



th
39 **ANNUAL**
REPORT
2012-2013
VELJAN DENISON LIMITED



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

Shri SRINIVAS VG
Managing Director

Shri G. K. KABRA
Independent Director

Shri M.L. MOTWANI
Independent Director

Shri V. PATTABHI
Independent Director

COMPANY SECRETARY : K. Girija Bala

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

BANKERS : Canara Bank
Syndicate Bank

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 39th Annual General Meeting of M/s. Veljan Denison Limited will be held on Monday the 30th day of September, 2013, 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, 2013 and Statement of Profit & Loss for the year ended as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend for the financial year ended 31st March 2013.
3. To re-appoint a Director in place of Shri M.L.Motwani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Brahmayya & Co, Chartered Accountants, Hyderabad as the Statutory Auditors of the Company and to pass with or without modification the following resolution as an

Ordinary resolution:

“RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any of the Companies Act, 1956 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 authorized to fix their remuneration.”

SPECIAL BUSINESS:

5. To consider and is thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that Shri B.S.Srinivasan who was appointed as Additional Director of the company and who holds office as such upto the date of ensuing Annual General meeting and in respect of whom notices under section 257 of the Companies Act,1956, has been received from a member signifying his intention to propose Shri B.S. Srinivasan , as a candidate for the office of Director of the company, be and is hereby appointed as Director of the company liable to retire by rotation.”

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

“RESOLVED THAT pursuant to 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 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 the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 , including any statutory modification(s) or enactment(s) thereof, for the time being in force, Shri Srinivas VG be and is hereby re-appointed as the Managing Director of the Company with effect from 1.03.2013 for a period of 3 (Three) years on remuneration and perquisites as provided below payable for a period of 3 years subject to ceiling limits of the Companies Act, 1956:

1. Basic Salary: Rs.1,45,420/- per month.
2. Commission: The commission will be in addition to the salary, perquisites and allowances. The amount of commission shall not exceed 2% of the profits of the Company in a year and shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956

In addition to the salary and commission as stated above, Shri Srinivas VG shall be entitled to the following perquisites and allowances, subject to the overall remuneration in a financial year not exceeding the maximum limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Said Act.

Category A:

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

The above mentioned perquisites and allowances shall be paid on par with those for the Senior Managerial Personnel.

Category B:

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

Overall remuneration:

The aggregate of Salary, Commission, Perquisites and allowance in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, for the time being in force

Minimum Remuneration:

Where in any financial year, during the tenure of Shri Srinivas VG, the Company has no profits or its profits are inadequate, the Company shall pay to Shri Srinivas VG, remuneration by way of Salary and perquisites not exceeding the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modifications thereof for the time being in force

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution.”

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 30/08/2013

V. C. Janardan Rao
Chairman

Notes:

- a) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business items is annexed hereto.
- b) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing a proxy, to be effective, should be deposited at the registered office of the Company not less than 48 hours before the Meeting.
- c) Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
- d) The Share Transfer Register and Members Register will remain closed from 27th September, 2013 to 30th September, 2013 (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, 2013 will be payable to those members whose names appear in the Register of Members of the Company on 26th September, 2013. 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 26th September, 2013.
- f) Members/proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
- g) Members are requested to intimate immediately to the Company, change of address, if any.
- h) Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/re-appointed is given in the annexure to the Notice.
- i) To avoid entry of unauthorized persons into the meeting premises, the signature of the members shall be verified with the specimen signature recorded with the Company at the entrance of the Venue. Inconvenience to members in this regard is highly regretted. The members are requested to carry their folio number with them.
- j) Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification.

Explanatory Statement

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

Item 5:

The Board with a view to broadbase the Board Structure and to have the expert knowledge and experience has appointed Shri B.S.Srinivasan as Additional Director of the company in the Board Meeting held on 30th August,2013. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto ensuing Annual General Meeting

A Notice has been received under section 257 of the Companies Act,1956, from a Member, signifying his intention proposing his appointment as Director of the Company.

Your directors recommend the aforesaid resolution as set out in item no 5 of the notice for your approval as Ordinary resolution.

None of the directors are interested in the aforesaid resolution except the appointee.

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

Hence, the resolution is recommended for your approval.

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

Item 7:

Shri Srinivas VG is a B.E.,M.Sc (Bath University,UK) and has about 19 years of experience in Hydraulic Products. He has been on the Board of the Company since 30-05-1994 and has played a major role in the development of the company.

Keeping in view of his experience and contributions, the management of your Company places the proposal for reappointment of Shri Srinivas VG as Managing Director of the Company with effect from 1st March,2013 at a remuneration as detailed in the resolution.

Hence,the resolution for reappointment as Managing Director of the Company is placed for your approval.

None of the directors of the Company except Shri Srinivas VG, and Shri V.C.Janardan Rao, Chairman is deemed to be concerned or interested in the resolution.

By order of the Board
FOR VELJAN DENISON LIMITED

Place: Hyderabad
Date: 30-08-2013

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 : 77 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
6. No of Shares held : NIL

BRIEF PROFILE OF THE DIRECTORS TO BE APPOINTED/REAPPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:

1. Name : Shri B. S. Srinivasan
2. Age : 68 Years
3. Educational Qualifications : B. Com, F.C.A
Fellow Member of Institute of Chartered Accountants of India.
4. Date of Appointment : 30/08/2013
5. Experience : From 1971 Dec to Dec 1972:
Worked with M/s. Fraser & Ross Chartered Accountants - As audit assistant.

From Jan 1973 to April 1974:
Worked as CEO of medium size private manufacturing company

From May 1974:
As a practicing Chartered Accountant:-
Statutory auditor of 30 incorporated
companies of different sizes and also statutory
auditor of several partnership firms, charitable
NGO's. Also practicing as Income tax
consultant.

6. Name of the Companies in which Directorships are held : 1. Soft Sol India Ltd - A listed Company.
2. Formatrix I.T Solutions (india) P Ltd.
7. No of Shares held : NIL

BRIEF PROFILE OF THE DIRECTORS TO BE APPOINTED/REAPPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:

1. Name : Shri Srinivas VG
2. Age : 45 years
3. Educational Qualifications : B.E.,M.Sc (Bath University,UK)
4. Date of Appointment : 01-01-1993
5. Name of the Companies : Veljan Denison Limited
6. Experience : Production manager
from 01-01-1993 to 29-05-1994
Additional Director
from 30-05-1994 to 29-02-1998
(Executive Director)
7. Shareholding : 2.12%

DIRECTORS' REPORT

To
The Members of
VELJAN DENISON LIMITED
Hyderabad

Your Directors take pleasure in presenting the 39th Annual Report on the affairs of the Company along with the Audited Accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

Rs. In Lakhs

Sl. No.	Particulars	31-03-2013 (12 Months)	31-03-2012 (12 Months)
1.	Profit /Loss (PBDIT)	1790.40	2117.86
2.	Less: Depreciation	311.57	328.87
3.	Profit before Tax	1478.83	1788.99
4.	Less: Tax	484.01	654.62
5.	Profit After Tax	994.82	1134.37

2. OPERATIONS:

During the year under report the sales are 11.70 % lower at Rs.7302.32 Lacs as against Rs. 8269.94 Lacs in the previous year. The Profit before tax for the year is 17.33% lower at Rs. 1478.83 Lacs against Rs. 1788.99 Lacs for the previous year.

3. FUTURE OUTLOOK:

The prevailing Market conditions are likely to increase the turnover and profitability of the Company for the year 2013-2014.

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.

Consisting with this policy and based on the Company's performance, the Directors are pleased to recommend a dividend of Rs 7.50 /- per equity share for the financial year which, if approved at the ensuing Annual General Meeting will be paid to those members whose names appear as shareholders of the Company as at the end of business hours on 26.09.2013 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.1.00 Crore, i.e. 10.05 % of the current profits to reserves of the Company.

6. DIRECTORS:

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

During the period, Shri B.S.Srinivasan, was appointed as an Additional Director of the company in the Board Meeting held on 30th August,2013. A Notice has been received under Section 257 of the Companies Act,1956, from a Member, signifying his intention proposing him for appointment as Director of the Company.

The resolutions concerning the appointment of Shri B.S.Srinivasan and re appointment of Shri M.L.Motwani, are recommended for your approval.

7. 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.

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. LISTING:

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

10. 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 non of the employees drawing a salary in excess of the limits prescribed under the above rules.

11. 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.

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

13. 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.

14. 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: 30-08-2013

V. C. Janardan Rao
Chairman

ANNEXURE - I

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

a. Measures taken for Conservation of Energy :

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

Data in respect of Energy Conservation :

Rs. in Lakhs

	Current Year	Previous Year
a) Turnover	Rs. 7792.39	8664.33
b) Electricity	Rs. 94.94	84.77
c) Diesel	Rs. 86.30	50.50
Electricity Purchased (KWH)	11.06	17.15
Unit Rate (Rs.per KWH)	8.59	4.93

b. Technology Absorption :

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

d) Foreign Exchange Earnings and Outgo:

Rs. in Lakhs

	Current Year Rs.	Previous year Rs.
Foreign Exchange Used	70.08	224.50

Note : We have exported goods worth Rs. 3408.63 lakhs and previous year Rs.4829.56 lakhs through our merchant exporter.

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 :

The year 2012-13 tested the resilience of our business segment in the face of high interest rates and moderate demand slowdown.

The optimism we had on the growth of the Indian Economy was tempered by the 2nd Quarter of the year. The Indian Economy has been slowing down continuously over last two years. Fiscal and current a/c deficits, inflation not abating, tight monetary conditions, declining net exports coupled with governance issues have eroded business confidence. The recent rupee depreciation has added to the woes of the Indian Economy.

Business Environment :

During the period from April 2012 to March 2013, the Company had not done well due to general recession in the market. As there is a improvement in Global Market, Company foresees a growth in demand for its products.

Opportunities & Threats:

Investment in the Oil and Gas, Power and other infrastructure projects slowed down significantly.

Thus for the Current Financial year 2013-14, your Company has a cautious outlook on the economy considering recession in global economy, the anticipated rise in Foreign Exchange rates, crude oil prices, inflationary pressures in the Indian economy and high interest rates.

Consequently, your Company is carrying a lower Sales Order book as compared to the previous year. However, the silver lining is that we have an unprecedented Enquiry level.

Outlook for the Company:

The Government has started announcing certain measures like raising the limits of FDI in various sectors, clearances of pending projects and promises to clear more and more projects primarily relating to infrastructure. The investment in

manufacturing is at its lowest. However, the perception of business and public at large continues to be negative and will turn positive only when they see the realities on the Ground. The steps taken by the Government in recent weeks/months will take time for policy intent to be translated in to economic / industrial revival.

The Government of India's planned investment of `45 trillion in infrastructure in the 12th five year plan (2012-2017) will be a major boost to hydraulic industry. Mirroring the twofold increase of sales in the construction equipment market by 2015, the market for hydraulics in infrastructure and bulk material handling will also double during that period. The increased investments and expansions in core sectors such as infrastructure, steel, cement, mining, as well as oil and gas is driving the market for ancillary products such as hydraulics. Emphasis on the Indian power sector is also expected to give a boost to the hydraulic market. With rapid capacity additions and expansions, the market is anticipated to grow by more than 15 percent over the next five years.

However, despite the projected growth, the absence of reliable suppliers for hydraulics, low availability of indigenous raw materials, and competition from the unorganized sector restrains further growth of the hydraulic market.

The trend to source from low-cost countries has gained momentum, and India, with its rich experience in manufacturing, large pool of skilled manpower, and ever increasing domestic volumes, has gained most of this environment to become a manufacturing hub for the global market. This new status will result in many multinationals clamoring to set up manufacturing facilities in India. The initial challenge of delivery lead times is reducing as global hydraulic component manufacturers are setting up manufacturing or assembling units in India. With the rising prevalence of multinational companies in the country, competition from the price-sensitive unorganized sector will reduce. The elimination of these hurdles will clear the way for uninhibited growth of the hydraulics market.

Risks and Concerns:

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

Internal Control Systems and Their Adequacy:

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

Human Resources/Industrial Relations:

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

Cautionary Statement:

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

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

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

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

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

2. BOARD OF DIRECTORS COMPOSITION:

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

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

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

The board duly met 07 (Seven) times during the period from April '2012 to Mar'2013, the dates are 30.04.2012; 30.07.2012; 03.09.2012; 29.09.2012; 27.10.2012; 09.01.2013 and 31.01.2013 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	7	Chairman	Promoter	Yes	2	1
2.	Shri Srinivas VG	-	M.D.	Promoter and Non- Executive Directors	No	-	1
3.	Shri G.K. Kabra	7	Director		Yes	2	1
4.	Shri M.L. Motwani	4	Director		No	-	3
5.	Shri V. Pattabhi	5	Director		Yes	4	3

3.AUDIT COMMITTEE:
Composition :

The Audit Committee Comprises of following Directors:

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

The Audit committee duly met 04 (Four) times during the financial year on 30.04.2012, 30.07.2012, 27.10.2012, and 31.01.2013 and the attendance of the Members in the Meeting is as follows:

Attendance of Audit Committee Members at their Meetings:

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

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.

4. REMUNERATION COMMITTEE:

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

Composition of Remuneration Committee

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

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

Attendance of Remuneration Committee Members at their Meetings:

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

The details of Salary and other benefits paid for the year ended 31.03.2013 to the Managing Director is as follows:

Rs. in Lakhs

Name of the Director and Designation	Salary Basic	Other Allowances	Total Remuneration
Sri. Srinivas VG Managing Director	Rs 17.45	Rs 43.52	Rs 60.97

The Company has paid sitting fees to all Directors amounting to Rs 9,20,000 /- for Board Meetings , Committee Meetings and Review Meetings. The details of aggregate amount of sitting Fees paid to each non-executive & Independent Director during the financial period from April '2012 to March '2013 is as follows:

Name of the Director	Sitting Fees
Sri V C Janardan Rao	Rs 2,00,000 /-
Sri. G.K. Kabra	Rs 2,40,000/-
Sri. V. Pattabhi	Rs 2,40,000/-
Sri. M.L. Motwani	Rs 2,40,000/-

5. INVESTORS GRIEVANCE COMMITTEE:

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

Terms of reference :

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

The functions of the committee include :

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

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

Name and designation of the Compliance officer:

Mrs. K.Girija Bala (Company Secretary)

GENERAL BODY MEETING:

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

Year	Date of AGM	Time of Meeting	Place where the Meeting was held
2012	29.09.2012	11.00 A.M.	Plot no. A 18 & 19,A.P.I.E, Balanagar, Hyderabad - 500037
2011	29.08.2011	11.00 A.M.	Plot No A 18 & 19, A.P.I.E, Balanagar, Hyderabad-500037
2009	30.06.2010	11.00 A.M.	Plot No 9, Phase I, I.D.A., Patancheru-502319

- 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.

Disclosures of related party transactions are provided in Notes on Accounts no. 23 point no.(6) in the Balance Sheet.

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 39th Annual General Meeting of the Company will be held on 30th September, 2013 at 11.00 A.M. at A 18 & 19 APIE, Balanagar, Hyderabad. A.P.

b) The Financial Year of the Company is from 1st April, 2012 to 31st March, 2013 this year.

c) Date of Book Closure: 27th September 2013 to 30th September, 2013 (both days inclusive)

- d) The Board of Directors in its Meeting held on 25-05-2013 have recommended dividend of 75% for the year ended 31st March, 2013 to those members whose names appear in the Register of Members as on 26-09-2013.
- e) The Shares of the Company are listed at The Bombay Stock Exchange Limited.
- f) The listing fees for the financial years 2011-12 and 2012-13 has been paid to the respective stock exchange.
- g) Stock code: 505232
- h) ISIN for the Company's Equity Shares: INE 232E01013
- i) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- j) Monthly high and Low Stock quotations during the Financial year are as follows:

The Stock Exchange, Mumbai

Month (Rs.)	High (Rs.)	Low (Rs.)
Apr-12	409.00	375.00
May-12	395.00	251.00
Jun-12	301.85	264.00
Jul-12	284.90	237.50
Aug-12	263.80	222.00
Sep-12	292.35	235.15
Oct-12	304.85	265.25
Nov-12	318.95	270.10
Dec-12	314.00	281.10
Jan-13	304.45	272.70
Feb-13	283.00	255.10
Mar-13	279.00	237.00

(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, 2013

Nominal Value	Holders		Amount	
	Number	% to Total	In Rs	% to Total
Upto - 5000	1937	94.63	1481410	6.58
5001 - 10000	57	2.78	395720	1.76
10001 - 20000	20	0.98	284570	1.26
20001 - 30000	7	0.34	172020	0.76
30001 - 40000	1	0.05	33420	0.15
40001 - 50000	3	0.15	145000	0.64
50001 - 100000	8	0.39	591670	2.63
100001 and above	14	0.68	19396190	86.21
TOTAL	2047	100.00	22500000	100.00

13. Shareholding pattern: As on 31st March, 2013

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

14. Dematerialisation of shares and liquidity :

ISIN (Code No.) : INE232E01013

18,79,006 shares of the Company are being held in Demat form as on 31st March, 2013.

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, 2013.

For Veljan Denison Limited

Date : 30/08/2013

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, 2013 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

Dheeraj Kumar
Finance Manager

Date : 30-08-2013

Place : Hyderabad

CERTIFICATE

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 2013, 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 of 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 : 25-05-2013

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

INDEPENDENT AUDITORS' REPORT

To the Members of VELJAN DENISON LIMITED, HYDERABAD.

Report on the Financial Statements:

We have audited the accompanying financial statements of **VELJAN DENISON LIMITED, HYDERABAD** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Reports on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. The balance sheet, statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441 A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place: Hyderabad
Date : 25-05-2013

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

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. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacturing of Hydraulic Equipments and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2013 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.

-
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 made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
 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 : 25-05-2013

(K.S.Rao)
Partner
Membership No.015850



VELJAN DENISON LIMITED

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

BALANCE SHEET AS AT 31st MARCH, 2013

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS'S FUNDS:			
(a) Share Capital	1	225.00	225.00
(b) Reserves and Surplus	2	7125.61	6,328.21
2 NON-CURRENT LIABILITIES			
(a) Long-term borrowings	3	1.20	219.73
(b) Deferred tax liabilities (Net)		437.57	433.56
3 CURRENT LIABILITIES			
(a) Short-term borrowings	4	2359.11	1,008.49
(b) Trade payables	5	465.06	533.47
(c) Other current liabilities	6	1053.28	1,100.95
(d) Short-term provisions	7	197.42	196.13
Total		11864.25	10,045.54
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Fixed assets			
(i) Tangible assets	8	2758.54	3,045.82
(ii) Intangible assets	8	8.52	6.16
(iii) Capital work-in-progress	8	329.30	249.52
(b) Long term loans and advances	9	63.24	57.37
2 CURRENT ASSETS			
a) Inventories	10	1574.94	1,650.20
b) Trade receivables	11	4806.82	4,053.70
c) Cash and cash equivalents	12	1496.45	319.01
d) Short-term loans and advances	13	424.93	267.42
e) Other Current Assets	14	401.51	396.34
Total		11864.25	10,045.54

Accounting Policies and notes on Accounts 23 & 24

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

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

K S Rao
Partner
Membership No. 015850

V C Janardan Rao
Chairman

G K Kabra
Director

K. Girija Bala
Company Secretary

Place: Hyderabad
Date : 25-05-2013

**VELJAN DENISON LIMITED**Plot No.44, 4th Floor, HCL Towers,
Chikoti Gardens, Begumpet, Hyderabad - 16.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013** (Figures in Rs Lakhs)

Particulars	Refer Note No	Current Year Rs.	Previous Year Rs.
INCOME:			
I. Revenue from operations	15	7302.32	8,269.94
II. Other Income	16	73.20	100.18
III. Total (I +II)	Total	<u>7375.52</u>	<u>8,370.12</u>
IV. EXPENSES			
Cost of Raw Materials Consumed	17	2437.25	2,651.61
Cost of Finished Goods Sold		22.00	0.00
Changes in inventories of finished goods, work-in-progress	18	-79.20	-166.93
Employee benefit expense	19	676.47	666.79
Finance costs	20	178.87	196.07
Depreciation	21	311.57	328.87
Other expenses	22	2349.73	2,904.72
Total Expenses		<u>5896.69</u>	<u>6,581.13</u>
V. Profit Before Tax		1478.83	1,788.99
VI. Less Tax expense:			
(1) Current tax		480.00	610.00
(2) Deferred tax		4.01	44.62
VII. Profit after Tax		<u>994.82</u>	<u>1,134.37</u>
VIII. Earning per equity share (Amount in Rs)			
(1) Basic		44.21	50.42
(2) Diluted		44.21	50.42

Accounting Policies and Notes on Accounts 23 & 24

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

As Per our report of even date
for **BRAHMAYYA & CO.**,
Chartered Accountants,
Firm regn No. 000513S**K S Rao**
Partner
Membership No. 015850**V C Janardan Rao**
Chairman**G K Kabra**
Director**K. Girija Bala**
Company SecretaryPlace: Hyderabad
Date : 25-05-2013



VELJAN DENISON LIMITED

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

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2013 Rs.	Previous Year 31-03-2012 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax & Extraordinary items	1478.83	1788.99
Depreciation	311.57	328.87
Interest Expenses	178.87	196.07
Interest Income	(8.14)	(10.59)
Tools and Jigs, Fixtures and Patterns Written off	13.51	11.62
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	1974.64	2314.96
Adjustments for :		
Inventories	61.75	(540.15)
Trade receivable	(753.12)	(144.75)
Other Receivable	(162.76)	(74.85)
Trade payable	(100.98)	(252.92)
Income Tax paid	(451.57)	(810.55)
Net cash flow from operating activities A	567.96	491.74
B CASH FLOW FROM INVESTING ACTIVITIES:		
Interest Received	7.31	11.29
Purchase of fixed Assets	(120.51)	(175.14)
Net Cash Used in investing Activities B	(113.20)	(163.85)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowing	(295.29)	(280.75)
working capital loans	1350.62	332.41
Share capital	0.00	45.00
Interest paid	(178.87)	(196.07)
Dividend paid	(153.78)	(121.10)
NET CASH FLOW FROM FINANCING ACTIVITIES	722.68	(220.51)
D NET CASH INCREASE / DECREASE IN CASH AND CASH EQUIVALENT	1177.44	107.38
OPENING CASH & BANK BALANCE	319.01	211.63
CLOSING CASH & BANK BALANCE	1496.45	319.01

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

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

K S Rao
Partner
Membership No. 015850

V C Janardan Rao
Chairman

G K Kabra
Director

K. Girija Bala
Company Secretary

Place: Hyderabad
Date : 25-05-2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

NOTE 1

SHARE CAPITAL:	AS AT 31-03-2013		AS AT 31-03-2012	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
AUTHORISED				
Equity Shares of Rs 10/- each	3,000,000	300.00	3,000,000	300.00
		<u>300.00</u>		<u>300.00</u>

ISSUED, SUBSCRIBED AND PAID UP

	2,250,000	225.00	2,250,000	225.00
Equity Shares of Rs 10/- each fully paid up				

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

Particulars	No of Equity Shares Rs 10/- each As At 31-03-2013	No of Equity Shares Rs 10/- each As At 31-03-2012
Share Outstanding at the beginning of the Year	2,250,000	1,800,000
Shares Issued during the Year	0.00	450,000
Share redeemed/bought back during the Year	N.A.	N.A.
Shares outstanding at the end of the Year	2,250,000	2,250,000

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

Name of the Share Holders	As AT		As AT	
	31st March 13 No of Share Held	% of Holding	31st March 12 No of Share Held	% of Holding
V Chukkamamba	597,139	26.54	597,139	26.54
V C Janardan Rao	309,753	13.76	309,753	13.76
Veljan Investments Ltd	243,950	10.84	243,950	10.84
Veljan Hydrair Limited	169,830	7.55	169,830	7.55
Incentive Fastighet AB	234,000	10.40	234,000	10.40

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
NOTE 2		
RESERVES & SURPLUS:		
a. CAPITAL RESERVES (Subsidy)		
At the commencement of the Year	15.00	15.00
Closing Balance	15.00	15.00
b. Capital Redumption Reserve		
At the commencement of the Year	3.00	3.00
Closing Balance	3.00	3.00
c. Investment Allowance Reserved Utilised		
At the commencement of the Year	12.80	12.80
Closing Balance	12.80	12.80
d. Security Premium		
At the commencement of the Year	45.00	45.00
Closing Balance	45.00	45.00
e. General Reserve		
At the commencement of the Year	1220.00	1,100.00
Add: Current Year	100.00	120.00
Closing Balance	1320.00	1,220.00
f. Surplus:		
At the commencement of the Year	5032.41	4,214.17
Add: Transfer from Surplus	994.82	1,134.37
Total Surplus	6027.23	5,348.54
Less : Proposed Dividend on Equity Shares	168.75	168.75
Corporate Dividend Tax	28.67	27.38
Transfer to General Reserve	100.00	120.00
Closing Balance	5729.81	5,032.41
Grand Total	7125.61	6,328.21

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

Particulars	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
-------------	----------------------------	----------------------------

NOTE 3
LONG TERM BORROWING - SECURED :
Term Loans

1. Andhra Pradesh State Financial Corporation	0.00	213.90
---	------	--------

Other Loans

2. Car Loans From Kotak Mahindra Bank	1.20	5.83
---------------------------------------	------	------

TOTAL	1.20	219.73
--------------	-------------	---------------

1. Term Loan from Andhra Pradesh State Financial Corporation is Secured by Way of First Charge on the Fixed Assets of the Company and Personal Guarantees of Two of the Directors of the company.

Terms of Repayment

Particulars	Sanction Date	Term Loan interest %	Instalments	
			Current Year	Previous Year
Andhra Pradesh State Financial Corporation	05-07-06	12	0	3

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

Terms of Repayment: Equated Monthly Instalments

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

a. Cash Credit From : Canara Bank	1619.38	730.62
b. Cash Credit From : Syndicate Bank	732.59	232.07

2. Documentary Bills Discounting :

c. From - Syndicate Bank	7.14	45.80
--------------------------	------	-------

TOTAL	2359.11	1,008.49
--------------	----------------	-----------------

Working Capital Loans are secured by hypothecation of Raw Materials, Finished Goods, Book Debts and documentary bills discounted and second charges on the fixed Assets of the Company except the Vehicles Under Hypothecation, further Guaranteed by One Director of the company in their Capacities to the extent of Rs 2300 Lakhs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
-------------	----------------------------	----------------------------

NOTE 5
TRADE PAYABLES

Sundry creditors

Due to Micro, Small and Medium Enterprises	14.76	8.46
Others	450.30	525.01
TOTAL	<u>465.06</u>	<u>533.47</u>

NOTE 6
OTHER CURRENT LIABILITIES

1. Andhra Pradesh State Financial Corporation	213.90	285.60
2. Kotak Mahindra Bank	5.90	10.96
3 Sundry Creditors : For Capital Expenditure	13.13	22.25
Expenses	405.75	494.97
4. Advance from Customers	75.66	57.43
5. Income Tax (Net))	133.52	77.71
6. Unclaimed Dividends	93.27	78.30
7. Other Liabilities	112.15	73.73
TOTAL	<u>1053.28</u>	<u>1,100.95</u>

NOTE 7
SHORT TERM PROVISIONS

Proposed Dividend	168.75	168.75
Corporate Dividend Tax	28.67	27.38
TOTAL	<u>197.42</u>	<u>196.13</u>

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

(Figures in Rs Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Upto 31.03.2012	For the year	Deductions	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a) 1. TANGIBLE ASSETS:										
Land	104.44			104.44					104.44	104.44
Factory Buildings	367.90			367.90	62.90	11.90		74.80	293.10	305.00
Other Buildings	29.31			29.31	13.24	0.55		13.78	15.53	16.07
Water Works	4.14	0.17		4.31	3.79	0.13		3.93	0.38	0.35
Electrical Installations	3.72			3.72	3.53			3.53	0.19	0.19
Plant and Machinery	4100.04	11.50		4111.54	1654.84	274.05		1928.89	2182.65	2445.20
Inspection & Testing Equipment	147.41	1.92		149.33	87.99	7.65		95.64	53.69	59.42
Office Equipment	137.05	7.29		144.34	114.11	4.98		119.09	25.26	22.94
Air conditioners	13.27			13.27	5.92	0.55		6.47	6.80	7.35
Furniture & Fixtures	49.72	0.45		50.17	24.71	2.58		27.29	22.88	25.01
Canteen Equipment	0.25			0.25	0.17	0.01		0.18	0.08	0.08
Vehicles	57.50	0.00		57.50	14.81	5.45		20.26	37.24	42.69
Material Handling Equipment	26.16	0.32		26.48	9.08	1.08		10.16	16.32	17.08
Sub Total	5040.91	21.65	0.00	5062.56	1995.09	308.93	0.00	2304.02	2758.54	3045.82
b) 2. INTANGIBLE ASSETS										
Software	69.32	5.00		74.32	63.16	2.64		65.80	8.52	6.16
Sub Total	69.32	5.00	0.00	74.32	63.16	2.64	0.00	65.80	8.52	6.16
c) Capital Work in progress										
Sub Total	249.52	79.79	0.00	329.30	0.00	0.00	0.00	0.00	329.30	249.52
GRAND TOTAL	5359.75	106.43	0.00	5466.18	2058.25	311.57	0.00	2369.82	3096.36	3301.50
Previous Year	5141.34	218.42		5359.76	1729.38	328.87	0.00	2058.25	3301.51	3411.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
-------------	----------------------------	----------------------------

Note 9
LONG TERM LOANS AND ADVANCES :

Deposit Recoverable (un secured Considered Good) (Telephones, APCPDCL & Others)	63.24	57.37
---	-------	-------

TOTAL	63.24	57.37
--------------	--------------	--------------

Note 10
INVENTORIES

a) Raw Materials (Valued at cost on weighted average method)	640.75	791.40
b) Stock-in-Process (Valued at cost on weighted average method or realisable value which ever is less)	301.49	256.37
c) Finished Goods (Valued at cost on weighted average method or realisable value which ever is less)	401.65	367.57
d) Stores & Spares (Valued at cost on weighted average method)	123.34	147.50
e) Jigs & Fixture, Patterns and Tools & Implements	107.71	87.36

TOTAL	1574.94	1,650.20
--------------	----------------	-----------------

Details of Raw materials

Steels	178.99	254.93
Castings	78.81	103.75
Components	294.29	350.35
Imported Material	88.66	82.37

TOTAL	640.75	791.40
--------------	---------------	---------------

Note 11
Trade Receivables

Receivables for a period exceeding six months unsecured considered good	1138.69	430.15
Receivables for a period less than six months unsecured considered good	3668.13	3623.55

TOTAL	4806.82	4053.70
--------------	----------------	----------------

Sundry Debtors Include amount due from M/s Veljan Hydrair Limited,
a Company under the same management
Maximum amount due

2769.92	2492.49
2769.92	2737.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2013 Rs.	AS AT 31-03-2012 Rs.
-------------	----------------------------	----------------------------

Note 12
CASH AND CASH EQUIVALENTS:

Cash on Hand	0.42	0.53
Balances With Scheduled Banks: In Current Accounts	27.62	165.30
Balance with Banks against Dividends payments	93.38	78.62
In Fixed Deposits Accounts	1351.26	55.36
Balance With Margin for LC's and BG's	23.77	19.20
TOTAL	1496.45	319.01

Note 13
SHORT TERM LOANS AND ADVANCES

Advances for capital expenditure	17.54	12.59
Advances for Supply of Raw Materials & Expenses	225.77	227.36
Deposits recoverable	175.20	23.16
Staff Advances	6.42	4.31
TOTAL	424.93	267.42

Note 14
OTHER CURRENT ASSETS:

VAT Receivable	132.33	138.61
Service Tax Receivable	217.40	203.38
Deposit with Excise Department	10.24	9.23
Prepaid expenses	13.50	12.01
Interest Receivables	1.49	0.66
Other Receivable	25.25	31.20
Frenge Benefit Tax Paid	1.30	1.25
TOTAL	401.51	396.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2013	Previous Year 31-03-2012
-------------	----------------------------	-----------------------------

Note 15
REVENUE FROM OPERATIONS :
Sale of Products

Pumps & Spares	6328.49	7,221.21
Valves & spares	606.05	608.89
Motors & spares	777.88	692.00
Power Packs & Spares	79.97	142.23
	<u>7792.39</u>	<u>8,664.33</u>
Less: Central Excise Duty	490.07	394.39
TOTAL	<u><u>7302.32</u></u>	<u><u>8,269.94</u></u>

Note 16
OTHER INCOME

Interest Earned	8.14	10.59
Service Charges	1.79	0.92
Scrap Sales	46.01	86.85
Excise duty Claim received	11.86	
Miscellaneous receipts	3.16	0.66
Credit Balances Written Back	0.00	1.16
Excess Provision Written Back	2.24	0.00
TOTAL	<u><u>73.20</u></u>	<u><u>100.18</u></u>

Note 17
RAW MATERIALS CONSUMED :

Opening Stocks	791.40	483.18
Add: Purchases	<u>2286.60</u>	<u>2,959.83</u>
	<u>3078.00</u>	<u>3,443.01</u>
Less Closing stocks	640.75	791.40
Cost of Raw Materials Consumed	<u><u>2437.25</u></u>	<u><u>2,651.61</u></u>
Cost of Finished Goods Sold	<u>22.00</u>	<u>0.00</u>
	<u>22.00</u>	<u>0.00</u>

Imported and Indigenous Raw material Consumed

	% of Consumption	Current Year 31-03-2013	% of Consumption	Previous Year 31-03-2012
Imported	5.18%	127.16	7.71%	204.42
Indigenous	94.82%	2332.09	92.29%	2,447.19
TOTAL	<u><u>100.00%</u></u>	<u><u>2,459.25</u></u>	<u><u>100.00%</u></u>	<u><u>2,651.61</u></u>

Details of Raw Material Consumed

Steels Consumed	408.62	327.95
Castings Consumed	904.74	927.91
Components Consumed	1018.73	1,191.33
Imported Material Consumed & including cost of F.G	127.16	204.42
TOTAL	<u><u>2459.25</u></u>	<u><u>2,651.61</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2013	Previous Year 31-03-2012
-------------	----------------------------	-----------------------------

**Note 18
CHANGES IN INVENTORIES OF
FINISHED GOODS, WORK IN PROGRESS**

(Increase)/Decrease in Stocks

Opening Stocks

Finished Goods	367.57	247.80
Stock-in-Process	256.37	209.21
TOTAL	<u>623.94</u>	<u>457.01</u>

Closing Stocks

Finished Goods	401.65	367.57
Stock-in-Process	301.49	256.37
TOTAL	<u>703.14</u>	<u>623.94</u>

(Increase)/ Decrease in Stocks	<u>TOTAL</u>	<u>-79.20</u>	<u>-166.93</u>
--------------------------------	---------------------	----------------------	-----------------------

Note 19
EMPLOYEE BENEFITS EXPENSES

Salaries , Wages and Bonus	595.17	577.38
Contribution to Provident Fund	38.57	36.00
Contribution to Employee's State Insurance	10.60	13.02
Group Gratuity & Deposit Linked Insurance	13.70	22.81
Superannuation Premium	4.52	4.05
Workmen & Staff Welfare Expenses	13.91	13.53
TOTAL	<u>676.47</u>	<u>666.79</u>

Note 20
FINANCE COSTS

Interest	138.86	170.82
Other Borrowing Costs	40.01	25.25
TOTAL	<u>178.87</u>	<u>196.07</u>

Note 21
DEPRECIATION EXPENSE

Depreciation	311.57	328.87
TOTAL	<u>311.57</u>	<u>328.87</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2013	Previous Year 31-03-2012
Note 22		
OTHER EXPENSES		
Job Expenses	818.61	1,083.48
Stores Consumed	315.75	367.38
Packing Material Consumed	75.02	74.91
Carriage Inward	38.29	35.46
Power and Fuel	94.94	84.77
Repairs & Maintenance		
Building	4.55	11.21
Plant and Machinery	23.63	40.84
Others	44.18	42.99
Tools & Dies written off	13.51	11.62
Rent	22.92	23.36
Licenses and Taxes	9.75	9.14
Sales Tax	198.09	153.90
Insurance	9.65	8.01
Printing & Stationery	11.11	18.43
Postage & Telephones	13.57	11.61
Travelling & Conveyance	36.72	24.07
Foreign Travelling Expenses	3.48	10.74
Vehicle Maintenance	5.30	3.35
Professional & Legal Charges	36.80	37.42
Remuneration to Directors	74.50	84.03
Selling & Distribution Expenses	345.78	495.60
Advertisement	3.72	6.39
Remuneration to Auditors:		
For Audit Fees	4.49	3.37
For Tax Audit Fees	0.56	0.56
Sitting fee to Directors	9.20	4.90
Prior Period Expenditure	0.00	0.08
Donations	83.62	214.01
General Expenses	44.26	39.89
Service Tax Paid	6.30	0.03
Bad Debts Written Off	1.43	3.20
TOTAL	2,349.73	2,904.72

Imported and Indigenous Stores Consumed

Particulars	% of Consumption	Current Year 31-03-2013	% of Consumption	Previous Year 31-03-2012
Imported	0.50%	1.58	1.85%	6.81
Indigeneous	99.50%	314.17	98.15%	360.57
TOTAL	100.00%	315.75	100.00%	367.38

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2013 Rs.	Previous Year 31-03-2012 Rs.
Note 23		
1. A) Contingent Liabilities not provided for :		
a) Towards Guarantees and Letters of credit issued by the Bankers to the extent of	240.42	91.80
b) Bill discounted with bankers to the extent of	7.14	45.80
c) Interest claimed by District Industries Centre Sangareddy for delay in payment of instalments of Interest Free sales tax loan, which is contested by the Company	23.29	23.29
B) Contracts remaining to be executed on Capital account.	35.31	23.88
2. Value of Imports calculated on C.I.F. Basis		
a) Raw Materials and Components	67.12	211.65
b) Cutting Tools	1.24	6.22
c) Maintenance items	0.58	1.51
3. Expenditure in Foreign Currency :		
Travelling	1.13	4.53
4. Fixed Deposits pledged with Banks for the purpose of Guarantees/L.C.'s		
	23.77	19.20
5. Taxes on Income-Tax AS - 22		
Item of Deferred Tax Liability		
Depreciation	1394.86	1,348.77
Total (A)	<u>1394.86</u>	<u>1,348.77</u>
Item of Deferred Tax Assets 43B Payments	107.52	73.21
Total (B)	<u>107.52</u>	<u>73.21</u>
Deferred Tax Liability (A-B)	<u>1287.35</u>	<u>1,275.55</u>
Tax there on	<u>437.57</u>	<u>433.56</u>

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

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

Directors

Sri G K Kabra
 Sri M L Motwani
 Sri V Pattabhi

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

1. M/s. Veljan Hydrair Ltd - Common Control
2. M//s. Veljan Investments Ltd - Common Control
3. M/s Suxus Systems Ltd
4. M/s JDM Hydro Pnuematics Ltd
5. M/s. Ecmat Limited

A Transactions during the Year

Particulars	Key Management Personnel	Directors	Enterprises in Which the Key Management personnel and their relatives are interested
Remuneration	29.72 (29.72)		
Commission	31.25 (37.60)	15.62 (18.80)	
SALES:			
Veljan Hydrair Limited			3545.41 (4861.19)
PURCHASES:			
Veljan Hydrair Limited			37.72 (107.38)
Suxus Systems Limited			929.03 (1181.59)
DISCOUNTS:			
Veljan Hydrair Limited			340.86 (482.96)
RENT:			
Veljan Investments Limited			22.77 (22.77)
JOB EXPENSES:			
Ecmat Limited			788.21 (1044.21)
JDM Hydro Pneumatic Ltd.			11.16 (18.74)
PROFESSIONAL CHARGES:			
Veljan Investments Limited			24.44 (24.00)
B. Balance as at 31.03.2013			
Payables	81.08 (37.60)	15.62 (18.80)	216.92 (226.31)
Receivable			2881.76 (2618.06)

7. In the opinion of the management, the current assets, loans and advances are expected to realise the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
8. Balances in personal accounts are subject to confirmation and there by reconciliation
9. The company has Installed machinery worth Rs. 370.72 /- ,(previous year Rs. 370.72) in M\S Ecmat Ltd, for the job works given to them.
10. Consequent to the Notification Under the Companies Act, 1956 the financial statements for the Year ended 31st March, 2013 are prepared under Revised Schedule VI accordingly, the Previous year's figures also have been reclassified to confirm to this Year's classification.

SIGNIFICANT ACCOUNTING POLICIES**Note No. 24**

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

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

12. Impairment of Assets:

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

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

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

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

K S Rao
Partner
Membership No. 015850

V C Janardan Rao
Chairman

G K Kabra
Director

K. Girija Bala
Company Secretary

Place: Hyderabad
Date : 25-05-2013

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 39th Annual General Meeting of the Company to be held on Monday the 30th, September 2013, at Plot No. A18 & 19, APIE, Balanagar, Hyderabad-500 037, A.P. and at any adjournment thereof.

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

Affix 1/- Rupee
Revenue Stamp

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

----- ✂ ----- CUT HERE ----- ✂ -----

VELJAN DENISON LIMITED

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

ATTENDANCE SLIP

39th Annual General Meeting - 30th September, 2013
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 39th Annual General Meeting - 30th September, 2013.

Member's/Proxy's Signature

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

VELJAN DENISON LIMITED

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

Dear Member,

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

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

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

Thanking you,

Yours truly,

V.C. JANARDAN RAO
Chairman

Notes :

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

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

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

To,

VELJAN DENISON LIMITED

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

From

Name : _____

Address : _____

Dear Sir,

Ref:- Folio No.

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

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

Current/Saving Account No. : _____

Name of the Bank : _____

Branch at : _____

Address of Bank : _____

Date :





Signature



— Veljan Denison Limited —

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Veljan Denison Limited
2	Annual financial statements for the year ended	31st March,2013
3	Type of Audit Observation	Nil
4	Frequency of Observation	Nil
5	To be signed by	
	CEO/Managing Director	 SRINIVAS VG MANAGING DIRECTOR
	CFO	 DHEERAJ KUMAR FINANCE MANAGER
	Auditor of the Company	For BRAHMAYYA & CO., Chartered Accountants, Firm Regn.No.0005135  K S RAO Partner Membership No.15850
	Audit Committee Chairman	 V.PATTABHI