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

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

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

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

2. BOARD OF DIRECTORS COMPOSITION:

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

The size and composition of the Board confirms to the requirements of the Corporate Governance code under the Listing Agreement entered with the Stock Exchanges. Board Comprises of

Sl. No.	Name of the Director	Designation
1.	Shri V.C.Janardan Rao	Chairman
2.	Shri Srinivas VG	Managing Director
3.	Shri G.K.Kabra	Director
4.	Shri M.L.Motwani	Director
5.	Shri V.Pattabhi	Director
6.	Shri B.S.Srinivasan	Director
7.	Smt.U.Uma Devi	Additional Director (w.e.f 30/07/2014)

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 Whole time Director. The agenda and notes thereon are finalised by the Whole time Director and circulated sufficiently in advance by the Company Secretary.

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

The board duly met 07 (Seven) times during the period from April '2013 to Mar'2014, the dates are 02.05.2013; 25.05.2013; 05.08.2013; 30.08.2013; 30.09.2013; 04.11.2013 and 31.01.2014 and the attendance of the Board of Directors are as follows:

ATTENDANCE OF DIRECTORS IN THE BOARD AND ANNUAL GENERAL MEETING:

Sl. No.	Name of the Director	Board meetings attended during the year	Designation	Category	Attended at the last Annual General Meeting	Number of the other director ship	No. of Board Committees of which Member / Chairman
1.	Shri V.C. Janardan Rao	7	Chairman	Promoter	Yes	2	1
2.	Shri Srinivas VG	1	M.D.	Promoter	No	-	1
3.	Shri B.S.Srinivasan	2	Director	Independent And Non Executive Directors	No	2	3
4.	Shri G.K. Kabra	7	Director		Yes	2	1
5.	Shri M.L. Motwani	6	Director		Yes	-	3
6.	Shri V. Pattabhi	7	Director		Yes	5	2

Whistle blower policy

At the Board Meeting held on 30th July 2014, 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 web-site. 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, 2014. A declaration to this effect, duly signed by the Managing Director is given hereto.

Declaration

I, Srinivas VG Managing Director do hereby declare that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

Srinivas VG

Managing Director

Place: Hyderabad

Date: 01-09-2014

3. AUDIT COMMITTEE:

1. Terms of Reference:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
 - b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on exercise of 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) 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.
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3.AUDIT COMMITTEE:**Composition :**

The Audit Committee Comprises of following Directors:

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

Shri B.S. Srinivasan has been appointed as Member of Audit Committee in the Board Meeting held on 31st January 2014.

The Audit committee duly met 04 (Four) times during the financial year on 02.05.2013, 05.08.2013, 04.11.2013, and 30.01.2014 and the attendance of the Members in the Meeting is as follows:

Attendance of Audit Committee Members at their Meetings:

SI. No.	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Shri Srinivas VG	4	1
2.	Shri V. Pattabhi	4	4
3.	Sri. M. L. Motwani	4	3

4. REMUNERATION COMMITTEE:

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

Composition of Remuneration Committee

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

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

The details of Salary and other benefits paid for the year ended 31.03.2014 to the Managing Director is as follows:

Rs. in Lakhs

Name of the Director and Designation	Salary Basic	Other Allowances	Total Remuneration
Sri. Srinivas VG Managing Director	Rs. 17.45	Rs. 39.75	Rs. 57.20

The Company has paid sitting fees to all Directors amounting to Rs.8,80,000 /- for Board Meetings, Committee Meetings and Review Meetings. The details of aggregate amount of sitting Fees paid to each non-executive & Independent Director during the financial year April 2013 to March 2014 is as follows:

Name of the Director	Sitting Fees
Sri V C Janardan Rao	Rs. 2,00,000/-
Sri. G.K. Kabra	Rs. 1,80,000/-
Sri. V. Pattabhi	Rs. 2,80,000/-
Sri. M.L. Motwani	Rs. 1,80,000/-
Sri.B.S.Srinivasan	Rs. 40,000/-

At the Board Meeting held on 30th May 2014, the board renamed the Committee as Nomination and Remuneration Committee with same members in terms of Section 178 of the Companies Act 2013 and Clause 49 of the Listing Agreement of BSE.

5. INVESTORS GRIEVANCE COMMITTEE:

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

Terms of reference :

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

The functions of the committee include :

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

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

Name and designation of the Compliance officer:

Mrs. K. Girija Bala (Company Secretary)

At the Board Meeting held on 30th May 2014, the board renamed the Committee as Stakeholders Relationship Committee with same members in terms of Section 178 of the Companies Act 2013 and Clause 49 of the Listing Agreement of BSE.

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
2013	30.09.2013	11.00 A.M.	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2012	29.09.2012	11.00 A.M.	Plot no. A 18 & 19, A.P.I.E, Balanagar, Hyderabad - 500037
2011	29.08.2011	11.00 A.M.	Plot No A 18 & 19, A.P.I.E, Balanagar, Hyderabad-500037

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

7. COMPLIANCE OF INSIDER TRADING NORMS:

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

8. DISCLOSURES:

a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. There are no materially significant transactions made by the Company with its promoters, directors or the management their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large.

b) The Company has granted one unsecured loan to a party covered in the register maintained under Section 301 of Companies Act, 1956 and the maximum amount involved during the year was Rs. 18 Crores.

- c) The rate of interest and other terms and conditions of unsecured loans given by the Company are not prima facie prejudicial to the interest of the Company.
- d) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: NONE

9. MEANS OF COMMUNICATION:

The Quarterly results are published in the newspapers like Praja Shakti, Financial Express and Annual Reports are sent to all the Shareholders yearly.

10. GENERAL SHAREHOLDER INFORMATION:

- a) The 40th Annual General Meeting of the Company will be held on 30th September, 2014 at 11.30 A.M. at A 18 & 19 APIE, Balanagar, Hyderabad.A.P.
 - b) The Financial Year of the Company is from 1st April, 2013 to 31st March, 2014 this year.
 - c) Date of Book Closure: 27th September 2014 to 30th September, 2014 (both days inclusive)
 - d) The Board of Directors in its Meeting held on 30-05-2014 have recommended dividend of 75% for the year ended 31st March, 2014 to those members whose names appear in the Register of Members as on 26-09-2014.
 - e) The Shares of the Company are listed at The Bombay Stock Exchange Limited.
 - f) The listing fees for the financial years 2012-13 and 2013-14 has been paid to the respective stock exchange.
 - g) Stock code: 505232
 - h) ISIN for the Company's Equity Shares: INE 232E01013
 - i) Depositories for Equity Shares: National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL)
 - j) Monthly high and Low Stock quotations during the Financial year are as follows:
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The Stock Exchange, Mumbai

Month (Rs.)	High (Rs.)	Low (Rs.)
Apr-13	276.00	240.00
May-13	272.00	235.00
Jun-13	240.20	201.00
Jul-13	230.00	201.00
Aug-13	229.90	204.30
Sep-13	245.00	206.00
Oct-13	276.50	216.80
Nov-13	238.35	205.00
Dec-13	249.90	205.10
Jan-14	261.95	225.00
Feb-14	233.10	200.00
Mar-14	253.05	214.00

(Source : The Stock Exchange, Bombay - Website)

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

11. Share Transfer System :

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

12. Distribution of shareholding : As on 31st March, 2014

Nominal Value	Holders		Amount	
	Number	% to Total	In Rs	% to Total
Upto - 5000	1900	94.67	1468910	6.53
5001 - 10000	51	2.54	351820	1.56
10001 - 20000	23	1.15	322520	1.43
20001 - 30000	6	0.30	155500	0.69
30001 - 40000	2	0.10	67560	0.30
40001 - 50000	3	0.15	145000	0.64
50001 - 100000	8	0.40	592500	2.63
100001 and above	14	0.70	19396190	86.21
TOTAL	2007	100.00	22500000	100.00

13. Shareholding pattern : As on 31st March, 2014

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

14. Dematerialisation of shares and liquidity :

ISIN (Code No.) : INE232E01013

18,79,756 shares of the Company are being held in Demat form as on 31st March, 2014.

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

CEO/CFO CERTIFICATION

Under Clause 49 of the Listing Agreement with the Stock exchanges

In relation to the Audited financial accounts of the Company as at 31 March, 2014, we hereby certify that:

- (a) 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.
- (b) 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 violate of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

For Veljan Denison Limited

Date : 01-09-2014
Place : Hyderabad

Srinivas VG
Managing Director

Dheeraj Kumar
Chief Finance Office

**Certificate of Compliance with the conditions of Corporate Governance
under Clause 49 of the Listing Agreement**

To
The members of
Veljan Denison Limited

1. We have examined the compliance of conditions of Corporate Governance by Veljan Denison Limited (the Company) the year ended March 31, 2014 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place: Hyderabad
Date : 01-09-2014

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