

To  
The Manager,  
Dept of Corp. Services,  
BSE Limited,  
Dalal Street, P.J.Towers  
Mumbai – 400 001

Date: September 8, 2023

Dear Sir/Madam,

**Sub: Submission of Annual Report for the financial year 2022-23 - Reg**

**Ref: VELJAN DENISON LIMITED**

**Scrip Code: 505232**

With reference to the above subject, we wish to inform you that the **49<sup>th</sup> Annual General Meeting (AGM)** of the members of the Company will be held on **Saturday, the 30<sup>th</sup> day of September, 2023 at 12.30 PM** through video conference (VC)/ Other Audio Visual Means (OVAM).

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual Report of Veljan Denison Limited for the Financial Year 2022-23 along with the Notice of AGM in enclosed herewith and the same was sent to all the Members in electronic mode whose email addresses are registered with the RTA / Depository Participants.

The Annual Report for FY 2022-23 and Notice convening the 49<sup>th</sup> Annual General Meeting of the Company are also uploaded on the Company's website at [http://veljan.in/annual\\_report.html](http://veljan.in/annual_report.html)

This is for your information and record.

Thanking You,

Yours Truly,  
**For VELJAN DENISON LIMITED,**

B. Narahari  
Company Secretary  
M. No: A16987

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**VELJAN DENISON LIMITED**

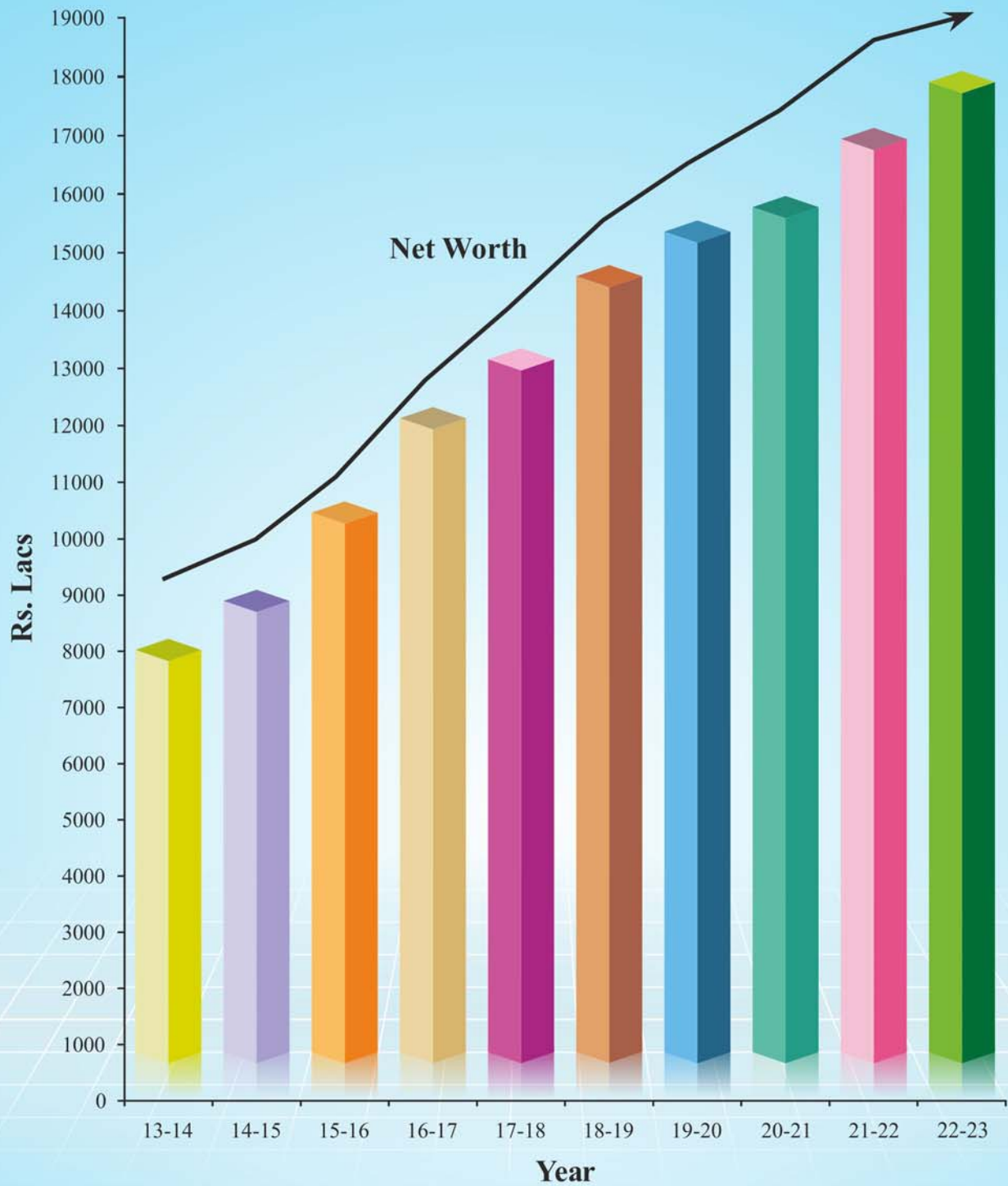
Plot No. 10A, Phase - 1, IDA, Patancheru  
Sanga Reddy (Dist) - 502 319, Telangana, India.  
Phone : +91 - 8455 - 242020, 242071, 244717  
Fax : +91 - 8455 - 242085  
E-mail : [dhilptc@veljan.in](mailto:dhilptc@veljan.in)

**CIN: L29119TG1973PLC001670**

**Regd Office:** Plot No. 44, 4th Floor, HCL Towers, Chikoti Gardens,  
Begumpet, Hyderabad - 500016, Telangana, India.  
Phone : +91 - 40 - 27763737, 4546  
Fax : +91 - 40 - 27765253  
E-mail : [info@veljan.in](mailto:info@veljan.in)  
Website : [www.veljan.in](http://www.veljan.in)

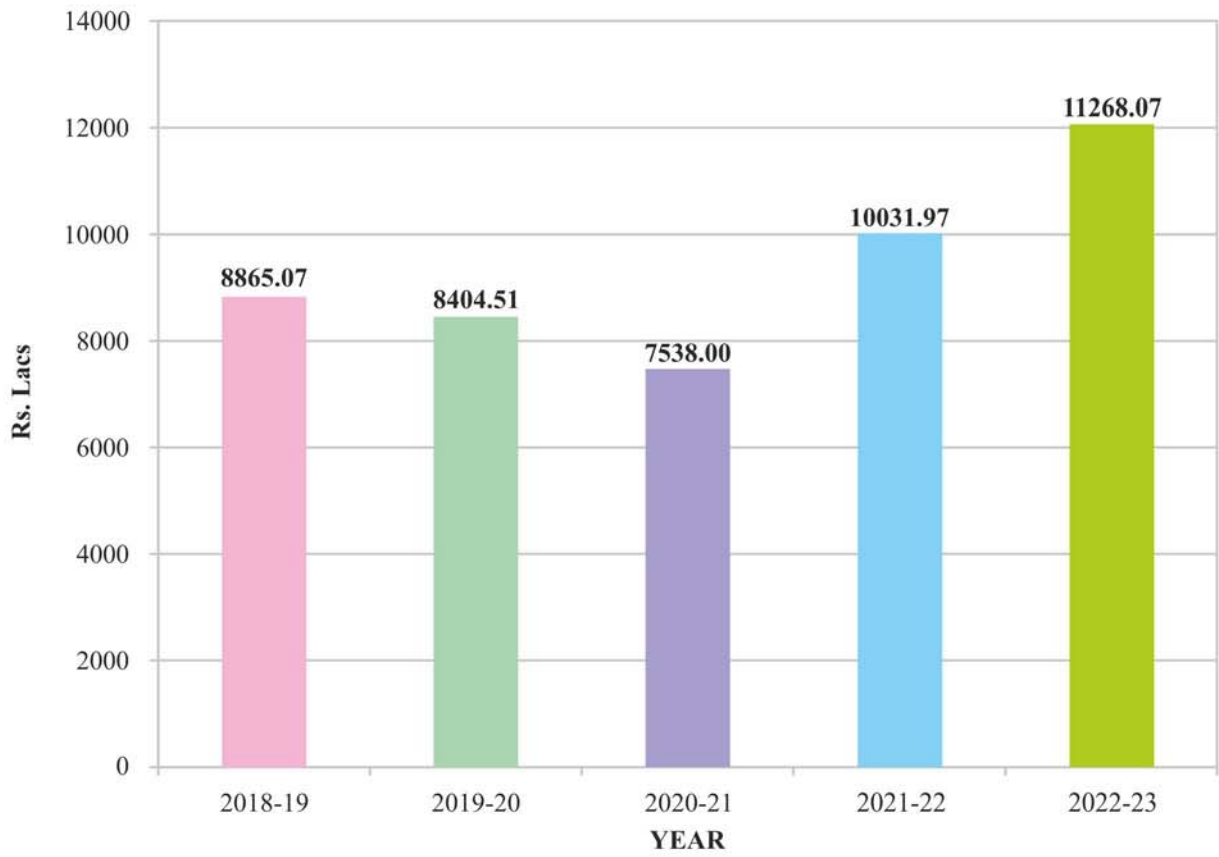


# 49<sup>th</sup> ANNUAL REPORT 2022 - 2023

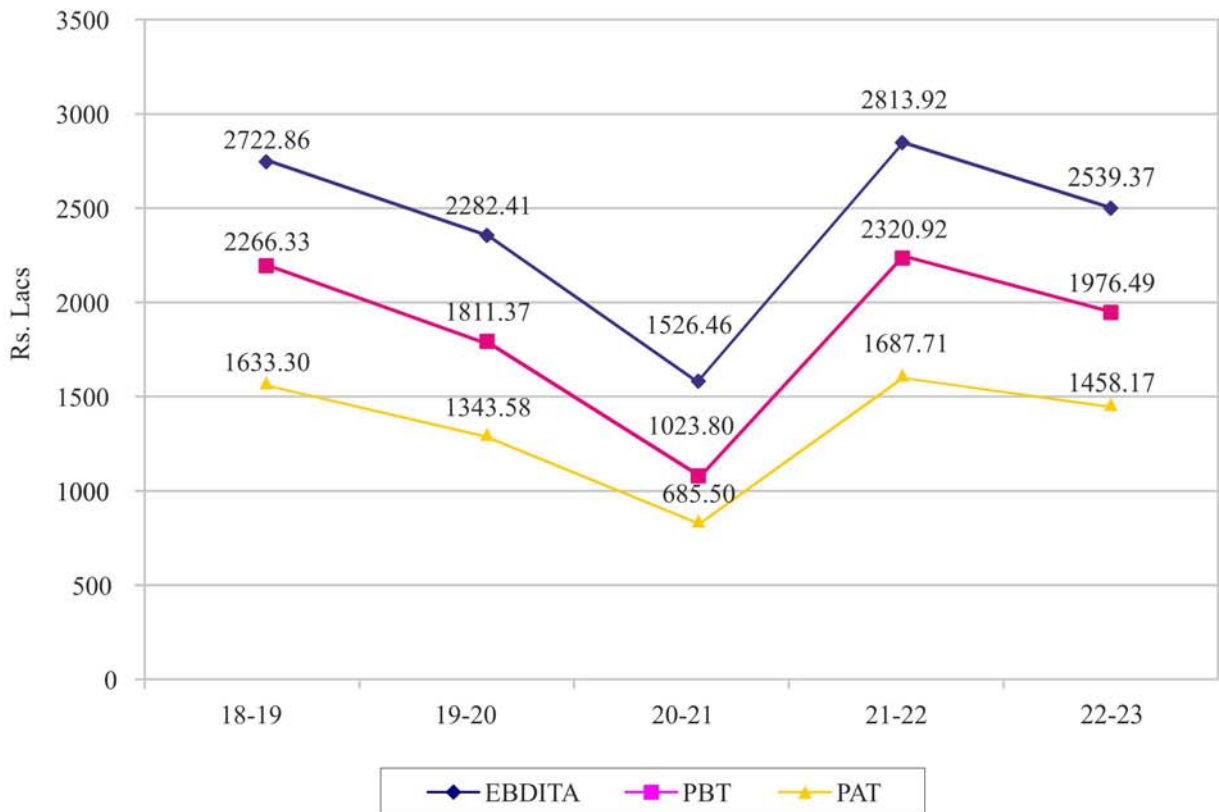


**VELJAN DENISON LIMITED**

## REVENUE



## PROFIT TREND



**BOARD OF DIRECTORS :**

(As on 14-08-2023)

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

**Shri. U. SRI KRISHNA**  
Executive Director & CEO

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

**Shri. A. SURESH**  
Independent Director

**Shri. G. NARAYAN RAO**  
Independent Director

**Smt. U.UMA DEVI**  
Director

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

Shri. B.S. SRINIVASAN- Chairman  
Shri. A. SURESH  
Shri. G. NARAYAN RAO  
Shri. U. SRI KRISHNA

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

Shri. V. C. JANARDAN RAO- Chairman  
Shri. B.S.SRINIVASAN  
Smt . U. UMA DEVI

**3. Nomination & Remuneration Committee**

Shri. B.S.SRINIVASAN - Chairman  
Smt . U. UMA DEVI  
Shri. G. NARAYAN RAO

**4. Stakeholder's Relationship Committee**

Shri. B.S.SRINIVASAN - Chairman  
Shri. V. C. JANARDAN RAO  
Shri. U. SRI KRISHNA

**SENIOR MANAGEMENT****Chief Financial Officer :**

Shri. G. SUBBA RAO

**Company Secretary:**

Shri. B. NARAHARI

**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

**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, Sangareddy 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  
“AURUM”, Door No.4-50/P-II/57/4F & 5F, Plot  
No.57, 4th & 5th Floors, Jayabheri Enclave Phase –  
II, Gachibowli, Hyderabad – 500 032, Telangana.  
Phone: +91 040 23818475/35164940

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### HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

(Figures in Rs Lakhs)

Particulars	2013-14	2014-15	2015-16	2016-17
1. Sales & other income	7,400.61	8,187.41	8,076.70	8,325.42
2. Profit Before int, dep & tax	1,719.30	2,485.16	2,198.39	2,377.95
3. Profit before extraordinary/exceptional Items & Tax	1,253.03	1,976.20	1,783.93	1,942.55
4. Profit after Tax	843.90	1,304.40	1,254.21	1,452.67
5. Net Fixed Assets	2,878.52	2,666.09	2,934.23	2,708.83
6. Share Capital	225.00	225.00	225.00	225.00
7. Reserves & surplus	7,772.08	8,813.24	9,796.65	11,249.32
8. Net Worth	7,997.08	9,038.24	10,021.65	11,474.32
9. Return on Net worth (RONW) PAT/Networth	10.55%	14.43%	12.52%	12.66%
10. % of Employee cost to net turnover	9.31	8.65	9.13	9.48
11. Cash Earnings per share (Rs)	51.67	71.06	67.14	76.51
12. Earnings per share (Rs)	37.51	57.97	55.74	64.56
13. Dividend per Share (Rs)	7.50	10.00	10.00	10.00
14. Book Value per Share (Rs)	355.43	401.70	445.41	509.97
15. Sundry Debtors - No of Days	167	279	291.16	244.92
16. Turnover/Avg Inventory (Times)	2.89	2.58	2.94	2.75
17. Current Ratio	2.67	2.62	3.70	3.44
18. Debt-Equity Ratio	0.45	0.47	0.34	0.36

### HIGHLIGHTS OF TEN YEAR'S PERFORMANCE

(Figures in Rs Lakhs)

2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
9,815.97	8,865.07	8,404.51	7,538.00	10,031.97	11,268.07
2,868.61	2,722.86	2,282.40	1,526.46	2,813.92	2,539.37
2,482.39	2,266.33	1,811.37	1,023.80	2,320.92	1,976.49
1,627.73	1,633.30	1,343.58	685.50	1687.71	1,458.17
2,987.96	4,839.28	6,233.35	6,483.89	6,506.60	7,406.30
225.00	225.00	225.00	225.00	225.00	225.00
12,607.87	13,970.36	14,771.42	15,456.92	16,919.63	18,085.31
12,832.87	14,195.36	14,996.42	15,681.92	17,144.63	18,310.31
12.68%	11.51%	8.96%	4.37%	9.84%	7.96%
7.55	8.00	8.90	9.38	8.46	9.07
85.15	87.54	77.72	51.56	96.56	87.26
72.34	72.59	59.71	30.47	75.01	64.81
10.00	10.00	10.00	10.00	10.00	13.00
570.35	630.90	666.51	696.97	761.98	813.79
212.24	194.09	136.79	120.16	104.27	78.57
3.29	2.99	1.79	1.48	1.62	1.67
4.29	3.47	4.64	4.39	5.01	4.07
0.26	0.28	0.18	0.18	0.16	0.18



**VELJAN DENISON LIMITED****CIN: L29119TG1973PLC001670****Regd. Office:** Plot No. 44, 4th Floor, HCL Towers, Begumpet, Hyderabad – 500 016**Phone:** +91-40-2776 4546 **Fax:** +91-40-2776 5253**Web:** www.veljan.in **E-mail:** info@veljan.in**NOTICE OF THE 49th ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 49th Annual General Meeting of the members of Veljan Denison Limited (CIN: L29119TG1973PLC001670) will be held on Saturday, the 30th day of September, 2023, at 12.30 P.M. (IST) through Video Conference (VC)/Other Audio Visual Means(OAVM) to transact the following business:

**ORDINARY BUSINESS:**

1. (a) To receive, consider and adopt the audited financial statements of the Company for the financial year ended on March 31, 2023 together with the reports of the Board of Directors and the Auditors thereon, and  
  
(b) To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended on March 31, 2023 together with the report of the Auditors thereon
2. To declare a dividend of Rs. 13/- per equity share of Rs. 10/- each of the Company for the financial year ended on March 31, 2023.
3. To appoint a Director in place of Mrs. U. Uma Devi (DIN: 00125840), who retires by rotation and being eligible, offers herself for re-appointment.

**SPECIAL BUSINESS:**

4. **Re-appointment of Mr. Sri Krishna Uppaluri (DIN: 08880274) as whole time director of the Company designated as Executive Director & CEO and fixation of remuneration:**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) (including any statutory modification or reenactment thereof) read with Schedule V to the Act and the rules framed thereunder and applicable Regulations of the SEBI (LODR) Regulations, 2015, and the Articles of Association of the Company the approval of the members of the Company, be and is hereby accorded for the re-appointment of Mr. Sri Krishna Uppaluri (DIN: 08880274) as Whole time Director designated as Executive Director & CEO of the Company liable to retire by rotation, for a further period of 5 (five) years with effect from September 15, 2023, on the terms and conditions hereinafter mentioned, with liberty to the Board to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time, as may be considered so long as the alterations are in conformity with the provisions of the Companies Act, 2013:

**A. Remuneration including perquisites and allowances:**

1. Salary: Rs.300,000/- per month, in the scale of Rs.300,000-20,000-400,000 with future increments in salary within the specified scale falling due on 1st April each year hereafter.
2. House Rent Allowance: Rs.50,000/- per month.
3. Commission: 2.5% of the Net Profits.
4. Perquisites: As laid down in point (7) below.
5. If, in any year, there is inadequacy of profit or there is no profit, then notwithstanding anything contained in points (1), (2), (3) & (4) above, the total remuneration payable to Mr. Sri Krishna shall not be less than the amounts shown under point (1) and (2) above, subject to ceiling specified under Schedule V to the Companies Act, 2013
6. The revised salary and allowance as above and the benefits and perquisites as mentioned in points (7) below will be effective from 15/09/2023.
7. Perquisites: Perquisites and benefits are classified in three categories (Part-A, Part-B and Part-C) as follows:

**PART-A**

- (i) Medical reimbursement: Expenses incurred for Executive Director & CEO and his family subject to a ceiling of one month's salary during one year or three months' salary in a block of 3 years.
- (ii) Leave Travel Concession: Executive Director & CEO and his family, in accordance with the rules specified to other Executives by the Company.
- (iii) Fees of Clubs: Subject to a maximum of two clubs. This will not include admission and life membership fees.
- (iv) Medclaim & Personal Accident Insurance: As applicable to other Executives of the Company and in accordance with the Company's policy.

Family means: Spouse, dependent children and dependent parents, if any.

**PART-B**

Contribution to the Provident Fund, Superannuation Fund and or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

1. Provident Fund: Provident Fund as applicable to other Executives of the Company.
2. Gratuity: Gratuity in accordance with the rules and policy specified by the company.
3. Superannuation: Superannuation in accordance with the rules and policy specified by the company.

**PART-C**

1. Provision of telephone at the residence will not be considered as perquisite. Personal long distance calls on telephone shall be billed by the Company to the Executive Director & CEO.
2. Provision of Car and driver for official purposes.

**B. Period of appointment:** 5 years w.e.f 15.09.2023 and

**C. The other terms and conditions** as may be mutually agreed by Mr. Sri Krishna Uppaluri and the Board.

**Overall Remuneration:**

The aggregate of salary, commission, perquisites and allowance in any financial year shall not exceed the limits prescribed from time to time under Sections 196,197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said Act for the time being in force.

**RESOLVED FURTHER THAT** the above remuneration will be paid as the minimum remuneration and in any case if the amount exceeds the limits specified in Schedule V, and the Company may obtain the approval in compliance with the provisions of the Companies Act, 2013.”

**RESOLVED FURTHER THAT** the Board of Directors are authorised to revise the remuneration during the tenure of Mr. Sri Krishna Uppaluri as Whole time Director so long as the remuneration falls within the limits specified in the Companies Act, 2013.”

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable in the said regard.”

**5. Commission payable to Non-Executive Directors:**

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

“**RESOLVED THAT** pursuant to Section 197, 198, and all other applicable provisions of the Companies Act, 2013, SEBI LODR Regulations and other applicable provisions if any, in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, the Company be and is hereby authorised to pay to its Directors (other than the Managing Director or Whole-time Director of the Company) for a period of 5 years commencing from April 1, 2023, such commission as the Board of Directors may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time and equally in the absence of such determination) but such commission shall not exceed 1 (One) per cent of the net profits of the Company in any financial year (computed in the manner provided in Section 198 of the Companies Act, 2013).

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

**6. Approval of Material Related Party Transactions:**

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

“**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under, if applicable and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, consent of the members be and is hereby accorded to the Board of Directors or the Committee thereon for entering into the following proposed Related Party Transactions with respect to sale, purchase of goods or materials by Veljan Denison Limited for the Financial year 2023-24 up to the maximum amounts as appended in table below:

Sl. No	Name of the Related Party	Name of the Interested Director / KMP / Company	Nature of Transactions	Maximum Limit for the FY 2023-2024 (Rs. In Crores)
1	Veljan Hydrair Ltd.	1. V C Janardan Rao 2. U Uma Devi 3. U. Sri Krishna	Sales & Purchase	110.00
2	Suxus Systems Ltd.	1. V C Janardan Rao 2. U Uma Devi 3. U. Sri Krishna	Sales & Purchase	35.00
3	Ecmat Ltd.	1. V C Janardan Rao 2. U Uma Devi 3. U. Sri Krishna	Job work	35.00
4	Veljan Investments Ltd.	1. V C Janardan Rao 2. U Uma Devi 3. U. Sri Krishna	Rent	2.00
5	JDM Hydro Pneumatics Ltd.	1. V C Janardan Rao 2. U Uma Devi 3. U. Sri Krishna	Job Work	2.00

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Place: Hyderabad  
Date: 14.08.2023

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

**NOTES:**

1. As per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 10/2022, dated 28 December, 2022, it has been decided to allow companies whose AGM is due to be held in the year 2023, to conduct their AGM on or before 30 September 2023 through video conferencing (VC) or other audio visual means (OAVM) Video in accordance of the requirements laid down in the earlier Circulars, namely Circular No. 20/2020 dated 5 May 2020 and General Circular No. 02/2022 dated 5 May 2022. Thereby, the ensuing 49th AGM will be held through video conferencing (VC) or other audio visual means (OAVM). The members can attend and participate in the ensuing AGM through VC/OAVM.
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the 'Act') in respect of the Special Business specified under Item no(s) 4 to 6 of the accompanying Notice is annexed hereto. The Board of Directors has considered and decided to include the said items given above as Special Business in the forthcoming AGM, as they were unavoidable in nature.
3. Pursuant to MCA Circular No. 14/2020 dated 8 April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
4. Brief resume of Directors /persons proposed to be appointed /reappointed as stipulated under Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India is provided as annexure to this Notice.
5. All documents referred to in the Notice are available for inspection at the Registered Office of the Company during office hours on all days except Saturdays, Sundays and public holidays up to the date of the Annual General Meeting.
6. The instructions for e-voting are annexed hereto.
7. Register of members and transfer books of the Company will remain closed from Saturday, 23rd September, 2023 to Friday, 29th September, 2023 (both days inclusive).
8. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 01st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ Venture Capital and Corporate Investments Private Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to comp\_secy@veljan.in or by post to the Company by 5.00.p.m IST on 27th September, 2023.
9. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to the RTA / Company. The aforesaid declarations and documents need to be submitted by the shareholders by 5.00.p.m IST on 27th September, 2023.
10. Members, who hold shares in electronic / demat form are requested to furnish the change of address, details of their bank accounts, viz, name of the bank, full address of the branch, account no. etc., to their respective Depository Participants and who hold shares in physical form to the Company's Registrars and Transfer Agents M/s. Venture Capital and Corporate Investments Private Limited, # "AURUM", Door No.4-50/P-II/57/4F & 5F, Plot No.57, 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032, Telangana. Phone: +91 040 23818475/35164940 so as to enable the Company to incorporate the bank details on the dividend warrants.

11. Members are informed that the amount of dividend which remains unclaimed for a period of 7 years, the unpaid / unclaimed dividends along with underlying shares thereto liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Members are requested to refer website of the Company [www.veljan.in](http://www.veljan.in) as details are made available by the Company pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017.

Any member, who has not claimed dividend for the financial year ended 2016-17 onwards, is requested to approach the Company in this respect.

As per Section 124(6) of the Companies Act, 2013 read with IEPF Rules as amended from time to time, all the shares in respect of which dividend has remained unpaid / unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company will transfer unpaid / unclaimed dividend for the financial year 2015-16 along with underlying shares to IEPF authorities, if any. The Company will initiate the necessary steps on due dates to transfer shares held by the members to IEPF along with dividend remaining unpaid / unclaimed thereon.

Members may please note that in the event of transfer of such shares and unclaimed dividends to IEPF, members are entitled to claim the same from IEPF authorities by submitting an online application in the prescribed Form IEP-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

12. 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.
13. 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.
14. Pursuant to Section 72 of the Companies Act, 2013 and the Rules made there under the members holding shares in single name may, at any time, nominate in form SH-13, any person as his / her nominee to whom the securities shall vest in the event of his / her death. Nomination would help the nominees to get the shares transmitted in their favor without hassles. Members desirous of making any cancellation / variation in the said nomination can do so in SH-14.
15. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a “Green Initiative in Corporate Governance” and allowed companies to share documents with its members in the electronic mode. Regulation 36 of SEBI (LODR) Regulations, 2015 also permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications.
16. The Equity shares of the Company are tradable in dematerialized form. In view of the same and to avail of the inbuilt advantages of the ECS payment, nomination facility and other advantages, the shareholders are requested to get their shares in demat form. The Company is registered with National Securities Depository Ltd. (‘NSDL’), and Central Depository Services (India) Ltd. (‘CDSL’), for dematerialization of its Equity Shares. The Company ISIN No. INE232E01013.
17. 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, “AURUM”, Door No.4-50/P-II/57/4F & 5F, Plot No.57, 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032, Telangana. Phone: +91 040 23818475/35164940.

18. SEBI has decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a Depository. This measure has come into effect from April 01, 2019. Notices have been issued to all Shareholders holding Shares in physical mode informing them that as per revised regulation 40 of the SEBI (LODR) Regulations, 2015, shares will no longer be transferred in physical mode. Shareholders are therefore requested to dematerialize their existing shares in physical form. In this regard SEBI has also clarified as follows:

- a) The above decision does not prohibit the investor from holding the shares in physical form; investor has the option of holding shares in physical form even after April 01, 2019.
- b) Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized.
- c) The transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re lodged for transfer even after the deadline of April 01, 2019

19. Pursuant to the General Circular numbers 20/2020, 17/2020 and 14/2020 dated May 5, 2020, April 13, 2020 and April 8, 2020 respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “the Circulars”), Soft copy of the Annual Report for 2022-23 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s)/RTA for communication purposes. No physical copy of the Notice and the Annual Report has been sent to members who have not registered their e-mail addresses with the Company / DPs /RTA unless any member has requested for a physical copy of the same. Members may also note that Notice of this Meeting and the Annual Report will also be available on the Company’s website [www.veljan.in](http://www.veljan.in) for their download.

20. Voting through electronic means;

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).

**Other notes & Evoting instructions:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.veljan.in](http://www.veljan.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**

**The remote e-voting period begins on Wednesday, 27th September, 2023 at 9.00 A.M. and ends on Friday, 29th September, 2023 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 22nd September 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 22nd September 2023.**

#### **How do I vote electronically using NSDL e-Voting system?**





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:  
Step 1: Access to NSDL e-Voting system

- A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL.</p>	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e Voting services under Value added services. Click on “Access to e Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div style="text-align: center; border: 1px solid black; padding: 10px; margin-top: 20px;"> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div> </div>

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.  
How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is In300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [gsoumya.cs@gmail.com](mailto:gsoumya.cs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022 - 4886 7000 and 022 - 2499 7000 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
4. The voting rights shall be as per the number of equity share held by the Member(s) as on 22nd September, 2023. Members are eligible to cast vote electronically only if they are holding shares as on that date.
5. The Companies (Management and Administration) Amendment Rules, 2014 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Wednesday, 27th September, 2023 and shall close at 5.00 p.m. on Friday, 29th September, 2023. The e-voting module shall be disabled by National Securities Depository Limited (NSDL) on 29th September, 2023 after 5.00 p.m.
6. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) of 22nd September, 2023.
7. Mrs. Dafthardar Soumya, Practicing Company Secretary (Membership No: FCS 11754, CP No: 13199) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and she will submit her report within the period not exceeding three working days from the conclusion of E-voting. The Chairman will declare the results on or after the AGM of the Company accordingly and will also be placed at the company website and also forward the same to the stock exchanges where the shares has been listed. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice shall be deemed to be passed on the date of the AGM, i.e. Saturday, 30th September, 2023.

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [comp\\_secy@veljan.in](mailto:comp_secy@veljan.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [comp\\_secy@veljan.in](mailto:comp_secy@veljan.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the /AGM is same as the instructions mentioned above for remote e voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [comp\\_secy@veljan.in](mailto:comp_secy@veljan.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [comp\\_secy@veljan.in](mailto:comp_secy@veljan.in). These queries will be replied to by the company suitably by email. Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM

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

Mr. Sri Krishna Uppaluri was appointed as Whole Time Director designated as Executive Director of the Company with effect from 15.09.2020 for a period of 3 years at the 46th Annual General Meeting of the shareholders held on 31.12.2020.

Based on the recommendation of Nomination and Remuneration Committee, Audit Committee the Board of Directors of the Company in their meeting held on 14.08.2023 have re-appointed Mr. Sri Krishna Uppaluri as Whole time Director designated as Executive Director & CEO of the Company for further a period of 5 years w.e.f. 15.09.2023

Mr. Sri Krishna Uppaluri, aged 30 years, has a Bachelor's degree in Mechanical Engineering from Johns Hopkins University - Baltimore, USA and also a Master's degree in Mechanical Engineering from University of California at Berkeley, USA.

Taking into consideration the increased business activities of the Company coupled with higher responsibilities cast on Mr. Sri Krishna Uppaluri, the Board of Directors, on recommendation of the Nomination and Remuneration Committee and Audit Committee of the Company, in their meeting held on 14.08.2023, have approved the proposal to reappoint Mr. Sri Krishna Uppaluri as Whole Time Director designated as "Executive Director & CEO", subject to the approval of shareholders, as set out in the resolution being item no. 4 of the accompanying notice w.e.f. 15.09.2023.

**The main terms and conditions of his appointment are furnished below:**

- a. Term of appointment: - 5 (Five) years with effect from September 15, 2023
- b. Salary and Perquisites: As mentioned in the resolution set out in Item no 4 above.

The remuneration proposed to be paid to Mr. Sri Krishna Uppaluri is within the permissible limits specified by the Act and is commensurate with the responsibilities of heading a Company of this size.

The details of terms and conditions between the company and Mr. Sri Krishna Uppaluri is open for inspection at the registered Office of the Company between 11.00 AM and 1.00 PM on all days except Sunday and holidays, until the date of the Annual General Meeting or any adjournment thereof. This explanatory statement along with the proposed resolutions in Item No. 4 of the Notice may also be read and treated as disclosure in compliance with the requirement of Section 190 of the Act and under the Listing Regulations.

The Board recommends the Special Resolution as set out at Item No. 4 for your approval.

Except Mr. Sri Krishna Uppaluri for his own appointment and Mrs. U. Uma Devi, Director being his relative and Mr. V C Janardan Rao, Chairman & Managing Director, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 4 of the accompanying Notice of the AGM.

**ITEM NO. 05:**

The operations of the company are steadily improving with the active role and guidance of the Directors. The Board is of the view that it is necessary that adequate compensation be given to the Non-Executive Directors and the Independent Directors so as to compensate them for their time and efforts. Hence, as before, it is proposed to pay commission on net profit to all Directors other than Managing Director and Whole Time Director which is permissible under the Companies Act, 2013 for a period of 5 years from the financial year 2023-24.

The shareholders of the Company have at the AGM held on September 29, 2018, accorded their consent for payment of commission on profits to the Non-Executive Directors and the Independent Directors of the Company at a rate not exceeding 1 per cent of the net profits of the Company in any fiscal year (computed in the manner provided in Sections 197 and 198 of the Companies Act, 2013) for a period of 5 years i.e. upto the fiscal year 2022-23.

For fiscal year commencing from 2023-24, the payment of commission on profits is proposed at a rate not exceeding 1 per cent of the net profits of the Company in any fiscal year (computed in the manner provided in Section 198 of the Companies Act, 2013), for a period of five years. Your Directors recommended the resolution for your approval.

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

**ITEM NO. 06:**

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. The SEBI (LODR) Regulations which has come into operation with effect from December 1, 2015 has also prescribed seeking of shareholders' approval for material related party transactions. The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis. All the proposed transactions put up for approval are in ordinary course of business and at arm's length. The following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by an Ordinary resolution

Sl. No	Name of the Related Party	Relationship	Maximum Limit for the FY 2023-24 (Rs. In Crores)
1	Veljan Hydrair Ltd.	Group Company	110.00
2	Suxus Systems Ltd.	Group Company	35.00
3	Ecmat Ltd.	Group Company	35.00
4	Veljan Investments Ltd.	Group Company	2.00
5	JDM Hydro Pneumatics Ltd.	Group Company	2.00



The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto, and the Company’s Related Party Transaction Policy are furnished hereunder:

<b>Name of the Related Party</b>	<b>As per table above</b>
Name of the Director or key managerial personnel who is related, if any	<p>Mr. V. C. Janardan Rao, Mrs. V. S. Chukkamamba and Mrs. U. Uma Devi may be deemed to be concerned in their capacity as Directors of Veljan Hydrair Limited.</p> <p>Mrs. V S Chukkamamba &amp; Mrs. U. Uma Devi may be deemed to be concerned in their capacity as Director of Veljan Investments Ltd, JDM Hydro Pneumatics Ltd ,Suxus Systems Limited &amp; Ecmat Limited</p> <p>Mrs. U. Uma Devi is a relative of Mr. V. C. Janardan Rao</p> <p>Mr. U. Sri Krishna is a relative of Mrs. U. Uma Devi</p>
<b>Nature of Relationship</b>	<b>As per table above</b>
The nature, material terms, monetary value and particulars of the contract or arrangement	All proposed transactions are proposed to be carried out based on business requirements of the Company and shall be in ordinary course of business and at arms’ length. All the transactions are for sale, purchase of goods or materials within Veljan group.
Any other information relevant or important for the members to take a decision on the proposed resolution	The technology is possessed by related parties and Company is dependent on them for its manufacture of Products. No other company possesses this technology.

The above transactions were approved by the Audit Committee at its meeting held on February 14, 2023 and recommended by the Board of Directors to the unrelated shareholders of the Company for their approval. As per SEBI (LODR) Regulations, all entities / persons whether they are related party to particular transaction or not shall abstain from voting on resolution(s) wherein approval of material Related Party Transactions is sought from the shareholders. Accordingly, all related parties of the Company, including, among others, Veljan group entities and the Directors and Key Managerial Personnel of VHL, VIL, Suxus and JDM will not vote on this resolution.

None of the Directors or any of the Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 6 of the Notice.

However, Mr. V C Janardan Rao Mr. U. Sri Krishna and Mrs. U Uma Devi may be deemed to be concerned in their capacity as Directors and shareholders of the Company. The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the unrelated shareholders.

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

Place: Hyderabad  
Date: 14.08.2023

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

Registered Office: Plot No.44, 4th Floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad - 500 016.  
info@veljan.in, www.veljan.in

**Annexure to the Notice:****DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT**

Name of the Director	Mrs. Uma Devi Uppaluri	Mr. Sri Krishna Uppaluri
DIN	00125840	0008880274
Age	58 years	30 years
Date of Appointment	30/07/2014	15/09/2020
Brief Resume	Mrs. U. Uma Devi is a commerce graduate from Osmania University. She is a second generation entrepreneur, who is running a manufacturing business successfully for the last 20 years.	Mr. Sri Krishna Uppaluri has 7+ years of experience across fields of management, data analytics and hydraulics engineering. He also has 10+ years of experience across academia and industry in research and development activities in the fields of both Computational and Experimental Fluid Dynamics.  He has a Bachelor's degree in Mechanical Engineering from Johns Hopkins University - Baltimore, USA and also a Master's degree in Mechanical Engineering from University of California at Berkeley - Berkeley, USA
Expertise in specific functional area	Hydraulic Industry, Operations, Corporate management & Finance	Hydraulics Industry, Technology, Sales, Operations, Corporate management & Finance
Designation	Non-Executive Director	Executive Director & CEO
Relationship between Directors Inter-se	Related to Mr. V C Janardan Rao Mr. U. Sri Krishna	Related to Mr. V C Janardan Rao Mr. U. Uma Devi
Directorships held in other Listed Companies	Nil	Nil
Chairmanship / Membership of the Committees of the other Listed Companies	Nil	Nil
No. of Shares held in the Company as on March 31, 2023	110,834	Nil

Note: Information pertaining to Remuneration, terms and conditions and number of Board meetings attended during the FY 22-23, wherever applicable, has been disclosed in Corporate Governance Report forming part of Annual Report for FY 2022-23.

**BOARD'S REPORT**

To  
The Members of  
VELJAN DENISON LIMITED

Your Directors take pleasure in presenting the 49th Annual Report on the affairs of the Company along with the Audited Accounts for the year ended March 31, 2023.

**1. FINANCIAL RESULTS:**

(Figures in Rs Lakhs)

Particulars	Standalone	Consolidated*	
	Year ended 31-03-2023	Year ended 31-03-2022	Year ended 31-03-2023
<b>Income :</b>			
Revenue from Operations	<b>11064.40</b>	9785.33	<b>12057.74</b>
Other Income	<b>203.67</b>	246.64	<b>206.56</b>
<b>Total Revenue</b>	<b>11268.07</b>	10031.97	<b>12264.30</b>
<b>Expenditure:</b>			
Cost of Materials Consumed	<b>4412.16</b>	3619.74	<b>4,662.97</b>
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	<b>(281.91)</b>	(249.27)	<b>(281.91)</b>
Employee Benefit Expenses	<b>1003.49</b>	827.48	<b>1284.30</b>
Finance Costs	<b>77.73</b>	23.05	<b>78.36</b>
Depreciation & Amortization Expenses	<b>485.15</b>	469.95	<b>539.02</b>
Other Expenses	<b>3594.97</b>	3,020.10	<b>3820.94</b>
<b>Total Expenses</b>	<b>9291.58</b>	7,711.06	<b>10103.67</b>
<b>Profit before Tax</b>	<b>1976.49</b>	2,320.91	<b>2160.63</b>
<b>Tax Expenses</b>			
(1) i. Current Tax	<b>508.45</b>	571.47	<b>520.37</b>
ii. Previous Period	-	28.58	-
(2) Deferred Tax	<b>9.86</b>	33.16	<b>37.88</b>
<b>Profit for the year</b>	<b>1458.17</b>	1,687.70	<b>1602.38</b>
<b>Earning per Equity Share of the face value of Rs. 10 each</b>			
<b>Basic and Diluted (in Rs.)</b>	<b>64.81</b>	75.01	<b>71.22</b>

\* Previous year figures for consolidated results are not available as FY 2022-23 is the first year of consolidation.

**2. COMPANY'S PERFORMANCE:**

Standalone: During the year under review the sales were higher at Rs. 11064.40 Lacs as against Rs. 9785.33 Lacs in the previous year. The Profit before tax stood at Rs. 1976.49 Lacs as against Rs. 2320.91 Lacs for the previous year. The Net Profit stood at Rs. 1458.17 Lacs as against Rs. 1687.70 Lacs for the previous year.

During the year under review, the Company registered a consolidated sales of Rs. 12057.74 Lakhs and the consolidated net profit stood Rs. 1602.38 lakhs.

**3. FUTURE OUTLOOK:**

The global hydraulic market was valued at USD 41.2 billion in 2022 and is anticipated to grow at a CAGR of 3.2% from 2022 to 2030. The global hydraulic market is expected to reach USD 54.7 billion by 2030. The major factors for the growth of the industry are the demand for material handling equipment, cutting-edge agricultural equipment and growing adoption of hydraulic equipment by various industries. The demand for hydraulic and pneumatic cylinders is also increasing in number of manufacturing and other sectors, which is expected to propel the cylinder market.

The long term outlook of the hydraulic industry continues to be promising and challenging. By increasing the manufacturing base, your Company expects to better the revenues with improved margins in the coming years.

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

There were no material changes/ commitments affecting the financial position or operations of the Company between March 31, 2023 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 is annexed and forms part of this report.

**6. DIVIDEND:**

Your Directors are pleased to recommend the payment of Dividend of Rs 13/- per equity share of Rs. 10/- each (130%) for the year ended March 31, 2023. The Dividend if approved by the shareholders of the Company in the ensuing 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.

Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 01st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. The shareholders are requested to update their PAN with the Company/ RTA or depositories. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

**7. RESERVES:**

The Company has transferred Rs. 14.34 Crores to General Reserves of the Company.

**8. DEPOSITS:**

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

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

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

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

The Board of Directors met 5 times during the financial year ended March 31, 2023 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

The Independent Directors held a separate meeting in compliance with the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations. For further details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Annual Report.

**11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

None of the directors of the company is disqualified under the provisions of the Companies Act 2013 or under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

As per the provisions of Section 152 of the Companies Act, 2013 read with Articles of Association of the Company, Mrs. U. Uma Devi (DIN: 00125840), retire by rotation and being eligible offer, herself for re appointment at this Annual General Meeting. The Board recommends her re-appointment at the ensuing AGM.

**KEY MANAGERIAL PERSONNEL:**

As on the date this report, the following are the Key Managerial Personnel of the Company:

1. Mr.V.C. Janardan Rao Chairman & Managing Director
2. Mr. U. Sri Krishna Executive Director & CEO
3. Mr.G. Subba Rao Chief Financial Officer
4. Mr. B. Narahari Company Secretary and compliance officer

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

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

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

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

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

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub section (3) of section 178 relating to the remuneration for the Directors, Key Managerial Personnel, and other employees and the policy be accessed at the Companys' website <http://veljan.in/investors.html>

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

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

**Internal Auditors:**

The Board of Directors of the Company had appointed M/s. M.V. Narayana Reddy & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2022-23 and to maintain its objectivity and independence, the Internal Auditor submitted their reports to the Chairman of the Audit Committee of the Board.

**16. AUDITORS:**

Members at 48th Annual General Meeting had appointed M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Reg. No. 000513S) as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of 48th Annual General Meeting (AGM) till the conclusion of 52nd Annual General Meeting to be held in the calendar year 2027.

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

The Auditor's Report for the financial year 2022-23 does not contain any qualification, reservation or adverse remarks.

**17. SECRETARIAL AUDITORS & THEIR REPORT:**

The Board had appointed M/s BS & Company, Company Secretaries LLP, Hyderabad to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2022-23. The report of the Secretarial Auditor is annexed to this report.

Their report for the Financial Year 2022-23 does not contain any adverse remark/comment. However the Auditors have made factual disclosures in their report forming part of the Audit Report. Their disclosure and Company's reply is stated as under:

- the delayed filing the report under 23(9) of SEBI (LODR) Regulations 2015 and BSE levied a fine of Rs. 82,600/-:

The Company has been regular in filing the returns on time. However, for the half year ended 31st March 2022, there was a delay because of the amendment in the regulation changing the timeline from 30 days to 15 Days.

- The Company has not transferred the unclaimed dividend amount for the FY 2014-15 which was due during the year under review to IEPF:

The Company has taken necessary steps to transfer the same.

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

Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend / interest / refund of applications which remains unclaimed / unpaid for a period of 7 years is required to be transferred to IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed / unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period.

During the financial year 2023-24, the dividend for the year 2015-16 remaining unpaid and unclaimed for 7 years and shares pertaining to which dividend remains unpaid / unclaimed for 7 consecutive years will be transferred by the Company to IEPF by 31st October 2023.

The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at <http://www.iepf.gov.in/IEPF/refund.html>.

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

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

The Company had not given any loans, guarantees or security as per the provisions of Section 186 of the Companies Act, 2013 during the financial year under review and also there are no outstanding amounts of loans given, guarantees provided or security given at the beginning of the year.

How ever, the Company has made an investment of Rs. 13.90 Crores for acquiring 100% shareholding in M/s Adan holdings Limited, United Kingdom.

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

During the year under review, the Company has acquired 100% shareholding in M/s Adan holdings Limited, United Kingdom which is the holding company of M/s Adan Limited on 03.08.2022 and M/s Adan holdings Limited is now wholly owned subsidiary of the Company w.e.f. 03.08.2022.

The Company does not have any associate or joint venture during the year under review.

The details of the subsidiary are given in Form AOC -1 which is been annexed separately and forms part of this report. In terms of Section 136 of the Companies Act, 2013, separate audited accounts in respect of each of subsidiaries have been placed on the website of the Company.

#### **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. Details of all such transactions as required under section 188 of the Companies Act are annexed in Form AOC-2 forming part of the Board's Report.

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

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions which can be accessed at the Companys' website <http://veljan.in/investors.html>.

#### **22. CORPORATE SOCIAL RESPONSIBILITY:**

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

The contents of the CSR activities undertaken by the Company have been annexed separately and forms part of this report. The CSR policy of the Company can be accessed at the Company's website <http://veljan.in/investors.html>.

#### **23. EXTRACT OF ANNUAL RETURN:**

As required by Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT-9 is available on the Company's website at <http://veljan.in/investors.html> and forms part of this report.

**24. PARTICULARS OF EMPLOYEES:**

There are no employees in the company in receipt of amounts covered in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The disclosure pertaining to remuneration and other details of top 10 employees of the Company are made available for inspection at the Registered office of the Company with the Company Secretary during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same shall be provided without any fee.

**25. MANAGERIAL REMUNERATION:**

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

**26. CORPORATE GOVERNANCE CERTIFICATE:**

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

**27. LISTING:**

The Equity Shares of your Company are continued to be listed on BSE Limited. There are no payments outstanding to the Stock Exchange and the company has paid the listing fee for the financial year 2023-24.

**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 as at 31.03.2023 and of the Profit of the Company for that period ;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis;
- v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi) they have devised proper systems to ensure Compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



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

The Company has put in place a Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in accordance with the requirement of the 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees of the Company are covered under the aforementioned Policy. During the year under review, the company has not received any complaints pertaining to sexual harassment

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

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

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

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

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

**32. REPORT ON CORPORATE GOVERNANCE:**

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

**33. INDUSTRIAL RELATIONS AND HUMAN RESOURCES:**

Your company believes that its employees are one of the most valuable assets of the Company and the Board appreciates the employees across the cadres for their dedicated service to the company and expects their continuous support and higher level of productivity for achieving the targets set for the company. The total employee strength is over 293 as on March 31, 2023.

**34. SHARE CAPITAL:**

There was no change in the Authorized Share Capital (Rs. 3 Crores) and Paid up Share Capital (Rs. 2.25 Crores) of the Company during the year under review.

The Company has not issued any shares with differential rights and hence no information as per the provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**35. INSURANCE:**

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

**36. CHANGE IN THE NATURE OF BUSINESS:**

There was no change in the nature of business of the Company.

**37. DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**

Appointments: NIL

Cessation: NIL.

**38. RISK MANAGEMENT:**

The Board of Directors has formed a risk management policy to identify, evaluate, mitigate and monitor the risk associated with the business carried by the company. The Board reviews the risk management plan and ensures its effectiveness. A mechanism has been put in place which will be reviewed on regular intervals.

**39. COMMITTEES OF THE BOARD:**

The Board has Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. The composition and other details of these committees have been given in the Report on the Corporate Governance forming part of the Annual Report.

**40. COST AUDIT:**

Pursuant to provisions of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 cost audit is not applicable for the financial year 2022-23 for the Company.

**41. COMPLIANCE OF SECRETARIAL STANDARDS:**

The Company has duly complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India, for the Board and General Meetings.

**42. CORPORATE POLICIES OF THE COMPANY:**

The policies are reviewed periodically by the Board and updated as needed. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, mandate the formulation of certain policies for all listed companies. The corporate governance policies like Familiarization Programme for Independent Directors, Policy for Determination of Materiality of an Event or Information, Policy on Preservation of Documents and Policy on Related Party Transactions etc for are available on the Company's website, at [http://veljan.in/investors\\_policy.html](http://veljan.in/investors_policy.html).

**43. 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: 14.08.2023

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

## CORPORATE GOVERNANCE REPORT

**Report Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the requirements of Corporate Governance is set out below:**

### 1) COMPANY'S PHILOSOPHY:

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

Board of Directors of your Company has adopted the compliance of good corporate governance and to keep the shareholder informed about the happenings in the Company. The Company is in compliance with Securities Exchange Board of India (Listing Obligation Disclosure Requirements) Regulations, 2015.

**The information required to be attached to the Boards' Report for the year ended on 31st March, 2023 is as under:**

### 2) BOARD OF DIRECTORS & COMPOSITION:

The Board of Directors comprises optimal complement of Independent as well as Non-Executive Directors having in-depth knowledge of the business of the industry.

The size and composition of the Board confirms to the requirements of the Corporate Governance code under SEBI (LODR) Regulations, 2015. Following was the composition of the Board during the year under review:

S.No	Name of the Director	Designation	Category
1.	Mr. V. C. Janardan Rao	Chairman & Managing Director	Promoter & Executive Director
2.	Mr. B. S. Srinivasan	Independent Director	Non – Executive Director
3.	Mr. G. Narayan Rao	Independent Director	Non – Executive Director
4.	Dr. A. Suresh	Independent Director	Non – Executive Director
5.	Mrs. U. Uma Devi	Director	Promoter & Non – Executive Director
6.	Mr. U. Sri Krishna	Executive Director & CEO	Promoter & Executive Director

All Independent Directors possess the requisite qualifications and are experienced in their respective fields. The Board also confirms that the Independent Directors fulfill the criteria specified in the regulations and are independent of the management. The Independent Directors are appointed for a period of five years. The Executive Directors and the other Non-Independent Directors are subject to retire by rotation.

All the necessary disclosures have been obtained from all the directors regarding their directorship and have also been taken on record by the Board. 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 Board duly met 5 (Five) times during the period from 01.04.2022 to 31.03.2023 on 30.05.2022, 12.08.2022, 06.09.2022, 14.11.2022 and 14.02.2023 and the attendance of the Directors are as follows:

**ATTENDANCE OF DIRECTORS IN THE BOARD AND LAST ANNUAL GENERAL MEETING:**

Sl. No.	Name of The Director	Board Meetings Attended During the year	Designation	Category	Attended At the last Annual General Meeting	Number Of the Other Director Ship	No. of Board Committees Of which Member / Chairman
1.	Mr. V. C Janardan Rao	4	Chairman and Managing Director	Promoter And Executive Director	No	7	1
2.	Mr. B. S. Srinivasan	5	Director	Independent And Non Executive Director	Yes	2	4
3.	Mr. G. Narayan Rao	2	Director		No	3	1
4.	Dr. A. Suresh	5	Director		No	0	1
5.	Mrs. U. Uma Devi	5	Director	Promoter And Non- Executive Director	No	7	0
6.	Mr. U. Sri Krishna	5	Executive Director & CEO	Promoter And Executive Director	Yes	1	2

**Notes:**

- This excludes Directorships held in Foreign Companies and Companies incorporated under section-8 of the Companies Act, 2013.
- In accordance with Reg.26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Memberships/ Chairmanships of Committees include Audit Committee and Stakeholders' Relationship Committee of Public Company has been considered.
- None of the Directors is a director in more than 20 Companies and more than 10 public limited companies in terms of Sec-165 of the Companies Act, 2013.
- None of the Directors is a Director in more than seven listed entities in terms of Regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- None of the Directors is a member of neither more than Ten Committees, nor acts as Chairman of more than Five Committees across all companies in which they are Directors, as required Regulation 26 of the Listing Regulations.
- The Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.
- Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all the Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the directors in this regard.
- Name of other listed entities where Directors of the company are Directors and the category of Directorship:

Sl No	Name of The Director	Name of other Listed Companies	Category of Directorship
1	Mr. B.S. Srinivasan DIN: 00482513	Softsol India Limited	Independent Director

**Number of shares and convertible instruments held by non- executive directors;**

Name of the Non-Executive Director	No. of Shares or convertible instruments held
Mr. B.S. Srinivasan	0
Mr. G. Narayan Rao	0
Dr. A. Suresh	0
Mrs. U. Uma Devi	1,10,834 shares of Rs. 10/- each

**Familiarization Program to Independent Directors:**

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

**Skills / Expertise / Competencies of the Board of Directors**

The Company has mix of Directors on the Board who possess the requisite qualifications, experience and expertise across multiple domains which facilitates quality decision making and enables them to contribute effectively to the Company in their capacity as Directors of the Company, more specifically in the areas of:

- Knowledge of Company - understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities)
- Industry Knowledge and experience - knowledge of industry, sector and changes in industry specific policy and
- Professional Skills and experience in the areas of finance, Safety & Corporate Social Responsibility and allied fields, projects, general corporate management and strategy development and implementation to assist the ongoing aspects of the business.

SI No	Name of the Director	Skills / Expertise / Competencies
1.	Mr. V. C Janardan Rao	Knowledge of Company, Industry Knowledge and experience, Financial Expertise & Corporate management
2.	Mr. B. S. Srinivasan	Knowledge of Company, Industry Knowledge and experience & Financial Expertise
3.	Mr. G. Narayan Rao	Knowledge of Company, Industry Knowledge and experience, & Corporate management
4.	Dr. A. Suresh	Knowledge of Company, Industry Knowledge and experience & R & D Expertise
5.	Mrs. U. Uma Devi	Knowledge of Company, Industry Knowledge and experience, Corporate management & Financial Expertise
6.	Mr. U. Sri Krishna	Knowledge of Company, Industry Knowledge and experience, Corporate management & Financial Expertise

In the opinion of the Board, all the independent directors fulfill the conditions specified in these regulations and are independent of the management.

**Inter-se relationship between Directors:**

Mr. V.C. Janardan Rao, Mr. U. Sri Krishna and Mrs. U. Uma Devi are relatives of each other in terms of Section 2(77) of the Companies Act, 2013 and none of the other Directors have 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, 2023. A declaration to this effect, duly signed by the Chairman and Managing Director is given hereto.

**3. AUDIT COMMITTEE:**

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

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

**Composition:**

The Audit Committee comprises of following Directors as on 31.03.2023:

Sl. No.	Name of Director	Designation	Category
1.	Mr. B.S. Srinivasan	Chairman	Independent and Non- Executive director
2.	Mr. G. Narayan Rao	Member	Independent and Non- Executive director
3.	Dr. A. Suresh	Member	Independent and Non- Executive director
4.	Mr. U. Sri Krishna	Member	Promoter and Executive director

Mr. B.S. Srinivasan was appointed as Chairman of the committee.

The Audit committee duly met 5 (Five) times during the financial year 2022-23 on 30.05.2022, 12.08.2022, 06.09.2022, 14.11.2022 and 14.02.2023.

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr. B.S. Srinivasan	5	5
2.	Mr. G. Narayan Rao	5	2
3.	Mr. U. Sri Krishna	5	5
4.	Dr. A. Suresh	5	5

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

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

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

The Company Secretary acts as the Secretary to the Committee.

Mr. B.S. Srinivasan, Chairman of the Committee was present at last Annual General Meeting to answer Shareholders queries.

#### **4. NOMINATION AND REMUNERATION COMMITTEE:**

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

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

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

##### **b) Remuneration policy:**

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

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

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

**Composition of Nomination and Remuneration Committee as on 31.03.2023:**

Sl. No.	Name of Director	Designation	Category
1.	Mr. B.S. Srinivasan	Chairman	Independent and Non- Executive Director
2.	Mr. G. Narayan Rao	Member	Independent and Non- Executive Director
3.	Mrs. U. Uma Devi	Member	Promoter and Non- Executive Director

Mr. B.S. Srinivasan was appointed as chairman of the committee.

The Nomination and Remuneration Committee duly met 1 (One) time during the financial year 2022-23 on 14.11.2022.

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

Sl. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr. B.S. Srinivasan	1	1
2.	Mr. G. Narayan Rao	1	1
3.	Mrs. U. Uma Devi	1	1

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2022-23 are as follows:

(Figures in Rs)

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Mr. V C Janardan Rao	Chairman & Managing Director	-	-	-	-
Mr. B.S.Srinivasan	Independent Director	-	5,33,624	2,10,000	7,43,624
Mr. G. Narayan Rao	Independent Director	-	5,33,624	-	5,33,624
Dr. A. Suresh	Independent Director	-	5,33,624	2,00,000	7,33,624
Mrs. U.Uma Devi	Director	-	5,33,624	1,10,000	6,43,624
Mr. U. Sri Krishna	Executive Director	24,63,692	42,68,916	-	67,32,608



### PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

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

### BOARD LEVEL PERFORMANCE EVALUATION:

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

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

### INDEPENDENT DIRECTORS' MEETING:

The Independent Directors meet at least once in a year, without the attendance of Executive Directors.

During the year under review, the Independent Directors met once on 31.03.2023 and among other things evaluated the performance of Non-Independent Directors and the Board of Directors as a whole review the performance of the Chairperson of the Company and evaluated of the quality, and content of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

### 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

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

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

Sl. No.	Name of Director	Designation	Category
1.	Mr. V. C. Janardan Rao	Chairman	Chairman and Managing Director
2.	Mr. B.S. Srinivasan	Member	Independent and Non- Executive Director
3.	Mrs. U. Uma Devi	Member	Non Executive Director

The Committee duly met once during the financial year on 14.02.2023 and all the members attended the meeting.

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

### 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The members of the Committee are:

Sl. No.	Name of Director	Designation	Category
1.	Mr. B.S. Srinivasan	Chairman	Independent and Non- Executive Director
2.	Mr. V. C. Janardan Rao	Member	Executive Director
3.	Mr. U. Sri Krishna	Member	Executive Director

Mr. B.S. Srinivasan was appointed as chairman of the committee.

**Terms of reference:**

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

The Committee duly met once during the financial year on 14.02.2023 and all the members attended the meeting.

The Company has resolved all the complaints from the stakeholders. There are no pending letters/ complaints as on the date of the Directors' Report.

Name and designation of the Compliance officer: Mr. B. Narahari, Company Secretary.

**7. MD/CFO CERTIFICATION**

The Managing Director and CFO of the Company have certified to the Board that the financial results of the Company for the year ended 31st March, 2023 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulation 33 of SEBI (LODR) Regulations.

**8. GENERAL BODY MEETING:**

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

Year	Date of AGM	Time of Meeting	Place where the meeting was held
2022	30.09.2022	11.30 A.M	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2021	30.09.2021	11.30 A.M	
2020	31.12.2020	11.30 A.M	

Extra-Ordinary General Meeting of the shareholders:

One Extra-Ordinary General Meeting of the shareholders was held during the year on 31.03.2023 at 11.30 A.M. through VC hosted at Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad – 500037.

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

**48th AGM – 30.09.2022:**

- Appointment of Dr.A. Suresh (DIN: 06931014) as Independent Director of the Company
- Approval of revision of remuneration payable to Mr. Sri Krishna Uppaluri, Whole time Director of the Company:

**47th AGM – 30.09.2021:**

- Approval of continuation of payment of remuneration of Mr. V.C.Janardan Rao, Chairman & Managing Director of the Company as per Regulation 17 (6)(e) of SEBI (LODR) Regulations

**46th AGM – 31.12.2020:**

- Appointment of Mr. G. Narayan Rao as Independent Director of the Company for a period of 5 Years w.e.f 15.09.2020.
- Appointment of Mr. U. Sri Krishna Rao as Executive Director of the Company for a period of 3 Years w.e.f 15.09.2020.

**EGM – 31.03.2023:**

- Re-appointment of Mr. V.C. Janardan Rao as Chairman & Managing Director of the Company for a period of 3 Years w.e.f 01.01.2023.

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 Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot
- v) Procedure for postal ballot: N.A.

#### 9. COMPLIANCE OF INSIDER TRADING NORMS:

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

#### 10. MEANS OF COMMUNICATION:

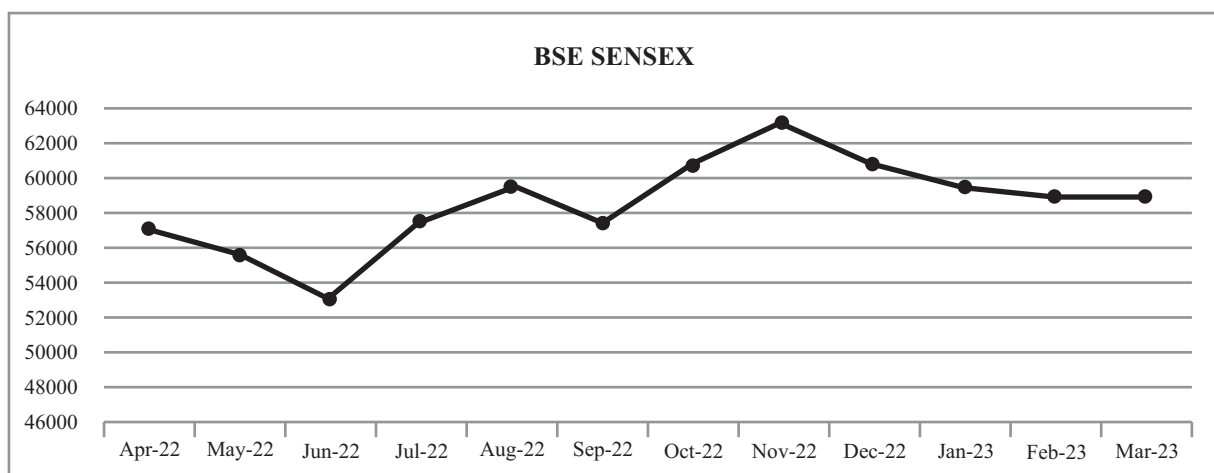
The Quarterly results of the Company are published in the newspapers like Nava Telangana, Financial Express and Annual Reports are sent to all the Shareholders yearly and the same will be displayed in [www.veljan.in](http://www.veljan.in) along with the official press releases, if any.

#### 11. GENERAL SHAREHOLDER INFORMATION:

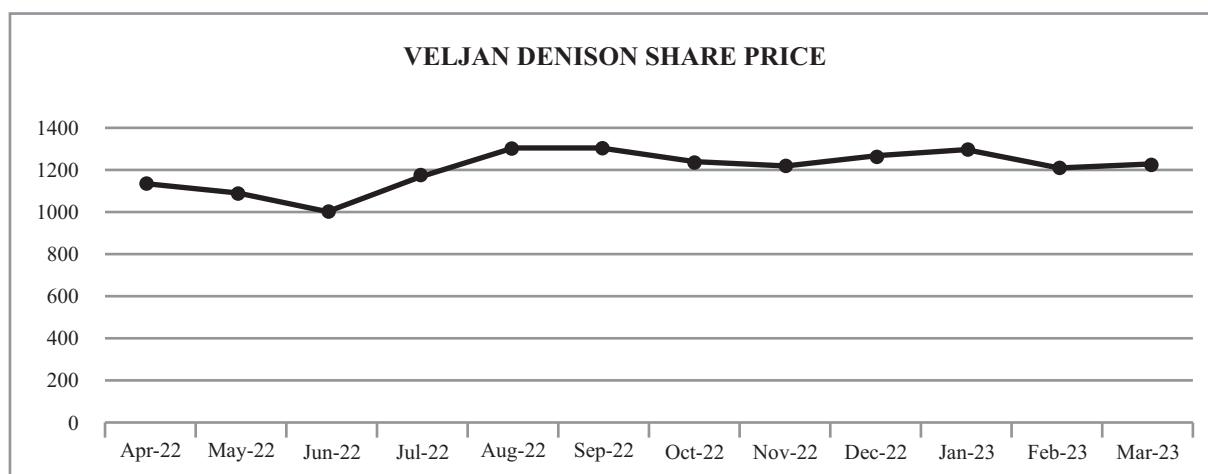
- a) The 49th Annual General Meeting of the Company will be held on Saturday, 30th September, 2023 at 12.30 P.M. through video conference.
- b) The Financial Year: 1st April, 2023 to 31st March, 2024.
- Financial Calendar 2023 - 2024 (tentative)  
First Quarter results (April - June): 14th August 2023  
Second Quarter results (July – Sept): On or before 14th November 2023  
Third Quarter results (Oct – Dec): On or before 14th February 2024  
Annual Results audited (Audited): On or before 30th May 2024
- c) Date of Book Closure: 23rd September 2023 to 29th September 2023 (both days inclusive).
- d) The Shares of the Company are listed at BSE Limited, Mumbai.
- e) The listing fees for the financial years 2022-23 and 2023-24 has been paid to the stock exchange.
- f) Stock code: 505232
- g) ISIN for the Company's Equity Shares: INE 232E01013
- h) Depositories for Equity Shares: National Securities Depository (NSDL) Limited and Central Depository Services Limited (CDSL)
- I) Dividend Payment Date: A Dividend of Rs.13/- per equity share of Rs.10/-each is proposed at the ensuing AGM and if approved will be paid within 30 days from the date of AGM.
- j) Shares received for physical transfers (transmission requests only) are generally registered within a period of 10 days from the date of receipt of the valid and duly filled up transfer deeds.
- k) In respect of transfer of physical shares, Shareholders are advised to contact our RTA; M/s. Venture Capital and Corporate Investments Limited; "AURUM", Door No.4-50/P-II/57/4F & 5F, Plot No.57, 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032, Telangana. Phone: +91 040 23818475/35164940

l) Monthly High and Low Stock quotations during the financial year are as follows:

Month	Share Price			BSE Sensex	
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High	Low
Apr-22	1220	1049	14235	60845	56009
May-22	1185	912	9646	57184	52633
Jun-22	1180	911	5615	56433	50921
Jul-22	1274	980	17004	57619	52094
Aug-22	1390	1122	22108	60411	57368
Sep-22	1449	1234	18433	60676	56147
Oct-22	1343	1188	4662	60787	56683
Nov-22	1380	1160	17555	63303	60426
Dec-22	1418	1175	12522	63583	59754
Jan-23	1340	1106	11109	61344	58699
Feb-23	1399	1195	10604	61682	58796
Mar-23	1285	1181	9674	60499	57085



Source: www.bseindia.com



Source: www.bseindia.com

m) REGISTRAR AND TRANSFER AGENTS:

M/s. Venture Capital and Corporate Private Investments Limited;  
 “AURUM”, Door No.4-50/P-II/57/4F & 5F, Plot No.57, 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli,  
 Hyderabad – 500 032, Telangana. Phone: +91 040 23818475/35164940

n) SHARE TRANSFER SYSTEM:

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being found valid and complete in all respects. The Company appointed M/s. Venture Capital & Corporate Investments Pvt. Ltd as common Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the Securities of the Company. As per revised regulation 40 of the SEBI (LODR) Regulations, 2015, shares will no longer be transferred in physical mode. Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized.

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

q) Information in respect of transfer of shares to IEPF and unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and also during the financial year 2017-18 MCA also notifies the transfer of under laying shares of unclaimed / unpaid dividend for seven years to IEPF account.

Your Company will undertake necessary steps for transfer of unclaimed / unpaid dividend and underplaying shares pertains to financial year 2015-16 in accordance with the applicable provisions of the Act and Rules and ensure the transfer to IEPF account. Shareholders are required to claim the unpaid dividend if any immediately.

The unclaimed dividends as on March 31, 2023 with due date of transfer to IEPF is as follows:

Financial Year	Date of transfer to IEPF
2015-16	October 2023
2016-17	October 2024
2017-18	October 2025
2018-19	October 2026
2019-20	April 2027
2020-21	October 2028
2021-22	October 2029

**12. A. DISTRIBUTION OF SHARE HOLDING AS ON 31st MARCH, 2023:**

Nominal Value Rs.	Holders		Amount	
	Number	% to Total	In Rs.	% to Total
Upto - 5000	2815	97.04	14,67,160	6.52
5001 - 10000	40	1.38	2,81,760	1.26
10001 - 20000	18	0.62	2,53,080	1.12
20001 - 30000	1	0.03	26,210	0.12
30001 - 40000	3	0.10	1,07,920	0.48
40001 - 50000	4	0.14	1,87,000	0.83
50001 - 100000	6	0.21	4,63,550	2.06
100001 and above	14	0.48	1,97,13,320	87.61
<b>TOTAL</b>	2901	100.00	2,25,00,000	100.00

**12. B. SHAREHOLDING PATTERN AS ON 31st MARCH, 2023:**

Category	Number of Shareholders	No. of Shares held	Percentage of Shareholding (%)
Promoters	10	16,87,097	74.98
Mutual Funds and UTI	0	0	0.00
Banks, Financial Institutions, Insurance Companies	0	0	0.00
Flls	0	0	0.00
Bodies Corporate	31	6,437	0.29
Indian Public	2,825	2,99,056	13.29
Non-Resident Indians	29	10,953	0.49
Clearing Members	1	25	0.00
	1	81	0.00
IEPF	1	2,46,351	10.95
<b>Total</b>	2,898	22,50,000	100.00

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

22,09,911 shares of the Company representing 98.22% of the total paid up share capital of the Company are being held in Demat form as on 31st March, 2023.

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

Conversion dates and likely impact on equity: NIL

**15. PLANT LOCATION:**

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

**16. ADDRESS FOR CORRESPONDENCE:**

Veljan Denison Limited  
Secretarial Department  
Plot No. 44, 4th Floor, HCL Towers,, Chikoti Gardens, Begumpet, Hyderabad – 500016  
Telephone: 040-27764546, Fax: 040-27765253  
Email: [comp\\_secy@veljan.in](mailto:comp_secy@veljan.in)  
Website: [www.veljan.in](http://www.veljan.in)

**17. DISCLOSURES:**

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large: NIL.

All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with related parties are in compliance with sec 188 of the companies act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year 2022-23, as required under section 177 of the Companies Act, 2013 and Regulation 23 of the Listing Regulations, all RPTs were placed before the Audit Committee for approval.

There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interests of the Company at large. The details of the related Party transactions entered during the year and disclosures as required by the Indian Accounting Standards (INDAS 24) are disclosed in the Notes to financial statements.

- b) Details of non-compliance by the Company, penalties and 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:

During the year 2022-23, BSE has levied a fine amount of Rs. 82,600/- for non-compliance of SEBI regulations in connection with the delay in filing of related party transactions for the period ended March 31, 2022.

During the year 2020-21, BSE has levied a fine amount of Rs. 4,84,400/- for non-compliance of SEBI regulations in connection with the Board's strength of 6 directors and the same was waived off upon representation made by the company.

- c) 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.
- d) 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.
- e) Web link where policy for determining material subsidiaries is disclosed: Not applicable as there are no subsidiaries of the Company.
- f) Web link where policy on dealing with related party transactions: [www.veljan.in/investors\\_policy](http://www.veljan.in/investors_policy)
- g) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary, Training) are covered under this Policy. There were no complaints at the beginning of the year i.e. as on 1st April, 2022 and during the year the Company has not received any complaints and no complaints were pending as on 31st March, 2023.

h) Insider Trading:

The Board of Directors of the Company has duly adopted revised Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by insiders of the Company, pursuant to the provisions of Regulation 8 (Code of Fair Disclosure) and Regulation 9 (Code of Conduct), respectively, of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The above codes came into effect from 01st April, 2019.

The Code of Conduct has been adopted with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Compliance Officer is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

- i) Accounting Treatment: The Company has followed the Ind AS accounting standards in the preparation of its financial statements.
- j) Risk Management: During the year, the risk assessment parameters were reviewed and modified, wherever needed. The audit committee/ Board reviewed the element of risks and the steps taken to mitigate the risks. In the opinion of the Board, there are no major elements of risk which has the potential of threatening the existence of the Company.
- k) The information on Directors seeking re-appointment/appointment is provided as annexure to the notice of the Annual General Meeting under the heading "Additional information on Directors seeking Re appointment/appointment at the ensuing Annual General Meeting".

During the Financial Year ended 31st March, 2023 no Independent Director resigned before the expiry of his tenure.

- l) M/s. Branhmayya & Co., Chartered Accountants (FRN: 000513S) have been appointed as the Statutory Auditors of the Company. The Auditor remuneration details are provided in the Notes to financial statements which will form part of the Annual Report.
- m) Certificate by Practicing Company Secretary: The Company has received a certificate from Mrs. D. Soumya, Practicing Company Secretary, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate of Affairs or any such authority.
- n) Compliance Officer: Mr. Narahari Bellamkonda, Company Secretary is Compliance Officer of the Company for complying with requirements of Securities Laws.

18. The Company has complied with all the requirements of Corporate Governance Report as set out in paras (2) to (17) 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. There were no un-claimed shares in the said accounts.

22. Compliance Certificate regarding compliance of conditions of corporate governance

As required by Schedule V (E) to SEBI (LODR) Regulations, 2015 the secretarial auditors' certificate on corporate governance is enclosed to this report and forms part of this report.

#### **DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2023 as envisaged in Listing Regulations.

Place: Hyderabad  
Date: 14.08.2023

**V. C. Janardan Rao**  
Chairman and Managing Director  
DIN: 00181609

**MD/ CFO CERTIFICATION**

To  
The Board of Directors  
Veljan Denison Ltd.  
Hyderabad

In relation to the Audited Financial Accounts (Standalone & Consolidated) of the Company as at 31st March, 2023, 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 our 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 that

(i) the significant changes in internal control over financial reporting during the year;

(ii) the significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

**For Veljan Denison Limited**

Date: 30.05.2023  
Place: Hyderabad

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

**G. Subba Rao**  
C.F.O

**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 as amended

To,

**The Members of**

**VELJAN DENISON LIMITED**

(CIN: L29119TG1973PLC001670)

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 by the Company 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 as amended ('SEBI Listing Regulations') for the period commencing from 1st April, 2022 and ended on 31st March, 2023. 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 of the Company. 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.

We certify that the company has complied with the conditions of Corporate Governance wherever possible as stipulated in the SEBI Listing Regulations for the Financial Year ended on 31st March, 2023 as well as the guidelines issued by DPE on Corporate Governance except for the delayed filing the report under 23(9) of SEBI (LODR) Regulations 2015. However the Company has filed the same and also requested to adjust against the amount laying in BSE account paid penalty earlier in the year 2020 and subsequently obtained waived off the penalty levied by the Stock Exchange.

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 BS & Company Company Secretaries LLP**

**DAFTHARDAR SOUMYA**

**Designated Partner**

**FCS No.: 11754**

**C P No.: 13199**

**UDIN: F011754E000804821**

Date: 14-08-2023

Place: Hyderabad

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

Products that use liquid fluid power for their operations are referred to as hydraulic products and hydraulic liquid is pumped to cylinders and motors through the machine and is pressurized considering the resistance. The hydraulic equipment holds on to constant force irrespective of change in speed of the operation.

The global hydraulics market size is estimated to be USD 45.16 billion in 2023 and is projected to reach USD 54.71 billion by 2028 with a CAGR of 3.62%. Asia Pacific region held the largest share of the hydraulics market in 2022 because of the rapid urbanization and industrialization and hydraulic cylinders accounted for largest share of hydraulics market in 2022.

### OUTLOOK:

The hydraulic industry is likely to align with the principles of Industry 4.0, emphasizing automation, connectivity, and data-driven decision-making. This could lead to the development of smart hydraulic systems that can be remotely monitored, controlled, and optimized.

As technology evolves, there may be a need for skilled professionals who understand both traditional hydraulic systems and modern technologies. Training and education in hydraulic engineering and related fields could become more relevant.

Economic fluctuations and industry-specific demands will continue to impact the hydraulic sector. Changes in demand, supply chain disruptions, and global economic conditions will influence the industry's growth trajectory

Hydraulic fluids play a significant role in system performance and environmental impact. Research and development efforts may lead to the emergence of alternative hydraulic fluids that are more environmentally friendly and have improved performance characteristics.

### OPPORTUNITIES:

Hydraulic systems play a vital role in industrial automation and manufacturing processes. Opportunities exist for the development of advanced hydraulic systems that offer precision control, high-speed operation, and improved energy efficiency. These systems can enhance productivity and accuracy in tasks such as metal forming, material handling, and assembly line operations.

The construction and heavy machinery sectors rely heavily on hydraulic systems for tasks such as earthmoving, lifting, and excavating. There's potential for designing innovative hydraulic solutions that offer greater power, efficiency, and safety for these applications. Additionally, technologies like hybrid hydraulic-electric systems can help reduce fuel consumption and emissions in heavy machinery.

Hydraulic systems are widely used in agricultural equipment like tractors, combines, and irrigation systems. Developing hydraulic components and systems that optimize crop production, reduce water usage, and enhance efficiency can create significant opportunities.

Hydraulic systems are used in oil and gas exploration for tasks like drilling and well control. Developing hydraulic products that can withstand harsh environments, extreme pressures, and temperatures can open doors in this sector.

### RISKS AND CONCERNS:

**Safety Hazards:** The hydraulic industry often deals with high pressures, fast-moving components, and heavy machinery. Accidents involving hydraulic systems can result in severe injuries or fatalities if not properly managed. Hydraulic fluid leaks, explosions, and unexpected movements of hydraulic components can all pose significant safety risks.

**Fluid Leakage and Environmental Impact:** Hydraulic systems use fluids to transmit power. Leaks in hydraulic systems can lead to fluid contamination and spillage, which can have negative environmental consequences. Hydraulic fluids can be harmful to the environment and water sources if not handled and disposed of properly.

**Maintenance and Inspection:** Hydraulic systems require regular maintenance and inspection to ensure they are functioning properly and safely. Neglecting maintenance can lead to equipment failures, unexpected downtime, and safety hazards.

**Component Wear and Tear:** Hydraulic components like pumps, valves, and hoses undergo wear and tear over time due to the high pressures and forces involved. This can lead to inefficiencies, reduced performance, and increased risk of system failure.

**Energy Efficiency:** Hydraulic systems have historically been criticized for their energy inefficiency, as hydraulic fluid leaks, internal friction, and pressure losses can reduce overall system efficiency. As environmental concerns and energy costs rise, there is a growing demand for more energy-efficient hydraulic solutions.

**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:**

(Figures in Rs Lakhs)

Product	2022-23	2021-22
Revenue from Operations (Net)	<b>11,064.40</b>	9,785.33
Changes in inventories of Finished goods and Work-in-process	<b>(281.91)</b>	(249.27)
Total	<b>11,346.32</b>	10,034.60

• **Key Performance Indicators**

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

S.No	Particulars	2022-23	2021-22
1.	Revenue from Operations (Net)	<b>11346.32</b>	10,034.60
2.	Cost of materials consumed - % of revenue from operations	<b>4412.16</b> <b>38.89%</b>	3,619.74 36.07%
3.	Employee Benefit Expense - % of revenue from operations	<b>1003.49</b> <b>8.84%</b>	827.48 8.25%
4.	Other Expenses - % of revenue from operations	<b>3594.97</b> <b>31.68%</b>	3,020.10 30.10%
5.	Finance Costs - % of revenue from operations	<b>77.73</b> <b>0.69%</b>	23.05 0.23%
6.	Depreciation Expense - % of revenue from operations	<b>485.15</b> <b>4.28%</b>	469.95 4.68%
7.	Profit Before Tax - % of revenue from operations	<b>1976.49</b> <b>17.42%</b>	2,320.92 23.13%
8.	Profit After Tax - % of revenue from operations	<b>1458.17</b> <b>12.85%</b>	1,687.71 16.82%

**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. The number employees as on March 31, 2023 stood at 293.

**CAUTIONARY STATEMENT:**

Cautionary Statement in this “Management Discussion & Analysis” may be considered being “forward looking statements” within the meaning of applicable securities law so 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.

To,  
The Board of Directors,  
**Veljan Denison Limited**  
Plot No.44, 4th Floor,  
Chikoti Gardens,  
Begumpet, Hyderabad-500016  
BSE CODE: 505232

**Sub: Annual Secretarial Compliance Report for the Financial Year 2022-23**

Dear Sir,

We have been engaged by Veljan Denison Limited (hereinafter referred to as the “Company”) bearing CIN: L29119TG1973PLC001670 whose equity shares are listed on BSE Limited to conduct an audit in terms of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with SEBI’s Circular No. CIR/CFD/CMD1/27/2019 dated 08th February, 2019 and to issue the Annual Secretarial Compliance Report thereon.

It is responsibility of the management of the company to maintain records, devise proper systems to ensure compliance with the provisions of all the applicable SEBI Regulation and Circulars/Guidelines issued there under from time to time and to ensure that the systems are adequate and are operating effectively.

Our responsibility is to verify compliances by the company with provisions of all applicable SEBI Regulations and Circulars / Guidelines issued from time to time and issue a report thereon.

Our audit was conducted in accordance with Guidance note on Annual Secretarial Compliance Report issued by the Institute of Company Secretaries of India and in a manner which involved such examinations and verifications as considered necessary and adequate for the said purpose. Annual Secretarial Compliance Report is enclosed.

**For BS & Company Company Secretaries LLP**

**D Soumya**  
**Practising Company Secretary**  
**FCS. No: 11754**  
**C.P. No.: 13199**  
**UDIN: F011754E000425717**  
**Peer Review No.: P2008AP016900**

Date: 30<sup>th</sup> May, 2023  
Place: Hyderabad

**Secretarial compliance report of Veljan Denison Limited  
for the year ended 31st March, 2023**

We, BS & Company Company Secretaries LLP, Practising Company Secretaries, have examined:

- (a) All the documents and records made available to us and explanation provided by Veljan Denison Limited (“the listed entity”),
- (b) The filings/submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2023 (“Review Period”) in respect of compliance with the provisions of:

- (a) The Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) The Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

**The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-**

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - NA
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2014; - NA
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - NA
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - NA
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder;



And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below: -

Sr. No	Compliance Requirement (Regulations / circulars/ guide lines including specific clause)	Regulation /Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Re-sponse	Re-marks
1	SEBI (LODR) Regulations 2015	23(9)	The company is required to file disclosures of related party transactions with the Stock Exchange within 15 days from the date of publication of its standalone and consolidated financial results. However, there was a delay in submitting the aforesaid report for the year ended 31.03.2022.	BSE	Fine	There was a delay in submitting the aforesaid report for the year ended 31.03.2022	Rs 82,600/-	The Company delayed filing the report under 23(9) of SEBI (LODR) Regulations 2015. However the Company has filed the same and also requested to adjust against the amount laying in BSE account paid penalty earlier in the year 2020 and subsequently obtained waived off the penalty levied by the Stock Exchange.	The Company has been regular in filing the returns on time. However, for the half year ended 31st March 2022, there was a delay because of the amendment in the regulation changing the timeline from 30 days to 15 Days.	The Company has filed the report with a delay.

(b) The listed entity has taken the following actions to comply with the observations made in previous reports for the period ended 31st March, 2022:

Sr. No	Compliance Requirement (Regulations / circulars/ guide lines including specific clause)	Regulation /Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Re-sponse	Re-marks
Not Applicable										

We also report that in terms of the circulars issued by BSE Limited and National Stock Exchange of India Limited on March 16, 2023 respectively, we also affirm the following(s):

S. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
1.	<b>Secretarial Standards:</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	None
2.	<b>Adoption and timely updation of the Policies:</b> <ul style="list-style-type: none"> <li>• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li>• All the policies are in conformity with SEBI Regulations and have been reviewed &amp; updated on time, as per the regulations/circulars/guidelines issued by SEBI</li> </ul>	Yes Yes	None None
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>• The Listed entity is maintaining a functional website</li> <li>• Timely dissemination of the documents/ information under a separate section on the website</li> <li>• Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website.</li> </ul>	Yes Yes Yes	None None None
4.	<b>Disqualification of Director:</b> None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	None
5.	<b>Details related to Subsidiaries of listed entities have been examined w.r.t.:</b> <ul style="list-style-type: none"> <li>(a) Identification of material subsidiary companies.</li> <li>(b) Disclosure requirement of material as well as other subsidiaries.</li> </ul>	Yes Yes	None None
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	None
7.	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	None

S. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
8.	<b>Related Party Transactions:</b>		
	(a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or	Yes	None
	(b) In case no prior approval obtained, the Company shall provide detailed reasons along with confirmation whether the transactions were subsequently approved / ratified / rejected by the Audit Committee.	NA	
9.	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	None
10.	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	None
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	No	The company is required to file disclosures of related party transactions with the Stock Exchange within 15 days from the date of publication of its standalone and consolidated financial results. However, there was a delay in submitting the aforesaid report for the year ended 31.03.2022.  The Company delayed filing the report under 23(9) of SEBI (LODR) Regulations 2015. However the Company has filed the same and also requested to adjust against the amount laying in BSE account paid penalty earlier in the year 2020 and subsequently obtained waived off the penalty levied by the Stock Exchange.
12.	<b>Additional Non-compliances, if any:</b> No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.	Yes	None

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

S. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
1.	<b>Compliances with the following conditions while appointing/re-appointing an auditor</b>		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	NA	No such case observed during the year
	ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	NA	No such case observed during the year
	iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation has issued the limited review / audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	No such case observed during the year
1.	<b>Other conditions relating to resignation of statutory auditor</b>		
	i. Reporting of concerns by Auditor with respect to the listed entity / its material subsidiary to the Audit Committee:		
	a. In case of any concern with the management of the listed entity /material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.	NA	No such case observed during the year
	b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable.	NA	No such case observed during the year
	c. The Audit Committee /Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.	NA	No such case observed during the year
	ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.	NA	No such case observed during the year

S. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/ CFD/CMD1/114/2019 dated 18th October, 2019.	NA	No such case observed during the year

**For BS & Company Company Secretaries LLP**

**D Soumya**  
**Practising Company Secretary**  
**FCS. No: 11754**  
**C.P. No.: 13199**  
**UDIN: F011754E000425717**  
**Peer Review No.: P2008AP016900**

Date: 30<sup>th</sup> May, 2023  
Place: Hyderabad

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Veljan Denison Limited**  
Plot No.44, 4th Floor,  
Chikoti Gardens,  
Begumpet, Hyderabad-500016  
BSE CODE: 505232

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Veljan Denison Limited having CIN L29119TG1973PLC001670 and having registered office at Plot No.44, 4th Floor, Chikoti Gardens, Begumpet, Hyderabad-500016 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

S. No.	Name of Directors	DIN	Date of Appointment in the Company
1	Janardan Rao Chandrasekhara Velamati	00181609	19/12/1973
2	Uma Devi Uppaluri	00125840	30/07/2014
3	Subbiah Srinivasan Battina	00482513	30/08/2013
4	Narayana Rao Garapaty	00029120	31/07/2020
5	Srikrishna Uppaluri	08880274	15/09/2020
6	Suresh Akella	06931014	30/09/2021

Ensuring the eligibility of Directors, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For BS & Company Company Secretaries LLP**

**D Soumya**

Practising Company Secretary

FCS. No: 11754

C.P.No.: 13199

**UDIN: F011754E000425761**

Date: 30th May, 2023

Place: Hyderabad

## ANNEXURE TO BOARDS' REPORT

### 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 operations of the company are not energy intensive however conscious efforts are made at all levels of operations to conserve energy and minimise its use.
- 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 equipment: NIL

#### (B) Technology absorption:

- i) The efforts made towards technology absorption: Continuous interaction and exchange of information in the industry is being maintained with a view to absorbing, adapting and innovating new methods that may be possible.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: 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: 13.92 Lacs

#### (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. 1,984.92 Lacs (Previous Year Rs. 419.64 Lacs)

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

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

Place: Hyderabad  
Date: 14.08.2023

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

## ANNEXURE TO BOARDS' REPORT

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

##### 1. Adan Holdings Limited

(Rs.in lacs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Adan Holdings Ltd
2.	The date since when subsidiary was acquired	03.08.2022
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company i.e. 01.04.2022 to 31.03.2023
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP & 101.45
5.	Share capital	0.001
6.	Reserves & surplus	223.67
7.	Total assets	223.67
8.	Total Liabilities	223.67
9.	Investments	223.67
10.	Turnover	-
11.	Profit before taxation	-
12.	Provision for taxation	-
13.	Profit after taxation	-
14.	Proposed Dividend	-
15.	% of shareholding	100%

##### 2. Adan Limited (Wholly owned subsidiary of Adan Holdings Limited)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Adan Ltd
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company i.e. 01.04.2022 to 31.03.2023
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP & 101.45
4.	Share capital	3.06
5.	Reserves & surplus	289.47
6.	Total assets	1723.92
7.	Total Liabilities	1723.92
8.	Investments	-
9.	Turnover	1011.74
10.	Profit before taxation	184.14
11.	Provision for taxation	-
12.	Profit after taxation	144.20
13.	Proposed Dividend	-
14.	% of shareholding	100%



1. Names of subsidiaries which are yet to commence operations: NIL

2. Names of subsidiaries which have been liquidated or sold during the year: NIL

**Part “B”: Associates and Joint Ventures NIL**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures Not Applicable**

1. Names of associates or joint ventures which are yet to commence operations: NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year: NIL

**For and on behalf of the Board of Directors**

Place: Hyderabad

Date: 14.08.2023

V. C. Janardan Rao

Managing Director

DIN: 00181609

**ANNEXURE TO BOARDS' REPORT**

**Form No. AOC-2**

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

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

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

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

	<b>Name(s) of related party</b>	<b>Relationship</b>	
(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	One Year w.e.f 01-04-2022	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	<b>Name of the Company</b>	<b>Maximum Value of Transaction per annum</b>
		Veljan Hydrair Ltd	120 Crores
		Suxus Systems Ltd	30 Crores
		Ecmat Ltd	30 Crores
(e)	Date(s) of approval by the Board, if any	12-02-2022	
(f)	Amount paid as advances, if any	NA	

By order of the Board  
FOR VELJAN DENISON LIMITED

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

Place: Hyderabad  
Date: 14.08.2023

### 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
Mr. U. Sri Krishna (12 months)	33.60

- (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. U. Sri Krishna	Executive Director& CEO	6.25
Mr. G Subba Rao	Chief Financial Officer	4.59
Mr B Narahari	Company Secretary	8.37

- (iii) the percentage increase in the median remuneration of employees in the financial year: 4.19%
- (iv) the number of permanent employees on the rolls of company: 293
- (v) comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Aggregate remuneration of key managerial personnel in 2022 - 2023	
Remuneration in 2022 (Rs in Lakhs)	95.23
Revenue (Rs in Lakhs)	11064.40
Remuneration as a % of revenue	0.86
Profit before Tax (PBT) (Rs in Lakhs)	1976.49
Remuneration of KMP (as a % of PBT)	4.82

- (vi) 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 increase in managerial remuneration by 12.07% on annualised basis and the increase in remuneration is after taking into consideration of the responsibilities carried out by the managerial personal.

- (vii) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company

Key Managerial Personnel	% of Revenue	% of PBT
Mr. U. Sri Krishna	0.61	3.41
Mr. G. Subba Rao	0.09	0.50
Mr B Narahari	0.16	0.91

- (viii) The key parameters for any variable component of remuneration availed by the directors : Executive Director is entitled 2% on profits as part of remuneration and 1% on profits is paid as commission to non executive directors.

- (ix) Variations in market capitalisation of the company etc.

Particulars	2022 - 2023	2021 - 2022
Market Capitalisation	Rs. 276 Crores	Rs. 256 Crores
Price earnings ratio (based on EPS)	18.94	15.19
Market quotation of the shares compare to rate at which came out with IPO : The company came with IPO in 1979 at a price of Rs. 10/- per share and as on 31.03.2023, the market quotation of the share is Rs. 1227/- in BSE		

- (x) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

Mr. U. Sri Krishna is the highest paid Director of the Company. In Financial year 2022-22, none of the employees has received remuneration in excess of the highest paid Director.

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

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

Place : Hyderabad  
Date : 14-08-2023

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

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

**1. Brief outline of the Corporate Social Responsibility (CSR) Policy:** 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.

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

Name of the Director	Designation	No. of Meetings Held	No. of Meetings Attended
Shri. V C Janardan Rao	Managing Director & Chairman	1	1
Shri. B.S. Srinivasan	Independent Director & Member	1	1
Smt. U. Uma Devi	Non-Executive Director & Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [http://veljan.in/investors\\_policy.html](http://veljan.in/investors_policy.html)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl No	Financial Year	Amount available for set-off from preceding financial years (in Rs. Lakhs)	Amount required to be setoff for the financial year, if any (in Rs. Lakhs)
1	2021-22	28.35	Nil
1	2020-21	2.11	Nil
2	2019-20	1.45	Nil

6. Average net profit of the company as per section 135(5): Rs 1676.32 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 33.52 Lakhs  
 (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil  
 (c) Amount required to be set off for the financial year, if any: Nil  
 (d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 33.52 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. Lakhs)	Amount Unspent (in Rs. Lakhs)					
	Total Amount transferred to Unspent CSR Account as per section 135(6).			Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer		Name of the Fund	Amount	Date of Transfer
Rs. 80.81	0	-		-	0	-

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

S.No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount Spent for the project in Rs Lakhs	Mode of Implementation	Mode of Implementation - Through Implementing Agency	
				State	District			Direct Yes/No	Name
1	Rotary Club of Jubilee Hills -Veljan Group Dialysis Center	(i)	Yes	Telangana	Hyderabad	Rs. 65.00 Lakhs	Direct	NA	NA
2	Contribution to Sivananda Rehabilitation Home	(i)	Yes	Telangana	Hyderabad	Rs. 14.80 Lakhs	Direct	NA	NA
3	Contribution to Save a Child	(i) & (ii)	No	Delhi	Delhi	Rs. 1.01 Lakhs	Direct	NA	NA

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 80.81 Lakhs
- (g) Excess amount for set off, if any: Rs. 47.29 Lakhs

S.No	Particulars	Amount ( in Rs. Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	33.52
(ii)	Total amount spent for the Financial Year	80.81
(iii)	Excess amount spent for the financial year [(ii)-(i)]	47.29
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)- (iv)]	47.29

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable.
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not applicable.
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not applicable.

Date : 14.08.2023  
Place : Hyderabad

**V C Janardan Rao**  
**Chairman of CSR Committe**  
**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 31<sup>ST</sup> MARCH, 2023**

**To  
The Members,  
VELJAN DENISON LIMITED  
Hyderabad.**

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, 2023.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by 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, minute books, forms and returns filed and other documents/records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 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 and relied on the information provided by the management and its officers for the financial year ended on 31st March, 2023 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and bylaws framed there under;
- IV. The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;



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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards except for:

1. The Company delayed filing the report under 23(9) of SEBI (LODR) Regulations 2015 and BSE levied a fine of Rs. 82,600/-. However the Company has filed the same and also requested to adjust against the amount laying in BSE account paid penalty earlier in the year 2020 and subsequently obtained waived off the penalty levied by the Stock Exchange.
2. The Company has not transferred the unclaimed dividend amount for the FY 2014-15 which was due during the year under review to IEPF.

#### **We further report that**

The Board of Directors of the Company was constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board / Committee meetings, agenda and detailed notes on agenda were sent 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. As confirmed by the Management, there were no dissenting views expressed by any of the members on 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 in our opinion, there are adequate systems and processes exist in the Company 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, labour laws, filing of periodical returns, 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, Internal Auditors and other professionals.

Under the situation of COVID-19 Pandemic prevailing during the period when the audit was conducted for the year 2022-23, all the documents, records and other information were provided in soft copies and we have verified and checked electronically as provided by the management.

**For BS & Company Company Secretaries LLP**

**DAFTHARDAR SOUMYA**  
**Designated Partner**  
**FCS No.: 11754**  
**C P No.: 13199**  
**UDIN: F011754E000804810**

Date: 14/08/2023  
Place: Hyderabad

**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 along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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**

**DAFTHARDAR SOUMYA**  
**Designated Partner**  
**FCS No.: 11754**  
**C P No.: 13199**  
**UDIN: F011754E000804810**

Date: 14/08/2023  
Place: Hyderabad

## Independent Auditor's Report

**To the Members of VELJAN DENISON LIMITED**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of VELJAN DENISON LIMITED (“the company”), which comprise the standalone Balance Sheet as at March 31, 2023, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as “the financial statements”)

In our opinion and to the best of our information and according to the explanations given to us, the accompanying standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors responsibility for the Audit of Standalone Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India.

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 the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

**As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:**

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

The financial statements of the Company for the year ended March 31, 2022, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 30, 2022.

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

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("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 the paragraph 3 and 4 of the Order, to the extent applicable.

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 standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, standalone statement of changes in equity and the standalone 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
- e) On the basis of written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act,
- f) With respect to the adequacy of internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.
- g) With respect to the Managerial remuneration to be included in the auditor’s report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations that would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. The Company is yet to transfer unpaid dividend amount of Rs. 26.19 lakhs relating to financial year 2014 15 to the Investor Education and Protection Fund.
  - iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
- v a. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 55 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
3. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 1 April 2023, reporting under this clause is not applicable.

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

**(K.SHRAVAN)**

Partner

Membership No. 215798

UDIN: 23215798BGQQCH1158

Place : Hyderabad

Date : 30.05.2023

**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**, for the year ended March 31, 2023.,

**i. In respect of the Company’s Property, Plant and Equipment and Intangible Assets:**

- a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b. The Company has a regular program of physical verification of its property, plant and equipment, and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than Properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company, except for the following which is not held in the name of the Company:

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period Held	Reason for not being held in the name if company
TSIIC Land (Patancheru) Land Survey No.199,200, 201,202, Extent 16,920 Sq Mtrs	Rs. 474.66	-	No	Since 2008	Pending for registration

- d. The company did not revalue its Property, Plant and Equipment or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable.
- e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- ii. a. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- b. In our opinion and according to the information and explanation given to us and the records of the Company examined by us during the course of the audit, the quarterly returns or statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
- iii. a. The Company has not provided any loans or provided any advances in the nature of loans, or guarantee, or security to any other entity at the beginning and during the year. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.



- b. The Company has not provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. However, the Company has made investment in 2 entities amounting to Rs. 13.90 Crores in subsidiaries and in our opinion, and according to the information and explanations given to us, such investments made are, prima facie, not prejudicial to the interest of the Company.
- c. The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)©, 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act, with respect to the investments made.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act 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.
- vii. a. According to the records, the company is regular in depositing undisputed statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2023 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues which have not been deposited on account of any disputes.
- viii. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- ix. a. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
- b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- c. The Company has not taken any term loan during the year. Accordingly, reporting under clause 3(ix) (c) of the Order is not applicable.
- d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f. According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- x. a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, para 3 (x)(a) of the Order is not applicable.

- b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause 3(x)(b) of the Order is not applicable.
- xi. a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the 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.
- xiv. a. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
- b. We have considered the reports of the Internal Auditors for the period under audit.;
- xv. 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 any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable
- b. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under 3(xvi)(d) of the Order is not applicable;
- xvii. The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.
- xviii. There is no resignation of statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under Para 3(xx) of the Order is not applicable to the Company.

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

**(K.SHRAVAN)**

Partner

Membership No. 215798  
UDIN: 23215798BGQQCH1158

Place : Hyderabad  
Date : 30.05.2023

**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 with reference to standalone financial statements of VELJAN DENISON LIMITED (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone 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 with reference to standalone financial statements 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 Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, both issued by ICAI. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, 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 standalone financial statements, whether due to fraud and error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s financial controls with reference to standalone financial statements.

**Meaning of Internal Financial Controls with Reference to Standalone Financial Statements**

A company’s internal financial control with reference to standalone financial statements 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 controls with reference to standalone financial statements 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 with Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, 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 ICAI.

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

**(K.SHRAVAN)**

Partner

Membership No. 215798

UDIN: 23215798BGQQCH1158

Place : Hyderabad  
Date : 30.05.2023

**STANDALONE BALANCE SHEET AS AT 31<sup>ST</sup>, MARCH 2023**

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2023	AS AT 31-03-2022
<b>ASSETS</b>			
<b>1 NON-CURRENT ASSETS:</b>			
(a) Property, Plant & Equipment	2	5,883.17	5,841.55
(b) Capital work-in-Progress	2	1,511.98	661.06
(c) Intangible Assets	2	11.15	4.00
(d) Financial Assets			
(i) Other Financial Asset	3	82.02	77.20
(ii) Investment	4	1,390.22	-
		<u>8,878.54</u>	<u>6,583.80</u>
<b>2 CURRENT ASSETS:</b>			
(a) Inventories	5	5,259.64	4,534.30
(b) Financial Assets			
i. Trade receivables	6	2,810.45	3,298.49
ii. Cash and cash equivalents	7	16.87	39.18
iii. Bank Balances Other than (ii) above	8	3,768.07	4,500.84
iv. Loans	9	12.06	10.42
v. Other Financial Assets	10	131.42	185.21
(c) Other Current Assets	11	861.13	952.87
(d) Current Tax Asset (Net)		113.89	96.26
		<u>12,973.53</u>	<u>13,617.57</u>
<b>Total Assets</b>		<u><u>21,852.07</u></u>	<u><u>20,201.37</u></u>
<b>1 EQUITY AND LIABILITIES:</b>			
<b>EQUITY</b>			
a) Equity Share Capital	12	225.00	225.00
b) Other Equity	13	18,085.30	16,919.63
		<u>18,310.30</u>	<u>17,144.63</u>
<b>2 LIABILITIES:</b>			
<b>NON - CURRENT LIABILITIES</b>			
Deferred Tax Liability		333.81	323.95
		<u>333.81</u>	<u>323.95</u>
<b>3 CURRENT LIABILITIES:</b>			
a) Financial Liabilities			
Short Term Borrowing	14	941.30	686.07
b) Trade Payable			
i) Total outstanding dues of micro, small & medium enterprises	15	5.26	61.09
ii) Total outstanding dues other than (b)(i) above		1,002.50	1,025.52
iii) Other Financial Liabilities	16	997.05	695.62
c) Other Current Liabilities	17	261.86	264.49
		<u>3,207.96</u>	<u>2,732.79</u>
<b>Total Equity &amp; Liability</b>		<u><u>21,852.07</u></u>	<u><u>20,201.37</u></u>

The accompanying notes 1 to 55 form an integral part of financial statements.

**As per our report of even date  
for BRAHMAYYA & CO**

 Chartered Accountants  
Firm Regn. No. 000513S

**K.Shravan**  
Partner  
Membership No 215798

 Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**
**V. C. Janardan Rao**  
CMD  
DIN:000181609

**B Narahari**  
Company Secretary

**U. Sri Krishna**  
ED & CEO  
DIN:008880274

**G. Subba Rao**  
C F O

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

Particulars	Refer Note No	Year Ended 31-03-2023	Year Ended 31-03-2022
<b>1. INCOME:</b>			
a. Revenue from operations	18	11,064.40	9,785.33
b. Other Income	19	203.67	246.64
<b>Total Income</b>		<b>11,268.07</b>	<b>10,031.97</b>
<b>2. EXPENSES:</b>			
a. Cost of Materials Consumed	20	4,412.16	3,619.74
b. Changes in inventories of finished goods and work-in-process	21	(281.91)	(249.28)
c. Employee benefits expense	22	1,003.49	827.48
d. Finance cost	23	77.73	23.05
e. Depreciation & Amortisation Expenses	24	485.15	469.95
f. Other expenses	25	3,594.97	3,020.10
<b>Total Expenses</b>		<b>9,291.58</b>	<b>7,711.05</b>
<b>Profit Before exceptional items and tax (1-2)</b>		<b>1,976.49</b>	<b>2,320.92</b>
Exceptional items		-	-
<b>Profit Before tax</b>		<b>1,976.49</b>	<b>2,320.92</b>
<b>Less Tax expenses:</b>			
a. Current			
i. Relating to Current Period		508.46	571.47
ii. Relating to Previous Period		0.00	28.58
b. Deferred tax		9.86	33.16
<b>Total Tax Expense</b>		<b>518.32</b>	<b>633.21</b>
<b>Profit for the year</b>		<b>1,458.17</b>	<b>1,687.71</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to Profit & loss		-	-
Income tax relating to items that will not be reclassified to P & L		-	-
Total Other Comprehensive Income for the period		-	-
<b>Total Comprehensive Income for the period</b>		<b>1,458.17</b>	<b>1,687.71</b>
<b>Earning per equity share from continuing operations</b>			
(1) Basic & Diluted	36	64.81	75.01

The accompanying notes 1 to 55 form an integral part of financial statements.

As per our report of even date  
for BRAHMAYYA & CO

Chartered Accountants  
Firm Regn. No. 000513S

**K.Shravan**  
Partner  
Membership No 215798

Place: Hyderabad  
Date : 30-05-2023

For and on behalf of Board of Directors

**V. C. Janardan Rao**  
CMD  
DIN:000181609

**B Narahari**  
Company Secretary

**U. Sri Krishna**  
ED & CEO  
DIN:008880274

**G. Subba Rao**  
C F O

**STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023** (Figures in Rs Lakhs)

<b>A. EQUITY SHARE CAPITAL:</b>	<b>Amount</b>		<b>Amount</b>
For the Year ended 31st march, 2023		For the Year ended 31st march, 2022	
Balance as at 1st April 2022	225.00	Balance as at 1st April 2021	225.00
Changes in equity Shares Capital during the year ended	-	Changes in equity Shares Capital during the year ended	-
Balance as at 31st March 2023	225.00	Balance as at 31st March 2022	225.00

**B. OTHER EQUITY :**

For the Year ended 31st March 2023

<b>Particulars</b>	<b>Reserves and Surplus</b>					<b>Total</b>
	<b>Security Premium</b>	<b>Capital redemption reserve</b>	<b>investment allowance reserve</b>	<b>General reserve</b>	<b>Retained Earnings</b>	
Balance as at 1st April 2021	45.00	3.00	12.80	14,721.12	675.00	15,456.92
Profit for the Year	-	-	-	-	1,687.71	1,687.71
Total Comprehensive Income	45.00	3.00	12.80	14,721.12	2,362.71	17,144.63
Dividend paid (incl.dividend tax)	-	-	-	-	(225.00)	(225.00)
Transfer to general Reserve	-	-	-	1,433.61	(1,433.61)	-
<b>Balance as at 31st March 2022</b>	<b>45.00</b>	<b>3.00</b>	<b>12.80</b>	<b>16,154.72</b>	<b>704.11</b>	<b>16,919.63</b>
Balance at 1st April 2022	45.00	3.00	12.80	16,154.72	704.11	16,919.63
Profit for the Year	-	-	-	-	1,458.17	1,458.17
Total Comprehensive Income	45.00	3.00	12.80	16,154.72	2,162.28	18,377.80
Dividend paid (incl.dividend tax)	-	-	-	-	(292.50)	(292.50)
Transfer to general Reserve	-	-	-	1,433.61	(1,433.61)	-
<b>Balance as at 31st March 2023</b>	<b>45.00</b>	<b>3.00</b>	<b>12.80</b>	<b>17,588.33</b>	<b>436.17</b>	<b>18,085.30</b>

The Description of the nature and purpose of reserves within equity is as follows.

- i) Security premium : Premium received on issue of equity shares credited to Securities Premium Reserve. It can be utilised as per the provision of Section 63 of the Companies Act, 2013.
- ii) Capital Redemption Reserve: Created on cancellation of equity shares under the scheme of arrangement and redemption of preference shares. It can be utilised as per the provision of section 63 of the Companies Act, 2013.
- iii) Retained Earnings : This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of Companies Act, 2013

**As per our report of even date  
for BRAHMAYYA & CO**

Chartered Accountants  
Firm Regn. No. 000513S

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

Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**

**V. C. Janardan Rao**  
CMD  
DIN:000181609

**B Narahari**  
Company Secretary

**U. Sri Krishna**  
ED & CEO  
DIN:008880274

**G. Subba Rao**  
C F O

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023** (Figures in Rs Lakhs)

Particulars	Year Ended 31-03-2023	Year Ended 31-03-2022
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Tax & Extraordinary items	1,976.49	2,320.92
Depreciation	485.15	469.95
Interest Expenses	77.73	23.05
Interest Income	(192.33)	(193.30)
Loss on sale of Asset	0.77	-
Tools and Jigs, Fixtures and Patterns Written off	20.14	15.02
<b>OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGE</b>	<b>2,367.95</b>	<b>2,635.64</b>
<b>Movement in Working Capital</b>		
Decrease/(increase) in Inventories	(745.47)	(777.56)
Decrease/(increase) in Trade receivable	488.04	(440.54)
increase)/(Decrease) in Trade payable	(78.85)	125.83
Decrease/(increase) in Financial assets	(0.65)	(5.57)
Decrease/(increase) in non Financial assets	(72.07)	317.83
Increase/(Decrease) in Financial liabilities	151.83	98.92
Increase/(Decrease) in Other liabilities	(2.64)	(26.39)
<b>B Cash Generated from Operations</b>	<b>2,108.14</b>	<b>1,928.17</b>
Taxes paid	(526.09)	(657.91)
<b>NET CASH FLOW OPERATED FROM OPERATING ACTIVITIES (A)</b>	<b>1,582.05</b>	<b>1,270.26</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property plant and equipment and intangible assets including capital work-in-progress	(1,224.86)	(863.48)
Proceeds from sale of Asset	0.84	1.91
Investment in Subsidiary	(1,390.22)	-
Movement in other bank balances	732.78	(802.26)
Interest Received	240.29	147.19
<b>NET CASH FLOW GENERATED/(USED) FROM INVESTING ACTIVITIES (B)</b>	<b>(1,641.18)</b>	<b>(1,516.64)</b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES:</b>		
Proceeds from/(repayment of) short-term loans and borrowings, net	255.23	(277.82)
Dividend paid	(140.68)	(244.13)
Interest paid	(77.73)	(23.05)
<b>NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES (C)</b>	<b>36.82</b>	<b>(545.00)</b>
<b>D NET CASH (INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(22.31)</b>	<b>(791.37)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR</b>	<b>39.18</b>	<b>830.55</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>16.87</b>	<b>39.18</b>
<b>COMPONENT OF CASH AND CASH EQUIVALENT</b>		
Cash in Hand	0.42	0.02
Balance with banks in current account	0.80	24.06
Fixed Deposits with maturity less than 3 months	15.65	15.10
<b>TOTAL CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT</b>	<b>16.87</b>	<b>39.18</b>

- The above cash flow statement has been prepared under the Indirect Method set out in the Ind AS-7 specified under Section 133 of the Companies Act 2013.
- Previous year figures have been regrouped wherever necessary to conform to the current classification.

**As per our report of even date  
for BRAHMAYYA & CO**

 Chartered Accountants  
 Firm Regn. No. 000513S

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

 Place: Hyderabad  
 Date : 30-05-2023

**For and on behalf of Board of Directors**
**V. C. Janardan Rao**  
 CMD  
 DIN:000181609

**B Narahari**  
 Company Secretary

**U. Sri Krishna**  
 ED & CEO  
 DIN:008880274

**G. Subba Rao**  
 C F O



**NOTE NO 1****Notes to Standalone Financial Statements for the year ended 31st March, 2023.****CORPORATE INFORMATION:**

Veljan Denison Limited (the “Company”) is a Public Limited Company incorporated on 19th December, 1973 with its Registered Office at Plot No 44, 4th floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad 500 016 Telangana State. The Company is engaged in the business of Manufacturing of Hydraulic Pumps, Motors, Valves and Custom Built Power Packs. The Company is listed on Bombay Stock Exchange Limited, Mumbai.

The financial statements of the Company for the year ended March 31st, 2023 are approved for issue by the Company’s Board of Directors on 30th May, 2023.

**SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:****1. Significant Accounting Policies:****1.1. Statement of Compliance:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standard) Rules, 2015 notified under section 133 of the Companies Act 2013, amendments there to and other relevant provisions of the Act.

**1.2. Basis of Preparation of Financial Statements.**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 and other relevant provisions of the Act.

These Ind AS Financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been consistently except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hither to in use.

The financial statements are presented in INR which is also the Company functional currency and all values are in Lakhs except when otherwise indicated.

**1.3. Classification of Assets and Liabilities as Current and Non Current:**

The Company has determined its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities. This is based on the nature of product and the time between the acquisition of inventories for processing and their realization in cash and cash equivalents.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

**1.4. Use of Estimates & Judgments:**

The estimates and Judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances.

**1.5. Property, Plant and Equipment – Tangible Assets:**

- i. Property, Plant and Equipment other than land are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital Work In Progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertained useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act, 2013 except assets costing Rs. 5,000 or less on which depreciation is charged @100% in the year of acquisition.
- v. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during year.

**1.6. Intangible Assets:**

Intangible assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

**1.7. Impairment of Assets**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for Impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value.

Recoverable value: Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of profit and loss in the year in which an asset identified as impaired.

**Cash & Cash Equivalents:**

For the purpose of presentation in the statement of cashflows, cash and cash equivalents includes cash on hand, deposits held at call with principal institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade Receivable:**

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

**1.8. Inventory:**

Inventories of raw materials, consumable stores and packing materials are valued at cost on weighted average method, finished goods and work in process are valued at cost on weighted average method or realisable value whichever less. 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 written down value and further issue of tools are charged to revenue as and when issued.

### **1.9. Financial Instrument:**

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

#### **a. Financial Asset:**

##### **Initial recognition and measurement:**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that company commits to purchase or sell the asset.

##### **Subsequent Measurement:**

##### **For the purpose of subsequent measurement financial assets are classified as measured at:**

- 1) Amortised cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through Other Comprehensive Income (FVTOCI)

##### **Financial Asset measured at amortized cost:**

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

**The company while applying above criteria has classified all the financial assets (except investments in equity share) at amortized cost.**

##### **Financial Assets Measured at fair value through other comprehensive Income:**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets collecting contractual cash flow that are solely payment of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI) interest income measured using the EIR method and impairment losses, if any are recognized in the statement of Profit and loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of profit and loss.

##### **Financial Assets at fair value through profit or loss (FVTPL):**

Financial Asset are measured at fair value through profit & loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit & loss.

##### **De-recognition of Financial Assets:**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**Impairment of Financial Assets:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivable. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

**b. Financial Liabilities**

Initial recognition and measurement:

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value

**Subsequent Measurement:**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial Liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

**Financial Liabilities at amortized cost:**

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

All the financial liabilities of the company are subsequently measured at amortised cost using effective interest method.

**De recognition of Financial Liabilities**

A financial liability shall be de recognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

**1.10. Foreign Currency Transactions:**

The functional and presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

**1.11. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**1.12. Revenue Recognition:**

Revenue is recognized when the significant risks and rewards of universal ship are transferred to buyer. Revenue can be reliably measured and it is probable that future Economic benefits will flow to the Company.

**a. Sale of Products:**

Revenue from the sale of goods measured fair value of consideration received or receivable net of returns, trade discounts and allowances, and excluding taxes collected on behalf of Government.

Effective 1st April 2019, the company has adopted Indian Accounting Standard 115 (Ind AS 115) “Revenue” from contracts with customers’ using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 1st April 2018. The effect on adoption of Ind – AS 115 was insignificant.

**b. Interest Income:**

Interest on deposits with Government departments and financial Institutions are recognized in statement of profit and loss when the right to receive/receivable during the period.

**1.13 Employee Benefits:**

Short-term employee benefits are expensed as the related service is provided. A Liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**a. Defined Contribution Plans:**

Contribution towards provident fund for employees is made to the regulatory authorities, where the company has no further obligations. Such benefits are classified as defined Contribution schemes as the company does not carry any further obligations, apart from the Contributions made on a monthly basis.

**b. Defined benefit plans:**

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contribution to LIC.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI) net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of profit and loss.

**1.14. Taxes on Income:****Tax expense comprises of current and deferred tax:**

- a. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.
- b. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

**1.15. Provisions:**

Provisions are recognized when, as a result of past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**1.16. Contingent Liabilities:**

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

**1.17. Claims:**

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

**1.18. Offsetting:**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**1.19. Earnings per share:**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**1.20. Cash flow statement:**

Cash flows are reported using the Indirect method. Whereby profit for the period is adjusted for effects of transactions of a non-cash nature. Any deferrals are accruals of past or future operating cash receipts or payments and item of Income or expenses associated with investing or financing cash flows. The cash flows from operating investing and financing activities of the company are segregated.

**1.21. Segment Reporting:**

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

**1.22. Events after Reporting date:**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period., the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**aa) Standards issued but not yet effective:**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

i) Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

ii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

iii) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

#### **1.24. Critical Accounting Estimates and Judgments:**

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are:

Estimates of useful life of property, plant and equipment and intangibles

Measurement of defined benefit obligation

Recognition of deferred taxes

Estimation of impairment

Estimation of provision and contingent liabilities

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

NOTE NO 2 - STANDALONE PROPERTY, PLANT & EQUIPMENT

Particulars	GROSS BLOCK			
	As at 01.04.2022	Additions	Deductions	As at 31.03.2023
<b>a. Land</b>				
Land	870.36	-	-	870.36
<b>b. BUILDING</b>				
Factory Buildings	1,049.49	-	-	1,049.49
Other Buildings	300.68	-	-	300.68
<b>c. PLANT &amp; EQUIPMENT</b>				
Water Works	4.31	-	-	4.31
Electrical Installations	3.72	-	-	3.72
Plant and Machinery	8,141.74	506.42	7.64	8,640.52
Inspection & Testing Equipments	183.38	7.43	-	190.81
Office Equipments	186.51	7.76	-	194.27
Air conditioners	16.66	0.44	-	17.10
Furniture & Fixtures	212.05	4.41	-	216.46
Canteen Equipments	0.32	-	-	0.32
Vehicles	58.35	-	-	58.35
Material Handling Equipments	27.31	-	-	27.31
<b>Sub Total</b>	<b>11,054.90</b>	<b>526.46</b>	<b>7.64</b>	<b>11,573.72</b>
<b>d. CAPITAL WORK IN PROGRESS</b>				
Capital Work in progress	661.06	850.92	-	1,511.98
<b>Sub Total</b>	<b>661.06</b>	<b>850.92</b>	<b>-</b>	<b>1,511.98</b>
<b>INTANGIBLE ASSETS</b>				
Software	102.36	9.07	-	111.42
<b>Sub Total</b>	<b>102.36</b>	<b>9.07</b>	<b>-</b>	<b>111.42</b>
<b>Grand Total</b>	<b>11,818.31</b>	<b>1,386.45</b>	<b>7.64</b>	<b>13,197.11</b>

Land includes Rs. 4.74 crores yet to be registered. TSIIC Land in Pashamylaram

**Aging of Capital Work in Progress as on 31.03.2023**

Particulars	< 1 Year	1 - 2 years	2 - 3 years	> 3 Years
<b>A. Projects in progress</b>				
1. Machinery	35.78	73.78	12.29	-
2. Building	857.97	243.52	-	161.98
<b>Sub Total</b>	<b>893.75</b>	<b>317.30</b>	<b>12.29</b>	<b>161.98</b>
<b>B. Project temporarily suspended (Factory)</b>	-	-	-	126.66
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126.66</b>
<b>Total (A+B)</b>	<b>893.75</b>	<b>317.30</b>	<b>12.29</b>	<b>288.64</b>



NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

D E P R E C I A T I O N				N E T B L O C K	
Upto On Assets Value	For the period on Assets value	Deductions	Upto 31.03.2023	As at 31.03.2023	As at 31.03.2022
-	-	-	-	870.36	870.36
223.06	32.70	-	255.76	793.74	826.44
40.50	4.72	-	45.22	255.46	260.18
4.04	0.01	-	4.05	0.26	0.27
3.53	-	-	3.53	0.19	0.19
4,444.37	407.82	6.03	4,846.16	3,794.37	3,697.37
146.58	6.17	-	152.76	38.06	36.80
164.56	7.81	-	172.38	21.89	21.94
13.84	0.33	-	14.17	2.93	2.82
101.61	15.42	-	117.03	99.43	110.44
0.28	0.01	-	0.28	0.04	0.05
47.21	6.62	-	53.83	4.52	11.14
23.76	1.62	-	25.38	1.93	3.55
<b>5,213.35</b>	<b>483.23</b>	<b>6.03</b>	<b>5,690.55</b>	<b>5,883.17</b>	<b>5,841.55</b>
-	-	-	-	1,511.98	661.06
-	-	-	-	<b>1,511.98</b>	<b>661.06</b>
98.35	1.92	-	100.27	11.15	4.00
98.35	1.92	-	100.27	11.15	4.00
<b>5,311.71</b>	<b>485.15</b>	<b>6.03</b>	<b>5,790.82</b>	<b>7,406.30</b>	<b>6,506.61</b>
-	-	-	-	-	-
<b>Total</b>					
121.84	103.58	12.29	-	-	115.87
1,263.47	256.55	-	-	161.98	418.53
<b>1,385.32</b>	<b>360.13</b>	<b>12.29</b>	-	<b>161.98</b>	<b>534.40</b>
126.66	-	-	-	126.66	126.66
126.66	-	-	-	126.66	126.66
<b>1,511.98</b>	<b>360.13</b>	<b>12.29</b>	-	<b>288.64</b>	<b>661.06</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023	AS AT 31-03-2022
<b>NOTE NO 3</b>		
<b>OTHER FINANCIAL ASSET - NON CURRENT:</b>		
a) Rental Deposits	38.78	40.78
b) Security Deposits Recoverable (TSCPDC & Telephones)	43.24	36.42
<b>TOTAL</b>	<u><u>82.02</u></u>	<u><u>77.20</u></u>
<b>NOTE NO 4</b>		
<b>INVESTMENT:</b>		
i) Non Current Investments Investments in Equity Instruments (Unquoted) In Subsidiary Company, Adan Holdings Limited, UK Two equity shares (31 March 2022: Nil) of GBP 1 each	1,390.22	-
<b>TOTAL</b>	<u><u>1,390.22</u></u>	<u><u>-</u></u>
<b>NOTE NO 5</b>		
<b>INVENTORIES:</b>		
As valued and Certified by the Management		
a) Raw Materials*	1,993.25	1,635.72
b) Finished Goods	966.79	738.63
c) Stores & Spares	214.53	175.44
d) Stock-in-Process	1,906.48	1,852.72
e) Jigs & Fixtures, Patterns and Tools & Implements	178.59	131.79
<b>TOTAL</b>	<u><u>5,259.64</u></u>	<u><u>4,534.30</u></u>
<b>*Details of Raw materials</b>		
Steels	500.69	435.64
Castings	597.78	507.01
Components (Domestic)	599.40	499.36
Imported Material	295.38	193.71
<b>TOTAL</b>	<u><u>1,993.25</u></u>	<u><u>1,634.72</u></u>
<b>Note No. 6</b>		
<b>TRADE RECEIVABLES:</b>		
a. Trade receivables considered good- secured	-	-
b. Trade receivables considered good-Unsecured	2,759.27	3,249.65
c. Trade receivable which have significant increase in credit risk	-	-
d. Trade Receivable - credit impaired	51.18	48.84
<b>TOTAL</b>	<u><u>2,810.45</u></u>	<u><u>3,298.49</u></u>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

**OUTSTANDING FOR THE FOLLOWING PERIODS FROM DUE DATE OF PAYMENT**

Period	Undisputed Trade receivable considered good	Undisputed trade receivables Credit impaired	Disputed trade receivables considered good	Disputed trade receivables Credit impaired	Total
<b>As on 31.03.2023</b>					
< 6months	2,394.17	-	-	-	2,394.17
6 months to 1 year	197.76	-	-	-	197.76
1 - 2 Years	44.93	-	-	-	44.93
2 - 3 Years	12.83	-	-	-	12.83
> 3 Years	63.97	51.18	-	45.61	160.76
<b>TOTAL</b>	<b>2,713.66</b>	<b>51.18</b>	<b>-</b>	<b>45.61</b>	<b>2,810.45</b>
<b>As on 31.03.2022</b>					
< 6months	3,030.47	-	-	-	3,030.47
6 months to 1 year	31.17	-	-	-	31.17
1 - 2 Years	27.94	-	-	-	27.94
2 - 3 Years	57.62	-	-	-	57.62
> 3 Years	56.84	48.84	-	45.61	151.29
<b>TOTAL</b>	<b>3,204.04</b>	<b>48.84</b>	<b>-</b>	<b>45.61</b>	<b>3,298.49</b>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023	AS AT 31-03-2022
<b>Note No. 7</b>		
<b>CASH AND CASH EQUIVALENTS:</b>		
a) Balances With Scheduled Bank Accounts:		
In Current Accounts	0.80	24.06
b) Cash on Hand	0.42	0.02
c) Fixed Deposits with maturity less than 3 months	15.65	15.10
<b>TOTAL</b>	<b>16.87</b>	<b>39.18</b>
<b>Note No. 8</b>		
<b>OTHER BANK BALANCES CURRENT:</b>		
a) Bank Deposits with maturity period less than 12 months	3,484.42	4,379.66
b) Balance with Banks against Dividends payments	240.29	88.47
c) Balance With Banks as fixed deposits, LC's and BG's	43.36	32.71
<b>TOTAL</b>	<b>3,768.07</b>	<b>4,500.84</b>
<b>Note No.9</b>		
<b>SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
Staff advances	12.06	10.42
<b>TOTAL</b>	<b>12.06</b>	<b>10.42</b>
<b>Note No.10</b>		
<b>OTHER FINANCIAL ASSETS - CURRENT:</b>		
a) Security deposits recoverable	79.10	84.92
b) Interest Receivables	52.32	100.29
<b>TOTAL</b>	<b>131.42</b>	<b>185.21</b>
<b>Note No.11</b>		
<b>OTHER CURRENT ASSETS:</b>		
a) Advance for Capital Purchase	269.13	432.95
b) Advance for purchase of Raw materials & Stores	197.52	181.85
c) Pre-paid Expenses	36.36	38.21
d) Claim Receivable (Vat)	194.06	194.06
e) G S T Receivable	161.87	104.51
f) Other Receivable	2.19	1.29
<b>TOTAL</b>	<b>861.13</b>	<b>952.87</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

**NOTE NO 12**

SHARE CAPITAL:	AS AT 31-03-2023		AS AT 31-03-2022	
	Numbers	Rs.	Numbers	Rs.

**A. AUTHORISED**

Equity Shares of Rs 10/- each	30.00	300.00	30.00	300.00
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**B. ISSUED, SUBSCRIBED AND PAID UP**

Equity Shares of Rs 10/- each fully paid up	22.50	225.00	22.50	225.00
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**C. Reconciliation of the shares out standing at the beginning and at the end of Year:**

Particulars	No of Equity Shares Rs 10/-each		No of Equity Shares Rs 10/-each	
	As At 31-03-2023		As At 31-03-2022	
Equity Share Capital				
Shares outstanding at the beginning of the Year	22.50		22.50	
Shares issued during the Year	-		-	
Shares redeemed/bought back during the Year	-		-	
Shares outstanding at the end of the Year	22.50		22.50	

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

Name of the Share Holder	As At		As At	
	31st March 2023		31st March 2022	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Equity Shares				
V Chukkamamba	5.97	26.54	5.97	26.54
V C Janardan Rao	3.10	13.77	3.10	13.77
Veljan Investments Ltd	2.44	10.84	2.44	10.84
Veljan Hydrair Limited	1.70	7.55	1.70	7.55

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

**E. Details of Shareholding of Promoters**

**Shares held by Promoters at the end of the year**

Promoter Name	AS AT 31-03-2023 No. of Shares	% of total shares	% Change during the year
V Chukkamamba	5.97	26.54	-
V C Janardan Rao	3.10	13.77	-
Veljan Investments Ltd	2.44	10.84	-
Veljan Hydrair Limited	1.70	7.55	-
Umadevi Uppaluri	1.11	4.93	-
Sarojinidevi Kilaru	1.00	4.44	-
Lalithadevi Sanjay Jayavarthanavelu	0.98	4.36	-
Gangadhar Srinivas Velamati	0.48	2.12	-
Suxus Systems Ltd	0.07	0.29	-
JDM Hydropneumatics Limited	0.03	0.15	-
<b>Total</b>	<b>16.87</b>	<b>74.99</b>	<b>-</b>

**Shares held by Promoters at the end of the year**

Promoter Name	AS AT 31-03-2022 No. of Shares	% of total shares	% Change during the year
V Chukkamamba	5.97	26.54	-
V C Janardan Rao	3.10	13.77	-
Veljan Investments Ltd	2.44	10.84	-
Veljan Hydrair Limited	1.70	7.55	-
Umadevi Uppaluri	1.11	4.93	-
Sarojinidevi Kilaru	1.00	4.44	-
Lalithadevi Sanjay Jayavarthanavelu	0.98	4.36	-
Gangadhar Srinivas Velamati	0.48	2.12	-
Suxus Systems Ltd	0.07	0.29	-
JDM Hydropneumatics Limited	0.03	0.15	-
<b>Total</b>	<b>16.87</b>	<b>74.99</b>	<b>-</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023	AS AT 31-03-2022
<b>NOTE NO 13</b>		
<b>OTHER EQUITY:</b>		
<b>a. Security Premium</b>		
At the beginning and at the end of the period	<u>45.00</u>	<u>45.00</u>
<b>Closing Balance</b>	<u>45.00</u>	<u>45.00</u>
<b>b. Capital Redemption Reserve</b>		
At the beginning and at the end of the period	<u>3.00</u>	<u>3.00</u>
<b>Closing Balance</b>	<u>3.00</u>	<u>3.00</u>
<b>c. Investment Allowance Reserved</b>		
At the beginning and at the end of the period	<u>12.80</u>	<u>12.80</u>
<b>Closing Balance</b>	<u>12.80</u>	<u>12.80</u>
<b>d. General Reserve</b>		
At the beginning of the period	<u>16,154.72</u>	<u>14,721.12</u>
Add: Current Year Transfer	<u>1,433.61</u>	<u>1,433.61</u>
<b>Closing Balance</b>	<u>17,588.33</u>	<u>16,154.72</u>
<b>e. Retained Earnings</b>		
At the beginning of the period	<u>704.11</u>	<u>675.00</u>
Add: For the period	<u>1,458.17</u>	<u>1,687.71</u>
<b>TOTAL SURPLUS</b>	<u>2,162.28</u>	<u>2,362.71</u>
<b>Less: Appropriations:</b>		
Dividend on Equity Shares	<u>292.50</u>	<u>225.00</u>
Transfer to General Reserve	<u>1,433.61</u>	<u>1,433.61</u>
<b>At the end of the period</b>	<u>436.17</u>	<u>704.11</u>
<b>TOTAL</b>	<u>18,085.30</u>	<u>16,919.63</u>
<b>NOTE NO 14</b>		
<b>SHORT TERM BORROWING - REPAYABLE ON DEMAND SECURED:</b>		
<b>1. Working Capital Loans :</b>		
a. Cash Credit From :		
1. Canara Bank	<u>615.38</u>	<u>686.07</u>
2. H D F C Bank Ltd	<u>23.46</u>	<u>-</u>
3. H S B C Bank Ltd	<u>302.46</u>	<u>-</u>
<b>TOTAL</b>	<u>941.30</u>	<u>686.07</u>

Working Capital Loans from banks are Canara Bank and HDFC Bank, HSBC Bank. The Loans are repayable on demand, which are secured on pari pasu basis by hypothecation of Raw Materials, Work-in-Process, Finished Goods, Stores&spares and Book Debts and second charges on the fixed Assets of the Company. Further guaranteed by One Director of the Company in the Capacity to the extent of Rs. 2,000 Lakhs (excluding HSBC Bank).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023	AS AT 31-03-2022
<b>NOTE NO 15</b>		
<b>TRADE PAYABLES:</b>		
<b>Sundry creditors</b>		
a. Total outstanding dues of Micro, Small and Medium Enterprises	5.26	61.09
b. Other than Micro, Small & Medium Enterprises	1,002.50	1,025.52
<b>TOTAL</b>	<b>1,007.76</b>	<b>1,086.61</b>

Note No.15a Trade payable aging schedule

Particulars	Unbilled dues	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
<b>As on 31.03.2023</b>						
i. MSME	-	5.26	-	-	-	5.26
ii. Others	-	988.98	2.10	5.33	6.09	1,002.50
iii. Disputed dues MSME	-	-	-	-	-	-
iv. Disputed dues others	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>994.24</b>	<b>2.10</b>	<b>5.33</b>	<b>6.09</b>	<b>1,007.76</b>
<b>As on 31.03.2022</b>						
i. MSME	-	61.09	-	-	-	61.09
ii. Others	-	1,013.38	6.59	0.70	4.85	1,025.52
iii. Disputed dues MSME	-	-	-	-	-	-
iv. Disputed dues others	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>1,074.48</b>	<b>6.59</b>	<b>0.70</b>	<b>4.85</b>	<b>1,086.61</b>

NOTE NO 16

**OTHER FINANCIAL LIABILITIES - CURRENT:**

a. Unclaimed Dividends	240.29	88.47
b. Creditors for Capital Purchases	40.44	42.66
c. Creditors - Expenses	716.32	564.49
<b>TOTAL</b>	<b>997.05</b>	<b>695.62</b>

NOTE NO 17

**OTHER CURRENT LIABILITIES:**

a. Advance from Customers	68.23	66.35
b. Statutory Liabilities		
i. Withholding Taxes	8.32	7.49
ii. GST	181.50	186.76
iii. Contribution to Provident Fund	3.27	3.17
iv. Other Statutory Dues	0.42	0.40
v. Other Advances	0.12	0.32
<b>TOTAL</b>	<b>261.86</b>	<b>264.49</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2023	Previous Year 31-03-2022
<b>NOTE NO 18</b>		
<b>REVENUE FROM OPERATIONS :</b>		
<b>Sale of Products</b>		
Pumps, Motors, Valves & Spares	11,025.71	9,729.88
Power Packs & Spares	-	27.82
Scrap Sales	38.69	27.63
<b>TOTAL</b>	<b><u>11,064.40</u></b>	<b><u>9,785.33</u></b>
<b>NOTE NO 19</b>		
<b>OTHER INCOME :</b>		
<b>A. INTEREST INCOME ON</b>		
a. Margin Money & Fixed Deposits	192.32	193.31
<b>B. OTHER NON - OPERATING INCOME</b>		
a. Miscellaneous receipts	-	0.03
b. Excess provision written back	-	45.37
c. Credit Balances written Back	11.35	7.93
<b>TOTAL</b>	<b><u>203.67</u></b>	<b><u>246.64</u></b>
<b>NOTE NO 20</b>		
<b>COST OF MATERIALS CONSUMED* :</b>		
Opening Stock	1,635.72	1,156.91
Add: Purchases	4,769.69	4,098.55
	6,405.41	5,255.46
Less Closing stock	1,993.25	1,635.72
<b>TOTAL</b>	<b><u>4,412.16</u></b>	<b><u>3,619.74</u></b>
<b>Imported and Indigeneous Raw material Consumed</b>		
Imported	301.42	223.08
% of Consumption	6.83	6.16
Indigeneous	4,110.74	3,396.66
% of Consumption	93.17	93.84
<b>TOTAL</b>	<b><u>4,412.16</u></b>	<b><u>3,619.74</u></b>
<b>*Details of Material Consumed</b>		
Steels Consumed	568.48	380.09
Castings Consumed	1,589.97	1,434.06
Components Consumed	1,952.29	1,582.51
Imported Material Consumed	301.42	223.08
<b>TOTAL</b>	<b><u>4,412.16</u></b>	<b><u>3,619.74</u></b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2023	Previous Year 31-03-2022
<b>NOTE NO 21</b>		
<b>CHANGES IN INVENTORIES OF STOCK IN TRADE AND STOCK IN PROCESS:</b>		
<b>(Increase)/Decrease of Stocks</b>		
Stock in Trade at the beginning of the period	738.63	933.81
Stock-in-Process at the beginning of the period	<u>1,852.72</u>	<u>1,408.27</u>
<b>TOTAL</b>	<u><b>2,591.35</b></u>	<u><b>2,342.08</b></u>
Stock in Trade at the end of the period	966.79	738.63
Stock-in-Process at the end of the period	<u>1,906.47</u>	<u>1,852.72</u>
<b>TOTAL</b>	<u><b>2,873.26</b></u>	<u><b>2,591.35</b></u>
(Increase) / Decrease in Stocks	(281.91)	(249.28)
<b>Note No.22</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
a. Salaries, Wages and Bonus	866.68	723.48
b. Contribution to Provident Fund	42.35	36.71
c. Workmen & Staff Welfare Expenses	47.73	45.53
d. Group Gratuity & Deposit Linked Insurance	36.36	13.66
e. Contribution to Employee State Insurance	<u>10.37</u>	<u>8.10</u>
<b>TOTAL</b>	<u><b>1,003.49</b></u>	<u><b>827.48</b></u>
<b>Note No.23</b>		
<b>FINANCE COST:</b>		
Interest on Term Loans & Others	53.08	6.79
Bank Charges	<u>24.65</u>	<u>16.26</u>
<b>TOTAL</b>	<u><b>77.73</b></u>	<u><b>23.05</b></u>
<b>Note No.24</b>		
<b>DEPRECIATION &amp; AMORTISATION EXPENSE:</b>		
a. Depreciation on Property, Plant & Equipment	483.23	469.21
b. Amortisation of Intangible Assets	<u>1.92</u>	<u>0.74</u>
<b>TOTAL</b>	<u><b>485.15</b></u>	<u><b>469.95</b></u>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2023	Previous Year 31-03-2022
<b>NOTE NO 25</b>		
<b>OTHER EXPENSES:</b>		
Job Expenses	1,937.61	1,532.67
Stores Consumed	493.04	416.21
Packing Material Consumed	185.64	148.20
Carriage Inward	12.94	13.59
Power and Fuel	230.05	160.26
Repairs & Maintenance		
Building	0.82	4.64
Plant and Machinery	82.87	119.87
Others	98.01	69.38
Tools & Dies written off	20.14	15.02
Rent	58.25	58.65
Licenses and Taxes	16.90	18.97
Insurance	27.54	27.53
Printing & Stationery	13.60	10.93
Postage & Telephones	6.48	5.18
Travelling & Conveyance	36.79	25.91
Foreign Travelling Expenses	21.79	7.66
Vehicle Maintenance	5.30	4.63
Professional & Legal Charges	31.39	28.19
Remuneration to Directors	88.46	113.08
Selling & Distribution Expenses	16.21	14.26
Advertisement	2.49	2.71
Remuneration to Auditors:		
For Audit Fees	4.50	4.50
For Tax Audit Fees	1.50	1.50
Sitting fee to Directors	5.20	3.75
Donations	1.12	8.18
C S R Expenses	80.81	62.36
General Expenses	73.51	73.76
Loss on Sale of fixed assets	0.77	-
R & D Expenditure	13.92	-
Bad Debts Written Off	26.90	68.51
Bad Advances Written off	0.42	-
<b>TOTAL</b>	<b><u>3,594.97</u></b>	<b><u>3,020.10</u></b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2023** (Figures in Rs Lakhs)
**NOTE NO 26****1. Reconciliation of Tax Expenses****INCOME TAX:**

<b>Particulars</b>	<b>Current Year 31-03-2023</b>	<b>Previous Year 31-03-2022</b>
<b>Amount recognized in statement of Profit and Loss account</b>		
Current Tax	<b>508.46</b>	571.47
Deferred tax expenses (income)- Relating to organization and reversal of temporary differences	-	-
	<b>9.86</b>	33.16
<b>Tax expenses for the year</b>	<b>518.31</b>	604.63
Reconciliation of effective tax rate		
Profit before tax -	<b>1,976.49</b>	2,320.92
Enacted tax in india - 25.62%	<b>508.46</b>	571.47
others	<b>9.86</b>	61.74
	<b>518.31</b>	633.21
<b>Effective tax rate</b>	<b>26.22</b>	27.28

**NOTE NO 27****2. DEFERRED TAX LIABILITIES (NET):**

<b>Particulars</b>	<b>AS AT 31-03-2023</b>	<b>AS AT 31-03-2022</b>
Property, Plant and Equipment	<b>333.81</b>	323.95
<b>Total</b>	<b>333.81</b>	323.95

## Movement in deferred tax liabilities

<b>Particulars</b>	<b>Property Plant &amp; Equipment</b>	<b>Other Items</b>	<b>AS AT 31-03-2022</b>
As at March 31, 2022	<b>323.95</b>	-	290.79
Charges / credited			
For the year (2022-2023)	<b>9.86</b>	-	33.16
As at March 31, 2023	<b>333.81</b>	-	323.95

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2023** (Figures in Rs Lakhs)
**NOTE NO 28****FAIR VALUE MEASUREMENT HIERARCHY:**

Valuation techniques with significant unobservable inputs:

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on.

The following table provide the fair value measurement hierarchy of the company's assets and liabilities.

**Quantitative disclosures of fair value measurement hierarchy as at March 31, 2023**

<b>Particulars</b>	<b>Fair Value hierarchy (level)</b>	<b>As at 31-03-2023</b>	<b>As at 31-03-2022</b>
Financial Asset measured at amortized cost			
Loans to employees	3	<b>12.06</b>	10.42
Security Deposits	3	<b>38.78</b>	40.78

**NOTE NO 29****FINANCIAL RISK MANAGEMENT:**

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

**I. Market Risk**

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instruments. The value of a financial instrument may change as a result of changes in the interest rates. Foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including instruments and deposits, foreign currency receivables, payable and borrowing.

**Commodity Risk**

Commodity price risk arises due to fluctuation in raw material (fifer prices) linked to various external factors, which can affect the production cost of the Company. The Company actively manages inventory and un may cases sale prices are linked to major raw material prices. These risks are reviewed and managed by senior management on continuous basis.

**II. Credit Risk:**

Credit risk arises when a customer or counter party does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk its operating activities (primarily trade receivables) and from its financing / investing activities including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

**III. Liquidity Risk**

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts based on expected cash flows.

**V. Technology Risk**

The Company operates in a highly technical field with constant innovation and continuous evolution in technologies used. The company mitigates this risk through regular contact with customers, regular reviews of new technological trends, continuous improvement and investment in its manufacturing practices, along with investments in research, design, and development.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2023 (Figures in Rs Lakhs)

**NOTE NO 30  
FOREX TRANSACTIONS**

Particulars	Year ended 31-03-2023	Year ended 31-03-2022
a. Expenditure in Foreign Currency during the year on account of:		
Foreign travel	6.48	4.14
	<u>6.48</u>	<u>4.14</u>
b. Value of Imports calculated on CIF basis in respect of :		
Raw material & Components	279.49	313.35
Maintenance	8.88	11.20
Cutting Tools	27.45	-
Capital Goods	187.21	90.95
Investment	1,390.22	-
Other expenses	85.19	-
	<u>1,978.44</u>	<u>415.50</u>

**NOTE NO 31**

**CAPITAL MANAGEMENT:**

The Company's objectives when managing capital are to

1. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and the benefits for other stakeholders
2. Maintain an optimal capital structure to reduce the cost of Capital Consistent with others in industry, the company monitors capital on the basis of the following gearing ratio:

**Debt/to equity ratio**

Particulars	As AT 31-03-2023	As AT 31-03-2022
Debt	941.30	686.07
Equity	18,085.30	16919.63
Debt to equity ratio	<u>0.05</u>	<u>0.04</u>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023 (Figures in Rs Lakhs)**
**NOTE NO 32**
**CORPORATE SOCIAL RESPONSIBILITY:**

As per section 135 of the Company Act 2013, a Company has to spend 2% of its average net profits of three immediate preceding financial years.

Particulars	Year Ended 31-03-2023	Year Ended 31-03-2022
a) Amount required to be spent by the company during the year	33.53	33.16
b) Amount of expenditure on construction/acquisition of any asset	-	-
c) Amount of expenditure expenditure other than B above	33.53	33.16
d) Short fall at the end of the year	-	-
e) Total of previous year shortfall	-	-
f) Details of related party transaction	-	-
g) Amount spent during the year	80.81	62.36

**NOTE NO 33**
**CONTINGENT LIABILITIES:**

Particulars	As at 31-03-2023	As at 31-03-2022
<b>a. Contingent Liabilities not provided for on account of</b>		
1. Towards Guarantees and Letters of credit issued by bank to the extent of	219.17	-

**Note No. 34**
**Commitments**
**Capital Commitment**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities as follows:

Building, Plant and Equipment	173.26	1,747.04
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**NOTE NO 35**

Disclosure relating to Gratuity Liability as per Ind AS 19 "Employee Benefits (revised 2005) As per actuarial valuation as on 31-03-2023 given by LIC of India and recognized in to the financial statement in respect to employee Gratuity Benefit scheme.

**1. Changes in Present Value of obligations as on 31/03/2023**

Particulars	Year Ended 31-03-2023	Year Ended 31-03-2022
Present Value of Obligations at the beginning of the year	104.58	101.69
Interest Cost	7.98	7.12
current Service Cost	26.37	11.25
Benefits paid	(5.30)	(5.87)
present Value of Obligation at the end of the year	3.40	(9.62)
Changes in the fair value of Plan Assets as on 31/03/2023	137.03	104.58
Particulars	Year Ended 31-03-2023	Year Ended 31-03-2022
Fair Value of plan assets at the beginning of the year	122.98	119.85
Actual return on plan assets	15.22	8.35
contributions	25.98	0.64
Benefits paid	(5.30)	(5.87)
Actuarial (gain)/loss on plan assets	-	-
fair value of plan assets as at the end of the Year	158.88	122.98



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023** (Figures in Rs Lakhs)

**NOTE NO 36**
**EARNINGS PER EQUITY SHARE:**

Particulars	Year Ended 31-03-2023	Year Ended 31-03-2022
a. Total Comprehensive Income for the period	<b>1,458.17</b>	1687.71
b. Weighted average number of equity shares of Rs10/- each	<b>22.50</b>	22.50
Earning per Equity Share (Basic and Diluted) (a) / (b)	<b><u>64.81</u></b>	<u>75.01</u>

**NOTE NO 37**
**ANALYTICAL RATIOS:**

S.No.	Ratio	Period	Nume rator	Denom inator	As at 31-03-2023	As at 31-03-2022	% of Variance	Reason for Variance
1.	Current Ratio	2023	12,974	3,208	4.04			
		2022	13,618	2,733		4.98	18.84	
2.	Debt-Equity Ratio	2023	941	18,310	0.05			Variance is primarily on account of the debts decreased and increase of the shareholders equity
		2022	686	17,145		0.04	(28.47)	
3.	Debt Service Coverage Ratio	2023	-	-	-			Not applicable because there are no long term loans
		2022	-	-		-	-	
4.	Return on Equity Ratio	2023	1,458	17,727	0.08			
		2022	1,688	16,413		0.10	20.01	
5.	Inventory Turnover Ratio	2023	4,130	4,897	0.84			
		2022	3,370	4,153		0.81	(3.93)	
6.	Trade Receivables Turnover Ratio	2023	11,064	3,054	3.62			
		2022	9,785	3,078		3.18	(13.95)	
7.	Trade Payables Turnover Ratio	2023	4,770	1,047	4.55			
		2022	4,099	1,024		4.00	(13.76)	
8.	Net Capital Turnover Ratio	2023	11,064	9,766	1.13			
		2022	9,785	10,885		0.90	(26.03)	
9.	Net Profit Ratio	2023	1,458	11,064	0.13			Variance on account of increase of sales and decrease of net assets
		2022	1,688	9,785		0.17	23.59	
10.	Return on Capital Employed Ratio	2023	2,054	19,574	0.10			Variance primarily on account of decrease of profit
		2022	2,344	18,151		0.13	18.74	
11.	Return on Investment Ratio	2023	144	1,390	0.10			
		2022	-	-		-	-	

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)**NOTE NO 38****TITLE DEEDS OF IMMOVABLE PROPERTIES:**

The title deeds of all the immovable properties, as disclosed in note no.2 to the financial statements, are held in the name of the Company.

**Note No.39****Valuation of Property Plant & Equipment, intangible asset:**

The Company has not revalued its property, plant and equipment or intangible assets or both during the current year.

**Note No.40****Loans or advances to specified persons:**

No loans or advances in the nature of loans are granted to Promoters, Directors, Key Management Personnels and the related parties(as defined under Companies Act,1913) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

**Note No.41****Details of benami property held:**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note No.42****Borrowing secured against current assets:**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

**Note No.43****Wilful defaulter:**

The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

**Note No.44****Relationship with struck off Companies:**

The Company has no transactions with the Companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956

**Note No.45****Registration of charges or satisfacton wth Registrar of Companies (ROC):**

The Company do not have any charges to be registered as at March31, 2023 with the Registrar of Companies (ROC). However, as per the records available on the ROC portal, the below charges which were created by the Company in earlier years for borrowings availed are still appearing as unsatisfied. The Company is in the process of obtaining no-dues certificates/ other relevant documents from the respective lenders for taking the required action.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Charge holder name	Amount	Charge holder name	Amount
The Industrial Credit and Investment Corporation of India Ltd	10.00	The industrial credit and investment corporation of India Ltd	10.00
Syndicate Bank	2.00	Syndicate Bank	2.00
The Industrial Credit and Investment Corporation of India Ltd	9.00	The Industrial Credit and Investment Corporation of India Ltd	37.50
Syndicate Bank	2.00	Syndicate Bank	24.00
Syndicate Bank	25.00	A.P. State financial Corporation	37.50
A.P. State financial Corporation	5.06	Andhra Bank	147.06
A.P. State financial Corporation	377.50	HDFC Bank Limited	1,290.00

**Note No.46****Compliance with number of layers of companies:**

The Company has complied with the number of layers prescribed under the Section 2 (87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

**Note No.47****Compliance with approved scheme(s) of arrangements:**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**Note No.48****Utilisation of borrowed funds and share premium:**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note No.49****Undisclosed income:**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded previously in the books of account.

**Note No.50****Details of crypto currency or virtual currency:**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**Note No.51****Utilisation of borrowings availed from banks and financial institutions:**

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

**Note No.52**

Disclosure of Related party Transaction

**(A) Key Management Personnel (KMP)**

- i. Sri V.C. Janardan Rao Chairman & Managing Director
- ii. Sri U. Sri Krishna Executive Director & Chief Executive Officer
- iii. Sri B. Narahari Company Secretary
- iv. Sri G. Subba Rao C F O

**(B) Non - Executive Directors**

- i. Sri B.S. Srinivasan Independant and Non-Executive Director
- ii. Smt. U. Uma Devi Promoter and Non-Executive Director
- iii. Sri G. Narayana Rao Independant and Non-Executive Director
- iv. Sri A. Suresh Independant and Non-Executive Director

**(C) Subsidiaries**

- i. Adan Holding Limited Subsidiary Company
- ii. Adan Limited Step down Subsidiary

**(D) Entities in which the key management and their realations are interested**

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

**A. Transactions during the Year**

Particulars	Key Management Personnel		Directors		Enterprises in Which the Key Management personnel and their relatives are interested	
	Current Year 31-03-2023	Previous Year 31-03-2022	Current Year 31-03-2023	Previous Year 31-03-2022	Current Year 31-03-2023	Previous Year 31-03-2022
Remuneration	24.42	39.84	-	-	-	-
Commission	42.69	48.82	21.35	24.41	-	-
<b>SALES:</b>						
Veljan Hydrair Limited					5,047.44	4,817.96
<b>PURCHASES:</b>						
Veljan Hydrair Limited					92.10	64.60
Suxus Systems Limited					1,745.13	1,478.39
Adan Limited					0.31	-
<b>RENT:</b>						
Veljan Investments Limited					60.83	60.83
<b>JOB EXPENSES:</b>						
Ecmat Limited					2,021.49	1,604.97
<b>SALES</b>						
Ecmat Limited					0.89	0.29
Adan Limited U K					15.20	-
Suxus Systems Limited					1.04	-
<b>B. Balance as at 31.03.2023</b>						
Payables	44.18	51.26	21.35	24.41	601.95	437.22
Receivable					1,115.32	1,890.55

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)
**NOTE NO 53****DUE TO MICRO, SMALL & MEDIUM ENTERPRISES:**

The Micro, Small and Medium Enterprises have been identified on the basis of the information available with the company. This has been relied upon by the auditors. Due to such parties are given below.

Particulars	As at 31-03-2023	As at 31-03-2022
a) The principal amount remaining unpaid as at the end of the year	5.26	61.09
b) The amount of interest accrued & remaining unpaid at the end of the year	–	–
c) Amount of interest paid by the company in term of section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year.	–	–
d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006	–	–
e) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act, 2016)	–	–

**NOTE NO 54****BALANCES OF TRADE RECEIVABLE/PAYABLE ARE SUBJECT TO CONFIRMATION:**

Previous Year's figures have been regrouped wherever necessary to correspond with the current year's figures, except when otherwise stated, the figures are presented in Rupees.

**NOTE NO 55****Subsequent Events**

The Board of Directors in their meeting held on 30th May 2023 have proposed a final dividend of Rs. 13/- per equity share for the year ended 31 March 2023 which is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately Rs.292.50 Lakhs.

**As per our report of even date  
for BRAHMAYYA & CO**

Chartered Accountants  
Firm Regn. No. 000513S

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

Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**

**V. C. Janardan Rao**  
CMD  
DIN:000181609

**B Narahari**  
Company Secretary

**U. Sri Krishna**  
ED & CEO  
DIN:008880274

**G. Subba Rao**  
C F O

# Consolidated Balance Sheet

## Independent Auditor's Report

**TO THE MEMBERS OF VELJAN DENISON LIMITED.**

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of VELJAN DENISON LIMITED (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance sheet as at March 31, 2023, and the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of changes in equity and consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('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 consolidated state of affairs of the Group as at March 31, 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
<p><b>Accounting of Business Combination for acquisition of Adan Holdings Limited.</b></p> <p>During the year, the Company has acquired 100% of equity shares of Adan Holdings Limited against consideration of Rs.13.90 Crores.</p> <p>The allocation of the purchase price to identifiable assets and liabilities acquired was performed by the Company with support from external advisors and lead to the recognition of Goodwill of Rs. 2.94 crores.</p> <p>The acquisition accounting requires the management to identify and value acquired assets (including intangible assets) and liabilities at the acquisition date. Significant judgement is involved in such identification and complexity surrounding the accounting for transaction in accordance with Ind AS 103 this was a Key Audit Matter.</p> <p>The management has engaged external experts and valuers in this regard.</p>	<p><b>Principal audit procedures</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's process and evaluated the design and tested operating effectiveness of management's internal controls around application of the principles of Ind AS 103 "Business Combinations".</li> <li>• We have read the relevant parts of the share purchase and governance agreement entered by the Company, obtained an understanding of the deal structure and evaluated the accounting treatment in accordance with Ind AS 103. This included the evaluation of the interpretation of specific sections of the agreements and the application of accounting policies to thereon.</li> <li>• We have evaluated the professional qualifications and competence of the experts and valuers involved in the process.</li> <li>• We assessed the adequacy of the disclosures made in note 36 to the financial statements.</li> </ul>

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.



In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

#### **As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:**

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- a. We did not audit the financial statements of two subsidiaries whose financial statement reflect total assets of Rs. 1948.52 Lakhs as at March 31, 2023, total revenue of Rs. 1011.74 Lakhs, total net profit after tax of Rs. 144.20 Lakhs and net cash inflows amounting to Rs. 102.16 Lakhs for the year ended on that date as considered for the consolidated financial statements.

These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries covered under the Act, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and reports of other auditors and the financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and reports of other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
  - (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group Companies incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in

terms of Section 164(2) of the Companies Act;

- (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries, incorporated in India, and the operating effectiveness of such controls, refer to our separate report in “Annexure A”.
- (g) With respect to the Managerial remuneration to be included in the auditor’s report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) 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 and based on the report of the other auditors on the separate financial statements and other financial information of the subsidiaries:
- i. The Consolidated financial statements does not have any pending litigations that would impact its financial position of the group.
  - ii. The Consolidated financial statements did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. The Holding Company is yet to transfer unpaid dividend amount of Rs. 26.19 lakhs relating to financial year 2014-15 to the Investor Education and Protection Fund.
  - iv.
    - a. The respective Managements of the Holding Company which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - b. The respective Managements of the Holding Company which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.;
    - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. a. The final dividend paid by the Holding Company, during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 54 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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

Place : Hyderabad  
Date : 30.05.2023

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 23215798BGQQCI2308

**Annexure – A 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”)**

In conjunction with our audit of the consolidated financial statements of the VELJAN DENISON LIMITED (“the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the Group) as at for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries which are incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of Group which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiaries which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements**

A company’s internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

#### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Group which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023 based on the internal control over financial reporting criteria established by the Holding 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 ICAI.

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

Place : Hyderabad  
Date : 30.05.2023

**(K.SHRAVAN)**  
Partner  
Membership No. 215798  
UDIN: 23215798BGQQCI2308

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup>, MARCH 2023**

(Figures in Rs Lakhs)

Particulars	Refer Note No	AS AT 31-03-2023
<b>ASSETS</b>		
<b>1 NON-CURRENT ASSETS:</b>		
(a) Property, Plant & Equipment	2	6,722.47
(b) Capital work-in-Progress	2	1,511.98
(c) Intangible Assets	2	11.15
(d) Goodwill		306.28
(e) Financial Assets		
(i) Other Financial Asset	3	82.02
		<u>8,633.90</u>
<b>2 CURRENT ASSETS:</b>		
(a) Inventories	4	5,598.62
(b) Financial Assets		
i. Trade receivables	5	3,088.33
ii. Cash and cash equivalents	6	263.07
iii. Bank Balances Other than (ii) above	7	3,768.08
iv. Loans	8	12.06
v. Other Financial Assets	9	131.42
(c) Other Current Assets	10	882.68
(d) Current Tax Asset (Net)		113.89
		<u>13,858.15</u>
	<b>Total Assets</b>	<u><u>22,492.05</u></u>
<b>1 EQUITY AND LIABILITIES:</b>		
<b>EQUITY</b>		
a) Equity Share Capital	11	225.00
b) Other Equity	12	18,293.38
		<u>18,518.38</u>
<b>2 LIABILITIES:</b>		
<b>NON - CURRENT LIABILITIES</b>		
Deferred Tax Liability		464.94
		<u>464.94</u>
<b>3 CURRENT LIABILITIES:</b>		
a) Financial Liabilities		
Short Term Borrowing	13	941.30
b) Trade Payable		
i) Total outstanding dues of micro, small & medium enterprises	14	5.26
ii) Total outstanding dues other than (i)(b) above		1,145.14
iii) Other Financial Liabilities	15	997.05
c) Other Current Liabilities	16	419.98
		<u>3,508.73</u>
	<b>Total Equity &amp; Liability</b>	<u><u>22,492.05</u></u>

The accompanying notes 1 to 54 form an integral part of financial statements.

**As per our report of even date  
for BRAHMAYYA & CO**

 Chartered Accountants  
Firm Regn. No. 000513S

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

 Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**
**V. C. Janardan Rao**  
CMD  
DIN:000181609

**B Narahari**  
Company Secretary

**U. Sri Krishna**  
ED & CEO  
DIN:008880274

**G. Subba Rao**  
C F O

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)**

Particulars	Refer Note No	Year Ended 31-03-2023
<b>1. INCOME:</b>		
a. Revenue from operations	17	12,057.74
b. Other Income	18	<u>206.56</u>
	<b>Total Income</b>	<b><u>12,264.30</u></b>
<b>2. EXPENSES:</b>		
a. Cost of Materials Consumed	19	4,662.97
b. Changes in inventories of finished goods and work-in-process	20	(281.91)
c. Employee benefits expense	21	1,284.30
d. Finance cost	22	78.36
e. Depreciation & Amortisation Expenses	23	539.02
f. Other expenses	24	<u>3,820.94</u>
	<b>Total Expenses</b>	<b><u>10,103.67</u></b>
<b>Profit Before exceptional items and tax (1-2)</b>		<b>2,160.63</b>
Exceptional items		-
<b>Profit Before tax</b>		<b>2,160.63</b>
<b>Less Tax expenses:</b>		
a. Current		
i. Relating to Current Period		520.37
ii. Relating to Previous Period		-
b. Deferred tax		37.88
	<b>Total Tax Expense</b>	<b><u>558.24</u></b>
<b>Profit for the year</b>		<b><u>1,602.38</u></b>
<b>Other Comprehensive Income</b>		
Items that will not be reclassified subsequently to Profit & loss		-
Income tax relating to items that will not be reclassified to P & L		-
Total Other Comprehensive Income for the period		-
<b>Total Comprehensive Income for the period</b>		<b><u>1,602.38</u></b>
<b>Earning per equity share from continuing operations</b>		
(1) Basic & Diluted	35	71.22

The accompanying notes 1 to 54 form an integral part of financial statements.

**As per our report of even date  
for BRAHMAYYA & CO**

Chartered Accountants  
Firm Regn. No. 000513S

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

Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**

**V. C. Janardan Rao**  
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DIN:000181609

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023 (Figures in Rs Lakhs)

<b>A. EQUITY SHARE CAPITAL:</b>	<b>Amount</b>
For the Year ended 31st march, 2023	
Balance as at 1st April 2022	225.00
Changes in equity Shares Capital during the year ended	-
Balance as at 31st March 2023	225.00

**B. OTHER EQUITY :**

For the Year ended 31st March 2023

Particulars	Reserves and Surplus						FCTR	Total
	Security Premium	Capital redemption reserve	investment allowance reserve	General reserve	Retained Earnings			
Balance at 1st April 2022	45.00	3.00	12.80	16,154.72	704.11	-	16,919.63	
Profit for the Year (1)		-	-	-	1,602.38	63.87	1,666.25	
Additions / Deletions	-	3.00	12.80	16,154.72	-	-	-	
Total Comprehensive Income (1+2)	45.00	-	-	-	2,306.49	63.87	18,585.88	
Dividend paid (incl.dividend tax)		-	-	-	(292.50)	-	(292.50)	
Transfer to general Reserve					(1,433.61)	-	-	
<b>Balance as at 31st March 2022</b>	<b>45.00</b>	<b>3.00</b>	<b>12.80</b>	<b>16,154.72</b>	<b>580.38</b>	<b>63.87</b>	<b>18,293.38</b>	

The Description of the nature and purpose of reserves within equity is as follows.

- i) Security premium Reserve: Premium received on issue of equity shares credited to Securities Premium Reserve. It can be utilised as per the provision of Section 63 of the Companies Act, 2013.
- ii) Capital Redemption Reserve: Created on cancellation of equity shares under the scheme of arrangement and redemption of preference shares. It can be utilised as per the provision of section 63 of the Companies Act, 2013.

This is the Other Equity Statement referred to in our report of even date.

As per our report of even date  
for BRAHMAYYA & CO

Chartered Accountants  
Firm Regn. No. 000513S

**K.Shravan**  
Partner  
Membership No 215798

Place: Hyderabad  
Date : 30-05-2023

For and on behalf of Board of Directors

**V. C. Janardan Rao**  
CMD  
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DIN:008880274

**G. Subba Rao**  
C F O

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2023 (Figures in Rs Lakhs)

Particulars	Year Ended 31-03-2023
<b>A Cash Flow From Operating Activities</b>	
Profit/ (Loss) before tax	2,160.63
<b>Adjustments for:</b>	
Depreciation and amortization expense	539.02
Interest income	(192.32)
Finance Cost	78.36
Loss on Sale of Assets	0.77
Tools or Dies Written Off	20.14
<b>Operating Profit before working capital Changes</b>	<b>2,606.59</b>
<b>Movement in Working Capital</b>	
Decrease/(increase) in inventories	(745.47)
Decrease/(increase) in trade receivables	443.00
Increase / (decrease) Trade payables	(47.45)
Decrease / (Increase) in financial assets	(0.65)
Decrease / (Increase) in non-financial assets	(123.83)
Increase / (decrease) in financial liabilities	151.83
Increase / (decrease) in other liabilities	122.29
<b>Cash Generated from Operations</b>	<b>2,406.32</b>
Taxes Paid	(526.09)
<b>Net Cash flow from Operating Activities (A)</b>	<b>1,880.23</b>
<b>B Cash Flow From Investing Activities</b>	
Purchase of Property plant and equipment and intangible assets incl. CWIP	(1,420.26)
Proceeds from sale of assets	0.84
Investment in Subsidiary	(1,246.18)
Movement in other bank balances	732.78
Interest Received	240.29
<b>Net cash flow generated/(used) from investing activities (B)</b>	<b>(1,692.53)</b>
<b>C Cash flows from financing activities</b>	
Proceeds from/(repayment of) short-term loans and borrowings, net	255.23
Dividend paid	(140.68)
Interest paid	(78.36)
<b>Net cash from/(used in) financing activities (C)</b>	<b>36.19</b>
<b>D Net increase in cash and cash equivalents (A+B+C)</b>	<b>223.90</b>
Cash and cash equivalents at the beginning of the period/year	39.18
<b>Cash and cash equivalents at the end of the year</b>	<b>263.08</b>
Component of Cash and Cash Equivalent	
Cash in Hand	0.42
Balance with banks In current Account	247.00
Fixed Deposits with maturity less than 3 months	15.65
<b>Total Cash and Cash Equivalents in Cash Flow Statement</b>	<b>263.08</b>

**Notes:**

- The above cash flow statement has been prepared under the Indirect method set out in the Ind AS-7 specified under Section 133 of the Companies Act 2013.
- As this is the first period of consolidation comparative figures are not given.

**As per our report of even date  
for BRAHMAYYA & CO**

Chartered Accountants  
Firm Regn. No. 000513S

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

Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**

**V. C. Janardan Rao**  
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**G. Subba Rao**  
C F O

**Notes to Consolidated financial statements for the year ended 31st March 23**
**Note No. 1**
**CORPORATE INFORMATION:**

The consolidated financial statements comprise financial statements of Veljan Denison Limited ('the Company') and its subsidiaries, collectively referred to as 'the Group' for the year ended 31 March 2023. Veljan Denison Limited (the "Company") is a Public Limited Company incorporated on 19th December, 1973 with its Registered Office at Plot No 44, 4th floor, HCL Towers, Chikoti Gardens, Begumpet, Hyderabad 500 016 Telangana State. The Company is engaged in the business of Manufacturing of Hydraulic Pumps, Motors, Valves and Custom Built Power Packs. The Company is listed on Bombay Stock Exchange Limited, Mumbai.

The consolidated financial statements of the company for the year ended March 31st, 2023 are approved for issue by the Company's Board of Directors on 30th May, 2023.

List of Subsidiaries with percentage holding			% of holding	
Subsidiaries	Country of incorporation	Parent	31st March 2023	31st March 2022
Adan Holding Limited	UK	Veljan Denison Limited	100	-
Adan Limited	UK	Adan Holding Limited	100	100

**SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:**
**1. Significant Accounting Policies:**
**1.1. Statement of Compliance:**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standard) Rules, 2015 notified under section 133 of the Companies Act 2013, amendments there to and other relevant provisions of the Act.

**1.2. Basis of Preparation of Financial Statements.**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 and other relevant provisions of the Act.

These Ind AS Financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been consistently except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hither to in use.

The consolidated financial statements are presented in INR(Rs.) which is also the Company functional currency and all values are rounded of to the nearest lakhs except when otherwise indicated.

**1.3. Classification of Assets and Liabilities as Current and Non Current:**

The Company has determined its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilities. This is based on the nature of product and the time between the acquisition of inventories for processing and their realization in cash and cash equivalents.

**Deferred tax assets and deferred tax liabilities are classified as non –current assets and liabilities.**

#### **1.4. Principles of consolidation**

The consolidated financial statements relate to Veljan Denison Limited ('the Company'), and its subsidiaries ("the Group").

"Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control."

"The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group Companies are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances."

"In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary"

"The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements"

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- a) The amount of equity attributable to noncontrolling interests at the date on which investment in a subsidiary is made; and
- b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

#### **1.5. Use of Estimates & Judgments:**

The estimates and Judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances.

#### **1.6. Property, Plant and Equipment – Tangible Assets:**

- i. Property, Plant and Equipment other than land are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital Work In Progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

- iii. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertained useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act, 2013 except assets costing Rs. 5,000 or less on which depreciation is charged @100% in the year of acquisition.
- v. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during year.

#### **1.7. Intangible Assets:**

Intangible assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

#### **1.8. Impairment of Assets**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for Impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value.

Recoverable value: Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of profit and loss in the year in which an asset identified as impaired.

#### **Cash & Cash Equivalents:**

For the purpose of presentation in the statement of cashflows, cash and cash equivalents includes cash on hand, deposits held at call with principal institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Trade Receivable:**

Trade Receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

#### **1.9. Inventory:**

Inventories of raw materials, consumable stores and packing materials are valued at cost on weighted average method, finished goods and work in process are valued at cost on weighted average method or realisable value whichever less. 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 written down value and further issue of tools are charged to revenue as and when issued.

**1.10. Financial Instrument:**

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

**a. Financial Asset:****Initial recognition and measurement:**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that company commits to purchase or sell the asset.

**Subsequent Measurement:****For the purpose of subsequent measurement financial assets are classified as measured at:**

- 1) Amortised cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through Other Comprehensive Income (FVTOCI)

**Financial Asset measured at amortized cost:**

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investments in equity share) at amortized cost

**Financial Assets Measured at fair value through other comprehensive Income:**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets collecting contractual cash flow that are solely payment of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI) interest income measured using the EIR method and impairment losses, if any are recognized in the statement of Profit and loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of profit and loss.

**Financial Assets at fair value through profit or loss (FVTPL):**

Financial Asset are measured at fair value through profit & loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit & loss.

**De-recognition of Financial Assets:**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**Impairment of Financial Assets:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivable. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

**b. Financial Liabilities****Initial recognition and measurement:**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value

**Subsequent Measurement:**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial Liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

**Financial Liabilities at amortized cost:**

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

**All the financial liabilities of the company are subsequently measured at amortised cost using effective interest method.**

**De recognition of Financial Liabilities**

A financial liability shall be de recognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

**1.11. Foreign Currency Transactions:**

The functional and presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

**1.12. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**1.13. Revenue Recognition:**

Revenue is recognized when the significant risks and rewards of universal ship are transferred to buyer. Revenue can be reliably measured and it is probable that future Economic benefits will flow to the Company.

**a. Sale of Products:**

Revenue from the sale of goods measured fair value of consideration received or receivable net of returns, trade discounts and allowances, and excluding taxes collected on behalf of Government.

**b. Interest Income:**

Interest on deposits with Government departments and financial Institutions are recognized in statement of profit and loss when the right to receive/receivable during the period.

**1.14 Employee Benefits:**

Short-term employee benefits are expensed as the related service is provided. A Liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**a. Defined Contribution Plans:**

Contribution towards provident fund for employees is made to the regulatory authorities, where the company has no further obligations. Such benefits are classified as defined Contribution schemes as the company does not carry any further obligations, apart from the Contributions made on a monthly basis.

**b. Defined benefit plans:**

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI) net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of profit and loss.

**1.15. Taxes on Income:****Tax expense comprises of current and deferred tax:**

- a. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.
- b. Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

**1.16. Provisions:**

Provisions are recognized when, as a result of past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



**1.17. Contingent Liabilities:**

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

**1.18. Claims:**

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

**1.19. Offsetting:**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**1.20. Earnings per share:**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**1.21. Cash flow statement:**

Cash flows are reported using the Indirect method. Whereby profit for the period is adjusted for effects of transactions of a non-cash nature. Any deferrals are accruals of past or future operating cash receipts or payments and item of Income or expenses associated with investing or financing cash flows. The cash flows from operating investing and financing activities of the company are segregated.

**1.22. Segment Reporting:**

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

**1.23. Events after Reporting date:**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period., the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**aa) Standards issued but not yet effective :**

**Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:**

I) Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

- ii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.
- iii) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

#### **1.24. Critical Accounting Estimates and Judgments:**

The preparation of financial statements is in conformity with generally accepted accounting principles which require management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are:

Estimates of useful life of property, plant and equipment and intangibles

Measurement of defined benefit obligation

Recognition of deferred taxes

Estimation of impairment

Estimation of provision and contingent liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)

**NOTE NO 2 - CONSOLIDATED PROPERTY, PLANT & EQUIPMENT**

Particulars	GROSS BLOCK				
	As at 01.04.2022	Additions	Acquisition of Subsidiary	Deductions	As at 31.03.2023
<b>a. Land</b>					
Land	870.36	-	-	-	870.36
<b>b. BUILDING</b>					
Factory Buildings	1,049.49	-	387.11	-	1,436.60
Other Buildings	300.68	-	-	-	300.68
<b>c. PLANT &amp; EQUIPMENT</b>					
Water Works	4.31	-	-	-	4.31
Electrical Installations	3.72	-	-	-	3.72
Plant and Machinery	8,141.74	506.42	506.06	7.64	9,146.58
Inspection & Testing Equipments	183.38	7.43	-	-	190.81
Office Equipments	186.51	7.76	-	-	194.27
Air conditioners	16.66	0.44	-	-	17.10
Furniture & Fixtures	212.05	4.41	-	-	216.46
Canteen Equipments	0.32	-	-	-	0.32
Vehicles	58.35	-	-	-	58.35
Material Handling Equipments	27.31	-	-	-	27.31
<b>Sub Total</b>	<b>11,054.90</b>	<b>526.46</b>	<b>893.17</b>	<b>7.64</b>	<b>12,466.89</b>
<b>d. CAPITAL WORK IN PROGRESS</b>					
Capital Work in progress	661.06	850.92	-	-	1,511.98
<b>Sub Total</b>	<b>661.06</b>	<b>850.92</b>	<b>-</b>	<b>-</b>	<b>1,511.98</b>
<b>INTANGIBLE ASSETS</b>					
Software	102.36	9.07	-	-	111.42
<b>Sub Total</b>	<b>102.36</b>	<b>9.07</b>	<b>-</b>	<b>-</b>	<b>111.42</b>
<b>Grand Total</b>	<b>11,818.31</b>	<b>1,386.45</b>	<b>893.17</b>	<b>7.64</b>	<b>14,090.28</b>

Land includes Rs. 4.74 crores yet to be registered. TSIIC Land in Pashamylaram

**Aging of Capital Work in Progress as on 31.03.23**

Particulars	< 1 Year	1- 2 Years	2 - 3 years	> 3years
<b>A. Projects in progress</b>				
1. Machinery	35.78	73.78	12.29	-
2. Building	857.98	243.52	-	161.98
<b>Sub Total</b>	<b>893.75</b>	<b>317.30</b>	<b>12.29</b>	<b>161.98</b>
<b>B. Project temporarily suspended (Factory)</b>	-	-	-	126.66
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126.66</b>
<b>Total (A+B)</b>	<b>893.75</b>	<b>317.30</b>	<b>12.29</b>	<b>288.64</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

D E P R E C I A T I O N				NET BLOCK
Upto On Assets Value	For the period on Assets value	Deductions	Upto 31.03.2023	As at 31.03.2023
-	-	-	-	870.36
223.06	32.70	-	255.76	1,180.85
40.50	4.72	-	45.22	255.46
4.04	0.01	-	4.05	0.26
3.53	-	-	3.53	0.19
4,444.37	461.69	6.03	4,900.03	4,246.56
146.58	6.17	-	152.76	38.06
164.56	7.81	-	172.38	21.89
13.84	0.33	-	14.17	2.93
101.61	15.42	-	117.03	99.43
0.28	0.01	-	0.28	0.04
47.21	6.62	-	53.83	4.52
23.76	1.62	-	25.38	1.93
<b>5,213.35</b>	<b>537.10</b>	<b>6.03</b>	<b>5,744.42</b>	<b>6,722.47</b>
-	-	-	-	1,511.98
-	-	-	-	<b>1,511.98</b>
98.35	1.92	-	100.27	11.15
98.35	1.92	-	<b>100.27</b>	11.15
<b>5,311.71</b>	<b>539.02</b>	<b>6.03</b>	<b>5,844.69</b>	<b>8,245.60</b>
<b>Total</b>				
121.85				
1,263.47				
<b>1,385.32</b>				
126.66				
126.66				
<b>1,511.98</b>				

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023** (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023
<b>NOTE NO 3</b>	
<b>OTHER FINANCIAL ASSET - NON CURRENT:</b>	
a) Rental Deposits	38.78
b) Security Deposits Recoverable (TSCPDCCL & Telephones)	43.24
<b>TOTAL</b>	<b>82.02</b>
<b>NOTE NO 4</b>	
<b>INVENTORIES:</b>	
As valued and Certified by the Management	
a) Raw Materials*	2,332.23
b) Finished Goods	966.79
c) Stores & Spares	214.53
d) Stock-in-Process	1,906.48
e) Jigs & Fixtures, Patterns and Tools & Implements	178.59
<b>TOTAL</b>	<b>5,598.62</b>
*Details of Raw materials	
Steels	500.69
Castings	597.78
Components	938.38
Imported Material	295.38
<b>TOTAL</b>	<b>2,332.23</b>
<b>Note No. 5</b>	
<b>TADE RECEIVABLES:</b>	
a. Trade receivables considered good- secured	0.00
b. Trade receivables considered good-Unsecured	3,037.15
c. Trade receivable which have significant increase in credit risk	-
d. Trade Receivable - credit impaired	51.18
<b>TOTAL</b>	<b>3,088.33</b>

**OUTSTANDING FOR THE FOLLOWING PERIODS FROM DUE DATE OF PAYMENT**

Period	Undisputed Trade receivable considered good	Undisputed trade receivables Credit impaired	Disputed trade receivables considered good	Disputed trade receivables Credit impaired	Total
<b>As on 31.03.2023</b>					
< 6months	2,672.05	-	-	-	2,672.05
6 months to 1 year	197.76	-	-	-	197.76
1 - 2 Years	44.93	-	-	-	44.93
2 - 3 Years	12.83	-	-	-	12.83
> 3 Years	63.97	51.18	-	45.61	160.76
<b>TOTAL</b>	<b>2,991.55</b>	<b>51.18</b>	<b>-</b>	<b>45.61</b>	<b>3,088.33</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023
<b>Note No. 6</b>	
<b>CASH AND CASH EQUIVALENTS:</b>	
a) Balances With Scheduled Bank Accounts: In Current Accounts	247.00
b) Cash on Hand	0.42
c) Fixed Deposits with maturity less than 3 months	15.65
<b>TOTAL</b>	<u>263.07</u>
<b>Note No. 7</b>	
<b>OTHER BANK BALANCES CURRENT:</b>	
a) Bank Deposits with maturity period less than 12 months	3,484.43
b) Balance with Banks against Dividends payments	240.29
c) Balance With Banks as fixed deposits, LC's and BG's	43.36
<b>TOTAL</b>	<u>3,768.08</u>
<b>Note No.8</b>	
<b>SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>	
Staff advances	12.06
<b>TOTAL</b>	<u>12.06</u>
<b>Note No.9</b>	
<b>OTHER FINANCIAL ASSETS - CURRENT:</b>	
a) Security deposits recoverable	79.10
b) Interest Receivables	52.32
<b>TOTAL</b>	<u>131.42</u>
<b>Note No.10</b>	
<b>OTHER CURRENT ASSETS:</b>	
a) Advance for Capital Purchase	269.13
b) Advance for purchase of Raw materials & Stores	197.51
c) Pre-paid Expenses	57.92
d) Claim Receivable (Vat)	194.06
e) G S T Receivable	161.87
f) Other Receivable	2.19
<b>TOTAL</b>	<u>882.68</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)**
**NOTE NO 11**

SHARE CAPITAL:	AS AT 31-03-2023		AS AT 31-03-2022	
	Numbers	Rs.	Numbers	Rs.

**A. AUTHORISED**

Equity Shares of Rs 10/- each	30.00	300.00	30.00	300.00
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**B. ISSUED, SUBSCRIBED AND PAID UP**

Equity Shares of Rs 10/- each fully paid up	22.50	225.00	22.50	225.00
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**C. Reconciliation of the shares out standing at the beginning and at the end of Year:**

Particulars	No of Equity Shares Rs 10/-each	No of Equity Shares Rs 10/-each
	As At 31-03-2023	As At 31-03-2022
Equity Share Capital		
Shares outstanding at the beginning of the Year	22.50	22.50
Shares issued during the Year	-	-
Shares redeemed/bought back during the Year	-	-
Shares outstanding at the end of the Year	22.50	22.50

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

Name of the Share Holder	As At		As At	
	31st March 2023		31st March 2022	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Equity Shares				
V Chukkamamba	5.97	26.54	5.97	26.54
V C Janardan Rao	3.10	13.77	3.10	13.77
Veljan Investments Ltd	2.44	10.84	2.44	10.84
Veljan Hydrair Limited	1.70	7.55	1.70	7.55

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023** (Figures in Rs Lakhs)

**E. Details of Shareholding of Promoters**
**Shares held by Promoters at the end of the year**

Promoter Name	AS AT 31-03-2023 No. of Shares	% of total shares	% Change during the year
V Chukkamamba	5.97	26.54	-
V C Janardan Rao	3.10	13.77	-
Veljan Investments Ltd	2.44	10.84	-
Veljan Hydrair Limited	1.70	7.55	-
Umadevi Uppaluri	1.11	4.93	-
Sarojinidevi Kilaru	1.00	4.44	-
Lalithadevi Sanjay Jayavarthanavelu	0.98	4.36	-
Gangadhar Srinivas Velamati	0.48	2.12	-
Suxus Systems Ltd	0.07	0.29	-
JDM Hydropneumatics Limited	0.03	0.15	-
<b>Total</b>	<b>16.87</b>	<b>74.99</b>	<b>-</b>

**Shares held by Promoters at the end of the year**

Promoter Name	AS AT 31-03-2022 No. of Shares	% of total shares	% Change during the year
V Chukkamamba	5.97	26.54	-
V C Janardan Rao	3.10	13.77	-
Veljan Investments Ltd	2.44	10.84	-
Veljan Hydrair Limited	1.70	7.55	-
Umadevi Uppaluri	1.11	4.93	-
Sarojinidevi Kilaru	1.00	4.44	-
Lalithadevi Sanjay Jayavarthanavelu	0.98	4.36	-
Gangadhar Srinivas Velamati	0.48	2.12	-
Suxus Systems Ltd	0.07	0.29	-
JDM Hydropneumatics Limited	0.03	0.15	-
<b>Total</b>	<b>16.87</b>	<b>74.99</b>	<b>-</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023** (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023
<b>NOTE NO 12</b>	
<b>OTHER EQUITY:</b>	
<b>a. Security Premium</b>	
At the beginning and at the end of the period	45.00
<b>Closing Balance</b>	<u>45.00</u>
<b>b. Capital Redemption Reserve</b>	
At the beginning and at the end of the period	3.00
<b>Closing Balance</b>	<u>3.00</u>
<b>c. Investment Allowance Reserved</b>	
At the beginning and at the end of the period	12.80
<b>Closing Balance</b>	<u>12.80</u>
<b>d. General Reserve</b>	
At the beginning of the period	16,154.72
Add: Current Year Transfer	1,433.61
<b>Closing Balance</b>	<u>17,588.33</u>
<b>e. Retained Earnings</b>	
At the beginning of the period	704.11
Add: For the period	1,666.25
	<u>2,370.36</u>
<b>TOTAL SURPLUS</b>	<u>2,370.36</u>
<b>Less: Appropriations:</b>	
Dividend on Equity Shares	292.50
Transfer to General Reserve	1,433.61
<b>At the end of the period</b>	<u>644.25</u>
	<u>18,293.38</u>
<b>TOTAL</b>	<u>18,293.38</u>
<b>NOTE NO 13</b>	
<b>SHORT TERM BORROWING - REPAYABLE ON DEMAND SECURED:</b>	
<b>1. Working Capital Loans :</b>	
a. Cash Credit From :	
1. Canara Bank	615.38
2. H D F C Bank Ltd	23.46
3. H S B C Bank Ltd	302.46
	<u>941.30</u>
<b>TOTAL</b>	<u>941.30</u>

Working Capital Loans from banks are Canara Bank, HDFC Bank and HSBC Bank. The Loans are repayable on demand, which are secured on pari pasu basis by hypothecation of Raw Materials, Work-in-Process, Finished Goods, Stores&spares and Book Debts and second charges on the fixed Assets of the Company. Further guaranteed by One Director of the Company in the Capacity to the extent of Rs. 2,000 Lakhs (excluding HSBC Bank).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)

Particulars	AS AT 31-03-2023
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**NOTE NO 14**

**TRADE PAYABLES:**

**Sundry creditors**

a. Total outstanding dues of Micro, Small and Medium Enterprises	5.26
b. Other than Micro, Small & Medium Enterprises	1,145.14
<b>TOTAL</b>	<b>1,150.40</b>

**Note No.14a Trade payable aging schedule**

Particulars	Unbilled dues	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
<b>As on 31.03.2023</b>						
i. MSME	-	5.26	-	-	-	5.26
ii. Others	-	1,131.62	2.10	5.33	6.09	1,145.14
iii. Disputed dues MSME	-	-	-	-	-	-
iv. Disputed dues others	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>1,136.88</b>	<b>2.10</b>	<b>5.33</b>	<b>6.09</b>	<b>1,150.40</b>

**NOTE NO 15**

**OTHER FINANCIAL LIABILITIES - CURRENT:**

a. Unclaimed Dividends	240.29
b. Creditors for Capital Purchases	40.44
c. Creditors - Expenses	716.32
<b>TOTAL</b>	<b>997.05</b>

**NOTE NO 16**

**OTHER CURRENT LIABILITIES:**

a. Advance from Customers	68.23
b. Statutory Liabilities	
i. Withholding Taxes	8.32
ii. GST	181.50
iii. Contribution to Provident Fund	3.27
iv. Other Statutory Dues	0.42
v. Other	158.24
<b>TOTAL</b>	<b>419.98</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023** (Figures in Rs Lakhs)

<b>Particulars</b>	<b>Year Ended 31-03-2023</b>
<b>NOTE NO 17</b>	
<b>REVENUE FROM OPERATIONS :</b>	
<b>Sale of Products</b>	
Pumps, Motors, Valves & Spares	12,019.05
Power Packs & Spares	-
Scrap Sales	38.69
<b>TOTAL</b>	<u><u>12,057.74</u></u>
<b>NOTE NO 18</b>	
<b>OTHER INCOME :</b>	
<b>A. INTEREST INCOME ON</b>	
a. Margin Money Deposits	192.32
b. Interest received	2.89
<b>B. OTHER NON - OPERATING INCOME</b>	
a. Miscellaneous receipts	-
b. Excess provision written back	11.35
c. Credit Balances written Back	-
<b>TOTAL</b>	<u><u>206.56</u></u>
<b>NOTE NO 19</b>	
<b>COST OF MATERIALS CONSUMED* :</b>	
Opening Stock	1,635.72
Add: Purchases	5,359.48
	6,995.20
Less Closing stock	2,332.23
<b>TOTAL</b>	<u><u>4,662.97</u></u>
<b>Imported and Indigeneous Raw material Consumed</b>	
Imported	301.42
% of Consumption	6.83
Indigeneous	4,361.55
% of Consumption	93.17
<b>TOTAL</b>	<u><u>4,662.97</u></u>
<b>*Details of Material Consumed</b>	
Steels Consumed	552.96
Castings Consumed	1,589.97
Components Consumed	2,218.62
Imported Material Consumed	301.42
<b>TOTAL</b>	<u><u>4,662.97</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)

Particulars	Year Ended 31-03-2023
<b>NOTE NO 20</b>	
<b>CHANGES IN INVENTORIES OF STOCK IN TRADE AND STOCK IN PROCESS:</b>	
<b>(Increase)/Decrease of Stocks</b>	
Stock in Trade at the beginning of the period	738.63
Stock-in-Process at the beginning of the period	<u>1,852.72</u>
<b>TOTAL</b>	<u><u>2,591.35</u></u>
Stock in Trade at the end of the period	966.79
Stock-in-Process at the end of the period	<u>1,906.47</u>
<b>TOTAL</b>	<u><u>2,873.26</u></u>
(Increase) / Decrease in Stocks	(281.91 )
<b>Note No.21</b>	
<b>EMPLOYEE BENEFITS EXPENSE</b>	
a. Salaries, Wages and Bonus	1,147.49
b. Contribution to Provident Fund	42.35
c. Workmen & Staff Welfare Expenses	47.73
d. Group Gratuity & Deposit Linked Insurance	36.36
e. Contribution to Employee State Insurance	<u>10.37</u>
<b>TOTAL</b>	<u><u>1,284.30</u></u>
<b>Note No.22</b>	
<b>FINANCE COST:</b>	
Interest on Term Loans & Others	53.08
Bank Charges	<u>25.28</u>
<b>TOTAL</b>	<u><u>78.36</u></u>
<b>Note No.23</b>	
<b>DEPRECIATION &amp; AMORTISATION EXPENSE:</b>	
a. Depreciation on Property, Plant & Equipment	537.10
b. Amortisation of Intangible Assets	<u>1.92</u>
<b>TOTAL</b>	<u><u>539.02</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

Particulars	Current Year 31-03-2023
<b>NOTE NO 24</b>	
<b>OTHER EXPENSES:</b>	
Job Expenses	1,937.61
Stores Consumed	589.68
Packing Material Consumed	185.64
Carriage Inward	35.84
Power and Fuel	230.05
Repairs & Maintenance	
Building	0.82
Plant and Machinery	82.87
Others	108.31
Tools & Dies written off	20.14
Rent	58.25
Licenses and Taxes	27.36
Insurance	35.30
Printing & Stationery	14.24
Postage & Telephones	9.34
Travelling & Conveyance	36.79
Foreign Travelling Expenses	21.79
Vehicle Maintenance	5.30
Professional & Legal Charges	40.13
Remuneration to Directors	88.46
Selling & Distribution Expenses	16.21
Advertisement	2.49
Remuneration to Auditors:	
For Audit Fees	4.50
For Tax Audit Fees	1.50
Sitting fee to Directors	5.20
Donations	1.12
C S R Expenses	80.81
General Expenses	139.18
Loss on Sale of fixed assets	0.77
R & D Expenditure	13.92
Bad Debts Written Off	26.90
Bad Advances Written off	0.42
<b>TOTAL</b>	<b><u>3,820.94</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023** (Figures in Rs Lakhs)
**NOTE NO 25****1. Reconciliation of Tax Expenses****INCOME TAX:**

<b>Particulars</b>	<b>Current Year 31-03-2023</b>
<b>Amount recognized in statement of</b>	
Profit and Loss account	
Current Tax	520.37
Mat Credit Entitlement	-
Deferred tax expenses (income)-	-
Relating to organization and reversal	-
of temporary differences	37.88
<b>Tax expenses for the year</b>	<b>558.25</b>
Reconcillation of effective tax rate	
Profit before tax -	2,160.63
Enacted tax in india - 25.62%	520.37
others	37.88
<b>Total</b>	<b>558.25</b>
<b>Effective tax rate</b>	<b>25.84</b>

**NOTE NO 26****2. DEFERRED TAX LIABILITIES (NET):**

<b>Particulars</b>	<b>AS AT 31-03-2023</b>
Property, Plant and Equipment	464.94
<b>Total</b>	<b>464.94</b>

## Movement in deferred tax liabilities

<b>Particulars</b>	<b>Property Plant &amp; Equipment</b>	<b>Other Items</b>
As at March 31, 2022	427.06	-
Charges / credited		
to Profit or loss (including OCI)	37.88	-
<b>As at March 31,2023</b>	<b>464.94</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)**
**NOTE NO 27****FAIR VALUE MEASUREMENT HIERARCHY:**

Valuation techniques with significant unobservable inputs:

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table provide the fair value measurement hierarchy of the company's assets and liabilities.

**Quantitative disclosures of fair value measurement hierarchy as at March 31, 2023**

Particulars	Fair Value hierarchy (level)	As at 31-03-2023
Financial Asset measured at amortized cost		
Loans to employees	3	12.06
Security Deposits	3	38.78

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)**Note No. 28****Financial Risk Management:**

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

**I. Market Risk**

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instruments. The value of a financial instrument may change as a result of changes in the interest rates. Foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sentive financial instruments including instruments and deposits, foreign currency receivables, payable and borrowings.

**Commodity Risk**

Commodity price risk arises due to fluctuation in raw material (fifer prices) linked to various external factors, which can affect the production cost of the Company. The Company actively manages inventory and un may cases sale prices are linked to major raw material prices. These risks are reviewed and managed by senior management on continuous basis.

**II. Credit Risk:**

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk its operating activities (primarily trade receivables) and from its financing/ investing activities including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

**III. Liquidity Risk**

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts based on expected cash flows.

**V. Technology Risk**

The Company operates in a highly technical field with constant innovation and continuous evolution in technologies used. The company mitigates this risk through regular contact with customers, regular reviews of new technological trends, continuous improvement and investment in its manufacturing practices, along with investments in research, design, and development.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023** (Figures in Rs Lakhs)

**NOTE NO 29  
FOREX TRANSACTIONS**

Particulars	Year ended 31-03-2023
a. Expenditure in Foreign Currency during the year on account of:	
Foreign travel	6.48
	<u>6.48</u>
b. Value of Imports calculated on CIF basis in respect of :	
Raw material & Components	279.49
Maintenance	8.88
Cutting Tools	27.45
Capital Goods	187.21
Investment	1,390.22
Other expenses	85.19
	<u>1,978.44</u>

**NOTE NO 30**
**CAPITAL MANAGEMENT:**

**The Company's objectives when managing capital are to**

1. Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and the benefits for other stakeholders
2. Maintain an optimal capital structure to reduce the cost of Capital Consistent with others in industry, the company monitors capital on the basis of the following gearing ratio:

**Debt/to equity ratio**

Particulars	As AT 31-03-2023
Debt	941.30
Equity	18,293.38
Debt to equity ratio	<u>0.05</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)

**NOTE NO 31**

**CORPORATE SOCIAL RESPONSIBILITY:**

As per section 135 of the Company Act 2013, a Company has to spend 2% of its average net profits of three immediate proceeding financial years as details below.

Particulars	Year Ended 31-03-2023
a) Amount required to be spent by the company during the year	33.53
b) Amount of expenditure on construction/acquisition of any asset	-
c) Amount of expenditure expenditure other than B above	33.53
d) Short fall at the end of the year	-
e) Total of previous year shortfall	-
f) Details of related party transaction	-
g) Amount spent during the year	<b>80.81</b>

**NOTE NO 32**

**CONTINGENT LIABILITIES:**

Particulars	As at 31-03-2023
<b>a. Contingent Liabilities not provided for on account of</b>	
1. Towards Guarantees and Letters of credit issued by bank to the extent of	<b>219.17</b>

**Note No. 33**

**Commitments**

**Capital Commitment**

**Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities as follows:**

Building, Plant and Equipment	<b>173.26</b>
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**NOTE NO 34**

Disclosure relating to Gratuity Liability as per Ind AS 15 "Employee Benefits (revised 2005) As per actuarial valuation as on 31-03-2023 given by LIC of India and recognized in to the financial statement in respect to employee Gratuity Benefit scheme.

**1. Changes in Present Value of obligations as on 31/03/2023**

Particulars	Year Ended 31-03-2023
Present Value of Obligations at the beginning of the year	<b>104.58</b>
Interest Cost	<b>7.98</b>
current Service Cost	<b>26.37</b>
Benefits paid	<b>(5.30)</b>
present Value of Obligation at the end of the year	<b>3.40</b>
Changes in the fair value of Plan Assets as on 31/03/2023	<b><u>137.03</u></b>
Particulars	Year Ended 31-03-2022
Fair Value of plan assets at the beginning of the year	<b>122.98</b>
Actual return on plan assets	<b>15.22</b>
Contributions	<b>25.98</b>
Benefits paid	<b>(5.30)</b>
Actuarial (gain)/loss on plan assets	<b>-</b>
fair value of plan assets as at the end of the Year	<b><u>158.88</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)

NOTE NO 35

EARNINGS PER EQUITY SHARE:

Particulars	Year Ended 31-03-2023
a. Total Comprehensive Income for the period	1,602.38
b. Weighted average number of equity shares of Rs10/- each	<u>22.50</u>
Earning per Equity Share (Basic and Diluted) (a) / (b)	<u><u>71.22</u></u>

NOTE NO 36

On 03 Aug 2022, the Company has acquired 100% equity shares of Adan Holdings Limited against consideration of Rs. 1390.22 Lakhs.

The valuation was performed by the Company with support from external advisors to consider the purchase price. The accounting treatment was considered in accordance with Ind AS 103 and lead to the recognition of Goodwill as described below. The following table summarises the allocation of purchase price consideration.

Particulars	Amount
Purchase Consideration	1,390.22
Less: Cash	206.61
<b>Total (A)</b>	<b>1,183.61</b>
<b>Assets acquired</b>	
Property,plant & Equipment	603.83
Inventories	320.52
Trade Receivables	225.86
Other Current Assets	12.09
<b>Total (B)</b>	<b>1,162.29</b>
<b>Liabilities Assumed</b>	
Trade Payables	61.83
Tax Liabilities	62.71
Other Current Liabilities	57.88
Deferred Tax Liabilities	90.76
<b>Total (C)</b>	<b>273.18</b>
<b>Goodwill on Acquisition</b>	<b>294.50</b>
Add: Foreign Currency Transaltion	11.78
<b>Goodwill as on 31 March 2023</b>	<b>306.28</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023 (Figures in Rs Lakhs)**Note No.37**

Title deeds of immovable properties:

The title deeds of all the immovable properties, as disclosed in note no.2 to the financial statements, are held in the name of the Company.

**Note No.38**

Valuation of Property Plant&Equipment, intangible asset:

The Company has not revalued its property, plant and equipment or intangible assets or both during the current year.

**Note No.39**

Loans or advances to specified persons:

No loans or advances in the nature of loans are granted to Promoters, Directors, Key Management Personnels and the related parties(as defined under Companies Act,1913) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

**Note No.40****Details of benami property held:**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note No.41****Borrowing secured against current assets:**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

**Note No.42****Wilful defaulter:**

The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

**Note No.43****Relatonship with struck off Companies:**

The Company has no transactions with the Companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956

**Note No.44**

Registration of charges or satisfacton wth Registrar of Companies (ROC):

The Company do not have any charges to be registered as at March31, 2023 with the Registrar of Companies (ROC). However, as per the records available on the ROC portal, the below charges which were created by the Company in earlier years for borrowings availed are still appearing as unsatisfied. The Company is in the process of obtaining no-dues certificates/ other relevant documents from the respective lenders for taking the required action.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2023** (Figures in Rs Lakhs)

Charge holder name	Amount	Charge holder name	Amount
The Industrial Credit and Investment Corporation of India Ltd	10.00	The industrial credit and investment corporation of India Ltd	10.00
Syndicate Bank	2.00	Syndicate Bank	2.00
The Industrial Credit and Investment Corporation of India Ltd	9.00	The Industrial Credit and Investment Corporation of India Ltd	37.50
Syndicate Bank	2.00	Syndicate Bank	24.00
Syndicate Bank	25.00	A.P. State financial Corporation	37.50
A.P. State financial Corporation	5.06	Andhra Bank	147.06
A.P. State financial Corporation	377.50	HDFC Bank Limited	1,290.00

**Note No.45****Compliance with number of layers of companies:**

The Company has complied with the number of layers prescribed under the Section 2 (87) of the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

**Note No.46****Compliance with approved scheme(s) of arrangements:**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**Note No.47****Utilisation of borrowed funds and share premium:**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note No.48****Undisclosed income:**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded previously in the books of account.

**Note No.49**

Details of crypto currency or virtual currency:

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**Note No.50****Utilisation of borrowings availed from banks and financial institutions:**

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)

**Note No.51**

Disclosure of Related party Transaction (As per Ind AS)

**(A) Key Management Personnel (KMP)**

- i. Sri V.C. Janardan Rao Chairman & Managing Director
- ii. Sri U. Sri Krishna Executive Director & Chief Executive Officer
- iii. Sri B. Narahari Company Secretary
- iv. Sri G. Subba Rao C F O

**(B) Non - Executive Directors**

- i. Sri B.S. Srinivasan Independant and Non-Executive Director
- ii. Smt. U. Uma Devi Promoter and Non-Executive Director
- iii. Sri G. Narayana Rao Independant and Non-Executive Director
- iv. Sri A. Suresh Independant and Non-Executive Director

**© Subsidiaries**

- i. Adan Holding Limited Subsidiary Company
- ii. Adan Limited Step down Subsidiary

**(D) Entities in which the key management and their relations are interested**

- 1. M/s. Veljan Hydrair Ltd
- 2. M/s. Veljan Investments Ltd
- 3. M/s. Suxus Systems Ltd
- 4. M/s. JDM Hydro Pnuematics Ltd
- 5. M/s. Ecmat Limited
- 6. M/s. Adan Holdings Limited
- 7. M/s. Adan Limited

**A. Transactions during the Year**

Particulars	Key Management Personnel		Directors		Enterprises in Which the Key Management personnel and their relatives are interested Year Ended 31-03-2023
	Current Year 31-03-2023	Previous Year 31-03-2022	Current Year 31-03-2023	Previous Year 31-03-2022	
Remuneration	24.42	39.84	0.00	0.00	-
Commission	42.69	48.82	21.35	24.41	-
<b>SALES:</b>					
Veljan Hydrair Limited					5,047.44
<b>PURCHASES:</b>					
Veljan Hydrair Limited					92.10
Suxus Systems Limited					1,745.13
Adan Limited					0.31
<b>RENT:</b>					
Veljan Investments Limited					60.83
<b>JOB EXPENSES:</b>					
Ecmat Limited					2,021.49
<b>SALES</b>					
Ecmat Limited					0.89
Adan Limited U K					15.20
Suxus Systems Limited					1.04
<b>B. Balance as at 31.03.2023</b>					
Payables	44.18	51.26	21.35	24.41	601.95
Receivable					1,115.32

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH , 2023 (Figures in Rs Lakhs)**

**NOTE NO 52**

**DUE TO MICRO, SMALL & MEDIUM ENTERPRISES:**

The Micro, Small and Medium Enterprises have been identified on the basis of the information available with the company. This has been relied upon by the auditors. Due to such parties are given below.

<b>Particulars</b>	<b>As at 31-03-2023</b>	<b>As at 31-03-2022</b>
a) The principal amount remaining unpaid as at the end of the year	5.26	61.09
b) The amount of interest accrued & remaining unpaid at the end of the year	-	-
c) Amount of interest paid by the company in term of section 16,of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006	-	-
e) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act, 2016)	-	-

**NOTE NO 54**

**Subsequent Events**

The Board of Directors in their meeting held on 30th May 2023 have proposed a final dividend of Rs. 13/- per equity share for the year ended 31 March 2023 which is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately Rs.292.50 Lakhs.

**As per our report of even date  
for BRAHMAYYA & CO**

Chartered Accountants  
Firm Regn. No. 000513S

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

Place: Hyderabad  
Date : 30-05-2023

**For and on behalf of Board of Directors**

**V. C. Janardan Rao**  
CMD  
DIN:000181609

**B Narahari**  
Company Secretary

**U. Sri Krishna**  
ED & CEO  
DIN:008880274

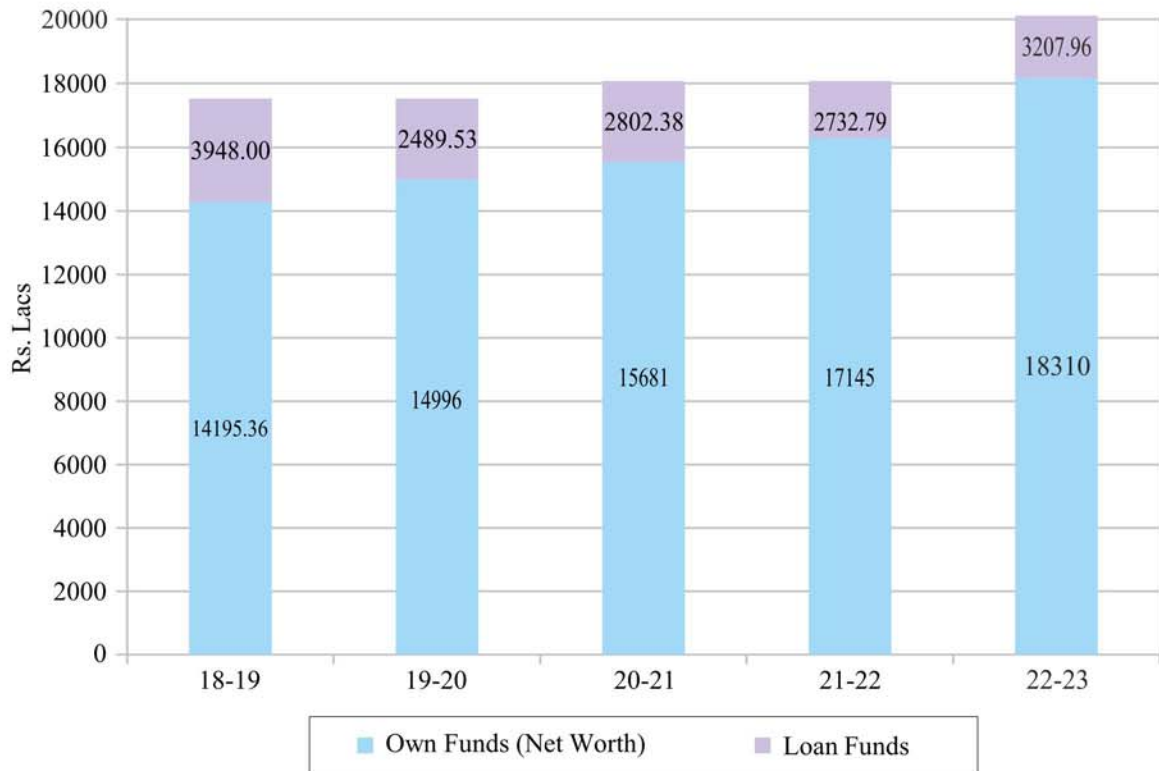
**G. Subba Rao**  
C F O



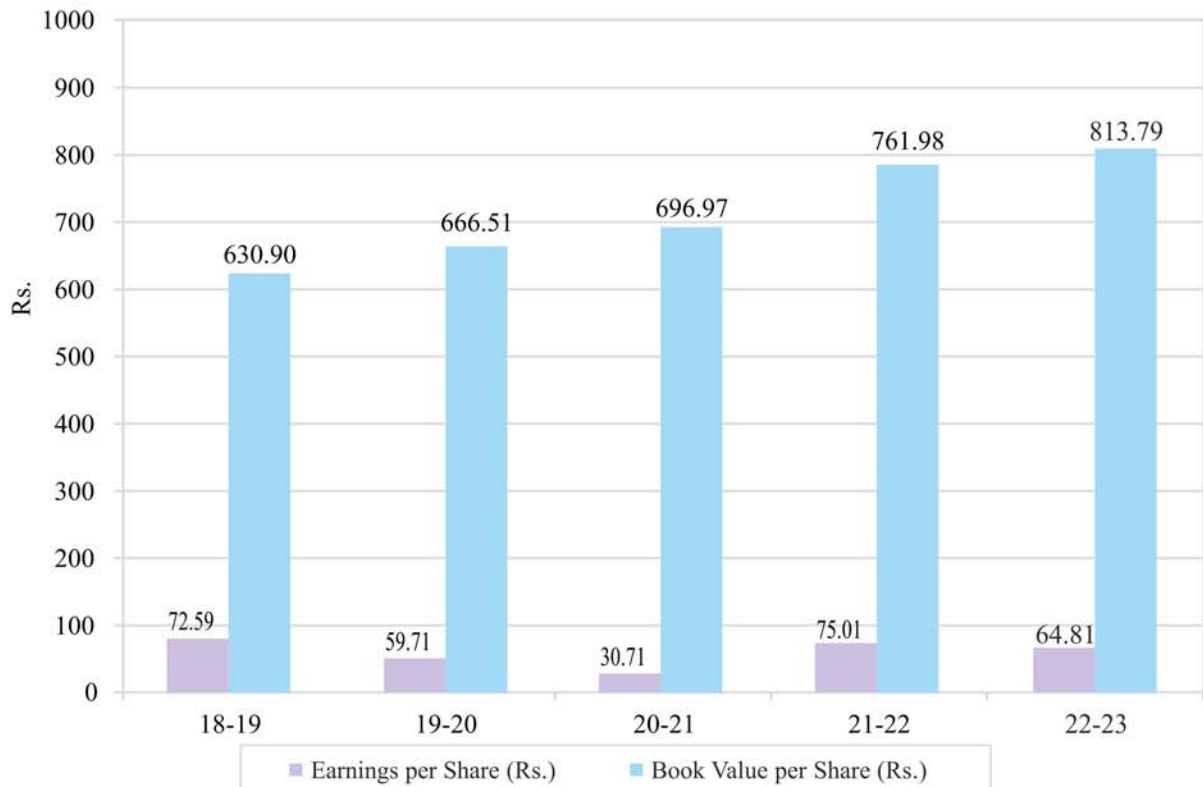


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## CAPITAL EMPLOYED



## EARNINGS PER SHARE & BOOK VALUE



A bright sun is rising in the center of a clear blue sky, casting a soft glow. Below the horizon, a white grid pattern extends across the bottom of the page, suggesting a floor or a technical drawing.

## **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.