs of the Company along with the audited Accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS:

In order to adopt the uniform financial year ending 31st March, your company has made an application to the Registrar of Companies, Hyderabad and has obtained the approval for extension of Financial year up to 31st March, 2011. Financial results are prepared based on the extended period of 18 months for the current year produced as given below.

Rs. In Lakhs			
Sl. No.	Particulars	31-03-2011 (18 Months)	30-09-2009 (12 Months)
1.	Profit /Loss (PBDIT)	3068.71	1100.62
2.	Less: Depreciation	492.85	263.41
3.	Profit before Tax	2575.86	837.21
4.	Less: Tax	878.56	365.88
5.	Profit After Tax	1697.30	471.33

2. OPERATIONS:

During the year under report the sales are 241.36 % higher at Rs.10694.25 Lacs as against Rs. 4430.90 Lacs in the previous year. The Profit before tax for the year is 307.67 % higher at Rs.2575.86 Lacs against Rs.837.21 Lacs for the previous year.

3. FUTURE OUTLOOK:

To address the capital requirements of the Company it is proposed to infuse fresh capital by way of a Rights Issue of Rs. 45 lacs in the financial year 2011-12. This shall provide the Company with the necessary boost to develop new and better products.

The prevailing Market conditions world wide may likely to increase in the turnover and profitability of the Company for 2011-2012

4. DIVIDEND:

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

Consistent with this policy and based on the Company's performance, the Directors are pleased to recommend a dividend of Rs 7.50/- per equity share for the financial year which, if approved at the ensuing Annual General Meeting will be paid to those members whose names appear as shareholders of the Company as at the end of business hours on 24.08.2011 as per particulars to be furnished for this purpose.

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

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

5. RESERVES:

The Company has transferred Rs. 2 Crore, i.e. 11.78 % of the current profits to reserves of the Company.

6. PARTICULARS OF EMPLOYEES:

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

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

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

8. FIXED DEPOSITS:

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

9. DIRECTORS:

Pursuant to Section 256 of the Companies Act, 1956, read with Articles of Association of the Company, Shri M L Motwani and Shri G K. Kabra, Directors

who retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board of Directors expressed their deep condolence for the sudden demise of Shri R C Shoni, Independent Director of our Company. His services were extremely useful to the Company and he was instrumental to successfully get the problems resolved between the Company and erstwhile collaborators.

The Board of Directors have decided to reconstitute the Investors Grievances Committee with the following members.

1.	Shri. V. C. Janardan Rao	Chairman	Non Executive Director
2.	Shri. V. Pattabhi	Director	Independent and Non Executive Director
3.	Shri. M. L. Motwani	Director	Independent and Non Executive Director

10. LISTING:

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

11. AUDITORS:

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

12. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the

for Company at the end of the Financial Year and of the Profit of the Company the year under review;

- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

REPLY TO THE AUDITORS QUALIFICATION

With regard to the qualification in Auditors Report on Donations, The Company will take the appropriate action, as per the provisions of the Companies Act, 1956 and any other applicable Acts.

13. COMPLIANCE CERTIFICATE:

The Compliance Certificate as per Section 383A of the Companies Act, 1956 is provided by M/s Ravi & Subramanyam, Company Secretaries, Hyderabad forms part of this report

14. REPORT ON CORPORATE GOVERNANCE:

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

15. ACKNOWLEDGMENTS:

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

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 30-07-2011

V. C. Janardan Rao
Chairman

ANNEXURE

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

a. Measures taken for Conservation of Energy :

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

Data in respect of Energy Conservation :

	Current Year	Previous Year
a) Turnover	Rs. 106,94,25,278	44,30,90,367
b) Electricity	Rs. 89,53,598	36,69,301
c) Diesel	Rs. 35,27,338	9,57,749
Electricity Purchased (KWH)	17,91,690	7,67,063
Unit Rate (Rs.per KWH)	5.01	4.78

b. Technology Absorption :

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

d) Foreign Exchange Earnings and Outgo:

	Current Year Rs.	Previous year Rs.
Foreign Exchange Used	3,55,38,668	8,71,35,073

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

Overview & Operations of the Company:

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

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

Business Environment:

During the period from Oct' 2009 to Mar'2011, the Company had a better growth in demand for its products as there was improvement in Global market.

Opportunities & Threats:

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

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

Outlook for the Company:

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

Risks and Concerns:

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

Internal Control Systems and Their Adequacy:

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

Human Resources/Industrial Relations:

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

Cautionary Statement:

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

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY:

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

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

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

2. BOARD OF DIRECTORS COMPOSITION:

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

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

The board duly met 09 (Nine) times during the period from Oct'2009 to Mar'2011, the dates are 31.10.2009; 17.12.2009; 30.01.2010; 30.04.2010; 31.05.2010; 30.06.2010; 31.07.2010; 30.10.2010; and 31.01.2011 and the attendance of the board of Directors are as follows:

ATTENDANCE OF DIRECTORS IN THE BOARD AND ANNUAL GENERAL MEETING:

Sl. No.	Name of the Director	Board meetings attended during the year	Designation	Category	Attended at the last Annual General Meeting	Number of the other director ship	No. of Board Committees of which Member / Chairman
1.	Shri V.C. Janardan Rao	8	Chairman	Promoter	Yes	2	1
2.	Shri Srinivas VG	2	M.D.	Promoter Independent and Non-Executive Directors	No	-	1
3.	Shri R.C. Sohni	9	Director		Yes	1	1
4.	Shri G.K. Kabra	6	Director		Yes	2	1
5.	Shri M.L. Motwani	9	Director		Yes	-	3
6.	Shri V. Pattabhi	8	Director		Yes	5	2

3. AUDIT COMMITTEE:

1. Terms of Reference:

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

Composition :

The Audit Committee Comprises of following Directors:

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

The Audit committee duly met 06 (Six) times during the financial year on 29.10.2009, 29.01.2010, 30.04.2010, 31.07.2010, 30.10.2010 and 31.01.2011 and the attendance of the Members in the Meeting is as follows:

Attendance of Audit Committee Members at their Meetings:

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Shri Srinivas VG	6	0
2.	Shri G.K. Kabra	6	2
3.	Shri V. Pattabhi	6	6
4.	Sri. M. L. Motwani	6	4

4. REMUNERATION COMMITTEE:

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

Composition of Remuneration committee

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

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

VELJAN DENISON LIMITED**Attendance of Remuneration Committee Members at their Meetings:**

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

The details of Salary and other benefits paid for the year ended 31.03.2011 to the Managing Director is as follows:

Name of the Director and Designation	Salary Basic	Other Allowances	Total Remuneration
Sri. Srinivas VG Managing Director	Rs 26,17,560	Rs 72,52,509	Rs 98,70,069

The Company has paid sitting fees to all Directors amounting to Rs. 5,20,000/- for Board Meetings and Committee Meetings. The details of aggregate amount of sitting Fees paid to each non-executive & Independent Director during the financial period from Oct'2009 to Mar'2011 is as follows:

Name of the Director	Sitting Fees
Sri V C Janardan Rao	Rs 80,000/-
Sri. R.C. Sohni	Rs 90,000/-
Sri. G.K. Kabra	Rs 80,000/-
Sri. V. Pattabhi	Rs 1,40,000/-
Sri. M.L. Motwani	Rs 1,30,000/-

5. INVESTORS GRIEVANCE COMMITTEE:

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

Terms of reference :

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

The functions of the committee include :

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

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

Name and designation of the Compliance officer:

Shri D. Ranga Chary (Finance Manager)

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
2009	30.06.2010	11.00 A.M.	Plot No 9, Phase I, I.D.A., Patancheru-502319
2008	31.03.2009	11.00 A.M.	Plot No 9, Phase I, I.D.A., Patancheru-502319
2007	28.03.2008	11.00 A.M.	Plot No A 18 & 19, A.P.I.E, Balanagar, Hyderabad-500037

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

7. COMPLIANCE OF INSIDER TRADING NORMS:

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

8. DISCLOSURES:

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant transactions made by the Company with its promoters, directors or the management their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. NONE

9. MEANS OF COMMUNICATION:

The Quarterly results are published in the newspapers like Praja Shakti, Financial Express and annual reports are sent to all the shareholders yearly.

10. GENERAL SHAREHOLDER INFORMATION:

- a) The 37th Annual General Meeting of the Company will be held on 29th Aug, 2011 at 11.00 A.M. at A 18 & 19 APIE, Balanagar, Hyderabad.A.P.
- b) The Financial Year of the Company is from 01st October, 2009 to 31st March, 2011 this year.
- c) Date of Book Closure: 24th August 2011 to 26th August, 2011 (both days inclusive)
- d) The Board of Directors in its Meeting held on 30-07-2011 have recommended dividend of 75% for the year ended 31st March, 2011 to those members whose names appear in the Register of Members as on 24-08-2011.

- e) The Shares of the Company are listed at Bombay Stock Exchange Limited.
- f) The listing fees for the financial years 2009-10 and 2010-11 has been paid to the respective stock exchange.
- g) Stock code: 505232
- h) ISIN for the Company's Equity Shares: INE 232E01013
- i) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- j) Monthly high and Low Stock quotations during the Financial year are as follows:

The Stock Exchange, Mumbai

Month (Rs.)	High (Rs.)	Low (Rs.)
Oct-09	380.00	302.15
Nov-09	427.00	288.10
Dec-09	385.00	315.00
Jan-10	400.00	310.00
Feb-10	365.50	292.00
Mar-10	394.30	300.00
Apr-10	421.75	338.15
May-10	419.00	330.50
Jun-10	398.90	329.30
Jul-10	425.00	311.00
Aug-10	435.50	361.00
Sep-10	407.95	365.00
Oct-10	435.50	358.55
Nov-10	456.50	361.50
Dec-10	405.00	355.00
Jan-11	400.00	305.00
Feb-11	333.00	270.80
Mar-11	343.00	293.00

(Source : The Stock Exchange, Bombay - Website)

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

11. Share Transfer System :

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

12. Distribution of shareholding : As on 31st March, 2011

Nominal Value	Holders		Amount	
	Number	% to Total	In Rs	% to Total
Upto - 5000	1636	95.45	12,64,240	7.02
5001 - 10000	34	1.98	2,60,430	1.45
10001 - 20000	13	0.75	1,84,800	1.03
20001 - 30000	4	0.23	1,04,600	0.58
30001 - 40000	3	0.18	1,11,580	0.62
40001 - 50000	3	0.18	1,41,000	0.78
50001 - 100000	6	0.35	4,17,690	2.32
100001 and above	15	0.87	1,55,15,660	86.20
TOTAL	1714	100.00	1,80,00,000	100.00

13. Shareholding pattern : As on 31st March, 2011

Category	No. of shares	% to share capital
Promoters	13,15,716	73.09
Public (Including Foreign Holding)	4,84,284	26.91
Total	<u>18,00,000</u>	<u>100.00</u>

14. Dematerialisation of shares and liquidity :

ISIN (Code No.) : INE232E01013

1,48,189 shares of the Company are being held in Demat form as on 31st March, 2011.

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

Declaration of Compliance with code of Conduct

I hereby Confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the code of conduct for Board members and senior management personnel in respect of the financial year ended 31st March, 2011.

For Veljan Denison Limited

Date : 30-07-2011

Srinivas VG

Place : Hyderabad

Managing Director

CEO/CFO CERTIFICATION

Under Clause 49 of the Listing Agreement with the Stock exchanges

In relation to the Audited financial accounts of the Company as at 31st March, 2011, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.

- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

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

For Veljan Denison Limited

Srinivas VG
Managing Director

D. Ranga Chary
Finance Manager

Date : 30-07-2011

Place : Hyderabad

Auditors Certificate On Compliance of Corporate Governance

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

We have examined the compliance of condition of Corporate Governance by Veljan Denison Limited, Hyderabad, (A.P.) for the year ended on 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Place: Hyderabad
Date : 30-07-2011

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

VELJAN DENISON LIMITED**FORM
[SEE RULE 3]****Compliance Certificate**

To
The Members,
M/S. VELJAN DENISON LIMITED,
HYDERABAD.

We have examined the registers, records, books and papers of M/s. VELJAN DENISON LIMITED, (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011(01-10-2009 to 31-03-2011). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers, and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 9 (Nine) times on 31.10.2009, 17.12.2009, 30.01.2010, 30.04.2010, 31.05.2010, 30-06-2010, 31-07-2010, 30-10-2010 and 31.01.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed on 10-02-2010 & 30-12-2010 in the Minutes Books maintained for the purpose.
5. The Company has closed its Register of Members from 28th June, 2010 to 30th June, 2010 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 30th September, 2009 was held on 30th June, 2010 after giving notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. One Extraordinary General Meeting was held during the financial year after giving the notice to the members of the company and the resolutions passed thereat were recorded in minutes book maintained for the purpose.
8. The Company has not sanctioned any loans to its Directors or persons of firms or Companies referred to under Section 295 of the Act.
9. The Company has taken the approval of the Board in respect of the contracts specified under the provision of section 297 of the act, and is required to obtain the necessary approvals.

10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company has:
 - i) Not made any allotment or transmission of securities. However, delivered all the share certificates on lodgment of transfer during the financial year.
 - ii) Deposited the amount of dividend declared in a separate Bank Account on 02nd July, 2010 which is within five days from the date of such declaration.
 - iii) Posted warrants for dividends to all the members within a period of 30 days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company.
 - iv) Transferred the amounts in unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v) Complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of Additional Director/Alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has reappointed Managing Director during the financial year in compliance of the provisions of the Companies Act, 1956. However there was no reappointment of whole time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The Company is required to obtain the approval of the Central Government pursuant to Section 297 of the Act. The Company also obtained approval of registrar of the Companies for extension of AGM and financial year. However there was no requirement of obtaining the approval of Company Law Board, Regional Director, and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued shares/ debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares / debentures.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted any deposits falling within the purview of section 58A including any unsecured Loans during the financial year.
24. The Company had not made any borrowing during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the financial year.
30. The Company has altered the Articles of Association during the financial year obtaining the approval of members in the General Meeting held on 17-12-2009 and complied with the provisions of the Act.
31. There was no prosecution initiated or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year under review.
33. Pursuant to Section 418 of the Companies Act, 1956 the Company has not constituted Provident Fund for its employees.

For **Ravi & Subramanyam**
Company secretaries

K.V.S. Subramanyam
Partner
C.P. No. 4815

Place: Hyderabad
Date : 20-07-2011

ANNEXURE A
Registers as maintained by the Company

- ◆ Register of Charges U/s 143.
- ◆ Register of Members U/s150.
- ◆ Index of Members.
- ◆ Minutes of General Meeting's U/s 193.
- ◆ Minutes of Board of Directors U/s 193.
- ◆ Register of Contracts U/s 301.
- ◆ Register of Directors U/s 303.
- ◆ Register of Directors Shareholding U/s.307.

Other Registers

1. Attendance Register of Board Meetings
2. Attendance Register of General Meetings

ANNEXURE B

1. Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 31st March, 2011:

S.No	Forms / Returns	Section	Purpose	Date of Filing	Remarks
1.	Form-61 Compliance	166	Extension of period of AGM	09.03.2010	Filed
2.	Form-66 Compliance	383 A	For the financial year 30.09.2009	16.07.2010	Filed within requisite fee
3.	Forms-23AC&ACA Annual Report	220	For the financial year 30.09.2009	17.07.2010	Filed within requisite fee
4.	Form-23	192	Registration of Resolution	28.07.2010	Filed within requisite fee
5.	Form-25C	269	Re-appointment of Managing Director	28.07.2010	Filed within requisite fee
6.	Forms-23AC&ACA Annual Report	220	For the financial year 30.09.2009	31.08.2010	Filed within requisite fee
7.	Forms-20B Annual Return	159	Annual General Meeting held on 30.06.2010	02.09.2010	Filed within requisite fee
8.	Form-1B	21	Change in the name of the company	21.12.2009	Filed with Requisite Fees
9.	Form-23	192	Registration of Resolution	21.12.2009	Filed with Requisite Fees
10.	Form-8	135	Registration of Charge	23.02.2010	Filed with Requisite Fees
10.	Form-61	210	Extension of Financial year	19.01.2011	Filed

2. Forms and Returns as filed by the Company with the Regional Director, Company Law Board, Central Government and other authorities, during the financial year ending on 31st March, 2011: -- NIL -

VELJAN DENISON LIMITED
AUDITORS' REPORT

To the Members of VELJAN DENISON LIMITED, HYDERABAD.

We have audited the attached Balance Sheet of VELJAN DENISON LIMITED, HYDERABAD (A.P) as at 31st March, 2011 and also the Profit and Loss Account for the period from 01-10-2009 to 31-03-2011 and the Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

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

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

2.
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) During the year the company has contributed rupees 11,994,584/- which is in excess of limits made down in the provision of Section 293(e) without obtaining the consent of the members.
 - v) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- vi) On the basis of the written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
- b) In the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date and
- c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Place: Hyderabad
Date : 30-07-2011

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

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.

c) During the year the Company has not disposed off any fixed assets.
2. a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.

b) In view of our comment in paragraph 3(a) above, III (b), (c) & (d) of the aforesaid order are not applicable to the Company.

c) The Company has not taken Secured or Unsecured Loans covered in the Register maintained under section 301 of the Companies Act 1956 in view of our comment Sub-Section (4A), 3(f) and (g) of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed under section 209(1)(d) of the Companies Act, 1956 the maintenance of cost records for the products of the Company.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

VELJAN DENISON LIMITED

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

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

Place : Hyderabad
Date : 30-07-2011

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

BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedules	AS AT 31-03-2011 Rs.	AS AT 30-09-2009 Rs.
<u>SOURCES OF FUNDS:</u>			
1. SHAREHOLDERS' FUNDS			
Share Capital	A	18,000,000	18,000,000
Reserves & Surplus	B	538,997,406	385,009,531
2. LOAN FUNDS:			
Secured Loans	C	147,312,515	132,544,055
Deferred Tax Liability		38,894,054	37,538,144
	TOTAL	<u>743,203,975</u>	<u>573,091,730</u>
<u>APPLICATION OF FUNDS:</u>			
1. FIXED ASSETS:			
	D		
Gross Block		514,133,711	445,991,359
Less: Depreciation		172,937,969	123,652,822
Net Block		<u>341,195,742</u>	<u>322,338,537</u>
		12000	12000
2. INVESTMENTS: (National Saving Certificates)			
3. CURRENT ASSETS,			
<u>LOANS AND ADVANCE</u>			
Inventories	E	112,167,002	92,667,058
Sundry Debtors	F	390,895,268	152,972,230
Cash & Bank Balances	G	21,162,911	17,722,351
Loans & Advances	H	68,924,998	108,490,059
		<u>593,150,179</u>	371,851,698
Less: Current Liabilities & Provisions	I	191,153,946	121,110,505
Net Current Assets		401,996,233	250,741,193
	TOTAL	<u>743,203,975</u>	<u>573,091,730</u>
Notes on Accounts	Q		
Accounting Policies	R		

Per our report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants,

K S Rao
Partner
Membership No. 15850

V C Janardan Rao
Chairman

G K Kabra
Director

Place: Hyderabad
Date : 30-07-2011

VELJAN DENISON LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01-10-2009 TO 31-03-2011**

Particulars	Schedules	Current Year (18 Months) Rs.	Previous Year (12 Months) Rs.
INCOME:			
Sales		1,069,425,278	443,090,367
less: Central Excise Duty		<u>53,029,634</u>	<u>22,701,422</u>
		1,016,395,644	420,388,945
Other Income	J	5,541,963	7,083,551
	TOTAL	<u>1,021,937,607</u>	<u>427,472,496</u>
EXPENDITURE :			
Raw materials & Components consumed	K	306,523,355	125,093,417
Other Manufacturing Expenses	L	189,676,540	71,790,708
Employees' Remuneration & Benefits	M	70,098,525	36,210,048
Administrative & Selling Expenses	N	128,098,468	46,154,073
Interest	O	23,266,500	17,066,710
Depreciation		49,285,147	26,341,114
Increase/Decrease in Stock	P	<u>-2,596,894</u>	<u>21,095,519</u>
	TOTAL	<u>764,351,641</u>	<u>343,751,589</u>
Profit for the year		257,585,966	83,720,907
Less: Provision : Income-tax : for the year		86,500,000	27,500,000
		<u>1,355,910</u>	<u>9,087,597</u>
PROFIT AFTER TAX		169,730,056	47,133,310
Surplus brought forward from previous year		287,429,531	260,791,009
Amount available for appropriation	TOTAL	<u>457,159,587</u>	<u>307,924,319</u>
Appropriations			
Dividend on Equity Shares		13,500,000	9,000,000
Corporate Dividend tax		2,242,181	1,494,788
General Reserve		20,000,000	10,000,000
Surplus Carried to Balance Sheet		<u>421,417,406</u>	<u>287,429,531</u>
	TOTAL	<u>457,159,587</u>	<u>307,924,319</u>
Earning per share		94.29	26.19
No. of Equity Shares		1,800,000	1,800,000
Notes on Accounts	Q		
Accounting Policies	R		

Per our report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants,

K S Rao
Partner
Membership No. 15850

V C Janardan Rao
Chairman

G K Kabra
Director

Place: Hyderabad
Date : 30-07-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2011

Particulars	Current Year 31-03-2011 Rs.	Previous Year 30-09-2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax & Extraordinary items	257,585,966	83,720,907
Depreciation	49,285,147	26,341,114
Interest Expenses	23,266,500	17,066,710
Interest Income	(1,090,711)	(1,301,129)
Tools and Jigs, Fixtures and Patterns Written off	1,360,687	1,025,938
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	330,407,589	126,853,540
Adjustments for :		
Inventories	(20,860,631)	33,882,560
Trade receivable	(237,923,038)	75,048,647
Other Receivable	12,145,950	(17,678,744)
Trade payable	47,584,781	(28,594,871)
Income Tax paid	(71,972,855)	(41,466,522)
Net cash flow from operating activities A	59,381,796	148,044,610
B CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	1,959,886	326,365
Purchase of fixed Assets	(41,188,643)	(58,900,794)
Net Cash Used in investing Activities B	(39,228,757)	(58,574,429)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowing	(32,938,711)	(30,544,161)
working capital loans	47,707,171	(26,298,493)
Interest paid	(23,266,500)	(19,529,197)
Dividend paid	(8,214,439)	(8,155,239)
NET CASH FLOW FROM FINANCING ACTIVITIES	(16,712,479)	(84,527,090)
D NET CASH INCREASE/DECREASE IN CASH AND CASH	3,440,560	4,943,091
OPENING CASH & BANK BALANCE	17,722,351	12,779,260
CLOSING CASH & BANK BALANCE	21,162,911	17,722,351

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

Per our report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants,

K S Rao
Partner
Membership No. 15850

V C Janardan Rao
Chairman

G K Kabra
Director

Place: Hyderabad
Date : 30-07-2011

VELJAN DENISON LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	AS AT 31-03-2011 Rs.	AS AT 30-09-2009 Rs.
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SHARE CAPITAL:

SCHEDULE - A

AUTHORISED:

3,000,000 of Equity Shares of Rs.10/- each	30,000,000	30,000,000
TOTAL	<u>30,000,000</u>	<u>30,000,000</u>

ISSUED, SUBSCRIBED & PAID-UP:

18,00,000 Equity Shares of Rs.10/- each fully paid up (Out of which 50,000 Equity Shares of Rs. 10/- each allotted as fully paid-up for consideration other than cash)

TOTAL	18,000,000	18,000,000
	<u>18,000,000</u>	<u>18,000,000</u>

RESERVES AND SURPLUS:

SCHEDULE - B

Particulars	Balance As At 01/10/2009 Rs.	Additions During the Year Rs.	Withdrawals During the Year Rs.	Balance As At 31/03/2011 Rs.
Capital Redemption Reserve	300,000			300,000
Share Premium	4,500,000			4,500,000
Central Subsidy	1,500,000			1,500,000
Investment Allowance Reserve Utilised	1,280,000			1,280,000
General Reserve	90,000,000	20,000,000		110,000,000
Profit & Loss Account Balance	287,429,531	421,417,406	287,429,531	421,417,406
TOTAL	<u>385,009,531</u>	<u>441,417,406</u>	<u>287,429,531</u>	<u>538,997,406</u>

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	AS AT 31-03-2011 Rs.	AS AT 30-09-2009 Rs.
<u>SECURED LOANS:</u>		
SCHEDULE - C		
A) Rupee Term Loans :		
Andhra Pradesh State Financial Corporation	78,510,000	111,448,711
B) Working Capital Loans :		
i) Cash Credit From :		
Canara Bank	52,797,334	10,597,961
Syndicate Bank	14,494,032	10,017,371
ii) Documentary Bills Discounting :		
From Canara Bank	316,601	316,601
C) Loan from HDFC Bank & Kotak Mahindra Bank	1,194,548	163,411
Against Hypothecation of Vehicles.		
TOTAL	<u>147,312,515</u>	<u>132,544,055</u>

Term loan from Andhra Pradesh State Financial Corporation is secured by way of first charge on the Fixed Assets of the Company and by personal guarantees of two of the Director of the Company.

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 two Directors of the Company in their personal Capacities to the extent of Rs.300 Lakhs.

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
SCHEDULE-D : FIXED ASSETS**

	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 30.09.2009 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2011 Rs.	Upto 30.09.2009 Rs.	For the year Rs.	Deductions Rs.	Upto 31.03.2011 Rs.	As at 30.09.2009 Rs.	As at 31.03.2011 Rs.
1. Land	10444466			10444466					10444466	10444466
2. Factory Buildings	36690152	100000		36790152	3318281	1782679		5100960	31689192	33371871
3. Other Buildings	2930699			2930699	1186843	82050		1268893	1661806	1743856
4. Water Works	414272			414272	309273	42002		351275	62997	104999
5. Electrical Installations	372064			372064	353460			353460	18604	18604
6. Plant and Machinery	348691743	55256273		403948016	97314728	39985090		137299818	266648198	251377015
7. Inspection & Testing Equipment	14537580	150379		14687959	6849043	1175940		8024983	6662976	7688537
8. Office Equipment	12983390	230034		13213424	8613843	1782870		10396713	2816711	4369547
9. Air conditioners	1259184	67850		1327034	456564	80667		537231	789803	802620
10. Furniture & Fixtures	4489702	208814		4698516	1572013	568956		2140969	2557547	2917689
11. Canteen Equipment	24577			24577	14744	975		15719	8858	9833
12. Vehicles	1927952	2167214		4095166	565671	415854		981525	3113641	1362281
13. Material Handling Equipment	2569453			2569453	632234	167353		799587	1769866	1937219
14. Software	6742467	23659		6766126	2466125	3200711		5666836	1099290	4276342
15. Capital Work in progress	1913658	9938129		11851787					11851787	1913658
TOTAL	445991359	68142352		514133711	123652822	49285147		172937969	341195742	322338537
GRAND TOTAL	445991359	68142352		514133711	123652822	49285147		172937969	341195742	322338537
Previous Year	356789898	89201461		445991359	97311708	26341114		123652822	322338537	259478190

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	AS AT 31-03-2011 Rs.	AS AT 30-09-2009 Rs.
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INVENTORIES:

SCHEDULE - E

As valued and certified by the Management
(At cost unless otherwise stated)

Raw materials	48,317,699	36,306,235
Work-in-progress	20,921,077	35,514,364
Finished Goods	24,779,899	7,589,718
Consumable Stores	11,512,446	6,475,411
Jigs & Fixtures, Patterns and Tools & Implements	6,635,881	6,781,330
TOTAL	<u>112,167,002</u>	<u>92,667,058</u>

SUNDRY DEBTORS:

SCHEDULE - F

(Unsecured, Considered Good)
Debts outstanding for a period

Exceeding six months	50,195,814	51,285,881
Other Debts	340,699,454	101,686,349
TOTAL	<u>390,895,268</u>	<u>152,972,230</u>

CASH AND BANK BALANCES:

SCHEDULE - G

Cash on Hand	92,917	57,280
Balances with scheduled banks:		
In Current Accounts	8,243,755	6,949,781
In Fixed Deposit Accounts	12,826,239	10,715,290
TOTAL	<u>21,162,911</u>	<u>17,722,351</u>

VELJAN DENISON LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

Particulars	AS AT 31-03-2011 Rs.	AS AT 30-09-2009 Rs.
LOANS AND ADVANCES:		SCHEDULE - H
(Unsecured, Considered Good - Recoverable in cash or in kind or for value to be received)		
Advances for supply of Raw materials & Equipments	24,609,021	58,890,317
Advances to Staff & Workmen	669,444	278,019
Prepaid Expenses	1,192,237	564,682
Interest Receivable	135,722	1,004,897
Fringe Benefit Tax	1,674,613	1,674,613
Deposits Recoverable	8,354,567	13,850,983
Other Advances	32,289,394	32,226,548
TOTAL	<u>68,924,998</u>	<u>108,490,059</u>
CURRENT LIABILITIES AND PROVISIONS:		SCHEDULE - I
CURRENT LIABILITIES :		
Sundry Creditors : For Capital Expenditure	685,490	281,716
Due to Micro, Small & Medium Enterprises	3,110,131	697,363
supply of goods	73,761,481	35,439,617
expenses	51,997,072	49,077,278
Advances from customers	5,407,638	4,423,992
Unclaimed Dividends	6,440,006	5,654,445
Interest Accrued But Not due	0	0
Other Liabilities	6,975,699	4,028,991
Sub. Total	<u>148,377,517</u>	<u>99,603,402</u>
PROVISIONS :		
Proposed Dividend	13,500,000	9,000,000
Corporate Dividend Tax	2,242,181	1,494,788
Income tax (net)	25,584,248	9,491,006
Fringe benefit Tax (Gross)	1,450,000	1,521,309
Sub. Total	<u>42,776,429</u>	<u>21,507,103</u>
TOTAL	<u>191,153,946</u>	<u>121,110,505</u>

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	Current Year (18 Months) Rs.	Previous Year (12 Months) Rs.
<u>OTHER INCOME:</u>		
		SCHEDULE - J
Interest Earned (TDS Rs. 1,84,559/- Previous year Rs. 2,94,831)	1,090,711	1,301,129
Miscellaneous Income	4,321,653	3,413,950
Credit balances written Back	58,290	606,960
Excess Provisions Written Back	71,309	1,761,512
TOTAL	<u>5,541,963</u>	<u>7,083,551</u>

<u>RAW MATERIALS AND COMPONENTS CONSUMED:</u>		
		SCHEDULE - K
Opening Stock	36,306,235	48,171,695
Add : Purchases	318,534,819	113,227,957
	<u>354,841,054</u>	<u>161,399,652</u>
Less Closing Stock	48,317,699	36,306,235
TOTAL	<u>306,523,355</u>	<u>125,093,417</u>

<u>OTHER MANUFACTURING EXPENSES:</u>		
		SCHEDULE - L
Job works	130,053,365	33,652,509
Packing Materials Consumed	12,026,775	4,444,690
Consumption of Stores and Spares	25,977,818	19,401,114
Carriage Inwards	3,497,323	1,631,049
Power and Fuel	8,953,598	3,669,301
Repairs & Maintenance:		
Buildings	473,428	1,433,549
Plant and Machinery	3,680,734	2,677,922
Others	3,652,812	3,854,636
Tools and Jigs, Fixtures and Patterns written off	1,360,687	1,025,938
TOTAL	<u>189,676,540</u>	<u>71,790,708</u>

VELJAN DENISON LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

Particulars	Current Year (18 Months) Rs.	Previous Year (12 Months) Rs.
<u>EMPLOYEES' REMUNERATION & BENEFITS:</u>		
		SCHEDULE - M
Salaries, Wages & Bonus	61,190,895	31,472,922
Contribution to Provident Fund	4,243,271	2,582,857
E S I Contribution	1,279,076	558,503
Group Gratuity & Deposit Linked Insurance	1,164,858	638,639
Superannuation Premium	562,043	179,674
Workmen & Staff Welfare Expenses	1,658,382	777,453
TOTAL	<u>70,098,525</u>	<u>36,210,048</u>

<u>ADMINISTRATIVE & SELLING EXPENSES:</u>		
		SCHEDULE - N
Rent	3,575,026	2,489,852
Licenses and Taxes	2,071,881	1,217,654
Sales Tax	20,680,096	8,770,277
Insurance	869,851	586,196
Printing and Stationery	1,850,779	696,358
Postage & Telephones	1,852,812	1,099,822
Traveling and Conveyance	3,174,535	1,779,728
Foreign Traveling Expenses	162,499	319,967
Vehicle Maintenance	208,811	152,556
Legal and Professional Charges	4,772,435	3,232,337
Remuneration to Director's	12,262,797	5,158,743
Selling & Distribution Expenses	49,784,752	10,575,152
Advertisement	138,055	358,215
Remuneration to Auditors:		
Statutory Audit fees	330,900	220,600
Tax Audit fees	110,300	55,150
Sitting Fees to Directors	520,000	380,000
Bank Charges	2,585,908	1,593,748
Prior Period Expenditure	47,900	452,550
Donations	18,309,445	4,025,000
General Expenses	4,547,088	2,753,161
Bad debts written off	242,598	237,007
TOTAL	<u>128,098,468</u>	<u>46,154,073</u>

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	Current Year (18 Months) Rs.	Previous Year (12 Months) Rs.
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INTEREST:
SCHEDULE - O

On Term Loans	17,925,183	15,114,702
On Others	5,341,317	1,952,008
TOTAL	<u>23,266,500</u>	<u>17,066,710</u>

STOCK ADJUSTMENT:
SCHEDULE - P

CLOSING STOCKS :		
Finished Goods	24,779,899	7,589,718
Work-In-Progress	20,921,077	35,514,364
TOTAL	<u>45,700,976</u>	<u>43,104,082</u>
OPENING STOCKS :		
Finished Goods	7,589,718	19,471,381
Work-In-Progress	35,514,364	44,728,220
TOTAL	<u>43,104,082</u>	<u>64,199,601</u>
Net Increase/Decrease in Stocks	<u>2,596,894</u>	<u>-21,095,519</u>

NOTES ON ACCOUNTS:**SCHEDULE - Q**

Particulars	Current Year 31-03-2011 Rs.	Previous Year 30-09-2009 Rs.
1. A) Contingent Liabilities not provided for :		
a) Towards Guarantees and Letters of credit issued by the Bankers to the extent of	12,921,571	4,256,363
b) Cheques discounted with bankers to the extent of	316,601	883,324
c) Interest claimed by District Industries Centre Sangareddy for delay in payment of instalments of Interest Free sales tax loan, which is contested by the Company	2,328,929	2,328,929
B) Contracts remaining to be executed on Capital account.	6,680,878	2,181,631
2. Sundry Debtors under Schedule "F" include amount due from M/s.Veljan Hydrair Limited, a Company under the same management.	185,824,826	47,839,255
Maximum amount due	206,916,917	112,141,962

SCHEDULE - Q (Contd.)

Particulars	Current Year 31-03-2011 Rs.	Previous Year 30-09-2009 Rs.
3. Managerial Remuneration :		
(Managing Director)		
Salary	2,617,560	1,745,040
Commission	5,413,657	1,579,980
Contribution to Provident Fund (Included in staff contribution)	314,101	209,400
Perquisites	1,524,750	939,033
TOTAL	9,870,068	4,473,453
To other Directors :		
Commission	2,706,829	894,690
TOTAL	2,706,829	894,690
TOTAL MANAGERIAL REMUNERATION	12,576,897	5,368,143
Computation of Net Profits in accordance with section 349 of the Companies Act, 1956 and calculation of Commission payable to the Managing Director and other Directors:)		
Profit before Taxation as per Profit and Loss Account :	257,585,966	83,720,907
Add : Managerial Remuneration	12,576,897	5,368,143
Setting Fees	520,000	380,000
	13,096,897	5,748,143
Net Profit as per Sec 349 of the Companies Act.	270,682,863	89,469,050
Maximum Commission payable to MD : 2%		1,789,381
Commission to Managing Director	5,413,657	1,579,980
Commission to Other Directors : 1%	2,706,829	894,690
TOTAL	8,120,486	2,474,670

VELJAN DENISON LIMITED**SCHEDULE - Q (Contd.)**

Particulars	Current Year 31-03-2011 Rs.	Previous Year 30-09-2009 Rs.
4. Licensed & Installed Capacity, Production, Sales and Stocks:		
I) Licenced Capacity (Qty.Nos)	40,000	40,000
ii) Installed Capacity (As certified by Management) (Qty.Nos)	150,000	80,000
iii) Production during the year : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	104,889	61,801
iv) Turnover : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	99,864	63,408
Value in Rupees (including Excise Duty & Sales Tax) (Amt. Rs.)	1,069,425,278	443,090,367
v) Finished Goods : Opening Stock : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	1,768	3,375
Closing Stock : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	6,793	1,768
5. Value of Imports calculated on C.I.F. Basis		
a) Raw materials and components (Amt. Rs.)	11,053,835	2,145,969
b) Cutting Tools (Amt. Rs.)	-	-
c) Inspection Equipment (Amt. Rs.)	-	368,112
d) Machinery (Amt. Rs.)	24,251,554	84,391,107
6. Expenditure in Foreign Currency :		
Traveling (Amt. Rs.)	115,525	229,885
Donations (Amt. Rs.)	117,754	
7. Fixed Deposits pledged with banks for the purpose of Guarantees/L.C.'s (Amt. Rs.)	2,584,314	425,636

SCHEDULE - Q (Contd.)

Particulars	Current Year 31-03-2011		Previous Year 30-09-2009	
	Quantity Kgs.	Amount Rs.	Quantity Kgs.	Amount Rs.
8. Details of the Raw materials and component consumed :				
Steels	634,253	39,911,638	359,532	22,884,827
Castings	1,525,570	98,705,678	479,961	30,315,807
Components		156,443,291		69,534,658
Imported Material		11,462,748		2,358,125
Total	2,159,823	306,523,355	839,493	125,093,417
a) Materials :	Amount	Percent	Amount	Percent
	Rs.	%	Rs.	%
Imported	11,462,748	3.74	2,358,125	1.89
Indigenous	295,060,607	96.26	122,735,292	98.11
Total	306,523,355	100.00	125,093,417	100.00
b) Stores and Others:				
Imported	0	0.00	0	0.00
Indigenous	25,977,818	100.00	19,401,114	100.00
Total	25,977,818	100.00	19,401,114	100.00
9. Taxes on Income-Tax AS-22				
Item of Deferred Tax Liability				
Depreciation	122,454,155		114,850,799	
Total (A)	122,454,155		114,850,799	
Item of Deferred Tax Assets 43B Payment	8,026,223		4,412,012	
Total (B)	8,026,223		4,412,012	
Deferred Tax Liability (A-B)	114,427,932		110,438,787	
Tax there on	38,894,054		37,538,144	

10. Unclaimed dividends under "current Liabilities and provisions" not due for remittance to "Investors Education and Protection fund". Balances in current accounts with scheduled banks include Rs.64,74,833/- towards unclaimed dividends.

11. Segment Reporting : The entire operations of the Company relates only to one Segment i.e.'Hydraulics Products'. Hence no separate disclosure under segment reporting (AS - 17) is required.

12. In the opinion of the management, the current assets, loans and advances are expected to realise the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

13. Balances in personal accounts are subject to confirmation and there by reconciliation

14. Due to micro, small and Enterprises: Out standing due to Micro, Small and Medium enterprises for a period exceeding 30 Days nil previous year nil.

15. The Company has Installed machinery worth Rs.3,70,72,415/-, (previous year Rs.7,23,36,741) in M/S.Ecmat Ltd, for the job works given to them.

VELJAN DENISON LIMITED**SCHEDULE - Q (Contd.)**

16. Disclosure of Related party Transaction (As per AS-18)

Key Management Personnel (KMP)

Sri V C Janardan Rao : Chairman
Sri Srinivas VG : Managing Director
Sri G K Kabra : Director

Directors
Sri M L Motwani
Sri V Patabhi

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

1. M/s. Veljan Hydrair Ltd - Common Controls
2. M/s. Veljan Investments Ltd - Common Controls

A Transactions during the Year

Particulars	Key management personnel	Director	Enterprises in Which the Key Management personal and their relatives are interested
Remunerations	4,456,411 (2,893,473)		
Commission	5,413,657 (1,579,980)	2,706,829 (894,690)	
Sales			500,659,393 (201,585,069)
Purchases			2,780,613 (19,882,255)
Incentive & Discounts			49,639,912 (9,188,620)
Rent & Other Expenses			3,621,730 (2,276,784)
Professional Charges			3,600,000 (2,400,000)

B. Balances as at 31.03.2011

Payables	55,566,256 (1,732,578)	2,706,829 (894,690)	206,554 (34,295,688)
Receivables			185,824,826 (47,839,255)

17. Previous Years figures have been regrouped wherever necessary.

18. Paise have been rounded off to the nearest Rupee.

SIGNIFICANT ACCOUNTING POLICIES**SCHEDULE - R**

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

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

13 Impairment of Assets:

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

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

Signatures to Schedules A to R forming part of the Balance Sheet and Profit and Loss Account annexed hereto :

Per our report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
Firm's Reg No. 000513S

K S Rao
Partner
Membership No 15850

V C Janardan Rao
Chairman

G K Kabra
Director

Place: Hyderabad
Date : 30-07-2011

**Balance sheet Abstract and Company's General Business Profile.
Pursuant to Part IV of Schedule VI to the Companies Act, 1956.**

I. Registration Details:

Registration No.	1 6 7 0	State Code	0 1
Balance Sheet Date	3 1	0 3	2 0 1 1
	Date	Month	Year

2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placements	N I L

3. Position of Mobilisation and Deployment of Funds:
(Amount in Rs. Thousands)

Total Liabilities	Total Assets
7 4 3 2 0 4	7 4 3 2 0 4

SOURCES OF FUNDS :

Paid-up Capital	1 8 0 0 0	Reserves & Surplus	5 3 8 9 9 7
Secured Loans	1 4 7 3 1 3	Unsecured Loans	N I L

APPLICATION OF FUNDS :

Net Fixed Assets	3 4 1 1 9 6	Investments	0 1 2
Net Current Assets	4 0 1 9 9 6	Misc. Expenditure	N I L
Accumulated Losses	N I L		

Balance Sheet Abstract and Company's General Business Profile (Contd.)**Performance of the Company (Amount in Rs. Thousands)**

Turnover		Total Expenditure	
1 0 6 9 4 2 5		7 6 4 3 5 2	
+ -	Profit (Loss) Before Tax	+ -	Profit/(Loss) after Tax
+ <input type="text"/>	2 5 7 5 8 6	+ <input type="text"/>	1 6 9 7 3 0
Earning per Share in Rs.		Dividend Rate(%)	
Rs.	Ps.	7 5	
9 4 . 2 9			

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF Company

Item code number (ITC Code) :	8 4 1 2 - 1 0
Product Description	H Y D R A U L I C M O T O R S
Item Code number	8 4 1 3 - 1 0
Product Description	H Y D R A U L I C P U M P S
Item Code number (ITC Code) :	8 4 8 1 - 1 0
Product Description	H Y D R A U L I C V A L V E S

VELJAN DENISON LIMITED

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

PROXY FORM

I/We _____
of _____
_____ being member/members of VELJAN DENISON LIMITED

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

as my/our proxy to attend and vote for me/us on my/our behalf at the 37th Annual General Meeting of the Company to be held on Monday the 29th August, 2011, at Plot No. A18 & 19, APIE, Balanagar, Hyderabad-500 037, A.P. and at any adjournment thereof.

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

Affix 30 paise
Revenue Stamp

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

----- ✂ ----- CUT HERE ----- ✂ -----

VELJAN DENISON LIMITED

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

ATTENDANCE SLIP

37th Annual General Meeting - 29th August, 2011
Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037. A.P.

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

Member's Folio No. :

No. of Shares held :

I hereby record my presence at 37th Annual General Meeting - 29th August, 2011.

Member's/Proxy's Signature

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

VELJAN DENISON LIMITED

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

Dear Member,

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

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

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

Thanking you,

Yours truly,

V.C. JANARDAN RAO
Chairman

Notes :

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

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

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

To,

VELJAN DENISON LIMITED

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

From

Name : _____

Address : _____

Dear Sir,

Ref:- Folio No.

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

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

Current/Saving Account No. : _____

Name of the Bank : _____

Branch at : _____

Address of Bank : _____

Date :

Signature

