

DENISON | **Hydraulics**

35th

ANNUAL REPORT

2007 - 2008

DENISON HYDRAULICS INDIA LIMITED

DIRECTORS :

SRI. V. C. JANARDAN RAO
Chairman

SRI. SRINIVAS VG
Managing Director

SRI. R. C. SOHNI

SRI. G. K. KABRA

SRI. M. L. MOTWANI

SRI. V. PATTABHI

BANKERS :

CANARA BANK
SYNDICATE BANK

AUDITORS :

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

REGISTERED OFFICE:

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

FACTORY :

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

DENISON HYDRAULICS INDIA LIMITED
NOTICE OF ANNUAL GENERAL MEETING

To
All the Shareholders,

NOTICE is hereby given that the 35th Annual General Meeting of the members of the company will be held at factory Plot No. 9, Phase-I, I.D.A, Patancheru - 502 319 Andhra Pradesh on Tuesday the 31st March, 2009 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

To consider and if thought fit, to pass with or without modification, the following resolution nos. 1 to 5 as ordinary resolutions :

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 30th September, 2008 and the Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Reports thereon.

"RESOLVED that the Balance Sheet as at 30th September, 2008 and the Profit & Loss Account for the year ended on that date and the Report of the Auditors' and Directors' Report to the shareholders be and are hereby approved and adopted."

2. To declare dividend for the year ended 30th September, 2008.

"RESOLVED that a dividend @ 50% on 1800000 Equity Shares of Rs.10/- each as recommended by the Board of Directors in their report be and is hereby declared for the year ended 30th September, 2008 and that it be paid to those members whose names appear in the Register of Members of the company as on 31st March, 2009."

3. To appoint a Director in place of Shri M.L. Motwani who retires by rotation and being eligible, offers himself for re-appointment.

"RESOLVED that Shri M.L. Motwani, who retires by rotation and is eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

4. To appoint a Director in place of Shri G.K. Kabra who retires by rotation and being eligible, offers himself for re-appointment.

"RESOLVED that Shri G.K. Kabra, who retires by rotation and is eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

5. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution.

"RESOLVED that pursuant to provisions of Sec. 224 of the companies Act, 1956, M/s.Brahmayya & Co., Chartered Accountants, be and are hereby reappointed as Auditors of the company to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and the Board of Directors of the company be and are hereby authorised to fix their remuneration."

SPECIAL BUSINESS:

To Consider and if thought, to pass or without modification, the following resolution as special resolution:

Commission to Directors:

"RESOLVED that pursuant to section 309(4) of the Companies Act, 1956 and other applicable provision if any, the approval of the members be and is hereby accorded for payment to the Directors of the Company, other than Managing Director and whole Time Director, commission at the rate not exceeding 1% of the net profit of the company to be equally dividend amongst them (and this authorization for payment of commission on net profits shall remain valid) for a period of 5(five) years from Financial Year 2007-08."

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 309(4) OF THE COMPANIES ACT, 1956.

(The Shareholders are aware that they had approved for payment of commission on net profits pursuant to section 309(4) of the Companies Act, 1956 and other applicable provisions to all the Directors except the Managing Director and Whole Time Director, for a period of five years commencing from Financial year 2002-03).

The operations of the company are steadily improving with the active role and guidance of the Directors. Hence, as before, it is proposed to pay commission on net profit to all Directors other than Managing Director and whole Time Director, which is permissible under the Companies Act, 1956 for a period of 5 years (Five) from financial year 2007-08.

Your Directors commended the resolution for your approval.

All the Directors except the Managing Director are interested in the resolution to the extent of commission payable to them in accordance with the proposed resolution.

Registered Office :
Denison Hydraulics India Limited
Plot NO 44, 4th Floor, HCL Towers
Chikoti Gardens
Begumpet,
HYDERABAD 500 016

By Order of the Board

V C JANARDAN RAO
Chairman

Place : Hyderabad
Date : 2nd March, 2009

DENISON HYDRAULICS INDIA LIMITED

NOTES:

1. 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 the proxy need not be a member of the company. Proxies in order to be valid must be received by the company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the company will remain closed from 28th March, 2009 to 31st March, 2009 (both days inclusive) for determining the entitlement for payment of dividend.
3. The Dividend on Equity shares, as recommended by the Directors for the year ended 30th September 2008, declared at the meeting, will be made payable on or before 30th April, 2009 to those members whose names appear in the Register of Members of the company on 31st March 2009 or to their mandates registered with the company before. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for this purpose as on 31st March 2009.

As per SEBI guidelines, the dividends shall have to be paid to the Bank as per the Mandates furnished by the shareholders. The shareholders who have not furnished their Bank Mandates are requested to file the same to the company on or before 31st March, 2009, as per the enclosed proforma.

4. Members are requested to notify any change in their address to their Depositories Participants (DPS) in respect of their Electronic Share Accounts and to the company or Share Transfer Agents in respect of their physical share folios, if any.
5. Members holding shares in multiple Folio Nos. are requested to send their requests duly signed by all the joint holders together with the relevant share certificate to the company or Share Transfer Agents for arranging endorsements for consolidation of shareholdings.
6. Members holding shares in electronic form may please note that as per the regulations of NSDL and CDSL, the company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the company and the company will not entertain any request for deletion/change of bank details already printed on dividend warrants as per information received from the concerned Depositories.

7. Members are advised that all unclaimed dividends for the Accounting year ended 30th September, 2001 are to be transferred to the Investor Education & Protection Fund (IEPF) during the year. Unclaimed dividend for the subsequent year will also be transferred to the Investor Education and Protection Fund of the Central Government if they remain unclaimed for a period of seven years from the date they become due. Members may kindly note that after such date/s, i.e. after transfer of unclaimed dividend to the Investor Education and Protection Fund, the members shall not be entitled to claim such dividend.
8. The company's Equity Shares have been listed with the Stock Exchange at Mumbai, and there have been no arrears of the Listing Fees payable to the Stock Exchange.
9. M/s. Venture Capital and Corporate Investments Ltd, 12-10-167, Bharath Nagar, Hyderabad 500 018, have been appointed as Transfer Agents for Physical/ Demat shares. Shareholders are requested to send their communication to the above said address in future.
10. The compliance on Corporate Governance as per Regulation 49 is applicable to your company, as the Net worth of the company exceeds Rs. 25 Crores during the year even though the paid up Capital is less than Rs. 3 Crores.

By Order of the Board

Registered Office :
Denison Hydraulics India Limited
Plot NO 44, 4th Floor, HCL Towers
Chikoti Gardens, Begumpet
HYDERABAD 500 016

V C JANARDAN RAO
Chairman

Place : Hyderabad
Date : 2nd March, 2009

DENISON HYDRAULICS INDIA LIMITED

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

1. Name : Shri M.L. Motwani, S/o Later Shri L S Motwani
 2. Age : 73 Years
 3. Educational Qualifications : B. E.(Mech), Post graduate Diploma in Industrial
& Experience : Marketing. Retired as Senior Executive From
M/s Shriram Fuel injection and Industries Limited
Hyderabad.
 4. Date of Appointment : 25/07/2000
-

1. Name : Shri G.K. Kabra
2. Age : 76 Years
3. Educational Qualifications : B.E. Electrical
4. Date of Appointment : 27/01/2006
5. Name of the Companies : M/s. Kabson Industries Limited, Hyderabad,
Director
M/s. Satruc Appliances Private Limited,
Director

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 35th Annual Report and Audited Accounts of the company for the year ended 30th September 2008.

The company's performance for the year is as under:

FINANCIAL RESULTS:

	2007-2008 (Current Year) Rs. in Lakhs	2006-2007 (Previous Year) Rs. in Lakhs
TOTAL INCOME	<u>6438.87</u>	<u>5113.01</u>
Profit before Depreciation & Tax	1625.71	1630.50
Less : Depreciation	182.53	121.98
Profit before Tax	1443.18	1508.52
Less : Provision for Income tax	506.49	520.00
Provision for Deferred tax	80.29	59.55
Provision for Fringe Benefit Tax	5.00	7.00
	591.78	586.55
Profit after Tax		
Profit and Loss A/c. Surplus	851.40	921.97
Brought Forward from last year	1961.80	1245.12
TOTAL	<u>2813.20</u>	<u>2167.09</u>
APPROPRIATIONS :		
General Reserve	100.00	100.00
Dividend (Proposed)	90.00	90.00
Corporate Dividend Tax	15.29	15.29
Balance carried over	2607.91	1961.80
TOTAL	<u>2813.20</u>	<u>2167.09</u>

DENISON HYDRAULICS INDIA LIMITED

DIVIDEND

Your Directors recommend Dividend on 18,00,000 Equity Shares of Rs.10/- each at Rs.5.00 per share (50%) amounting to Rs.90.00 Lacs for the year ended 30th September, 2008.

OPERATIONS

During the year under report the sales are 24.95% higher at Rs.6831.62 Lacs against Rs. 5467.42 Lacs in the previous year. The Profit before tax for the year is 0.96 % lower at Rs.1443.18 Lacs against Rs.1508.52 Lacs for the previous year.

FUTURE OUTLOOK

The turnover in the current year, up till now, is lower than that of the previous year. The prevailing unfavorable market conditions worldwide will affect the turnover for the financial year 2008-09. However, the management is utilising this period, to develop new products, which will be helpful for the future growth of the company.

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

As required under the disclosures under the Companies (disclosure of particulars in the report of Board of Directors) Rule 1988, the necessary additional information is given in the Annexure-I which may be treated as part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

The company did not engage any employee throughout the financial year under report, who are in receipt of Rs.24,00,000/- or more per annum or Rs.2,00,000/- or more per month, employed for a part of the year.

FIXED DEPOSITS

The company has not accepted any Deposits from the public and therefore, the provisions of Section 58A of the Companies Act, 1956 are not applicable.

DIRECTORS

In accordance with the Articles of the company, Shri, M.L. Motwani and Shri G K Kabra, retire by rotation and being eligible, offer themselves for re – appointments.

The resolutions concerning their appointment / reappointment as mentioned above are commended for your approval.

During the Year Sri Kumar Tipirneni has resigned as Director.

AUDITORS

M/s.Brahmayya & Company, Chartered Accountants, Hyderabad, the company's Auditors will be retiring on the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors further report that

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of that year.
- iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.

REPLY TO THE AUDITORS QUALIFICATION :

On the facts of the case the company has obtained a legal opinion to the effect that the provisions of Section 297 (2) are not attracted.

SECRETARIAL COMPLIANCE

As required under provision to sub-section (1) of Section 383A of the Companies Act 1956, a Compliance Certificate dated 31st January, 2009 issued by M/s.Ravi & Subramanyam, Company Secretaries, Hyderabad, covering the period 2007-2008 is annexed herein as Annexure II, which may be treated as part of this report.

CORPORATE GOVERNANCE:

Your Company falls under the scope of coverage under Clause No.49 of the Listing Agreement pertains to Corporate Governance. Steps have accordingly been taken to comply with the applicable requirements.

ACKNOWLEDGEMENT

The company acknowledges with gratitude the co-operation and assistance given by the Financial Institutions, Banks and Investors and employees of the company during the period under review.

On Behalf of the Board of Directors

Place : Hyderabad
Date : 2nd March, 2009

V C JANARDAN RAO
CHAIRMAN

DENISON HYDRAULICS INDIA LIMITED

ANNEXURE I

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

Measures taken for Conservation of Energy :

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

Data in respect of Energy Conservation :

	Current Year	Previous Year
a) Turnover	Rs. 68,31,61,614	54,67,42,235
b) Electricity	Rs. 52,38,945	39,34,832
c) Diesel	Rs. 25,04,232	22,10,802
Electricity Purchased (KWH)	Rs. 11,76,162	8,60,157
Unit Rate (Rs.per KWH)	4.45	4.48

Technology Absorption :

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

d) Foreign Exchange Earnings and Outgo:

	Current Year Rs.	Previous year Rs.
Foreign Exchange Earned	7,81,373	0
Foreign Exchange Used	5,04,03,124	80,16,063

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

Overview & Operations of the Company:

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

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

Business Environment:

During the year 2008-09, the Company expects a slow down in the growth in demand for its products due to the current recessionary trend all around.

Opportunities & Threats:

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

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

Outlook for the Company:

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

DENISON HYDRAULICS INDIA LIMITED

Risks and Concerns:

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

Internal Control Systems and Their Adequacy:

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

Human Resources/Industrial Relations:

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

Cautionary Statement:

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

**FORM
[SEE RULE 3]
Compliance Certificate**

To
The Members,
M/S. DENISON HYDRAULICS INDIA LIMITED,
HYDERABAD.

We have examined the registers, records, books and papers of M/s. DENISON HYDRAULICS LIMITED, (the company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 30th September, 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers, and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies.
3. The Company being a Public Limited Company, comments is not required.
4. The Board of Directors duly met 5 (Five) times on 29.10.2007; 31.01.2008; 29.02.2008; 30.04.2008 and 31.07.2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions, if any, passed in the Minutes Books maintained for the purpose.
5. The Company has closed its Register of Members from 26th March, 2008 to 28th March, 2008 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 30th September, 2007 was held on 28th March, 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not sanctioned any loans to its Directors or persons of firms or Companies referred to under Section 295 of the Act.
9. The Company has taken the approval of the Board in respect of the contracts specified under the provision of section 297 of the act, and is required to obtain the necessary approvals.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.

DENISON HYDRAULICS INDIA LIMITED

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company has:
 - i) not made any allotment or transmission of securities however, delivered all the share certificates on lodgment of transfer during the financial year.
 - ii) deposited the amount of dividend declared in a separate Bank Account on 02nd April, 2008 which is within five days from the date of such declaration.
 - iii) Posted warrants for dividends to all the members within a period of 30 days from the date of declaration and there was no balance of any unpaid dividend to be transferred to Unpaid Dividend Account of the Company.
 - iv) not required to transfer the amounts in unpaid dividend account, application money due to refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no such amounts outstanding during the financial year under review.
 - v) complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there was appointment of Additional Director during the financial year. However there were no appointment of Alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Manager / Whole time Director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The Company is required to obtain the approval of the Central Government as per Section 297 of the Act. However there was no requirement of obtaining the approval of Company Law Board, Regional Director, Registrar of Companies, and/ or such other authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued shares/ debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not so far issued any redeemable preference shares/ debentures.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not accepted any deposits falling within the purview of section 58A including any unsecured Loans during the financial year.
24. The amounts borrowed by the company from financial institutions, banks and others during the financial year ended 30th September, 2008 is within the borrowing limits of the Company and that the necessary resolutions as per section 293 (1) (d) of the Act have been passed in duly convened General Meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the financial year.
30. The Company has not altered the Articles of Association with respect to the Share Capital of the Company during the financial year under review.
31. There was no prosecution initiated or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year under review.
33. Pursuant to Section 418 of the Companies Act, 1956 the Company has not constituted Provident Fund for its employees.

For Ravi & Subramanyam
Company secretaries

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

Place: Hyderabad
Date : 31.01.2009

DENISON HYDRAULICS INDIA LIMITED

ANNEXURE A

Registers as maintained by the Company

- ◆ Register of Charges U/s 143 of the Act.
- ◆ Register of Members u/s 150 of the Act.
- ◆ Index of Members.
- ◆ Minutes of General Meeting's u/s 193 of the Act.
- ◆ Minutes of Board of Directors u/s 193 of the Act.
- ◆ Register of Contracts u/s 301
- ◆ Register of Directors U/s 303 of the Act.
- ◆ Register of Directors Shareholding u/s.307 of the Act.

Other Registers

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

ANNEXURE B

1. Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended 30th September, 2007:

S.No	Forms / Returns	Section	Purpose	Date of Filing	Remarks
1.	Form-32	257	Appt and Resignation of Director	14.11.2007	Filed within Due Date.
2.	Form-8	135	Modification of Charge	19.04.2008	Filed with prescribed Additional Fees.
3.	Annual Report	220	For the Financial Year 30.09.2007	21.04.2008	Filed within Due Date.
4.	Compliance	383A	For the Financial Year 30.09.2007	21.04.2008	Filed within Due Date.
5.	Form 32	257	Appt and Resignation of Director	21.04.2008	Filed within Due Date.
6.	Annual Return	159	Annual General Meeting held on 30.09.2007	08.05.2008	Filed within Due Date.
7.	Form-8	135	Modification of Charge	06.06.2008	Filed with Prescribed Fees.
8.	Form-32	257	Appt and Resignation of Director	07.09.2008	Filed with prescribed Additional Fees.
9.	Form-1INV			30.06.2008	

2. Forms and Returns as filed by the Company with the Regional Director, Company Law Board, Central Government and other authorities, during the financial year ending on 30th September, 2008:

GENERAL INFORMATION TO SHAREHOLDERS

- 1. Annual General Meeting :**
- Date : 31-03-2009
Time : 11.00 A.M.
Venue : Plot No. 9, Phase-I, I.D.A,
Patancheru - 502 319. A.P.
- 2. Financial Calender (Tentative) :** (1st October, 2008 to 30th September, 2009)

Particulars of Meetings

- 1st Quarterly Results : 31st January, 2009
2nd Quarterly Results : 04th week of April, 2009
3rd Quarterly Results : 04th week of July, 2009
4th Quarterly Results : 04th week of October, 2009
Annual General Meetings

	2007-08	2006-07	2005-06
Date	31-03-2009	28-03-2008	09-03-2007
Time	11.00 A.M.	11.00 A.M.	11.00 A.M.
Venue	Plot No. 9 Phase - I I.D.A. Patancheru - 502 319	Plot No.A18 & 19,APIE Balanagar, Hyderabad-37	Plot No.A18 & 19,APIE Balanagar, Hyderabad-37

- 3. Date of Book Closure :** 28th March 2009 to 31st March 2009
(Both days inclusive)

4. Dividend payment date:

The Board of Directors in its meeting held on 02nd March, 2009 have recommended annual dividend @ 50% (i.e.Rs.5.00 per equity share) for the year ended 30th September, 2008 subject to the approval of the shareholders in the Annual General Meeting. The dividend, if declared by the shareholders at the Annual General Meeting will be paid on or before 30th April, 2009 to those members whose names appear on the Register of Members as on the date of the Annual General Meeting.

5. Listing on Stock Exchanges & Stock Code :

Name	Code
The Mumbai Stock Exchange, Mumbai	505232

DENISON HYDRAULICS INDIA LIMITED

The company has paid the Annual Listing Fees in respect of the above Stock Exchange for the year 2007-2008.

6. Stock Prices :

The Stock Exchange, Mumbai

Month	High (Rs.)	Low (Rs.)
October, 2007	1043.90	487.00
November, 2007	1042.90	771.00
December, 2007	840.00	748.00
January, 2008	890.00	542.10
February, 2008	610.00	472.00
March, 2008	484.00	326.00
April, 2008	511.90	400.00
May, 2008	540.00	420.00
June, 2008	495.75	340.00
July, 2008	402.70	315.10
August, 2008	419.00	379.00
September, 2008	405.50	307.50

(Source : The Stock Exchange, Mumbai - Website)

7. Share Transfer System :

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

8. Distribution of shareholding : As on 30th September, 2008

Nominal Value	Holders		Amount	
	Number	% to Total	In Rs	% to Total
Upto 5000	1666	98.59	22,34,340	12.43
5001 - 10000	5	0.37	3,65,000	2.02
10001 - 20000	0	-	0	0
20001 - 30000	0	-	0	0
30001 - 40000	1	0.07	3,48,290	1.93
40001 - 50000	1	0.07	4,77,600	2.65
50001 - 100000	7	0.53	56,27,170	31.26
100001 and above	5	0.37	89,47,600	49.71
TOTAL	1685	100.00	1,80,00,000	100.00

9. Shareholding pattern: As on 30th September, 2008

Category	No. of shares	% to share capital
Promoters	13,15,716	73.09
Foreign Holding	2,34,000	13.00
Non Promoters	2,50,284	13.91
Total	<u>18,00,000</u>	<u>100.00</u>

10. Dematerialization of shares and liquidity :

ISIN (Code No.)

: INE232E01013

1,26,606 shares of the company are being held in Demat form as on 30th September, 2008

11. Outstanding GDRs / ADRs / Warrants and other convertible instruments, conversion dates and likely impact on equity : NIL**12. Plant location :**

Denison Hydraulics India Limited
IDA, Patancheru - 502 319.
Medak Dist (AP)
Ph.No. 08455-242020, 242013 & 242172
Fax No.08455-242085

13. Address for correspondence :

Denison Hydraulics India Limited
Registered Office : Plot No.44, 4th Floor, HCL Towers,
Begumpet, Hyderabad - 500016. Ph.No. 040-27764546
Fax No. 040-27765253

14. Registrar and Transfer Agents :

M/s.Venture Capital & Corporate Investments Limited
12-10-167, Bharathnagar, Hyderabad - 500 018
Ph. No. 040-23818475 & 23818476
Fax No. 040-23868024

DENISON HYDRAULICS INDIA LIMITED
AUDITORS' REPORT

To the Members of DENISON HYDRAULICS INDIA LIMITED, HYDERABAD.

We have audited the attached Balance Sheet of DENISON HYDRAULICS INDIA LIMITED, HYDERABAD, (A.P) as at 30th September, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report as follows:

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

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

2.
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v) On the basis of the written representations received from the directors, as on 30th September, 2008 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 30th September, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, subject to Note No.11 of Notes on Accounts regarding not obtaining the permission under Section 297 of the Companies Act, 1956, the said accounts read in conjunction with the Schedules annexed therewith, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2008;
- b) In the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for **BRAHMAYYA & CO.,**
Chartered Accountants.

Place: Hyderabad
Date : 02-03-2009

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

DENISON HYDRAULICS INDIA LIMITED
ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

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

5.
 - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed under section 209(1)(d) of the Companies Act, 1956 the maintenance of cost records for the products of the company.
9.
 - a) According to the records of the Company, apart from certain instances of delays the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 30th September, 2008 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

DENISON HYDRAULICS INDIA LIMITED

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

For **Brahmayya & Co.**,
Chartered Accountants

Place : Hyderabad
Date : 02-03-2009

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

BALANCE SHEET AS AT 30th SEPTEMBER, 2008

Particulars	Schedules	AS AT 30-09-2008 Rs.	AS AT 30-09-2007 Rs.
<u>SOURCES OF FUNDS:</u>			
1. SHAREHOLDERS' FUNDS			
Share Capital	A	18,000,000	18,000,000
Reserves & Surplus	B	348,371,009	273,760,260
2. LOAN FUNDS:			
Secured Loans	C	189,386,709	93,223,325
Deferred Tax Liability		28,450,547	20,421,180
	TOTAL	<u>584,208,265</u>	<u>405,404,765</u>
<u>APPLICATION OF FUNDS:</u>			
1. FIXED ASSETS:			
	D		
Gross Block		351,394,270	232,984,296
Less: Depreciation		97,311,708	79,058,921
Net Block		254,082,562	153,925,375
Add: Capital Work in Progress		5,395,628	24,078,494
		<u>259,478,190</u>	<u>178,003,869</u>
		12000	12000
2. INVESTMENTS (National Saving Certificate)			
3. CURRENT ASSETS.			
<u>LOANS AND ADVANCE</u>			
Inventories	E	127,575,556	86,934,073
Sundry Debtors	F	228,020,877	202,629,377
Cash & Bank Balances	G	12,779,260	25,799,561
Loans & Advances	H	122,477,270	66,347,295
	TOTAL	<u>490,852,963</u>	<u>381,710,306</u>
Less: Current Liabilities & Provisions	I	<u>166,134,888</u>	<u>154,321,410</u>
Net Current Assets		324,718,075	227,388,896
	TOTAL	<u>584,208,265</u>	<u>405,404,765</u>
Notes on Accounts	Q		
According Policies	R		

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

K S Rao
Partner

V C Janardan Rao
Chairman

R C Sohni
Director

Place: Hyderabad
Date : 02-03-2009

DENISON HYDRAULICS INDIA LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2008

Particulars	Schedules	Current Year Rs.	Previous Year Rs.
INCOME:			
Sales		683,161,614	546,742,235
less: Central Excise Duty		<u>42,186,744</u>	<u>36,844,208</u>
		640,974,870	509,898,027
Other Income	J	2,912,590	1,402,583
	TOTAL	<u>643,887,460</u>	<u>511,300,610</u>
EXPENDITURE :			
Raw materials & Components consumed	K	226,586,766	156,943,815
Other Manufacturing Expenses	L	145,408,703	100,051,899
Employees' Remuneration & Benefits	M	43,842,231	32,073,481
Administrative & Selling Expenses	N	81,733,111	65,160,362
Interest	O	14,409,900	6,876,944
Depreciation		18,252,787	12,198,384
Increase/Decrease in Stock	P	-30,674,347	-12,984,989
	TOTAL	<u>499,559,151</u>	<u>360,319,896</u>
Profit for the year		144,328,309	150,980,714
Less: Prior period Expenditure		10,009	128,214
Profit before Taxation		144,318,300	150,852,500
Less: Provision : Income-tax			
: for the year		50,500,000	52,000,000
: Earlier Years		149,084	
: Fringe benefit tax		500,000	700,000
: Deferred tax		<u>8,029,367</u>	<u>5,955,200</u>
PROFIT AFTER TAX		85,139,849	92,197,300
Surplus brought forward from previous year		196,180,260	124,512,060
Amount available for appropriation	TOTAL	<u>281,320,109</u>	<u>216,709,360</u>
Appropriations			
General Reserve		10,000,000	10,000,000
Dividend on Equity Shares		9,000,000	9,000,000
Corporate Dividend tax		1,529,100	1,529,100
Surplus Carried to Balance Sheet		260,791,009	196,180,260
	TOTAL	<u>281,320,109</u>	<u>216,709,360</u>
Earning per share		47.30	51.22
Notes on Accounts	Q		
Accounting Policies	R		

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

K S Rao
Partner

V C Janardan Rao
Chairman

R C Sohni
Director

Place: Hyderabad
Date : 02-03-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30th SEPTEMBER, 2008

Particulars	Current Year 2007-08 Rs.	Previous Year 2006-07 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before Tax & Extraordinary items	144,318,300	150,852,500
Depreciation	18,252,787	12,198,384
Interest Expenses	14,409,900	6,876,944
Amount written off/written back excess provision	0	(612,805)
Interest Income	(1,653,887)	(196,856)
Bad Debts Written off	0	0
Tools and Jigs, Fixtures and Patterns Written off	1,075,348	887,928
Loss/Profit on sale of assets		
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE	176,402,448	170,006,095
Adjusted for:		
Inventories	(41,716,832)	(26,018,340)
Trade receivable	(25,391,500)	(72,434,342)
Other Receivable	(19,106,448)	(18,354,878)
Trade payable	10,747,988	39,610,949
Income Tax paid	(53,449,213)	(41,091,223)
Net cash flow from operating activities A	47,486,443	51,718,261
B CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of Fixed assets	0	0
Interest Received	1,642,075	294,238
Purchase of fixed Assets	(137,627,663)	(83,720,552)
Net Cash Used in investing Activities B	(135,985,588)	(83,426,314)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds from Long Term Borrowings	91,490,000	16,403,959
working capital loans	4,673,384	34,991,778
Interest paid	(12,929,424)	(6,664,678)
dividend paid	(7,755,116)	(4,732,228)
NET CASH FLOW FROM FINANCING ACTIVITIES	75,478,844	39,998,831
D NET CASH INCREASE/DECREASE IN CASH IN CASH	(13,020,301)	8,290,778
OPENING CASH & BANK BALANCE	25,799,561	17,508,783
CLOSING CASH & BANK BALANCE	(12,779,260)	25,799,561

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

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

K S Rao
Partner

V C Janardan Rao
Chairman

R C Sohni
Director

Place: Hyderabad
Date : 02-03-2009

DENISON HYDRAULICS INDIA LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	AS AT 30-09-2008 Rs.	AS AT 30-09-2007 Rs.
<u>SHARE CAPITAL:</u>		
		SCHEDULE - A
AUTHORISED:		
3,000,000 of Equity Shares of Rs.10/- each	30,000,000	30,000,000
TOTAL	<u>30,000,000</u>	<u>30,000,000</u>
<u>ISSUED, SUBSCRIBED & PAID-UP:</u>		
18,00,000 Equity Shares of Rs.10/- each fully paid up (Out of which 50,000 Equity Shares of Rs. 10/- each allotted as fully paid-up for consideration other than cash)	18,000,000	18,000,000
TOTAL	<u>18,000,000</u>	<u>18,000,000</u>

<u>RESERVES AND SURPLUS:</u>		SCHEDULE - B		
Particulars	Balance As At 01/10/2007 Rs.	Additions During the Year Rs.	Withdrawals During the Year Rs.	Balance As At 30/09/2008 Rs.
Capital Redemption Reserve	300,000			300,000
Share Premium	4,500,000			4,500,000
Central Subsidy	1,500,000			1,500,000
Investment Allowance Reserve Utilised	1,280,000			1,280,000
General Reserve	70,000,000	10,000,000		80,000,000
Profit & Loss Account Balance	196,180,260	260,791,009	196,180,260	260,791,009
TOTAL	<u>273,760,260</u>	<u>270,791,009</u>	<u>196,180,260</u>	<u>348,371,009</u>

Particulars	AS AT 30-09-2008 Rs.	AS AT 30-09-2007 Rs.
SECURED LOANS:		
SCHEDULE - C		
A) Rupee Term Loans :		
Andhra Pradesh State Financial Corporation	141,992,872	50,502,872
B) Working Capital Loans :		
i) Cash Credit From :		
Canara Bank	34,873,857	24,128,340
Syndicate Bank	8,236,051	15,150,173
ii) Documentary Bills Discounting :		
From Canara Bank	999,049	1,054,838
Syndicate Bank	2,754,520	1,481,981
C) Loan from H D F C Bank	530,360	905,121
Against Hypothecation of Vehicles.		
TOTAL	<u>189,386,709</u>	<u>93,223,325</u>

Term loan from APSFC is secured by way of first charge on the Fixed Assets of the company and by personal guarantees of Sri V C Janardan Rao, Chairman and Sri Srinivas VG, Managing Director.

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 Sri V C Janardan Rao, Chairman and Sri Srinivas VG, Managing Director in their personal Capacities to the extent of Rs.300 Lakhs.

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

	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 30.09.2007 Rs.	Additions Rs.	Deductions Rs.	Upto 30.09.2008 Rs.	Upto 30.09.2007 Rs.	For the year Rs.	Deductions Rs.	Upto 30.09.2008 Rs.	As at 30.09.2008 Rs.	As at 30.09.2007 Rs.
A. Intangible Assets										
1. Land	789066	9655400		10444466					10444466	789066
2. Factory Buildings	10923724	25766428		36690152	1720561	411520		2132081	34558071	9203163
3. Other Buildings	2930699	0		2930699	1077350	54746		1132096	1798603	1853349
4. Water Works	414272			414272	253195	28051		281246	133026	161077
5. Electrical Installations	372064			372064	353460	0		353460	18604	18604
6. Plant and Machinery	188862421	74044843		262907264	62154086	14724298		76878384	186028880	126708335
7. Inspection & Testing Equipment	9194893	1476046		10670939	5593630	468719		6062349	4608590	3601263
8. Office Equipment	12088066	805544		12893610	6021562	1407763		7429325	5464285	6066504
9. Air conditioners	1235684	23500		1259184	349554	55367		404921	854263	886130
10. Furniture & Fixtures	3603266	876436		4479702	933193	369098		1302291	3177411	2670073
11. Canteen Equipment	24577			24577	13445	650		14095	10482	11132
12. Vehicles	1927952			1927952	244916	139263		384179	1543773	1683036
13. Material Handling Equipment	617612	1818466	0	2436078	343969	181990	0	525959	1910119	273643
B. Intangible Assets										
14. Software	0	3943311	0	3943311		411322		411322	3531989	0
TOTAL	232984296	118409974	0	351394270	79056921	18252787		97311708	254082562	153925375
15. Capital Work in progress	24078494	7083562	25766428	5395628					5395628	24078494
GRAND TOTAL	257062790	125493536	25766428	356789898	79058921	18252787	0	97311708	259478190	178003869
Previous Year	191432373	65630417		257062790	66860537	12198384	0	79058921	178003869	124571836

Particulars	AS AT 30-09-2008 Rs.	AS AT 30-09-2007 Rs.
<u>INVENTORIES:</u> SCHEDULE - E		
(As valued and certified by the Managing Director)		
Raw materials	48,171,695	41,099,600
Work-in-progress	44,728,220	20,955,569
Finished Goods	19,471,381	12,569,685
Consumable Stores	7,548,792	5,770,308
Jigs & Fixtures, Patterns and Tools & Implements	7,655,468	6,538,911
TOTAL	<u>127,575,556</u>	<u>86,934,073</u>

<u>SUNDRY DEBTORS:</u> SCHEDULE - F		
(Unsecured, Considered Good)		
Debts outstanding for a period		
Exceeding six months	58,128,237	11,551,864
Other Debts	169,892,640	191,077,513
TOTAL	<u>228,020,877</u>	<u>202,629,377</u>

<u>CASH AND BANK BALANCES:</u> SCHEDULE - G		
Cash on Hand	64,184	56,657
Balances with scheduled banks:		
In Current Accounts	7,004,178	6,701,778
In Fixed Deposit Accounts	5,710,898	19,041,126
TOTAL	<u>12,779,260</u>	<u>25,799,561</u>

DENISON HYDRAULICS INDIA LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

Particulars	AS AT 30-09-2008 Rs.	AS AT 30-09-2007 Rs.
LOANS AND ADVANCES:		SCHEDULE - H
(Unsecured, Considered Good - Recoverable in cash or in kind or for value to be received)		
Advances for supply of Raw materials & Equipment	82,912,838	43,262,569
Advances to Staff & Workmen	474,056	314,517
Prepaid Expenses	443,138	175,612
Interest Receivable	30,133	18,321
Deposits Recoverable	11,026,023	4,623,412
Other Advances	27,591,082	17,952,864
TOTAL	<u>122,477,270</u>	<u>66,347,295</u>
CURRENT LIABILITIES AND PROVISIONS:		SCHEDULE - I
CURRENT LIABILITIES :		
Sundry Creditors : For Capital Expenditure	3,810,982	4,699,822
supply of goods	52,951,181	36,046,673
expenses	44,887,244	54,062,417
Advances from customers	7,095,513	6,575,048
Unclaimed Dividends	4,809,684	3,564,800
Interest Accrued But Not due	2,462,487	982,011
Other Liabilities	17,328,174	14,829,987
Sub. Total	<u>133,345,265</u>	<u>120,760,758</u>
PROVISIONS :		
Proposed Dividend	9,000,000	9,000,000
Corporate Dividend Tax	1,529,100	1,529,100
Income tax (net of payment)	21,599,737	22,494,914
Fringe benefit Tax (net of payment)	660,786	536,638
Sub. Total	<u>32,789,623</u>	<u>33,560,652</u>
TOTAL	<u>166,134,888</u>	<u>154,321,410</u>

Particulars	Current Year Rs.	Previous Year Rs.
<u>OTHER INCOME:</u>		SCHEDULE - J
Interest Earned (TDS Rs. 371,132 Previous year Rs. 30,733)	1,653,887	196,856
Miscellaneous Income	1,258,703	592,922
Excess Provision Written Back	0	612,805
TOTAL	<u>2,912,590</u>	<u>1,402,583</u>

<u>RAW MATERIALS AND COMPONENTS CONSUMED:</u>		SCHEDULE - K
Opening Stock	41,099,600	32,643,297
Add : Purchases	233,658,861	165,400,118
	<u>274,758,461</u>	<u>198,043,415</u>
Less Closing Stock	48,171,695	41,099,600
TOTAL	<u>226,586,766</u>	<u>156,943,815</u>

<u>OTHER MANUFACTURING EXPENSES:</u>		SCHEDULE - L
Job works	92,619,499	69,369,536
Packing Materials Consumed	7,489,292	5,877,661
Consumption of Stores and Spares	29,437,954	14,249,546
Carriage Inwards	2,812,357	1,891,321
Power and Fuel	5,238,945	3,934,832
Repairs & Maintenance:		
Buildings	1,232,866	450,222
Plant and Machinery	2,857,093	2,213,683
Others	2,645,349	1,177,170
Tools and Jigs, Fixtures and Patterns written off	1,075,348	887,928
TOTAL	<u>145,408,703</u>	<u>100,051,899</u>

DENISON HYDRAULICS INDIA LIMITED

Particulars	Current Year Rs.	Previous Year Rs.
<u>EMPLOYEES' REMUNERATION & BENEFITS:</u>		SCHEDULE - M
Salaries, Wages & Bonus	37,671,520	26,703,435
Contribution to Provident Fund	3,053,137	2,335,572
E S I Contribution	781,546	657,028
Group Gratuity & Deposit Linked Insurance	249,341	195,350
Workmen & Staff Welfare Expenses	2,086,687	2,182,096
TOTAL	<u>43,842,231</u>	<u>32,073,481</u>
<u>ADMINISTRATIVE & SELLING EXPENSES:</u>		SCHEDULE - N
Rent	1,735,592	1,142,400
Licenses and Taxes	1,120,304	2,130,352
Sales Tax	11,370,330	10,393,843
Insurance	693,497	1,257,371
Printing and Stationery	1,618,756	1,190,921
Postage & Telephones	1,260,122	1,170,737
Travelling and Conveyance	3,258,964	2,923,901
Foreign Travelling Expenses	1,766,269	704,337
Vehicle Maintenance	323,957	410,118
Legal and Professional Charges	3,339,563	1,675,222
Selling & Distribution Expenses	37,588,636	29,105,255
Advertisement	756,723	910,938
Remuneration to Auditors:		
Statutory Audit fees	224,720	168,540
Tax Audit fees	33,708	16,836
Other services	109,270	0
Remuneration to Managing Director	5,654,834	5,389,100
Commission to Directors	1,519,594	1,580,500
Sitting Fees to Directors	270,000	45,000
Bank Charges	1,162,118	1,004,505
Donations	5,086,500	812,000
General Expenses	2,839,654	3,128,486
TOTAL	<u>81,733,111</u>	<u>65,160,362</u>

Particulars	Current Year Rs.	Previous Year Rs.
INTEREST:		SCHEDULE - 0
On Term Loans	11,676,554	5,039,731
On Others	2,733,346	1,837,213
TOTAL	<u>14,409,900</u>	<u>6,876,944</u>

STOCK ADJUSTMENT:		SCHEDULE - P
CLOSING STOCKS :		
Finished Goods	19,471,381	12,569,685
Work-In-Progress	44,728,220	20,955,569
TOTAL	<u>64,199,601</u>	<u>33,525,254</u>
OPENING STOCKS :		
Finished Goods	12,569,685	3,049,430
Work-in-Progress	20,955,569	17,490,835
TOTAL	<u>33,525,254</u>	<u>20,540,265</u>
Net Increase/Decrease in Stocks	<u>30,674,347</u>	<u>12,984,989</u>

DENISON HYDRAULICS INDIA LIMITED**NOTES ON ACCOUNTS****SCHEDULE - Q**

Particulars	Current Year 30-09-2008 Rs.	Previous Year 30-09-2007 Rs.
1. A) Contingent Liabilities not provided for :		
a) Towards Guarantees and Letters of credit issued by the Banks to the extent of	8,106,000	3,816,541
b) Cheques and bills discounted with bankers to the extent of	3,753,569	2,220,317
c) Interest claimed by District Industries Centre Sangareddy for delay in payment of instalments of Interest Free sales tax loan, which is connected by the Company	2,328,929	2,328,929
B) Contracts remaining to be executed on Capital account.	60,189,291	81,065,596
2. Sundry Debtors under Schedule "F" include amount due from M/s.Veljan Hydrair Private Limited, a company in which the directors of the company are interested as directors.	112,141,962	113,873,466
Maximum amount due	112,141,962	113,873,466

SCHEDULE - Q (Contd.)

Particulars	Current Year 30-09-2008 Rs.	Previous Year 30-09-2007 Rs.
3. Managerial Remuneration :		
(Managing Director)		
Salary	1,665,720	1,525,400
Commission	3,039,188	3,161,000
Contribution to Provident Fund (Included in staff contribution)	196,712	182,891
Perquisites	949,926	702,700
TOTAL	5,851,546	5,571,991
To other Directors :		
Commission	1,519,594	1,580,500
TOTAL	1,519,594	1,625,500
TOTAL MANAGERIAL REMUNERATION	7,371,140	7,152,491
Computation of Net Profits in accordance with section 349 of the Companies Act, 1956 and calculation of Commission payable to the Managing Director and other Directors:)		
Profit before Taxation as per Profit and Loss Account :	144,318,300	150,852,500
	<u>144,318,300</u>	<u>150,852,500</u>
Add : Managerial Remuneration	7,371,140	7,152,491
Setting Fees	270,000	45,000
	<u>7,641,140</u>	<u>7,197,491</u>
Net Profit as per Sec 349 of the Companies Act.	<u>151,959,440</u>	<u>158,049,991</u>
Commission to Managing Director : 2%,	3,039,188	3,161,000
Commission to Other Directors : 1%	1,519,594	1,580,500
TOTAL	4,558,782	4,741,500

Note: Commission to Other Directors is subject to approval of ensuring Annual General Body.

DENISON HYDRAULICS INDIA LIMITED

SCHEDULE - Q (Contd.)

Particulars	Current Year 30-09-2008 Rs.	Previous Year 30-09-2007 Rs.
4. Licensed & Installed Capacity, Production, Sales and Stocks:		
I) Licenced Capacity (Qty.Nos)	40,000	40,000
ii) Installed Capacity (As certified by Management) (Qty.Nos)	60,000	60,000
iii) Production during the year : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	59,158	46,979
iv) Turnover : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	58,843	44,635
Value in Rupees (including Excise Duty & Sales Tax) (Amt. Rs.)	683,161,614	546,742,235
v) Finished Goods : Opening Stock : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	3,060	716
Closing Stock : Hydraulic Pumps, Valves, Motors and Oil Hydraulic Equipment and Others (Qty.Nos.)	3,375	3,060
5. Value of Imports calculated on C.I.F. Basis		
a) Raw materials and components (Amt. Rs.)	4,030,344	7,540,854
b) Cutting Tools (Amt. Rs.)	132,611	
c) Inspection Equipment (Amt. Rs.)	414,893	
d) Advanced paid for Machinery (Amt. Rs.)	44,716,543	
6. Expenditure in Foreign Currency :		
Traveling (Amt. Rs.)	1,108,733	475,209
7. Earnings in Foreign Currency (On FOB Basis) (Amt. Rs.)		
	781,373	-
8. Fixed Deposits pledged with banks for the purpose of Guarantees/L.C.'s (Amt. Rs.)		
	1,210,898	791,308

SCHEDULE - Q (Contd.)

Particulars	Current Year 30-09-2008		Previous Year 30-09-2007	
	Quantity Kgs.	Amount Rs.	Quantity Kgs.	Amount Rs.
9. Details of the Raw materials and component consumed :				
Steels	794,765	41,291,475	393,916	24,841,771
Castings	1,078,036	64,722,063	1,029,604	46,142,989
Components		108,521,136		78,376,677
Imported Material		12,052,092		7,582,378
Total	<u>1,872,801</u>	<u>226,586,766</u>	<u>1,423,520</u>	<u>156,943,815</u>
a) Materials :	Amount Rs.	Percent	Amount Rs.	Percent %
Imported	12,052,092	5.32	7,582,378	4.83
Indigenous	214,534,674	94.68	149,361,437	95.17
Total	<u>226,586,766</u>	<u>100.00</u>	<u>156,943,815</u>	<u>100.00</u>
b) Stores and Others:				
Imported	132,611	0.45		
Indigenous	29,305,343	99.55	14,249,546	100
Total	<u>29,437,954</u>	<u>100.00</u>	<u>14,249,546</u>	<u>100</u>
10. Deferred Tax Liability unabsorbed Depreciation	29,996,917		21,604,154	
Deferred Tax Assets	1,546,370		1,182,974	
Deductions u/S 43B				
Net Tax	<u>28,450,547</u>		<u>20,421,180</u>	

11. The Company entered into transaction of sales agrating to Rs 35,93,74,820 (Previous Year Rs. 28,85,63,965/-) with a private company in which the Director of the company is interest as a Director. The Company is yet to obtain the permission under section 297 of Company Act, 1956
12. Unclaimed dividends under "current Liabilities and provisions" not due for remittance to "Investors Education and Protection fund". Balances in current accounts] with scheduled banks include Rs. 50,29,447/- towards unclimed dividends.
13. Segment Reporting : The entire operations of the company relates only to one Segment i.e. 'Hydraulics Products'.
14. 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.
15. Balances in personal accounts are subject to confirmation and there by reconciliation
16. The Company is in the precess of obtaining the statues of its suppliers as per the "Micro samll and Medium Enterprises Development Act 2006' pending receipt of the information no details could be furnished in the accounts.
17. In view of insufficient information from suppliers regarding their status as SSI Units, amount due to such undertakings could not be ascertained.
18. The company has Installed machinery worth Rs.7,23,36,741/- in,(previous year Rs 6,69,47,150) MIS. Ecmat P Ltd, for the job works given to them.
19. Previous Years figures have been regrouped wherever necessary.
20. Paise have been rounded off to the nearest Rupee.

DENISON HYDRAULICS INDIA LIMITED**SCHEDULE - Q (Contd.)****21. Disclosure of Related party Transaction (As per AS-18)****Key Management Personall (KMP)**

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

Directors
Sri R C Sohni
Sri M L Motwani
Sri V Pattabhi

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

1. M/s. Veljan Hydrair Pvt Ltd
2. M//s. Veljan Investments Ltd

A Transactions during the Year

Particulars	Key management Director personal	Enterprises in Which the Key Management personal and their relations interested
Remunerations	2812358 (2410991)	
Commission	3039188 1519594 (3161000) (1580500)	
Sales		359374820 (288563965)
Purchases		3832008 (4461411)
Incentive		33446816 (28754209)
Rent		1649592 (1022400)
Professional Charges		1200000 0

B. Balances as at 30.09.2008

Payables	3039188 (3161000)	30269704 (46366200)
Receivables		112141962 (113873466)

SIGNIFICANT ACCOUNTING POLICIES**SCHEDULE - R**

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

1. Financial Statements are based on historical cost convention and in accordance with Generally accepted accounting practices
2. Fixed assets are stated at cost net by Cenvat and Vat credit less accumulated depreciation. Cost of aquisition of Fixed assets is inclusive of freight, duties taxes and cost of installation / erection expenses
3. Depreciation on Tangible assets of the company is provided on straight line basis as per Schedule XIV of the Companies Act, 1956. Intangible assets software in written off over a period of 3 years.
4. Raw materials and consumables stores are valued at weighted average method, Finished Goods and Work-in-Progress are valued at cost 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 charges to revenue as and when issued.
6. Investments are stated at cost
7. Contributions to Provident Fund are remitted to the Provident Fund Commissioner at prescribed rates Group Gratuity Schemes administered through Trustees for which policies are taken from Life Insurance Corporation of India. The said remittances and premiums are charged to the revenue.
8. Liability in respect of Encashment of leave salary to the Employees of the company is provided for actual basis.
9. All contingent Liabilities are indicated by way of a note and will be provided/paid on crystallisation.
10. Sales are inclusive of Excise duty, Sales tax and packing charges collected.
11. Provision for tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws.
12. Foreign currency transaction:
 - a) Transaction in foreign currency are initially accounted at the exchange rate prevailing on the date of transaction and adjusted appropriately to Capital or revenue, with the difference in the rate of exchange arising on actual receipt/payment during the year.
 - b) At each Balance Sheet date :
Foreign currency monetary items are reported using the rate of exchange on that date.
Foreign currency non monetary items are reported using the exchange rate at which they are initially recognised.

DENISON HYDRAULICS INDIA LIMITED

13. Impairment of Assets:

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

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

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

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

K S Rao
Partner

V C Janardan Rao
Chairman

R C Sohni
Director

Place: Hyderabad
Date : 02-03-2009

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

I. Registration Details:

Registration No.

1	6	7	0
---	---	---	---

 State Code

0	1
---	---

Balance Sheet Date

3	0
---	---

0	9
---	---

2	0	0	8
---	---	---	---

Date Month Year

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

Public Issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Private Placements

N	I	L
---	---	---

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

Total Liabilities

5	8	4	2	0	8
---	---	---	---	---	---

Total Assets

5	8	4	2	0	8
---	---	---	---	---	---

SOURCES OF FUNDS :

Paid-up Capital

1	8	0	0	0
---	---	---	---	---

Reserves & Surplus

3	4	8	3	7	1
---	---	---	---	---	---

Secured Loans

1	8	9	3	8	7
---	---	---	---	---	---

Unsecured Loans

N	I	L
---	---	---

APPLICATION OF FUNDS :

Net Fixed Assets

2	5	9	4	7	8
---	---	---	---	---	---

Investments

0	1	2
---	---	---

Net Current Assets

3	2	4	7	1	8
---	---	---	---	---	---

Misc. Expenditure

N	I	L
---	---	---

Accumulated Losses

N	I	L
---	---	---

DENISON HYDRAULICS INDIA LIMITED

Balance Sheet Abstract and Company's General Business Profile (Contd.)

Performance of the company (Amount in Rs. Thousands)

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

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

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

DENISON HYDRAULICS INDIA LIMITED

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

PROXY FORM

I/We _____
of _____
_____ being member/members of DENISON HYDRAULICS INDIA LIMITED
hereby appoint _____ of _____
or failing him _____ of _____
or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 35th Annual General Meeting of the company to be held on Tuesday the 31st March, 2009, at Plot No. 9, Phase-I, I.D.A, Patancheru - 502 319, A.P. and at any adjournment thereof.

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

Affix 30 paise
Revenue Stamp

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

-----CUT HERE-----

DENISON HYDRAULICS INDIA LIMITED

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

ATTENDANCE SLIP

35th Annual General Meeting - 31st March, 2009
Plot No. 9, Phase-I, I.D.A, Patancheru - 502 319, A.P.

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

Member's Folio No. :

No. of Shares held :

I hereby record my presence at 35th Annual General Meeting - 31st March, 2009.

Member's/Proxy's Signature

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

DENISON HYDRAULICS INDIA LIMITED

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

Dear Member,

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

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

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

Thanking you,

Yours truly,

V.C. JANARDAN RAO
Chairman

Notes :

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

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

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

To,

DENISON HYDRAULICS INDIA LIMITED

Plot NO.44, 4th Floor, HCL Towers, Chikoti Gardens,
Begumpet, HYDERABAD 500016.

From

Name : _____
Address : _____

Dear Sir,

Ref:- Folio No.

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

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

Current/Saving Account No. : _____

Name of the Bank : _____

Branch at : _____

Address of Bank : _____

Date :

Signature