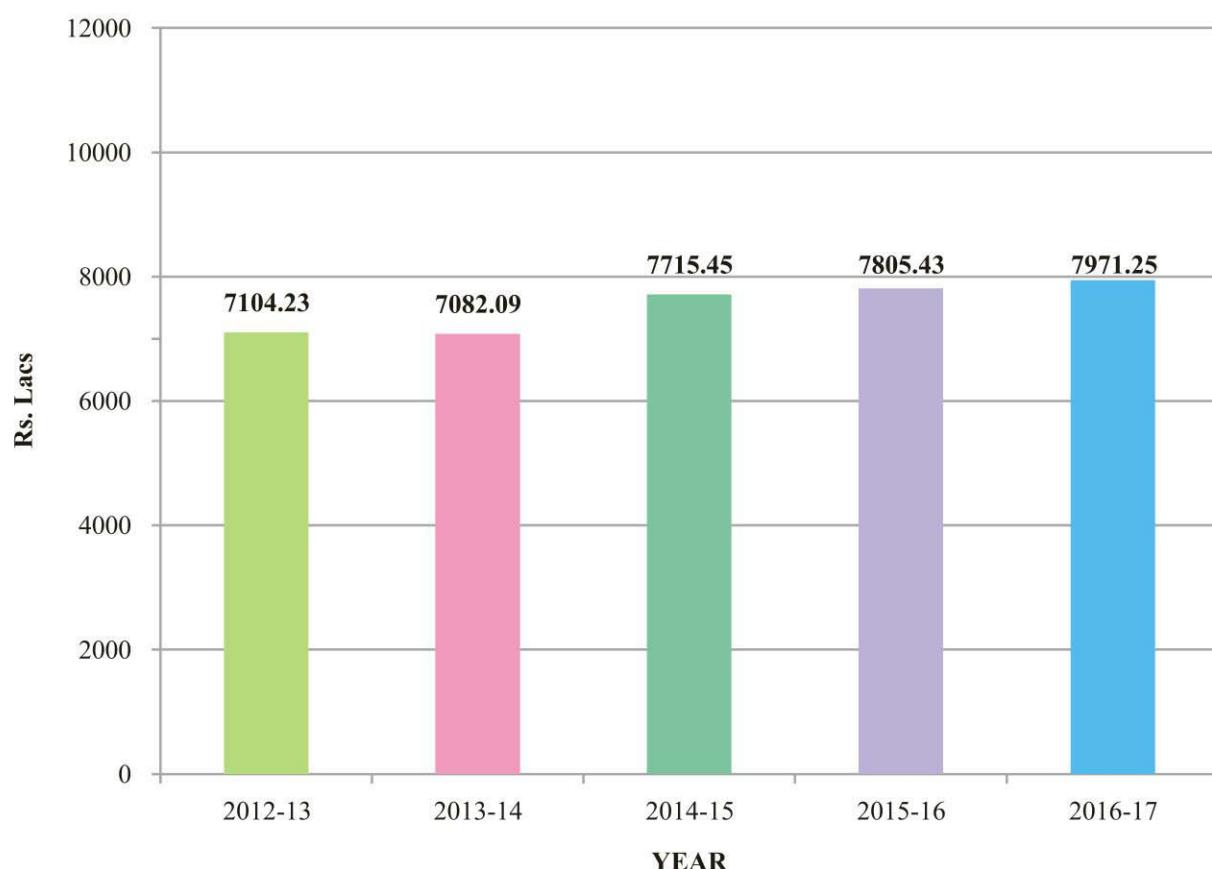


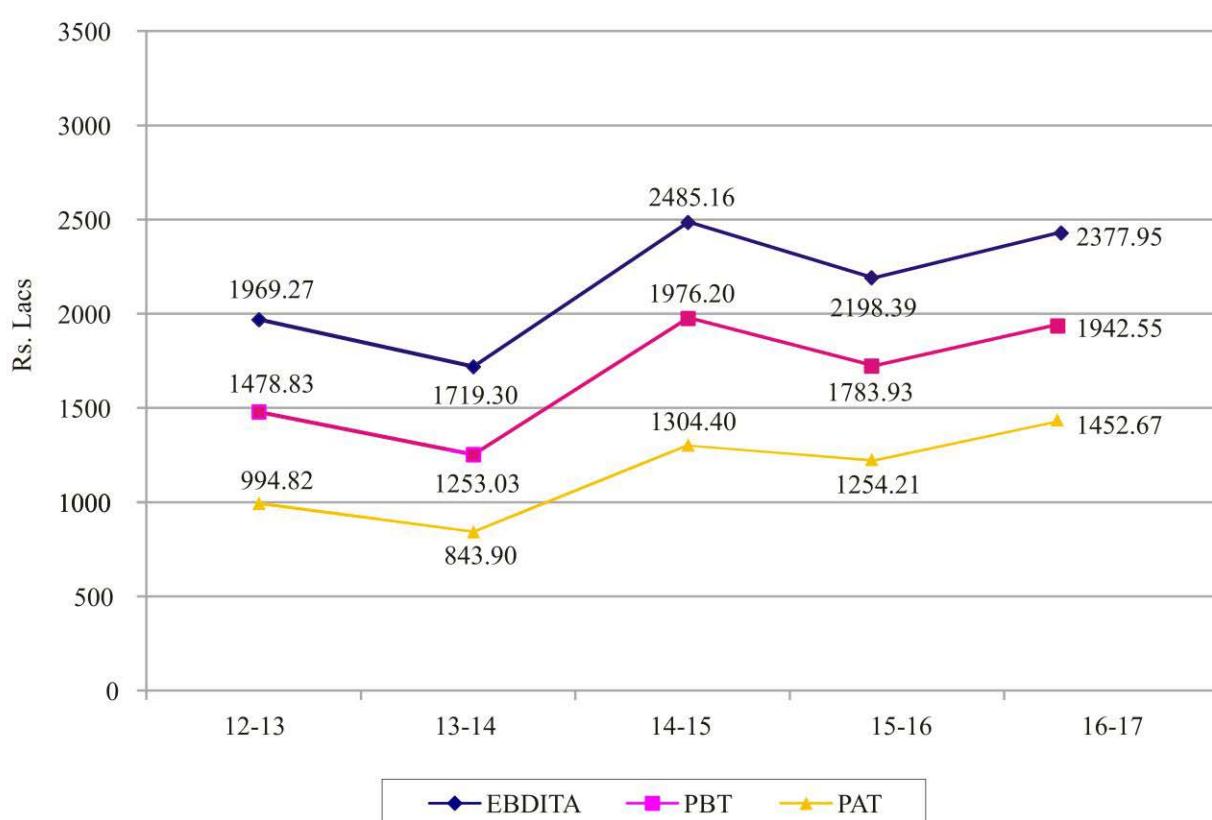
**43<sup>rd</sup> ANNUAL REPORT  
2016 - 2017**



## NET SALES



## PROFIT TREND



**BOARD OF DIRECTORS :**

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

**Shri. G. K. KABRA**  
Independent Director

**Shri . M.L. MOTWANI**  
Independent Director

**Shri, V. PATTABHI**  
Independent Director

**Shri. B.S.SRINIVASAN**  
Independent Director

**Smt. U.UMA DEVI**  
Director

**BOARD'S SUB – COMMITTEES****1. Audit Committee**

Shri. V. PATTABHI - Chairman  
Shri. B.S. SRINIVASAN  
Shri. M.L. MOTWANI

**2. Corporate Social Responsibility(CSR) Committee**

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

**3. Nomination & Remuneration Committee**

Shri. G. K. KABRA - Chairman  
Shri. M.L. MOTWANI  
Shri. V. PATTABHI

**4. Stakeholder's Relationship Committee**

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

**SENIOR MANAGEMENT**

**Chief Finance Officer :**  
Shri. DHEERAJ KUMAR  
(Resigned w.e.f. 21.08.2017)

**Company Secretary:**  
Shri. S JASMINDER SINGH  
(Resigned w.e.f. 10.08.2017)

**Statutory Auditors :**

M/S. BRAHMAYYA & CO.,  
Chartered Accountants  
Flat No 403 & 404, 4th Floor  
Golden Green Apartments,  
Erramanzil Colony, Hyderabad – 500082

**Secretarial Auditor :**

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

**Internal Auditor:**

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

**Cost Auditor:**

M/s. SRK & Co.,  
Cost Accountants, # 205, 3rd Floor, Reliance Krishna  
Apts, Hillfort Road, Hyderabad – 500 004

**Bankers:**

Canara Bank  
HDFC Bank Ltd.

**Registered Office:**

Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad- 500016, Telangana.  
Ph.No.: 040-27764546  
Fax No.: 040-27765253

**Factory:**

Plot No. 10A, Phase-I, I.D.A,  
Patancheru - 502 319, Medak District, Telangana  
Ph. No.: 08455-242013, 242020 & 242049,  
Fax No.: 08455-242085

**Registrar And Share Transfer Agents**

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

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### HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

Particulars	2006-07	2007-08	2008-09	2009-11 (18 Months)
1. Sales & other income	5113.01	6438.87	4274.72	10219.37
2. Profit Before int, dep & tax	1699.28	1769.91	1271.29	3301.38
3. Profit before extraordinary/exceptional Items & Tax	1508.53	1443.18	837.21	2575.86
4. Profit after Tax	921.97	851.40	471.33	1697.30
5. Net Fixed Assets	1780.04	2594.78	3223.39	3411.96
6. Share Capital	180.00	180.00	180.00	180.00
7. Reserves & surplus	2737.60	3483.71	3850.09	5389.97
8. Net Worth	2917.60	3663.71	4030.09	5569.97
9. Return on Net worth(RONW) PAT/Networth	31.60%	23.24%	11.70%	30.47%
10. Return on Avg.Capital Employed (ROCE)	0.18	0.11	0.06	0.17
11. Cash Earnings per share(Rs)	58.49	58.04	41.39	122.43
12. Earnings per share (Rs)	51.22	47.30	26.19	94.29
13. Dividend per Share (Rs)	5.00	5.00	5.00	7.50
14. Book Value per Share(Rs)	162.09	203.54	223.89	309.44
15. Sundry Debtors - No of Days	135	122	126	200
16. Turnover/Avg Inventory (Times)	3.66	3.56	2.38	2.82
17. Current Ratio	1.94	2.30	2.61	2.28
20. Debt-Equity Ratio	0.85	0.97	0.63	0.61

### HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
8370.12	7375.52	7400.61	8187.41	8076.70	8325.42
2313.93	1969.27	1719.30	2485.16	2198.39	2377.95
1788.99	1478.83	1253.03	1976.20	1783.93	1942.55
1134.37	994.82	843.90	1304.40	1254.21	1452.67
3301.50	3096.36	2878.52	2666.09	2934.23	2708.83
225.00	225.00	225.00	225.00	225.00	225.00
6328.21	7125.61	7772.08	8813.24	9796.65	11249.32
6553.21	7350.61	7997.08	9038.24	10021.65	11474.32
17.31%	13.53%	10.55%	14.43%	12.52%	12.66%
0.10	0.07	0.06	0.07	0.07	0.06
65.55	58.66	51.67	71.06	67.14	76.51
50.42	44.21	37.51	57.97	55.74	64.56
7.50	7.50	7.50	10.00	10.00	10.00
291.25	326.69	355.43	401.70	445.41	509.97
171	225	167	279	291.16	244.92
3.54	2.76	2.89	2.58	2.94	2.75
2.38	2.15	2.67	2.62	3.70	3.44
0.47	0.55	0.45	0.47	0.34	0.36

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 43rd Annual General Meeting of M/s. Veljan Denison Limited (CIN: L29119TG1973PLC001670) will be held on Wednesday the 27th day of September, 2017, at 11.30 A.M. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad, Telangana-500037 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements for the year ended 31st March, 2017 and the Reports of the Boards' and the Auditors' thereon.
2. To declare final dividend for the financial year 2016-17.
3. To elect and appoint a Director in place of Sri. V.C. Janardan Rao (DIN: 00181609), Chairman and Managing Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139 and 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. K. S Rao & Co, Chartered Accountants, Hyderabad (FRN: 003109S) be and are hereby appointed as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Forty Eighth AGM to be held in the year 2022 in place of existing Statutory Auditors M/s. Brahmayya & CO. who retire at this Annual General Meeting, subject to ratification at every Annual General Meeting and that the Board be and is hereby authorized to fix their remuneration.”

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

Place: Hyderabad  
Date: 26/08/2017

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

**Explanatory Statement****(Pursuant to the provisions of Section 102 of the Companies Act, 2013)**

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**ITEM NO. 3:**

At the 41st Annual General Meeting of the Company held on 30th September, 2015, the Members have approved the re-appointment of Mr. VC Janardan Rao as the Managing Director of the Company with effect from January 1, 2015 up to December 31, 2019.

However, in terms of Section 152(6)(a) of the Companies Act, not less than two-thirds of the 'total number of directors' of a public company are liable to retire by rotation, unless the articles of association of such company provide for retirement of all directors at every annual general meeting. The explanation to Section 152(6)(a) states that the term 'total number of directors' shall not include independent directors of a company. Further, Section 149(13) of the Companies Act provides that, Sections 152(6) and 152(7) dealing with retirement of directors by rotation shall not be applicable to independent directors.

The Board of the Company comprises of six directors of which four are independent directors, one Non-Executive Women Director and one Managing Director.

In accordance with Section 152(6)(C) of the Companies Act, one-third of the total number of directors are liable to retire by rotation, or if their number is neither three nor a multiple of three, then the number nearest to one-third, shall retire at the AGM of the company every year.

In order to ensure compliance of Section 152 of the Companies Act, 2013, Mr. VC Janardan Rao, Chairman and Managing Director agreed to retire at this annual general meeting and, being eligible, is seeking re-appointment. This retirement and re-appointment is only to comply with the provisions of the Companies Act, 2013 and as such shall not be treated as break in the employment of Mr. VC Janardan Rao as Managing Director if he is re-appointed at the AGM.

In view of the above, the Board recommends the reappointment of Mr. VC Janardan Rao as Director and his continuation as the Managing Director of the Company on the terms and conditions approved by the members at their earlier meetings.

A brief profile of Mr. VC Janardan Rao is given in the Annexure to this Notice, as required under SEBI LODR Regulations.

Except for Mrs U. Uma Devi, Mr. VC Janardan Rao is not related to any other Director and Key Managerial Personnel of the Company.

Except Mr. VC Janardan Rao & Smt. U Umadevi and their relatives, no Director and/ or key managerial person is in any way concerned or interested in the Resolution at Item No.3 of the Notice.

**ITEM NO.4**

The existing Statutory Auditors, M/s. Brahmayya & Co., Chartered Accountants, were appointed until the conclusion of the 43rd Annual General Meeting.

In view of the mandatory requirement for rotation of auditors upon completion of 10 years of association with a company, in terms of Section 139 of the Companies Act, 2013, M/s. Brahmayya & Co. will retire as Company's Auditors at the conclusion of the ensuing 43rd Annual General Meeting. It is proposed to appoint M/s. K S Rao & Co. as the new Statutory Auditors of the Company. The Board of Directors (the "Board"), based on the recommendation of the Audit Committee, had recommended appointment of M/s. K S Rao & Co. as the Statutory Auditors of the Company for a period of five continuous years i.e. from the conclusion of 43rd Annual General Meeting till the conclusion of 48th Annual General Meeting of the Company.

M/s. K S Rao & Co. have informed the Company that their appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013. M/s. K S Rao & Co. have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold valid certificates issued by the Peer Review Board of the ICAI. M/s. K S Rao & Co. have also furnished a declaration in terms of Section 141 that they are eligible to be appointed as auditors and that they have not incurred any disqualification under the Companies Act 2013.

The Board recommends appointment of M/s. K S Rao & Co. as Statutory Auditors of the Company from the conclusion of 43rd Annual General Meeting up to the conclusion of 48th Annual General Meeting of the Company, subject to ratification at every Annual General Meeting.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested in the Ordinary Resolution as set out in Item No. 4 of the Notice.

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

Place: Hyderabad  
Date: 26/08/2017

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

**Notes:**

- a) 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. A proxy form for the AGM is enclosed.
- b) 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.
- c) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business items as set out in the Notice is annexed hereto.
- d) The Shareholders of the Company are informed that the amount of dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Education and Protection Fund [“the fund”] constituted by the Central Government and the shareholder(s) would not be able to claim any amount of the dividend so transferred to the Fund. All unclaimed/ unpaid dividends declared for and up to the financial year 2008-2009 had been transferred to the fund by the company.
- e) The shareholders who have not encashed their earlier dividend warrants are requested to write to the Company immediately for claiming outstanding dividends declared by the Company.
- f) As per RBI notification, with effect from 1st October, 2009, the remittance of the money through ECS was replaced by National Electronic Clearing Service (NECS) and banks have been instructed to move to the NECS Platform. For the shareholders holding shares in electronic form, please furnish the new Bank Account Number as allotted to you by the bank after implementation of its Core Banking Solutions along with a photocopy of a cheque pertaining to the concerned account to your Depository Participant.
- g) The Equity shares of the Company are tradable in dematerialized form. In view of the same and to avail the inbuilt advantages of the ECS payment, nomination facility and other advantages, the shareholders are requested to get their shares in demat form. The Company ISIN No. INE232E01013.
- h) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the R & T Agent, namely M/s. Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharath Nagar, Hyderabad 500018, Telangana. Phones: 040- 23818475

- i) Electronic copy of the Annual Report for 2016-17 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-17 is being sent in the permitted mode.
- j) The Share Transfer Register and Members Register will remain closed from 19-09-2017 to 27-09- 2017 (both days inclusive) for the purpose of Annual General Meeting.
- k) Members/ proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
- l) Members are requested to intimate immediately to the Company, change of address, if any.
- m) Pursuant to the requirements of the Listing agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / reappointed is given in the annexure to the Notice.
- n) 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.
- o) Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification.
- p) Voting through electronic means;
  - a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through E Voting Services provided by National Securities Depository Limited (NSDL).

**The instructions for shareholders voting electronically are as under:**

- i. The voting period begins on Saturday, 23rd September, 2017 and ends on Tuesday, 26th September, 2017. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 18th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- iii. Click on Shareholders.

- iv. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evoting.nsdl.com](http://www.evoting.nsdl.com). and voted on an earlier voting of any company, then your existing password is to be used.
- vii. The voting rights shall be as per the number of equity share held by the Member(s) as on 18th September, 2017. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- viii. The Companies (Management and Administration) Amendment Rules, 2014 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Saturday, 23rd September, 2017 and shall close at 5.00 p.m. on Tuesday, 26th September, 2017. The e voting module shall be disabled by National Securities Depository Limited (NSDL) on 26th September, 2017 after 5.00 p.m.
- ix. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id /folio number in the Dividend Bank details field as mentioned in instruction(iv).</li> </ul>

- x. After entering these details appropriately, click on “SUBMIT” tab.
- xi. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through NSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xiii. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xiv. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xvi. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xviii. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xix. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xx. Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk@nsdl.co.in](mailto:helpdesk@nsdl.co.in); [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk@nsdl.co.in](mailto:helpdesk@nsdl.co.in); [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or write an email to [helpdesk@nsdl.co.in](mailto:helpdesk@nsdl.co.in);

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) of 18-09-2017.

Mrs. Dafthardar Soumya, Practicing Company Secretary (Membership No: ACS 29312, CP No: 13199) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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

Place: Hyderabad  
Date: 26/08/2017

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

**BRIEF PROFILES OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT****Item No.3 :**

a) Name : VC Janardan Rao  
b) DIN : 00181609  
c) Date of Birth : 28/06/1939  
d) Date of Appointment : 19/12/1973  
e) Designation : Chairman & Managing Director  
f) Number of Shares held in the Company : 309753

He is a qualified and experienced Engineer with specialization in the area of Fluid Power. He has 40 years of experience in Veljan Denison Limited.

S.No.	Name of the Company	Nature of Interest	Committee membership / Chairmanship
1	Veljan Pneumatics Private Limited	Director	NIL
2	JDM Hydro Pneumatics Limited	Director	NIL
3	Veljan Hydrair Limited	Managing Director	NIL
4	Veljan Investments Limited	Director	NIL
5	Veljan Shlcast Limited	Director	NIL

## BOARD'S REPORT

To  
 The Members of  
 VELJAN DENISON LIMITED

Your Directors take pleasure in presenting the 43rd Annual Report on the affairs of the Company along with the Audited Accounts for the year ended 31st March, 2017.

**1. FINANCIAL RESULTS:**

Particulars	Year ended 31-03-2017 Rs.in Lakhs	Year ended 31-03-2016 Rs.in Lakhs
<b>Income :</b>		
Revenue from Operations	<b>8258.60</b>	8027.53
Other Income	<b>66.82</b>	49.17
<b>Total Revenue</b>	<b>8325.42</b>	8076.70
<b>Expenditure:</b>		
Cost of Materials Consumed	<b>2891.65</b>	2556.53
Job Expenses	<b>1102.45</b>	925.93
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	<b>(394.81)</b>	119.39
Employee Benefit Expenses	<b>785.43</b>	716.35
Finance Costs	<b>178.91</b>	171.15
Depreciation and Amortization Expenses	<b>256.49</b>	243.31
Other Expenses	<b>1562.75</b>	1560.11
<b>Total Expenses</b>	<b>6382.87</b>	6292.77
<b>Profit before Tax</b>	<b>1942.55</b>	1783.93
<b>Tax Expenses</b>		
(1)Current Tax	<b>672.28</b>	606.36
(2)Deferred Tax	<b>4.50</b>	19.85
<b>Profit for the year</b>	<b>1452.67</b>	1254.21
<b>Appropriated as under:</b>		
Dividend proposed		
Tax on Proposed Dividend		
General Reserve	<b>150.00</b>	150.00
<b>Total amount appropriated</b>	<b>150.00</b>	150.00
<b>Earning per Equity Share of the face value of Rs. 10 each Basic and Diluted (in Rs.)</b>	<b>64.56</b>	<b>55.74</b>

**2. COMPANY'S PERFORMANCE:**

During the year under review the sales are 2.87% higher at Rs. 8258.60 Lacs as against Rs. 8027.53 Lacs in the previous year. The Profit before tax for the year is Rs. 1942.55 Lacs as against Rs. 1783.93 Lacs for the previous year.

**3. FUTURE OUTLOOK:**

India is one of the fastest growing markets for hydraulic components like valves, cylinders, accumulators, pumps, hydraulic hoses, filters, etc. Most foreign MNCs in fluid power are already present in India, with some of them here for a long time.

**4. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:**

There were no material changes/ commitments affecting the financial position of the Company between March 31, 2017 and the date of Board's Report.

**5. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:**

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

**6. DIVIDEND:**

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

**7. RESERVES:**

The Company has transferred Rs. 1.50 Crore, i.e. 10.32% of the current profits to reserves of the Company.

**8. DEPOSITS:**

Your Company has not accepted any deposits from the public during the year under review and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

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

The information required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Account) Rules, 2014 with respect to conservation of energy, technology absorption and foreign exchange earnings/ outgo is annexed to this Report.

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

Five meetings of the board were held during the year. For details of the meetings of the board and its committees please refer to the Corporate Governance report, which forms part of this Annual Report.

**11. DIRECTORS:**

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

As per the provisions of the Companies Act, 2013 read with Articles of Association of the Company, SriV.C.Janardan Rao retires by rotation and being eligible offers himself for re-appointment at this Annual General Meeting. Board recommends his re-appointment at the AGM.

During the year under review, Mr. K Harish Chandra, CEO resigned with effect from 21st March, 2017.

**12. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015.

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

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

**14. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:**

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub section (3) of section 178 relating to the remuneration for the Directors, Key Managerial Personnel, and other employees.

**15. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal audit Department monitors and evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies.

**16. AUDITORS:**

The existing Statutory Auditors, M/s. Brahmayya & Co., Chartered Accountants were appointed at the Fortieth Annual General Meeting for a period of three years until the conclusion of the Forty Third Annual General Meeting.

In view of the mandatory requirement for rotation of auditors upon completion of 10 years of association with a company, in terms of Section 139 of the CA 2013, M/s. Brahmayya & Co., Chartered Accountants, will retire as the Company's Auditors at the conclusion of the ensuing Forty Third Annual General Meeting. It is proposed to appoint M/s. K S Rao & Co., Chartered Accountants as the new Statutory Auditors of the Company. M/s. K S Rao & Co., Chartered Accountants are proposed to be appointed for a period of five continuous years i.e. from the conclusion of Forty Third Annual General Meeting till the conclusion of Forty Eighth Annual General Meeting of the Company.

M/s. K S Rao & Co., Chartered Accountants have informed the Company that their appointment, if made, would be within the limits prescribed under Section 141 of the CA 2013 and have also confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold valid certificates issued by the Peer Review Board of the ICAI. M/s. K S Rao & Co. have also furnished a declaration in terms of Section 141 of the CA 2013 that they are eligible to be appointed as auditors and that they have not incurred any disqualification under the CA 2013.

The Board recommends appointment of M/s. K S Rao & Co. as Statutory Auditors of the Company from the conclusion of Forty Third Annual General Meeting up to the conclusion of Forty Eighth Annual General Meeting of the Company, subject to ratification at every Annual General Meeting.

The Board of Directors places on record its appreciation for the services rendered by Brahmayya & Co., Chartered Accountants as the Statutory Auditors of the Company.

Members' attention is drawn to a Resolution proposing the appointment of M/s. K S Rao & Co., Chartered Accountants as the new Statutory Auditors of the Company which is included in the Notice convening the Forty Third Annual General Meeting.

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

The Auditor's Report issued by M/s. Brahmayya & Co. for the financial year 2016-2017 does not contain any qualification, reservation or adverse remarks.

#### **17. SECRETARIAL AUDITORS:**

The Board had appointed M/s BS & Company Company Secretaries LLP, Hyderabad to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17. The report of the Secretarial Auditor is annexed to this report. The qualifications, reservations or adverse remarks or disclaimers made by the auditor in the report:

S.NO.	COMMENTS	BOARD'S REPLIES
1.	Certain disclosures as required under Section 134(3) of the Act have not been disclosed in the Board's Report.	As some of the disclosures were not applicable to the Company, hence, not disclosed.
2.	All the shares held by Promoters are in dematerialisation mode except for 130 shares which are held in physical form	99.95% of the Promoters shares are held in demat mode, only a negligible percentage is held in physical mode. We will ensure the process of completing the demat process of the balance shares.
3.	The Company is in the process of filing various forms, returns and reports as required under Various Labour and Specific Acts, Rules and Regulations made thereunder.	Self Explanatory.

#### **18. TRANSFER OF UNPAID/ UNCLAIMED AMOUNTS TO IEPF:**

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

#### **19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Particulars of loans, guarantees and investments have been disclosed in the financial statements.

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

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

**21. TRANSACTIONS WITH RELATED PARTIES**

All related party transactions done by the company during the financial year were at arm's length and in the ordinary course of business. All related party transactions were placed in the meetings of Audit committee and the Board of directors for their necessary review and approval.

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

**22. CORPORATE SOCIAL RESPONSIBILITY:**

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

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

**23. EXTRACT OF ANNUAL RETURN:**

Pursuant to the Section 92(3) of the Companies Act, 2013 Extract of the Annual Return is annexed to this report in the prescribed Form MGT – 9 (which forms part of this report).

**24. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed to this report and pursuant to Section 136 of the Companies Act, 2013 and relevant rules thereto, the disclosure pertaining to remuneration and other details of employees of the Company are made available for inspection at the Registered office of the Company with the Chief Financial Officer during working hours and any Member interested in obtaining such information may write to the Chief Financial Officer and the same shall be provided without any fee

**25. MANAGERIAL REMUNERATION:**

Details of the ratio of the remuneration of each of the Director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014 has been annexed separately and forms part of this report.

**26. CORPORATE GOVERNANCE CERTIFICATE:**

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

**27. LISTING:**

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

**28. DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that (based on the representations received from the Management):

- i) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for that period;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis;
- v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi) they have devised proper systems to ensure Compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**29. REPORT ON RISK MANAGEMENT POLICY:**

The Company has formed the Risk Management Committee with its members as Shri. V. Pattabhi, Shri.B.S.Srinivasan and Shri. M.L. Motwani, the committee will perform its activities according to the Risk Policy finalized by the Board indicating the development and implementation of Risk Management.

**30. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has put in place a Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in accordance with the requirement of the 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees of the Company are covered under the aforementioned Policy.

The summary of complaints received and disposed off upto 31st March 2017 were as under:

Number of complaints received : Nil  
Number of complaints disposed off : Not Applicable

**31. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS:**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**32. VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

Your Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct applies to all the employees, including Directors of the Company.

The Code of Conduct is available on the Company website to report any genuine concerns about unethical behavior, any actual or suspected fraud or violation of Company's Code of Conduct.

**33. REPORT ON CORPORATE GOVERNANCE:**

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

**34. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report for the year under review is presented separately in this Annual Report.

**35. ACKNOWLEDGMENTS:**

Your Directors acknowledge with a deep sense of gratitude the continued support extended by Investors, Customers, Business Associates, Bankers and Vendors.

Your Directors take this opportunity to thank the regulatory Authorities and Governmental Authorities for continued support and assistance.

Your Directors also place on record their appreciation for the contribution of all the employees of the Company in achieving the performance.

By order of the Board

**FOR VELJAN DENISON LIMITED**

Place: Hyderabad

Date: 26/08/2017

V. C. Janardan Rao

Chairman & Managing Director

DIN: 00181609

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

**The information required to be attached to the Boards' 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 SEBI (LODR) Regulations, 2015. Following is the composition of the Board:

<b>Sl.No</b>	<b>Name of the Director</b>	<b>Designation</b>
1.	Shri V C Janardan Rao	Chairman & Managing Director
2.	Shri G.K.Kabra	Independent Director
3.	Shri M.L.Motwani	Independent Director
4.	Shri V.Pattabhi	Independent Director
5.	Shri B.S.Srinivasan	Independent Director
6.	Smt.U.Uma Devi	Director

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

#### **Board Procedure:**

The calendar of meetings of the Board of Directors is determined well in advance and Notices of the Meetings of the Board are issued by the Company Secretary on the advice and guidance of the Chairman and Managing Director. The agenda and notes thereon are finalized by the Chairman and Managing Director and circulated sufficiently in advance by the Company Secretary.

Elaborate and meticulous deliberations take place at the meetings of the Board, all relevant information is put up to the Board and comprehensive presentations are made to it to facilitate considered and informed decision making. Heads of the business verticals also attend the meetings of the Board as invitees to provide a better perspective on the operations. The time gap between two successive meetings of the Board did not exceed 120 days.

The board duly met 5 (Five) times during the period from 01-04-2016 to 31-03-2017 on 01/06/2016; 04/08/2016; 30/09/2016; 10/11/2016 and 28/01/2017 and the attendance of the Directors are as follows:

## ATTENDANCE OF DIRECTORS IN THE BOARD AND ANNUAL GENERAL MEETING:

Sl. No.	Name of The Director	Board Meetings Attended During the year	Designation	Category	Attended At the last Annual General Meeting	Number Of the Other Director Ship	No. of Board Committees Of which Member / Chairman
1.	Shri V.C. Janardan Rao	5	Chairman and Managing Director	Promoter	Yes	5	1
2.	Shri B.S.Srinivasan	3	Director	Independent And Non Executive Directors	Yes	2	3
3.	Shri G.K. Kabra	5	Director		Yes	2	0
4.	Shri M.L. Motwani	5	Director		Yes	0	2
5.	Shri V. Pattabhi	5	Director		Yes	5	6
6.	Smt U Uma Devi	2	Director	Promoter	Yes	7	0

Name of the Non-Executive Director	No. of Shares or convertible instruments held
Shri B.S. Srinivasan	0
Shri G.K. Kabra	0
Shri M.L. Motwani	0
Shri V. Pattabhi	0
Smt U Uma Devi	110834

**Familiarization Programme to Independent Directors:**

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

**Inter-se relationship between Directors:**

The Promoter Directors i.e. Shri V.C. Janardan Rao and Smt U Uma Devi are relatives of each other in terms of Section 2(77) of the Companies Act, 2013 and none of the other Directors has any relationship with each other.

**Whistle blower policy:**

The company has formulated a Whistle Blower Policy with a view to provide a mechanism for associates to approach the Chairman of the Audit Committee of the Company to, inter alia, report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or policy. Further, the policy provides necessary safeguards for protection of associates from reprisals or victimization, for whistle blowing in good faith.

**Code of Conduct:**

The Board has laid down a code of conduct for all Board members and senior management of the Company which is available on the Company's website. All the Board members and senior management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended March 31, 2017. A declaration to this effect, duly signed by the Chairman and Managing Director is given hereto.

**3. AUDIT COMMITTEE:**

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include:

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

**Composition :**

The Audit Committee Comprises of following Directors:

Sl. No.	Name of Director	Designation	Status
1.	Shri. V. Pattabhi	Chairman	Independent and Non- Executive director
2.	Shri. M. L. Motwani	Member	Independent and Non- Executive director
3.	Shri. B.S. Srinivasan	Member	Independent and Non- Executive director

The Audit committee duly met 04 (Four) times during the financial year on 28.05.2016, 04.08.2016, 10.11.2016 and 28.01.2017.

**Attendance of Audit Committee Members at their Meetings:**

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

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

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

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

The Company Secretary acts as the Secretary to the Committee.

Shri V. Pattabhi, Chairman of the Committee was present at last Annual General Meeting to answer Shareholders queries.

**4. NOMINATION AND REMUNERATION COMMITTEE:**

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

**a) The role of Nomination and Remuneration Committee is –**

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- (ii) Formulation of criteria for evaluation of Independent Directors and the Board;
- (iii) Devising a policy on Board diversity;
- (iv) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

**b) Remuneration policy:**

Remuneration to Whole-time Directors and Company's employees is decided after considering the following factors:

- i) Restrictions specified in various Acts like Companies Act, Income Tax, Etc.
- ii) Market trend for remuneration paid for similar positions.
- iii) Performance of the person in the Company.
- iv) Profits of the Company.

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

**Composition of Nomination and Remuneration Committee:**

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

The Remuneration committee duly met once during the financial year on 22.07.2016.

**Attendance of Nomination and Remuneration Committee Members at their Meetings:**

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

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2016-17 are as follows:

**PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS**

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Shri. V C Janardan Rao	Chairman & Managing Director	48,72,000	41,19,345	—	89,91,345
Shri. V. Pattabhi	Independent Director	—	5,14,919	2,00,000	7,14,919
Shri. M.L. Motwani	Independent Director	—	5,14,919	2,00,000	7,14,919
Shri. B.S.Srinivasan	Independent Director	—	3,08,951	1,20,000	4,28,951
Smt. U.Uma Devi	Director	—	2,05,967	40,000	2,45,967
Shri. G.K. Kabra	Independent Director	—	5,14,919	1,20,000	6,34,919

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

### **BOARD LEVEL PERFORMANCE EVALUATION**

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

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

### **5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

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

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

<b>Sl. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Category</b>
1.	Shri. V C Janardan Rao	Chairman	Chairman and Managing Director
2.	Shri. M. L. Motwani	Member	Independent and Non- Executive Director
3.	Shri. B.S. Srinivasan	Member	Independent and Non- Executive Director

The Committee met twice during the year under review and all the members attended all the meetings.

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

### **6. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The members of the Committee are:

<b>Sl. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Category</b>
1.	Shri. V. Pattabhi	Chairman	Independent and Non-Executive Director
2.	Shri. M. L. Motwani	Director	Independent and Non-Executive Director
3.	Shri. V.C. Janardan Rao	Director	Chairman and Managing Director

#### **Terms of reference:**

The committee was formed with the object of providing immediate attention to the shareholders grievance 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 includes:**

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

Four Meetings were held during the financial year on 11.04.2016, 12.07.2016, 05.01.2017 and 11.04.2017.

The Company has not received any complaints from the stakeholders. There are no pending letters/ complaints as on the date of the Directors' Report.

Name and designation of the Compliance officer: Mr. S Jasminder Singh, Company Secretary

**7. CEO/CFO CERTIFICATION**

The CEO/ CFO of the Company have certified to the Board that the financial results of the Company for the year ended 31st March, 2017 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulation 33 of SEBI Listing Regulations.

**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**

2016	30.09.2016	11.30 A.M	
2015	30.09.2015	11.30 A.M	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2014	30.09.2014	11.00 A.M	

ii) Whether any special resolution passed in the previous AGMs: YES  
iii) Whether any special resolution passed last year through postal ballot: NO  
iv) Whether any special resolution is proposed to be conducted through postal ballot: NO  
v) Procedure for postal ballot: N.A.

**8. 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.

**9. MEANS OF COMMUNICATION:**

The Quarterly results of the Company are published in the newspapers like Nava Telangana, Financial Express and Annual Reports are sent to all the Shareholders yearly, along with the official press releases.

**10. GENERAL SHAREHOLDER INFORMATION:**

- a) The 43rd Annual General Meeting of the Company will be held on 27th September, 2017 at 11.30 A.M. at Plot.No. A 18 & 19 APIE, Balanagar, Hyderabad-500037, Telangana.
- b) The Financial Year: 1st April, 2016 to 31st March, 2017.
- c) Date of Book Closure: N.A
- d) The Shares of the Company are listed at The Bombay Stock Exchange Limited.
- e) The listing fees for the financial years 2016-17 and 2017-18 has been paid to the respective stock exchange.
- f) Stock code: 505232
- g) ISIN for the Company's Equity Shares: INE 232E01013
- h) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- i) Dividend Payment Date: (subject to approval of shareholders at AGM) on or after September 27, 2017.
- j) Shares received for physical transfers are generally registered within a period of 10 days from the date of receipt of the valid and duly filled up transfer deeds.
- k) In respect of transfer of physical shares, Shareholders are advised to contact our STA; M/s. Venture Capital and Corporate Investments Limited; 12-10-167, Bharath Nagar, Hyderabad-500018, Telangana. Phones: 040-23818475
- l) Monthly high and Low Stock quotations during the Financial year are as follows:

**j) REGISTRAR AND TRANSFER AGENTS:**

M/s. Venture Capital and Corporate Private Investments Limited  
12-10-167, Bharath Nagar, Hyderabad-500018, Telangana. Phones: 040-23818475

**k) SHARE TRANSFER SYSTEM:**

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being found valid and complete in all respects. The Company appointed M/s. Venture Capital & Corporate Investments Pvt. Ltd as common Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the Securities of the Company.

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

- m) Monthly high and Low Stock quotations during the Financial year are as follows:

**STOCK PRICE on BSE & Comparison with SENSEX**

Month	SHARE PRICE (BSE)		SENSEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-16	649.00	575.25	26100.54	24523.20
May-16	658.50	600.00	26837.20	25057.93
Jun-16	666.00	594.00	27105.41	25911.33
Jul-16	716.95	611.00	28240.20	27034.14
Aug-16	860.00	647.00	28532.25	27627.97
Sep-16	840.00	755.00	29077.28	27716.78
Oct-16	1020.75	790.00	28477.65	27488.30
Nov-16	974.00	770.00	28029.80	25717.93
Dec-16	829.00	766.00	26803.39	25753.74
Jan-17	898.40	795.00	27980.39	26447.06
Feb-17	855.00	803.40	29065.31	27590.10
Mar-17	1043.70	768.10	29824.62	28716.21

Source : The Bombay Stock Exchange - Website

#### 11. DISTRIBUTION OF SHAREHOLDING: AS ON 31ST MARCH, 2017:

Nominal Value Rs.	Holders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto - 5000	2463	95.91	16,36,650	7.27
5001 - 10000	57	2.22	3,92,100	1.74
10001 - 20000	17	0.66	2,26,760	1.01
20001 - 30000	5	0.19	1,25,090	0.56
30001 - 40000	2	0.08	66,450	0.30
40001 - 50000	5	0.19	2,36,090	1.05
50001 - 100000	6	0.23	4,65,150	2.07
100001 and above	13	0.52	1,93,51,710	86.00
<b>TOTAL</b>	<b>2568</b>	<b>100.00</b>	<b>2,25,00,000</b>	<b>100.00</b>

**12. SHAREHOLDING PATTERN: AS ON 31ST MARCH, 2017**

Category	Number of Shareholders	No. of Shares held	Percentage of Shareholding (%)
Promoters (Both Indian & Foreign)	15	1687097	74.98
Mutual Funds and UTI	0	0	0.00
Banks, Financial Institutions, Insurance Companies	0	0	0.00
FII's	0	0	0.00
Private Corporate Bodies	42	8514	0.38
Indian Public	2476	315937	14.04
Non-Resident Indians	25	4452	0.20
Overseas Body Corporates	1	234000	10.40
<b>Total</b>	<b>2568</b>	<b>2250000</b>	<b>100.00</b>

**13. DEMATERIALISATION OF SHARES AND LIQUIDITY:**

19,21,794 shares of the Company representing 85.41% of the total paid up share capital of the Company are being held in Demat form as on 31st March, 2017.

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

Conversion dates and likely impact on equity: NIL

**15. PLANT LOCATION:**

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

**16. ADDRESS FOR CORRESPONDENCE:**

**Veljan Denison Limited**

Secretarial Department

Plot No. 44, 4th Floor, HCL Towers,  
Chikoti Gardens, Begumpet, Hyderabad – 500016

Telephone: 040-27764546, Fax: 040-27765253

Email: comp\_secy@veljan.in

Website: www.veljan.in

**17. DISCLOSURES:**

- 1) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large: NIL.
- 2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years: NIL
- 3) The Company has adopted, the Vigil Mechanism and Whistle Blower Policy to provide a framework to promote responsible and secure reporting of undesirable activities. During the year there was no reporting of any undesirable activity by any person.
- 4) Details of compliance with Mandatory requirements and adoption of the Non- mandatory requirement of this clause: All mandatory requirements have been appropriately complied with. The Company has adopted various non-mandatory requirements wherever possible.

5) Web link where policy for determining material subsidiaries is disclosed: Not available as there are no subsidiaries of the Company.

6) Web link where policy on dealing with related party transactions: [www.veljan.in/investors\\_policy](http://www.veljan.in/investors_policy)

**18.** The Company has complied with all the requirements of Corporate Governance Report as set out in paras (2) to (10) above.

**19. Non-mandatory requirements/Discretionary Requirements as stipulated in Regulation 27 (1) read with Part E of the Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

a) The Company's financial statements are with unmodified audit opinion.

b) The Internal auditors of the Company report directly to the Audit Committee of the Board.

**20.** The Company has complied with all the mandatory clauses of corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of the regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date of its applicability.

**21. Disclosures with respect to demat suspense account/ unclaimed suspense account:**

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

Particulars	No of shareholders	No. of Equity Shares
Aggregate Number of Shareholders and outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2016	0	0
Unclaimed shares Credited to the Account during the year	0	0
Number of shareholders approached the Company for transfer of shares from Unclaimed Suspense Account during the year	0	0
Aggregate Number of Shareholders and outstanding Shares lying in the Unclaimed Suspense Account as on March 31, 2017	0	0
The voting rights of the above said unclaimed shares lying in Demat Account shall remain frozen till rightful owner of such shares claims the shares.	0	0

**22. Compliance certificate regarding compliance of conditions of corporate governance**

As required by Schedule V (E) to SEBI LODR Regulations, the auditors' certificate on corporate governance is enclosed as Annexure to this report.

**CEO / CFO CERTIFICATION**

To  
The Board of Directors  
Veljan Denison Ltd.  
Hyderabad

In relation to the Audited Financial Accounts of the Company as at 31st March, 2017, we hereby certify that:

We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

We have indicated to the auditors and the Audit committee

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

**For Veljan Denison Limited**

Date : 01/08/2017  
Place : Hyderabad

Dheeraj Kumar  
Chief Finance Officer

**DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2017 as envisaged in Listing Regulations.

**For Veljan Denison Limited**

**VC Janardan Rao**  
**Chairman and Managing Director**

**Place: Hyderabad**  
**Date: 01/08/2017**

**CERTIFICATE OF CORPORATE GOVERNANCE**

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

To,  
The Members,  
Veljan Denison Limited  
Hyderabad

We have examined all the relevant records of Veljan Denison Limited (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance as stipulated under Regulation 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period commencing from 1st April, 2016 and ended on 31st March, 2017. We have obtained all the information and explanations which are to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in under Regulation 17 to 27 , Clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and para C, D and E of Schedule V for the period commencing from 1st April, 2016 and ended on 31st March, 2017.

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

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

**(SHRAVAN K)**  
Partner  
Membership No.215798

Place : Hyderabad  
Date : 01.08.2017

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

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

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

**OUTLOOK:**

Hydraulic Pump Market is expected to garner \$10.4 billion by 2022, registering a CAGR of 4.7% during the period. Hydraulic pump works on displacement principle. The pump converts mechanical energy into hydraulic energy, which is utilized to perform various tasks such as lift, lower, open, close or rotate components in various mobile and industrial application areas. The pumps are manufactured depending on different functional and hydraulic system requirements.

Increase in construction activities globally, rising sales of automobiles and increasing application in mining industry are the major factors propelling the demand for hydraulic pumps. In addition to this, government regulations focused towards reduction of CO2 emission and increased awareness about energy saving has led to the expansion of this market. However, high cost of manufacturing is a major challenge faced by the players operating in the market. Increasing pace of infrastructural improvement and increasing demand for renewable energy offers promising opportunity for players in the hydraulic pump market. Moreover, up-gradation of existing machinery would also provide lucrative business opportunity to the players.

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

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

**OPPORTUNITIES:**

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

**RISKS AND CONCERNS:**

The rise in interest-rate and/ or raw material prices and any slackness in implementation of various infrastructure projects may slow down the demand.

Increasing Competition from cheaper imports, may impact the Company's market-share and volumes. Cost increase in basic materials has a major impact on the Company's input costs.

Availability of components in right quality and at right time from the vendors is a constant cause of concern.

Rise in the input costs such as Power, Human Resources, and drop in demand due to unforeseen adverse market conditions, technological obsolescence are issues of concern and may put pressure on the performance of the Company.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

#### **FINANCIAL PERFORMANCE REVIEW:**

The analysis of performance of the Company is given below:

- Sales Turnover:

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

(Rs. in Lacs)

Product	2016-17	2015-16
Sales (Net of Excise)	8258.60	8027.53
<b>Total</b>	<b>8258.60</b>	<b>8027.53</b>

- Key Performance Indicators

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

(Rs. in Lacs)

Sl. No.	Particulars	2016-17	2015-16
1.	Revenue from Operations (Net)	8258.60	8027.53
2.	Cost of materials consumed - % of revenue from operations	2891.65 35.01%	2556.53 31.84%
3.	Employee Benefit Expense - % of revenue from operations	785.43 9.51%	716.35 8.92%
4.	Other Expenses - % of revenue from operations	2665.21 32.27%	2486.04 30.96%
5.	Finance Costs - % of revenue from operations	178.91 2.17%	171.15 2.13%
6.	Depreciation Expense - % of revenue from operations	256.49 3.11%	243.31 3.03%
7.	Profit Before Tax - % of revenue from operations	1942.55 23.52%	1783.93 22.22%
8.	Profit After Tax - % of revenue from operations	1452.67 17.59%	1254.21 15.62%

**HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

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

**CAUTIONARY STATEMENT:**

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

**DISCLOSURE WITH RESPECT TO ACCOUNTING TREATMENT:**

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

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

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

**(A) Conservation of Energy:**

- i) The Company is using solar light in the shop floor.
- ii) The steps taken by the Company for utilizing alternate sources of energy: Use of solar light in possible areas
- iii) The capital investment on energy conservation equipments: NIL

**(B) Technology absorption:**

- i) The efforts made towards technology absorption: A Continuous interaction and exchange of information in the industry is being maintained with a view to absorbing, adapting and innovating new methods that maybe possible.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: The main benefits derived are Quality improvement, cost reduction and import substitution.
- iii) In case of imported technology (imported during the last three years reckoned from beginning of the financial year)-
  - a) The year of import: Nil
  - b) Whether the technology has been fully absorbed: Nil
  - c) If not fully absorbed, areas where absorption has not taken place and the reasons thereof: Not applicable
- iv) The expenditure incurred on Research and Development: Nil

**(C) Foreign Exchange Earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

Foreign Exchange used: Rs.201.09 Lacs (Previous Year Rs.91.74 Lacs)

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

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

Place: Hyderabad  
Date: 26/08/2017

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

## ANNEXURE TO BOARD'S REPORT

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

## 1. Details of contracts or arrangements or transactions not at arm's length basis : NIL

(a)	Name(s) of the related party and nature of relationship	Not Applicable
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in General Meeting as required under first provision to section 188.	

## 2. Details of material contracts or arrangement or transactions at arm's length basis :

	Name(s) of related party	Relationship								
(a)	M/s. Veljan Hydrair Ltd	Group Company								
	M/s. Suxus Systems Ltd	Group Company								
	M/s. Ecmat Ltd	Group Company								
(b)	Nature of contracts/arrangements/transactions	All proposed transactions are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arms' length. All the transactions are for sale, purchase of goods or materials within Veljan group.								
(c)	Duration of the contracts/arrangements/transactions	Effective from 01.10.2016								
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	<table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Maximum Value of Transaction per annum</th> </tr> </thead> <tbody> <tr> <td>Veljan Hydrair Ltd</td><td>75 Crores</td></tr> <tr> <td>Suxus Systems Ltd</td><td>25 Crores</td></tr> <tr> <td>Ecmat Ltd</td><td>25 Crores</td></tr> </tbody> </table>	Name of the Company	Maximum Value of Transaction per annum	Veljan Hydrair Ltd	75 Crores	Suxus Systems Ltd	25 Crores	Ecmat Ltd	25 Crores
Name of the Company	Maximum Value of Transaction per annum									
Veljan Hydrair Ltd	75 Crores									
Suxus Systems Ltd	25 Crores									
Ecmat Ltd	25 Crores									
Date(s) of approval by the Board, if any	04-08-2016									
Amount paid as advances, if any	NA									

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

Place: Hyderabad  
 Date: 26/08/2017

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

## DETAILS OF RATIO OF REMUNERATION OF DIRECTORS

**{Section 197(12) and Rule 5 of Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}**

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Name of the Director	Ratio
Shri V C Janardan Rao	43.35
Smt. U Umadevi	1.19
Shri B.S. Srinivasan	2.06
Shri G.K. Kabra	3.06
Shri M.L. Motwani	3.45
Shri V. Patabhi	3.45

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

Name of the Employee	Designation	% Increase
Mr. V C Janardan Rao	Chairman and Managing Director	1.65%
Mr. K Harischandra Prasad*	Chief Executive Officer	Nil
Mr. Dheeraj Kumar	Chief Financial Officer	Nil
Mr. S Jasminder Singh	Company Secretary	Nil

\* Mr. K Harischandra Prasad resigned on 21st March, 2017.

(iii) The percentage increase in the median remuneration of employees in the financial year: 12.43%

(iv) The number of permanent employees on the rolls of company: 158

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There was no increase in salary of the employees except in the VDA of workers.

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

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

Place: Hyderabad  
Date: 26/08/2017

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

**Annexure to Directors Report**  
**ANNUAL REPORT ON CSR ACTIVITIES**

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

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

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

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

**2. The Composition of the CSR Committee:**

Shri. V C Janardan Rao Chairman

Shri. M. L. Motwani Member

Shri. B.S. Srinivasan Member

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

2013 - 14            1253.03

2014 - 15            1976.20

2015 - 16            1783.93

Average of last 3 years: Rs 1671.05 Lakhs

**4. Prescribed CSR Expenditure (two per cent of the amount of average of last 3 years) – Rs.33.42 Lakhs**

(a) Total amount spent for the financial year – Rs. 22.61 Lakhs

(b) Amount Unspent, if any – Rs . 10.81 Lakhs

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or program was undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Donation to SVSBZPP high School, Kovvali	Education	Andhra Pradesh Dist: West Godavari	Rs. 12 Lakhs	Rs. 11.11 Lakhs	Rs. 11.11 Lakhs	Direct
2.	Contribution to Sivananda Rehabilitation Home	Eradication Hunger and promoting health care	Local Area	Rs. 12 Lakhs	Rs. 11.50 Lakhs	Rs. 22.61 Lakhs	Direct

5. In case the company has failed to spend the two percent of the average Net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its board report – There is an unspent amount of Rs 10.81 Lakhs out of the prescribed expenditure of Rs 33.42 Lakhs. The Company is in the process of identifying specific areas for making contribution under CSR for welfare of the Society at large.
6. The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

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

**As on the financial year ended on 31/03/2016**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)**  
**of the Companies Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

A	CIN	L29119TG1973PLC001670
B	Registration Date	19/12/1973
C	Name of the Company	VELJAN DENISON LIMITED
D	Category/Sub-Category of the Company	COMPANY LIMITED BY SHARES / INDIAN NON-GOVERNMENT COMPANY
E	Address of the Registered office and contact details	PLOT NO.44,4TH FLOOR,CHIKOTI GARDENS BEGUMPET, HYDERABAD, TELANGANA. Ph: 040-27764546, Fax : 040-27765253
F	Whether listed company Yes/No	LISTED
G	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/S VENTURE CAPITAL AND CORPORATE INVESTMENTS PRIVATE LIMITED 12-10-167, BHARATH NAGAR, HYDERABAD – 500018 PHONE : 040-238184758

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Hydraulic Pumps	84136090	84.34
2	Hydraulic Valves	84818090	5.75
3	Hydraulic Motors	84121000	8.90
4	Power Pack	84799090	0.85

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

S.No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
- Not Applicable -					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(A)Promoters										
(1)Indian										
(a)Individual/HUF	1231493	31930	1263423	56.15	1263293	130	1263423	56.15	0	
(b)Central Govt	—	—	—	—	—	—	—	—	—	
(c)State Govt (s)	—	—	—	—	—	—	—	—	—	
(d)Bodies Corp.	423674	—	423674	18.83	423674	—	423674	18.83	0	
(e)Banks / FI	—	—	—	—	—	—	—	—	—	
(f)Any Other....	—	—	—	—	—	—	—	—	—	
Sub-Total (A) (1)	1655167	31930	1687097	74.98	1686967	130	1687097	74.98	0	
(2)Foreign										
(a) NRIs - Individuals	—	—	—	—	—	—	—	—	—	
(b) Other - Individuals	—	—	—	—	—	—	—	—	—	
(c)Bodies Corp.	—	—	—	—	—	—	—	—	—	
(d)Banks / FI	—	—	—	—	—	—	—	—	—	
(e)Any Other....	—	—	—	—	—	—	—	—	—	
Sub-Total (A) (2)	—	—	—	—	—	—	—	—	—	
Total Shareholding of Promoter (A)=(A) (1) + (A) (2)	1655167	31930	1687097	74.98	1686967	130	1687097	74.98	—	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(A)Public Shareholding										
(1)Institutions										
(a)Mutual Funds	—	—	—	—	—	—	—	—	—	
(b)Banks/FI	—	—	—	—	—	—	—	—	—	
(c)Central Govt	—	—	—	—	—	—	—	—	—	
(d)State Govt (s)	—	—	—	—	—	—	—	—	—	
(e)Venture Capital funds	—	—	—	—	—	—	—	—	—	
(f)Insurance Companies	—	—	—	—	—	—	—	—	—	
(g)FIIs	—	—	—	—	—	—	—	—	—	
(h)Foreign Venture	—	—	—	—	—	—	—	—	—	

(I) Others (Specify)	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(1)</b>	—	—	—	—	—	—	—	—	—
<b>(2) Non- Institutions</b>									
(a) Bodies Corp									
i. Indian	13503	—	13503	0.60	8514	—	8514	0.38	-0.22
ii. Overseas	—	234000	234000	10.40	—	234000	234000	10.40	0
(b) individuals	—	—	—	—	—	—	—	—	—
I. Individual share holders holding nominal share capital up to Rs. 2 lakh	212603	97648	310251	13.79	213219	94076	307295	13.66	-0.13
ii. Individual shareholders holding nominal share capital in excess of Rs 2 lakh	0	0	0	0	0	0	0	0	—
(c) Non Resident Individuals	2667	—	2667	0.12	4452	—	4452	0.20	0.08
(d) Clearing Member	2482	—	2482	0.11	8642	—	8642	0.38	0.17
<b>Sub-Total (B)(2)</b>	<b>231255</b>	<b>331648</b>	<b>562903</b>	<b>25.02</b>	<b>234827</b>	<b>328076</b>	<b>562903</b>	<b>25.02</b>	<b>—</b>
<b>Total Shareholding of Public = (B) (1) + (B) (2)</b>	<b>231255</b>	<b>331648</b>	<b>562903</b>	<b>25.02</b>	<b>234827</b>	<b>328076</b>	<b>562903</b>	<b>25.02</b>	<b>0</b>
C. Shares held by custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>1886422</b>	<b>363578</b>	<b>2250000</b>	<b>100</b>	<b>1921794</b>	<b>328206</b>	<b>2250000</b>	<b>100</b>	<b>—</b>

S.No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	V C Janardan Rao	309753	13.76	0	309753	13.76	0	0
2	Chukkamamba Sri Velamati	597139	26.54	0	597139	26.54	0	0
3	Uma Devi Uppaluri	110834	4.93	0	110834	4.93	0	0
4	Srinivas V G	47760	2.12	0	47760	2.12	0	0
5	Sarojinidevi Kilaru	99852	4.44	0	99852	4.44	0	0
6	Lalithadevi Sanjay Jayavarthanavelu	98085	4.36	0	98085	4.36	0	0
7	Veljan Hydrair Limited	169830	7.55	0	169830	7.55	0	0
8	Veljan Investments Limited	243950	10.84	0	243950	10.84	0	0
9	Suxus Systems Limited	6552	0.29	0	6552	0.29	0	0
10	JDM Hydropneumatics Limited	3342	0.15	0	3342	0.15	0	0
<b>Total</b>		<b>1687097</b>	<b>74.98</b>	<b>0</b>	<b>1687097</b>	<b>74.98</b>	<b>0</b>	<b>0</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
No Change					

of GDRs and ADRs):

S.No	Particulars	Shareholding at the beginning of the year as on 01.04.2016		Date of Increase / Decrease		Cumulative Shareholding during the year as on 31.03.2017	
		No. of shares	% of total shares of the company	Date	Increase/ (Decrease) in shares	No. of shares	% of total shares of the company
1	Incentive Fastighet A B	234000	10.4	—	—	234000	10.4
2	Lincoln P Coelho, Kiran S Coelho	14000	0.67	—	—	14000	0.62
3	Hitesh Ramji Javeri Radhabai Ramji Javeri Harsha Hitesh Javeri	10000	0.44	15.04.2016	622	10622	0.47
4	Vadlapatla Vimala Devi	10000	0.44	—	—	10000	0.47
5	Vadlapatla Vimala Devi	10000	0.44	—	—	10000	0.44
6	Jigar Hasmukh Salva Hasmukh Ravji Salva	6964	0.31	04.11.2016	16	6980	0.31
				11.11.2016	140	7120	0.32
				18.11.2016	760	7880	0.35
7	Bala Bhanu Prabhavathi	6683	0.30	—	—	6683	0.30
8	*Srivenkata Ramakrishna Prasad Anomolu	6000	0.27	12.08.2016	(1407)	4593	0.20
				19.08.2016	(93)	4500	0.20
9	*Kakarala Vijaya Lakshmi	5897	0.26	21.10.2016	(3897)	2000	0.08
				04.11.2016	(509)	1491	0.06
				18.11.2016	(491)	1000	0.04
				09.12.2016	(107)	893	0.04
				16.12.2016	(250)	643	0.03
				06.01.2017	(643)	—	—
10	Maganti Venkateswara Rao	5400	0.24	—	—	5400	0.24
11	Korpu Raj Kamala #	5000	0.22	—	—	5000	0.22
12	Phani Venkata Prasad Vadlapatla#	5000	0.22	—	—	5000	0.22

\* Ceased to be in the list of TOP 10 on 31.3.2016. The same is reflected above since the shareholder was one of the top 10 share holders on 01.04.2015.

# Not in the list of TOP10 Shareholder as on 01.04.2015. The same has been reflected above since the shareholder was on TOP10 Shareholders as on 31.03.2016.

(v) Shareholding of Directors and Key Managerial Personnel:

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>a.</b>	<b>Directors</b>				
1	<b>Mr.V.C.JanardanRao</b> Chairman and Managing Director	—	—	—	—
	At the beginning of the year	309753	13.76	309753	13.76
	At the End of the year	309753	13.76	309753	13.76
2	<b>Mrs. U Uma Devi</b>	—	—	—	—
	At the beginning of the year	110834	4.93	110834	4.93
	At the End of the year	110834	4.93	110834	4.93
3	<b>Mr. V.Pattabhi</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—
4	<b>Mr.B.S.Srinivasan</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—
5	<b>Mr. M.L.Motwani</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—
6	<b>Mr. G.K.Kabra</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—
<b>b.</b>	<b>Key Managerial Personnel</b>	—	—	—	—
1	<b>Mr. Dheeraj Kumar</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—
2	<b>Mr. S Jasminde Singh</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—
3	<b>*Mr. K Harischandra Prasad</b>	—	—	—	—
	At the beginning of the year	—	—	—	—
	At the End of the year	—	—	—	—

\*Mr. K. Harischandra Prasad resigned as CEO with effect from 21.03.2017.

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment NIL

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2484.93	–	–	2484.93
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	138.66	–	–	138.66
<b>Total (i+ii+iii)</b>	<b>2623.58</b>	–	–	<b>2623.58</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	952.00	–	–	952.00
Reduction	168.66	–	–	168.66
<b>Net Change</b>	<b>783.34</b>	–	–	<b>783.34</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3269.53	–	–	3269.53
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	137.39	–	–	137.39
<b>Total (i+ii+iii)</b>	<b>3406.92</b>	–	–	<b>3406.92</b>

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Shri. V.C. Janardan Rao Chairman and Managing Director	Total Amount
1	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,00,000	36,00,000
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	12,72,000	12,72,000
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - others, specify...	41,19,345	41,19,345
5	Others, please specify		
<b>Total (A)</b>		<b>89,91,345</b>	<b>89,91,345</b>
<b>Ceiling as per the Act : 5% of net profits Rs 97.12 Lacs</b>			

## B. Remuneration to other Directors:

S.No	Particulars of Remuneration	Shri. B.S. Srinivasan	Shri. G.K. Kabra	Shri. M.L. Motwani	Shri. V. Pattabhi	Total Amount
1.	Independent Directors	1,20,000	1,20,000	2,00,000	2,00,000	6,40,000
	• Fee for attending board / committee meetings • Commission	3,08,951	5,14,919	5,14,919	5,14,919	18,53,708
<b>Total (1)</b>		<b>4,28,951</b>	<b>6,34,919</b>	<b>7,14,919</b>	<b>7,14,919</b>	<b>24,93,708</b>
2.	<b>Other Non-Executive Directors</b>	<b>Smt. U. Umadevi</b>				
	• Fee for attending board/ committee meetings • Commission • Others, please specify	40,000			40,000	
<b>Total (2)</b>		2,05,967			2,05,967	
<b>Total (B) = (1)+(2)</b>		<b>2,45,967</b>			<b>2,45,967</b>	
<b>Total Managerial Remuneration</b>					<b>1,17,31,020</b>	
<b>Overall Ceiling as per the Act : 11% of net profits Rs 2.14 Crores</b>						

## C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD :

S. No	Particulars of Remuneration	Key Managerial Personnel			
		**CEO	CS	CFO	TOTAL
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	62,19,120	8,27,253	20,68,577	<b>91,14,950</b>
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3,40,000	21,600	2,39,414	<b>6,01,014</b>
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—	—
5	Others, please specify	—	—	—	—
<b>Total (A)</b>		<b>65,59,120</b>	<b>8,48,853</b>	<b>23,07,991</b>	<b>97,15,964</b>

\*\*Mr. K. Harishchandra Prasad resigned as CEO with effect from 21.03.2017.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

By order of the Board  
**FOR VELJAN DENISON LIMITED**  
 V. C. Janardan Rao  
 Chairman & Managing Director  
 DIN: 00181609

**Form No. MR-3**

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

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017**

To,  
The Members,  
Veljan Denison Limited

We were appointed by the Board of Directors of Veljan Denison Limited (“the Company”) to conduct the Secretarial Audit for the financial year ended March 31, 2017.

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

Based on our verification of the Company’s books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time;
  - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

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

1. Factories Act, 1948 and Rules made thereunder
2. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder
3. The Environment Protection Act, 1986 read with rules made there under

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India which the Company is in the process of adopting.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except certain disclosures as required under Section 134(3) of the Act. All the shares held by Promoters are in dematerialisation mode except 130 shares which are held in physical form. The Company is in the process of filing various forms, returns and reports as required under Various Labour and Specific Acts, Rules and Regulations made thereunder.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review;

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

During the period under review resolutions were carried through majority decisions. The minutes of the meetings held during the audit period did not reveal any dissenting members view. As confirmed by the management, there were no dissenting views expressed by any of the members or any business transacted at the meetings held during the period under review;

Based on the information, documents provided and the representations made by the Company, its officers during our audit process and also on review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the Company periodically, in our opinion, there are adequate systems and processes exists in the Company to commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;

The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed by us since the same have been subject to review by statutory auditors and other professionals;

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period Mr. K Harish Chandra, Chief Executive Officer resigned with effect from 21.03.2017.

**For BS & Company Company Secretaries LLP**  
**(Formerly BS & Company, Company Secretaries)**

**Date: 26.08.2017**

**Place: Hyderabad**

**Soumya Dafthardar**

**Designated Partner**

**ACS No: 29312**

**C PNo: 13199**

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

To,  
The Members,  
Veljan Denison Limited

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

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

**For BS & Company Company Secretaries LLP**  
**(Formerly BS & Company, Company Secretaries)**

**Date: 26.08.2017**  
**Place: Hyderabad**

**Soumya Dafthardar**  
**Designated Partner**  
**ACS No: 29312**  
**C PNo: 13199**

**INDEPENDENT AUDITOR'S 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, ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect of adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 (1) of financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer Note 22 (13) to the Financial Statements.

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

**(SHRAVAN K)**  
Partner  
Membership No.215798

Place : Hyderabad  
Date : 30.05.2017

**Annexure -A to the Auditor's Report:**

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date ,to the members of VELJAN DENISON LIMITED, HYDERABAD, for the year ended March 31,2017.,

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.  
c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.  
b. In view of our comments in para (a) above, Clauses (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under , do not apply to the Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees 'state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax , Cess and all other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period more than six months from the date they became payable.  
b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

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

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

**(SHRAVAN K)**  
Partner  
Membership No.215798

Place : Hyderabad  
Date : 30.05.2017

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

We have audited the internal financial controls over financial reporting of VELJAN DENISON LIMITED, HYDERABAD (“the Company”) as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **BRAHMAYYA & CO.**

Chartered Accountants  
Firm's Regn No. 000513S

**(SHRAVAN K)**

Place : Hyderabad  
Date : 30.05.2017

Partner  
Membership No.215798

BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2017

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS'S FUNDS:</b>			
(a) Share Capital	1	<b>225.00</b>	225.00
(b) Reserves and Surplus	2	<b>11249.32</b>	9796.65
<b>2 NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	3	<b>300.00</b>	468.67
(b) Deferred tax liabilities (Net)		<b>408.92</b>	404.41
<b>3 CURRENT LIABILITIES</b>			
(a) Short-term borrowings	4	<b>2969.54</b>	2016.27
(b) Trade payables	5	<b>202.45</b>	227.07
(c) Other current liabilities	6	<b>714.56</b>	703.79
	<b>Total</b>	<b>16069.79</b>	<b>13841.86</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	7	<b>2407.03</b>	2656.57
(ii) Intangible assets	7	<b>6.66</b>	8.15
(iii) Capital work-in-progress	7	<b>295.15</b>	269.51
(b) Long term loans and advances	8	<b>73.60</b>	66.41
<b>2 CURRENT ASSETS</b>			
a) Inventories	9	<b>2037.23</b>	1515.60
b) Trade receivables	10	<b>5945.39</b>	6801.68
c) Cash and cash equivalents	11	<b>3970.30</b>	1649.50
d) Short-term loans and advances	12	<b>621.27</b>	262.99
e) Other Current Assets	13	<b>713.16</b>	611.45
	<b>Total</b>	<b>16069.79</b>	<b>13841.86</b>

Accounting Policies and notes on Accounts 22

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

**Shravan K**  
 Partner  
**Membership No. 215798**

Place: Hyderabad  
 Date : 30-05-2017

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

**S. Jasminde Singh**  
 Company Secretary

**U. Uma Devi**  
 Director  
 DIN: 00125840

**Dheeraj Kumar**  
 C F O

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017 (Figures in Rs Lakhs)

Particulars	Refer Note No	Current Year 31-03-2017 Rs.	Previous Year 31-03-2016 Rs.
<b>INCOME:</b>			
<b>I. Revenue from operations</b>	14	<b>8258.60</b>	8027.53
<b>II. Other Income</b>	15	<b>66.82</b>	49.17
<b>III. Total (I+II)</b>	Total	<b>8325.42</b>	<b>8076.70</b>
<b>IV. EXPENSES</b>			
Cost of Raw Materials Consumed	16	<b>2891.65</b>	2556.53
Changes in inventories of finished goods, work-in-progress	17	<b>-394.81</b>	119.39
Employee benefit expenses	18	<b>785.43</b>	716.35
Finance costs	19	<b>178.91</b>	171.15
Depreciation	20	<b>256.49</b>	243.31
Other expenses	21	<b>2665.20</b>	2486.04
<b>Total Expenses</b>		<b>6382.87</b>	<b>6292.77</b>
<b>V. Profit Before Tax</b>		<b>1942.55</b>	1783.93
<b>VI. Less Tax expense:</b>			
(1) Current year tax		<b>672.28</b>	606.36
(2) Earlier Years		<b>(186.90)</b>	(56.79)
(3) Deferred tax		<b>4.50</b>	(19.85)
<b>VII. Profit after Tax</b>		<b>1452.67</b>	<b>1254.21</b>
<b>VIII. Earning per equity share (Amount in Rs)</b>			
(1) Basic		<b>64.56</b>	55.74
(2) Diluted		<b>64.56</b>	55.74
Accounting Policies and Notes on Accounts	22		

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

**Shravan K**  
Partner  
**Membership No. 215798**

Place: Hyderabad  
Date : 30-05-2017

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

**S. Jasminde Singh**  
Company Secretary

**U. Uma Devi**  
Director  
DIN: 00125840

**Dheeraj Kumar**  
C F O

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2017 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2017 Rs.	Previous Year 31-03-2016 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Tax & Extraordinary items	1,942.55	1783.93
Depreciation	256.49	243.31
Interest Expenses	178.91	171.15
Interest Income	(63.10)	(40.44)
Loss on sale of Asset	0.00	0.15
Tools and Jigs, Fixtures and Patterns Written off	12.21	13.20
<b>OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE</b>	<b>2,327.06</b>	2171.30
Adjustments for :		
Inventories	(533.85)	236.19
Trade receivable	856.29	(484.06)
Other Receivable	(145.15)	554.28
Trade payable	36.13	(409.18)
Income Tax paid	(757.49)	(763.93)
Net cash flow from operating activities A	1,782.99	1304.60
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	36.78	37.88
Proceed from sale of Asset	0.00	0.15
Purchase of fixed Assets	(107.95)	(94.10)
Net Cash Used in investing Activities B	(71.17)	(56.07)
<b>C CASH FLOW FROM FINANCE ACTIVITIES:</b>		
Proceeds from Long Term Borrowing	(178.74)	594.60
working capital loans	953.27	(617.60)
Interest paid	(178.91)	(171.15)
Dividend paid	13.36	(423.90)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>608.98</b>	(618.05)
<b>D NET CASH INCREASE / DECREASE IN CASH IN CASH EQUIVALENT</b>	<b>2,320.80</b>	630.48
<b>OPENING CASH &amp; BANK BALANCE</b>	<b>1,649.50</b>	1019.01
<b>CLOSING CASH &amp; BANK BALANCE</b>	<b>3,970.30</b>	1649.50

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

**Shravan K**  
Partner  
**Membership No. 215798**

Place: Hyderabad  
Date : 30-05-2017

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

**S. Jasminde Singh**  
Company Secretary

**U. Uma Devi**  
Director  
DIN: 00125840

**Dheeraj Kumar**  
C F O

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

## NOTE 1

<b>SHARE CAPITAL:</b>	AS AT 31-03-2017		AS AT 31-03-2016	
	Numbers	Rs.	Numbers	Rs.
<b>AUTHORISED</b>				
Equity Shares of Rs 10/- each	3,000,000	300.00	3,000,000	300.00
		<u>300.00</u>		<u>300.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
Equity Shares of Rs 10/- each fully paid up	2,250,000	225.00	2,250,000	225.00

Disclosure pursuant to Note no. 6(A)(d) of part I of Schedule III to the Companies Act, 2013

Particulars	No of Equity Shares Rs 10/- each As At 31-03-2017	No of Equity Shares Rs 10/- each As At 31-03-2016
Share Outstanding at the beginning of the Year	2,250,000	2,250,000
Shares Issued during the Year	0.00	0.00
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 31st March 17		As At 31st March 16	
	No of Share Held	% of Holding	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 Hydraulics 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 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
<b>NOTE 2</b>		
<b>RESERVES &amp; SURPLUS:</b>		
<b>a. CAPITAL RESERVES (Subsidy)</b>		
At the commencement of the Year	<b>15.00</b>	<b>15.00</b>
<b>Closing Balance</b>	<b><u>15.00</u></b>	<b><u>15.00</u></b>
<b>b. Capital Redemption Reserve</b>		
At the commencement of the Year	<b>3.00</b>	<b>3.00</b>
<b>Closing Balance</b>	<b><u>3.00</u></b>	<b><u>3.00</u></b>
<b>c. Investment Allowance Reserved Utilised</b>		
At the commencement of the Year	<b>12.80</b>	<b>12.80</b>
<b>Closing Balance</b>	<b><u>12.80</u></b>	<b><u>12.80</u></b>
<b>d. Security Premium</b>		
At the commencement of the Year	<b>45.00</b>	<b>45.00</b>
<b>Closing Balance</b>	<b><u>45.00</u></b>	<b><u>45.00</u></b>
<b>e. General Reserve</b>		
At the commencement of the Year	<b>1745.00</b>	<b>1595.00</b>
Add: Current Year	<b>150.00</b>	<b>150.00</b>
<b>Closing Balance</b>	<b><u>1895.00</u></b>	<b><u>1745.00</u></b>
<b>f. Surplus:</b>		
At the commencement of the Year	<b>7975.85</b>	<b>7142.44</b>
Add: Transfer from profit and loss account	<b>1452.67</b>	<b>1254.21</b>
<b>Total Surplus</b>	<b><u>9428.52</u></b>	<b><u>8396.65</u></b>
Less : Proposed final Equity Dividend		
Interim Dividend paid @ Rs. 10/- per share	<b>0.00</b>	<b>225.00</b>
Corporate Dividend Tax	<b>0.00</b>	<b>45.80</b>
Transfer to General Reserve	<b>150.00</b>	<b>150.00</b>
<b>Closing Balance</b>	<b><u>9278.52</u></b>	<b><u>7975.85</u></b>
<b>Grand Total</b>	<b><u>11249.32</u></b>	<b><u>9796.65</u></b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
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## NOTE 3

## LONG TERM BORROWING - SECURED :

## Term Loan:

1. H D F C Bank Limited **300.00** 433.33

## Other Loans

2. Car Loans From Canara Bank - I **0.00** 13.93  
3. Car Loans From Canara Bank - II **0.00** 21.41

<b>TOTAL</b>	<b><u>300.00</u></b>	<b><u>468.67</u></b>
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1. Term Loan from HDFC Bank Limited is Secured by way of First Charge on the Fixed Assets of the company and personal guarantee of one of the Director of the Company

## TERM OF REPAYMENT

Particulars	Sanction Date	% Interest	Installments Quarterly
<b>HDFC Bank Limited</b>	02-01-2015	<b>11.75</b>	<b>18</b>

2 &3 . 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	<b>1899.71</b>	2016.27
b. Cash Credit From : HDFC Bank Limited	<b>1069.83</b>	0.00
<b>TOTAL</b>	<b><u>2969.54</u></b>	<b><u>2016.27</u></b>

Working Capital Loans are secured by hypothecation of Raw Materials, Finished Goods, Book Debts and documentary bills discounted and second charges on the fixed Assets of the Company except the Vehicles Under Hypothecation, further Guaranteed by One Director of the company in the Capacity to the extent of Rs 3000 Lakhs.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
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**NOTE 5****TRADE PAYABLES**

Sundry creditors

Due to Micro, Small and Medium Enterprises (Refer note 23(11))	<b>1.19</b>	1.35
Others	<b>201.26</b>	225.72
<b>TOTAL</b>	<b><u>202.45</u></b>	<b><u>227.07</u></b>

**NOTE 6****OTHER CURRENT LIABILITIES**

1. H D F C Loan	<b>137.38</b>	138.65
2. Car Loan from Banks.	<b>0.00</b>	8.80
3. Sundry Creditors : For Capital Expenditure	<b>6.40</b>	11.23
Expenses	<b>307.29</b>	255.39
4. Advance from Customers	<b>61.46</b>	44.83
5. Income Tax (Net)	<b>0.00</b>	48.45
6. Unclaimed Dividends	<b>147.31</b>	133.95
7. Other Liabilities	<b>54.72</b>	62.49
<b>TOTAL</b>	<b><u>714.56</u></b>	<b><u>703.79</u></b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

## NOTE 7 - FIXED ASSETS

Particulars	GROSS BLOCK		
	As at 01.04.2016 Rs.	Additions Rs.	Deductions Rs.
	As at 31.03.2017 Rs.		

## a) 1. TANGIBLE ASSETS:

Land	104.44			104.44
Factory Buildings	367.90			367.90
Other Buildings	187.18	0.00		187.18
Water Works	4.31			4.31
Electrical Installations	3.72			3.72
Plant and Machinery	4569.51	0.65	0.00	4570.16
Inspection & Testing Equipment	163.86	0.37		164.23
Office Equipment	153.59	2.71		156.30
Air conditioners	13.60	0.78		14.38
Furniture & Fixtures	61.66	0.75		62.41
Canteen Equipment	0.25	0.07		0.32
Vehicles	109.67	0.00	0.00	109.67
Material Handling Equipment	27.18	0.13		27.31
<b>Sub Total</b>	<b>5766.87</b>	<b>5.46</b>	<b>0.00</b>	<b>5772.33</b>

## b) 2. INTANGIBLE ASSETS

Software	81.45	0.00		81.45
<b>Sub Total</b>	<b>81.45</b>	<b>0.00</b>	<b>0.00</b>	<b>81.45</b>
c) Capital Work in progress	269.51	25.64	0.00	295.15
<b>Sub Total</b>	<b>269.51</b>	<b>25.64</b>	<b>0.00</b>	<b>295.15</b>
<b>GRAND TOTAL</b>	<b>6117.83</b>	<b>31.09</b>	<b>0.00</b>	<b>6148.93</b>
<b>Previous Year</b>	<b>5612.08</b>	<b>669.61</b>	<b>163.86</b>	<b>6117.82</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

D E P R E C I A T I O N				N E T B L O C K	
Upto 31.03.2016 Rs.	For the year Rs.	Deductions Rs.	Upto 31.03.2017 Rs.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
				104.44	104.44
108.91	11.11		120.02	247.88	258.99
15.87	2.91		18.78	168.40	171.31
3.98	0.01		3.99	0.32	0.33
3.53	0.00		3.53	0.19	0.19
2612.18	215.20		2827.38	1742.78	1957.33
114.20	5.40		119.60	44.63	49.66
139.07	3.04		142.11	14.19	14.52
12.63	0.08		12.71	1.67	0.97
44.24	3.22		47.46	14.95	17.42
0.24	0.00		0.24	0.08	0.01
40.60	12.33	0.00	52.93	56.74	69.07
14.85	1.70		16.55	10.76	12.33
<b>3110.30</b>	<b>255.00</b>	<b>0.00</b>	<b>3365.30</b>	<b>2407.03</b>	<b>2656.57</b>
73.30	1.49		74.79	6.66	8.15
<b>73.30</b>	<b>1.49</b>	<b>0.00</b>	<b>74.79</b>	<b>6.66</b>	<b>8.15</b>
				295.15	269.51
<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>295.15</b>	<b>269.51</b>
<b>3183.60</b>	<b>256.49</b>	<b>0.00</b>	<b>3440.09</b>	<b>2708.84</b>	<b>2934.23</b>
<b>2945.98</b>	<b>243.31</b>	<b>5.70</b>	<b>3183.60</b>	<b>2934.23</b>	<b>2666.09</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
<b>Note 8</b>		
<b>LONG TERM LOANS AND ADVANCES :</b>		
Deposit Recoverable (un secured Considered Good) (Telephones, APCPDCL & Others)	<b>73.60</b>	66.41
	<b>TOTAL</b>	<b>73.60</b>
		<b>66.41</b>
<b>Note 9</b>		
<b>INVENTORIES</b>		
As valued and certified by the Management		
a) Raw Materials (Valued at cost on weighted average method)	<b>825.43</b>	687.31
b) Stock-in-Process (Valued at cost on weighted average method or realisable value which ever is less)	<b>705.28</b>	398.10
c) Finished Goods (Valued at cost on weighted average method or realisable value which ever is less)	<b>329.23</b>	241.60
d) Stores & Spares (Valued at cost on weighted average method)	<b>73.08</b>	76.93
e) Jigs & Fixture, Patterns and Tools & Implements	<b>104.21</b>	111.66
	<b>TOTAL</b>	<b>2037.23</b>
		<b>1,515.60</b>
<b>Details of Raw materials</b>		
Steels	<b>124.80</b>	138.42
Castings	<b>242.76</b>	155.50
Components	<b>369.48</b>	263.63
Imported Material	<b>88.39</b>	129.76
	<b>TOTAL</b>	<b>825.43</b>
		<b>687.31</b>
<b>Note 10</b>		
<b>Trade Receivables</b>		
Receivables for a period exceeding six months unsecured considered good	<b>2901.07</b>	3373.67
Receivables for a period less than six months unsecured considered good	<b>3044.32</b>	3428.01
	<b>TOTAL</b>	<b>5945.39</b>
		<b>6801.68</b>
Sundry Debtors Include amount due from M/s Veljan Hydraulics Limited, a Company under the same management	<b>3,995.15</b>	5,000.41
Maximum amount due	<b>5,875.48</b>	5,000.41

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	AS AT 31-03-2017 Rs.	AS AT 31-03-2016 Rs.
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**Note 11****CASH AND CASH EQUIVALENTS:**

Cash on Hand	<b>0.71</b>	2.47
Balances With Scheduled Banks:		
In Current Accounts	<b>2601.53</b>	1086.35
Balance with Banks against Dividends payments	<b>147.31</b>	133.95
In Fixed Deposits Accounts	<b>1197.50</b>	410.91
Balance With Margin for LC's and BG's	<b>23.25</b>	15.81
	<b>TOTAL</b>	<b>3970.30</b>
		<b>1649.50</b>

**Note 12****SHORT TERM LOANS AND ADVANCES**

Advances for capital expenditure	<b>75.48</b>	3.45
Advances for Supply of Raw Materials & Expenses	<b>132.30</b>	73.73
Income Tax (Net)	<b>223.66</b>	0.00
Deposits recoverable	<b>183.43</b>	180.08
Staff Advances	<b>6.40</b>	5.73
	<b>TOTAL</b>	<b>621.27</b>
		<b>262.99</b>

**Note 13****OTHER CURRENT ASSETS:**

VAT Receivable	<b>34.11</b>	35.82
Service Tax Receivable	<b>351.97</b>	304.29
Deposit with Excise Department	<b>95.74</b>	45.72
Prepaid expenses	<b>23.09</b>	16.56
Interest Receivables	<b>49.51</b>	23.19
Claims Receivables (Vat)	<b>149.79</b>	147.26
Other Receivable	<b>7.65</b>	37.31
Fringe Benefit Tax Paid	<b>1.30</b>	1.30
	<b>TOTAL</b>	<b>713.16</b>
		<b>611.45</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
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**Note 14****REVENUE FROM OPERATIONS :**

Sale of Products	<b>7428.57</b>	7191.42
Pumps & Spares	<b>479.25</b>	490.27
Valves & Spares	<b>826.44</b>	758.84
Motors & Spares	<b>75.29</b>	43.16
Power Packs & Spares	<b>50.58</b>	42.82
Scrap Sales	<b>8860.13</b>	8526.51
Less: Central Excise Duty	<b>601.53</b>	498.98
	<b><u>8258.60</u></b>	<b><u>8027.53</u></b>

**Note 15****OTHER INCOME**

Interest Earned	<b>63.10</b>	40.44
Service Charges	<b>0.53</b>	0.95
Miscellaneous receipts	<b>3.05</b>	2.11
Income pertaining to prev. year	<b>0.14</b>	0.00
Unclaimed Creditors Balance Written Back	<b>0.00</b>	2.19
Unclaimed Provision Written Back	<b>0.00</b>	<u>3.48</u>
	<b><u>66.82</u></b>	<b><u>49.17</u></b>

**Note 16****RAW MATERIALS CONSUMED :**

Opening Stocks	<b>687.31</b>	799.38
Add: Purchases	<b>3029.77</b>	2444.46
	<b><u>3717.08</u></b>	<b><u>3243.84</u></b>
Less Closing stocks	<b>825.43</b>	<u>687.31</u>
Cost of Raw Materials Consumed	<b><u>2891.65</u></b>	<b><u>2556.53</u></b>

**Imported and Indigenous Raw material Consumed**

	% of Consumption 31-03-2017	Current Year 31-03-2017	% of Consumption	Previous Year 31-03-2016
Imported	<b>7.37%</b>	<b>213.12</b>	4.18%	106.90
Indigenous	<b>92.63%</b>	<b>2678.53</b>	95.82%	2449.63
<b>TOTAL</b>	<b><u>100.00%</u></b>	<b><u>2891.65</u></b>	<b><u>100.00%</u></b>	<b><u>2556.53</u></b>

**Details of Raw Material Consumed**

Steels Consumed	<b>272.10</b>	279.27
Castings Consumed	<b>1069.53</b>	979.87
Components Consumed	<b>1336.90</b>	1190.49
Imported Material Consumed	<b>213.12</b>	106.90
<b>TOTAL</b>	<b><u>2891.65</u></b>	<b><u>2556.53</u></b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
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**Note 17**  
**CHANGES IN INVENTORIES OF  
 FINISHED GOODS, WORK IN PROGRESS**

(Increase)/Decrease in Stocks

**Opening Stocks**

Finished Goods	<b>241.60</b>	322.51
Stock-in-Process	<b>398.10</b>	436.58
	<b><u>639.70</u></b>	<b><u>759.09</u></b>

**Closing Stocks**

Finished Goods	<b>329.23</b>	241.60
Stock-in-Process	<b>705.28</b>	398.10
	<b><u>1034.51</u></b>	<b><u>639.70</u></b>

(Increase) / Decrease in Stocks	<b>TOTAL</b>	<b><u>-394.81</u></b>	<b><u>119.39</u></b>
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**Note 18****EMPLOYEE BENEFITS EXPENSE**

Salaries , Wages and Bonus	<b>694.92</b>	656.20
Contribution to Provident Fund	<b>27.64</b>	29.02
Contribution to Employee's State Insurance	<b>6.25</b>	5.94
Group Gratuity & Deposit Linked Insurance	<b>38.84</b>	7.00
Superannuation Premium	<b>5.40</b>	7.88
Workmen & Staff Welfare Expenses	<b>12.38</b>	10.31
	<b><u>785.43</u></b>	<b><u>716.35</u></b>

**Note 19****FINANCE COSTS**

Interest	<b>149.49</b>	145.47
Other Borrowing Costs	<b>29.42</b>	25.68
	<b><u>178.91</u></b>	<b><u>171.15</u></b>

**Note 21****DEPRECIATION EXPENSE**

Depreciation	<b>256.49</b>	243.31
	<b><u>256.49</u></b>	<b><u>243.31</u></b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
<b>Note 21</b>		
<b>OTHER EXPENSES</b>		
Job Expenses	<b>1102.45</b>	925.93
Stores Consumed	<b>221.50</b>	212.84
Packing Material Consumed	<b>107.95</b>	106.29
Carriage Inward	<b>47.12</b>	39.97
Power and Fuel	<b>160.26</b>	150.88
Repairs & Maintenance		
Building	<b>8.51</b>	20.79
Plant and Machinery	<b>18.99</b>	30.57
Others	<b>52.36</b>	40.13
Tools & Dies written off	<b>12.21</b>	13.20
Rent	<b>18.60</b>	18.15
Licenses and Taxes	<b>8.02</b>	11.23
Sales Tax	<b>236.77</b>	179.28
Insurance	<b>10.55</b>	11.57
Printing & Stationery	<b>9.14</b>	9.97
Postage & Telephones	<b>13.43</b>	11.57
Travelling & Conveyance	<b>17.42</b>	18.69
Foreign Travelling Expenses	<b>29.87</b>	1.66
Vehicle Maintenance	<b>5.08</b>	10.28
Professional & Legal Charges	<b>28.94</b>	37.88
Remuneration to Directors	<b>100.79</b>	107.76
Selling & Distribution Expenses	<b>347.27</b>	400.61
Advertisement	<b>3.18</b>	1.48
Remuneration to Auditors:		
For Audit Fees	<b>4.02</b>	4.02
For Tax Audit Fees	<b>0.50</b>	0.50
Sitting fee to Directors	<b>6.80</b>	9.20
Donations	<b>32.87</b>	42.47
General Expenses	<b>53.17</b>	53.19
Service Tax Paid	<b>3.40</b>	1.39
Loss on Sale of Asset	<b>0.00</b>	0.15
Bad Debts Written Off	<b>1.35</b>	9.63
Bad Advance Written Off	<b>2.68</b>	0.00
Condonation Fee	<b>0.00</b>	4.76
<b>TOTAL</b>	<b><u>2665.20</u></b>	<b><u>2486.04</u></b>

**Imported and Indigenous Stores Consumed**

Particulars	% of Consumption	Current Year 31-03-2017	% of Consumption	Previous Year 31-03-2016
Imported	<b>0%</b>	<b>0.00</b>	<b>0%</b>	<b>0.00</b>
Indigenous	<b>100.00%</b>	<b>221.50</b>	<b>100.00%</b>	<b>212.84</b>
<b>TOTAL</b>	<b><u>100.00%</u></b>	<b><u>221.50</u></b>	<b><u>100.00%</u></b>	<b><u>212.84</u></b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Figures in Rs Lakhs)

Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
<b>Note 22</b>		
<b>1. A) Contingent Liabilities not provided for :</b>		
a) Towards Guarantees and Letters of credit issued by the Bankers to the extent of	<b>113.27</b>	92.72
b) 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	<b>23.29</b>	23.29
<b>B) Contracts remaining to be executed on Capital account.</b>	<b>358.13</b>	16.10
<b>2. Value of Imports calculated on C.I.F. Basis</b>		
a) Raw Materials and Components	<b>120.08</b>	82.22
b) Advance Capital Goods	<b>68.11</b>	0
c) Maintenance items	<b>0.17</b>	8.80
<b>3. Expenditure in Foreign Currency :</b>		
Travelling	<b>12.73</b>	0.72
<b>4. Fixed Deposits pledged with Banks for the purpose of Guarantees/L.C.'s</b>		
	<b>23.24</b>	15.81
<b>5. Taxes on Income-Tax AS - 22</b>		
<b>Item of Deferred Tax Liability</b>		
Depreciation	<b>1,279.86</b>	1,293.10
Total (A)	<b><u>1,279.86</u></b>	<b><u>1,293.10</u></b>
Item of Deferred Tax Assets		
43B Payments	<b>98.29</b>	103.30
Total (B)	<b><u>98.29</u></b>	<b><u>103.30</u></b>
Deferred Tax Liability (A-B)	<b><u>1,181.57</u></b>	<b><u>1,189.80</u></b>
Tax there on	<b><u>408.92</u></b>	<b><u>404.41</u></b>

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

**Key Management Personnel (KMP)**

Sri V C Janardan Rao : Chairman & Managing Director

**Directors**

Sri G K Kabra

Sri M L Motwani

Sri V Pattabhi

Sri B S Srinivasan

Smt. U Uma Devi

Sri Dheeraj Kumar : C.F.O

Sri Jasminde Singh : Company Secretary

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

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

**A Transactions during the Year**

Particulars	Key Management Personnel	Directors	Enterprises in Which the Key Management personnel and their relatives are interested
Remuneration	39.00 (50.34)		
Commission	41.19 (38.28)	20.60 (19.14)	3456.53 (3949.53)
SALES: Veljan Hydrair Limited			
PURCHASES: Veljan Hydrair Limited			58.80 -23.59
Suxus Systems Limited			1392.97 (1171.61)
DISCOUNTS: Veljan Hydrair Limited			334.92 (390.46)
RENT: Veljan Investments Limited			18.75 (18.59)
JOB EXPENSES: Ecmat Limited			1071.14 (879.56)
JDM Hydro Pneumatics Ltd.			0.00 (5.57)
SALES Ecmat Limited			0.37 (0.85)
Suxus Systems Limited			0.00 (0.39)
B. Balance as at 31.03.2017			
Payables	41.19 (38.28)	20.60 (19.14)	27.44 (31.88)
Receivable			3,995.15 (5,011.24)

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 thereby 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. Disclosure relating to the Gratuity Liability AS - 15 "Employee Benefits"  
As per actuarial valuation as on 31-03-2017 given by LIC of India and recognized in the financial statements in respects to Employee Gratuity Benefits Scheme.

(i) Changes in present Value of obligation as on 31-03-2017

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Present value of obligations at the beginning of Year	53.01	56.91
Interest Cost	4.24	4.55
Current Service Cost	4.71	5.75
Benefits paid	-13.03	(15.25)
Actuarial (gain) / (loss) on obligations	20.87	1.05
Present value of obligations as at end of year	69.80	53.01

(ii) Changes in the Fair Value of Plan Assets as on 31-03-2017

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Fair Value of plan assets at the beginning of the year	62.99	70.24
Actual return on plan assets	4.38	5.28
Contributions	25.57	2.73
Benefits paid	-13.03	(15.25)
Actuarial (gain) / loss on plan assets	Nil	Nil
Fair value of plan assets as at the end of Year.	79.91	62.99

11. The information with regard to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the company and relied upon by the Auditors Accordingly, the trade payable include Rs nil (previous year Rs nil) due to them for a period exceeding 30 days and company has not paid any interest during the year to any enterprise registered under Micro, Small and Medium Enterprises development Act, 2006.

12. Earning per Share (E P S)	<b>Current Year</b>	<b>Previous Year</b>
a) Net profit as per Statement of Profit and Loss	1,452.67	1,254.21
b) Number of Equity Shares	22.50	22.50
c) Basic and diluted Earning per share (in Rs.)	64.56	55.74

**Note**

Number Disclosure regarding pursuant to circular no. G.S.R.308(E) Dated March 30, 2017 Details of specified bank notes (SBN) held and trasacted during the period from November 08, 2016 to December 30, 2016 is provided in the table below :

13. Particulars	(Figures in Rs Lakhs)		
	SBN's	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	1.40	0.02	1.42
Add: Withdrawal from bank accounts	-	5.60	5.60
Add: Permitted receipts	-	0.09	0.09
Less: Permitted payments	-	2.45	2.45
Less: Amount deposited in bank accounts	1.40	-	1.40
Closing cash in hand as on 30.12.2016	0.00	3.26	3.26

14. Previous year figures has been regrouped where ever necessary to correspond with the current year figures except when otherwise stated, the figures are presented in Rupees in Lakhs

**SIGNIFICANT ACCOUNTING POLICIES****NOTE 22**

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 in India ("Indian Gapp") and company with all material respect with the Mandatory Accounting Standard ("AS") prescribed under section 133 of the Companies 2013 ("The Act") read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with relevant provisions of the Act and Pronouncement of the Institute of Chartered Accounts of India (ICAI). The Financial Statements have been prepared on Accrual basis. The Accounting Policies have been Consistently applied by the Company are consistent with those used in the Previous Year.
- 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 is provided on Tangible assets in accordance with the useful life prescribed as per schedule II of the Companies Act, 2013. 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 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.

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Signatures to Schedules 1 to 22 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

**Shravan K**  
Partner  
**Membership No. 215798**

Place: Hyderabad  
Date : 30-05-2017

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

**S. Jasminde Singh**  
Company Secretary

**U. Uma Devi**  
Director  
DIN: 00125840

**Dheeraj Kumar**  
C F O

**VELJAN DENISON LIMITED****(CIN: L29119TG1973PLC001670)**

**Registered Office: Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad - 500 016, Telangana  
Tel: 91 040 27764546, Fax: 91 040 27765253  
Email: comp\_secy@veljan.in Website: www.veljan.in**

**ATTENDANCE SLIP****43rd Annual General Meeting**

I hereby state that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on Friday, the 27th day of September, 2017 at 11.30a.m. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037, Telangana, India, or/any adjournment thereof.

Name of the attending Shareholder:.....  
(in block letters)

Name of the Proxy:.....  
(to be filled in if proxy attends)

Signature of Shareholder:.....

Signature of Proxy:.....

Registered Folio Number: or DP / Client ID No. ....

Number of Shares held: .....

Note:

1. Shareholders/proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the entrance, affixing their signature on them.
2. Members are informed that no duplicate attendance slips will be issued at the venue of the meeting.

**VELJAN DENISON LIMITED**

(CIN: L29119TG1973PLC001670)

Registered Office: Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad - 500 016, Telangana  
Tel: 91 040 27764546, Fax: 91 040 27765253  
Email: comp\_secy@veljan.in Website: www.veljan.in

**PROXY FORM - FORM MGT 11**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

Name of the Shareholder(s): .....  
Address of the Shareholder(s): .....  
E-mail Id: .....  
Folio No. / DP id & Client id: .....

I/We being the member(s) of ..... Shares of Veljan Denison Limited, hereby appoint:

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

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

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

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the company at Friday, the 27th day of September, 2017 at 11.30 a.m. at Plot No. A18 & 19, APIE, Balanagar, Hyderabad - 500 037, Telangana, India, or/any adjournment thereof in respect of such resolutions as per attachment enclosed.

**Ordinary Business:**

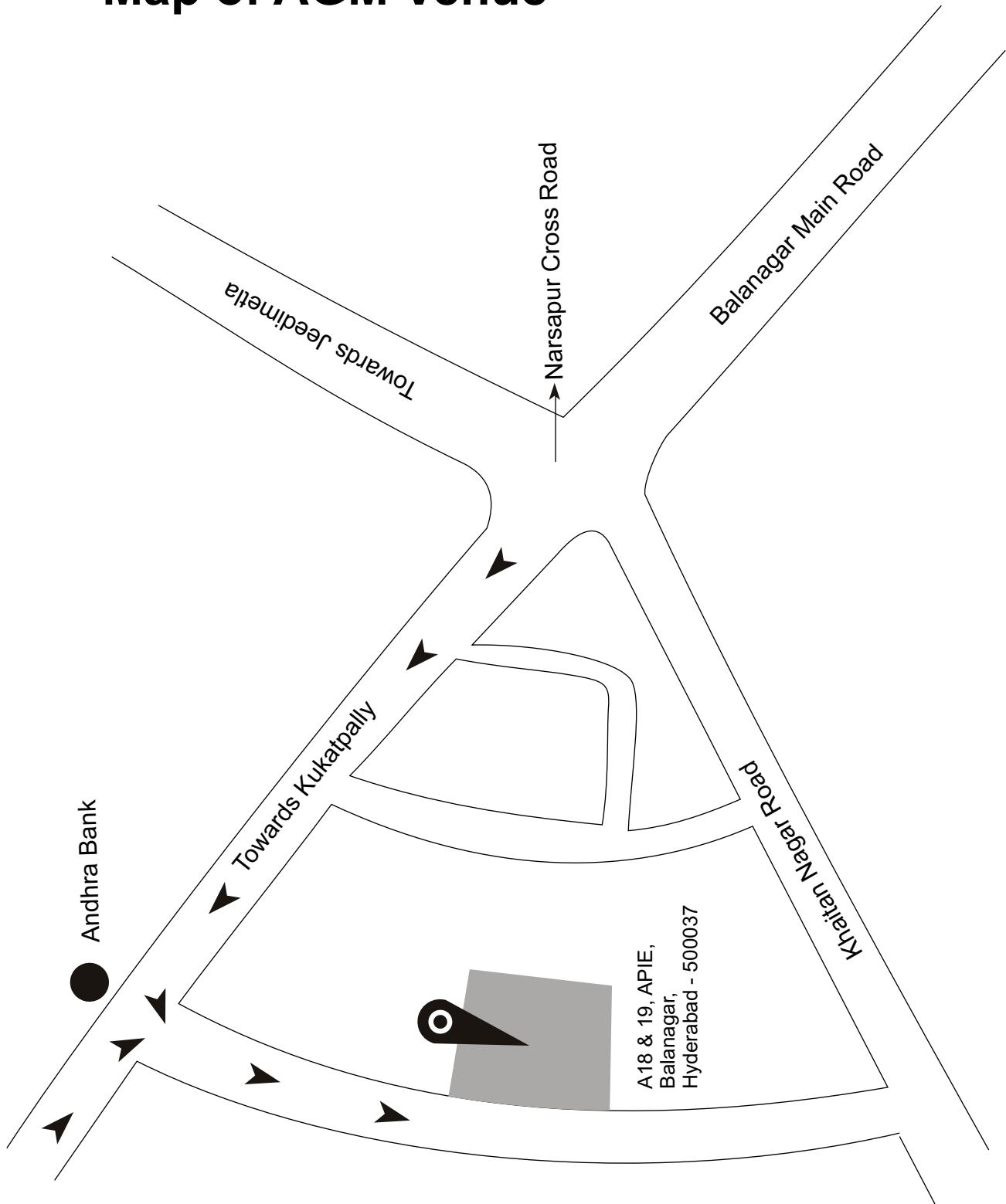
1. To receive, consider and adopt the Financial Statements for the year ended 31st March, 2017 and the Reports of the Directors' and the Auditors' thereon.
2. To confirm the payment of interim Dividend, delacared on equity Shares of the Company for the finiancial year 2016-2017
3. To elect and appoint a Director in place of Sri. VC Janardhan Rao (DIN: 00181609), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. K.S.Rao & Co, Chartered Accountants (FRN: 000513S), as auditor of the Company.

Signed this ..... day of ..... 2017 (Affix Revenue Stamp)

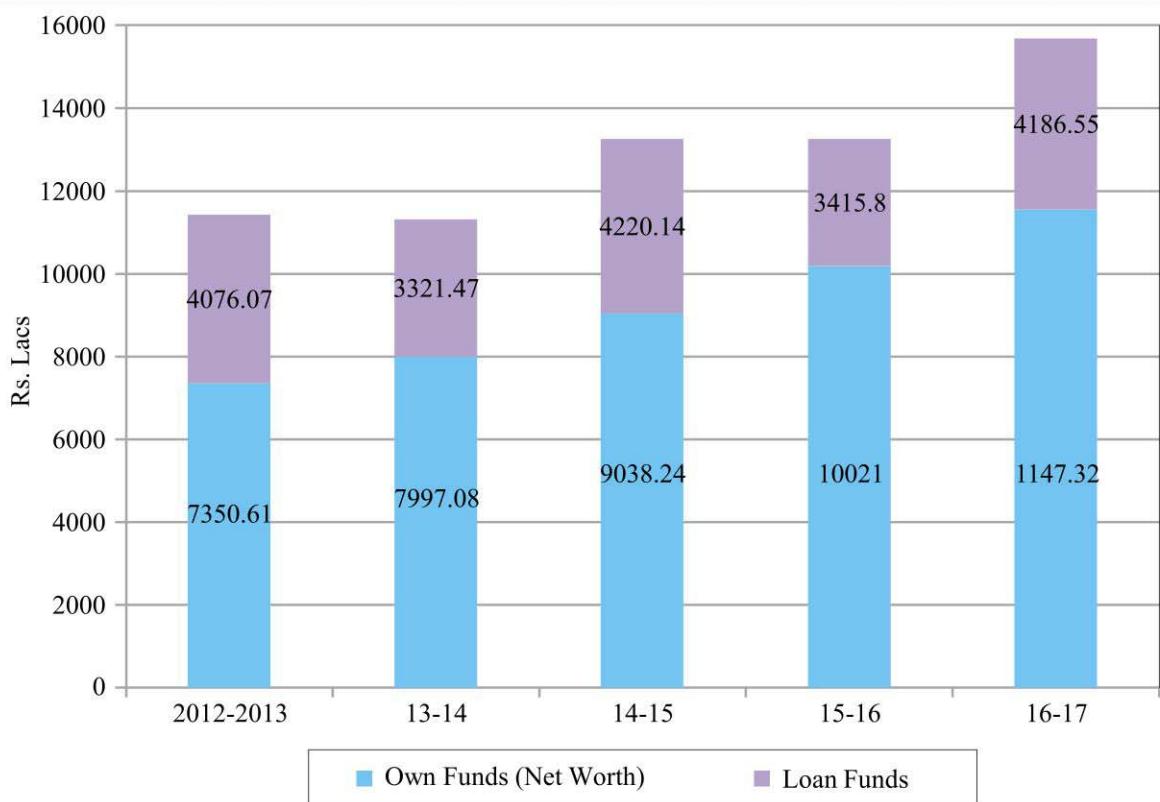
Signature of Shareholder ..... Signature of Proxy holder(s) .....

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

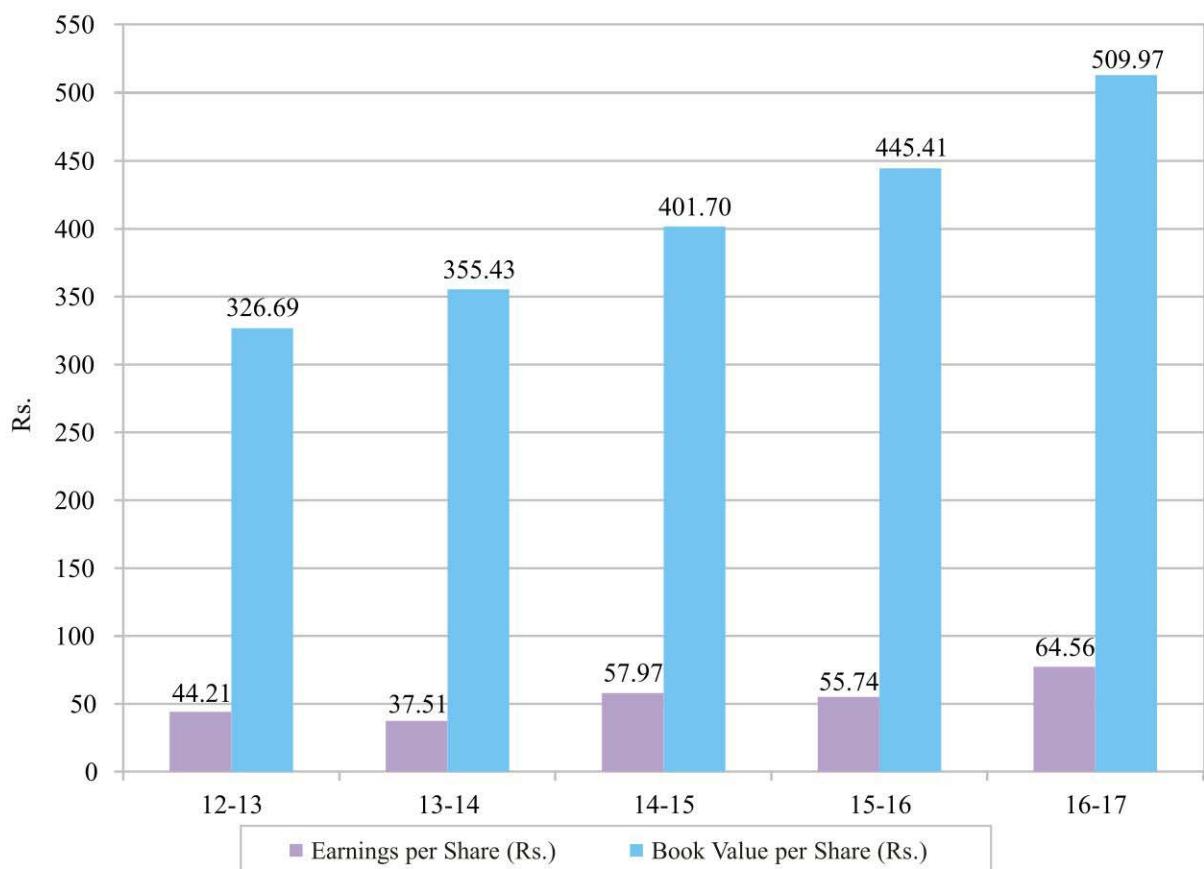
# Map of AGM Venue

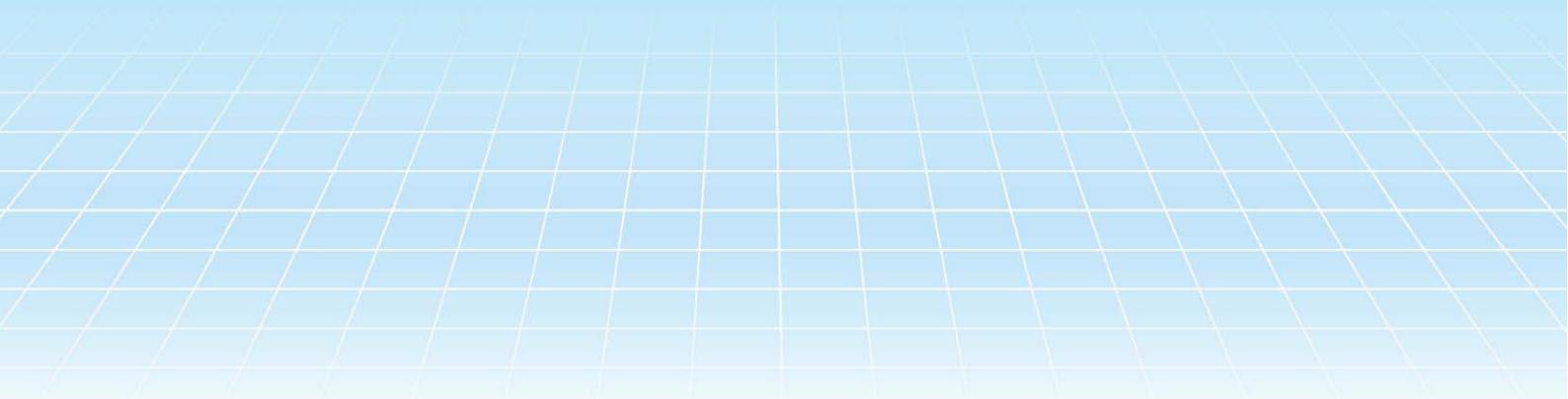


## CAPITAL EMPLOYED



## EARNINGS PER SHARE & BOOK VALUE





## **VELJAN DENISON LIMITED**

Registered Office : Plot No. 44, 4th Floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad - 500016, Telangana, India.

Factory : Plot No. 10A, Phase - 1, IDA, Patancheru, Sangareddy (Dist) - 502 319, Telangana, India.