

# VENLON ENTERPRISES LIMITED, Mysore

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Thirty Fourth Annual General Meeting** of the Members of VENLON ENTERPRISES LIMITED will be held on **Friday, 28th September 2018** at **4.30 p.m.** at **Hotel Dasaprakash Paradise, Yadavagiri, Mysuru-570 020** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2018, audited cash flow statement as on that date and audited Statement of Profit and Loss for the year ended as on that date and reports of the Board of Directors, Corporate Governance, Auditors and Secretarial audit report thereon.
2. To appoint a Director in the place of Shri. Chand .D.Datwani (DIN: 00355181), who retires by rotation and being eligible offers himself for re-appointment as a Director.

### SPECIAL BUSINESS:

3. 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 section 180 of the Companies Act, 2013 read with other applicable provisions, if any, under the Act or SEBI (LODR) Regulations 2015, the consent of the members of the Company, be and is hereby accorded to the Board of Directors of the company to sell, lease or mortgage the whole of the undertakings or substantially the whole of it, provided that such sale, lease or mortgage shall not be detrimental to the interests of the Company.

RESOLVED FURTHER THAT the Board shall obtain prior approval of Company's bankers".

**By Order of the Board**

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**C. D. Datwani  
Chairman**

**Registered Office:**

Plot No: 26(P)

Belavadi Industrial area, Hunsur Road,

Mysuru -570018

CIN: L24231KA1983PLC015089

## **NOTES:**

1. **A member entitled to attend and vote in the above meeting is entitled to appoint one or more proxies to attend and vote instead of him and such proxy need not be a member of the Company.** Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Pursuant to section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to offer the facility for e-voting for all the businesses mentioned in the notice. The members can exercise their right to vote through electronic means. The facility of casting the votes by members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') shall be provided by Central Depository Services (India) Limited (CDSL). The instruction for e-voting is annexed to the notice.
3. The Register of members and the Share Transfer Books in respect of the equity shares of the company will remain closed from **22<sup>nd</sup> September 2018** to **28<sup>th</sup> September 2018** (both days inclusive).
4. Members are requested to notify change in address, if any, immediately to M/s Computech Sharecap Ltd., Registrars and Share Transfer Agents situated at 147, 3rd Floor, M.G.Road, Fort, Mumbai - 400 001, quoting folio number / demat particulars.
5. Members holding shares in physical form are requested to dematerialise them pursuant to Gazette notification by SEBI, dated June 8, 2018
6. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 10 a.m. and 1.00 p.m. on all working days up to the day of the Annual General Meeting including signed original of this Report.
7. Members/Proxies should bring the Annual report. The attendance is provided at the entrance of the hall.
8. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of **21<sup>st</sup> September 2018**.
9. Any person who acquires the shares and becomes a member of the Company after the despatch of the notice of the AGM and holds shares as on the cut-off date, may obtain the login id and password by sending request to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
10. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
11. The facility for voting through polling paper shall be made available at the meeting and the members attending the meeting who have not already casted their votes by remote e-voting, shall be able to exercise their right at the meeting.
12. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

13. The results declared along with the Scrutinizer's Report shall be displayed on the Notice Board of the Company at the registered office and shall also be placed on the Company's website [www.venlonenterprises.com](http://www.venlonenterprises.com) and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange.
14. As per the Companies (Amendment) Act, 2017, the requirement for ratification of the statutory auditors has been deleted. Hence, no resolution for ratification of auditors has been proposed in this notice.

**By Order of the Board**

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**C. D. Datwani  
Chairman**

**Registered Office:**

Plot No: 26(P)

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**Item No.3:**

Due to change in market trends the demand of PET chips, polyester/materialized polyester film has substantially declined. The manpower in that segment which has gradually reduced due to resignations, retirement voluntary or otherwise is now deployed at Formaldehyde segment. The proposal, therefore, will not affect employment position. The other substantial undertaking includes wind mill, where there is no staffing or employment.

As required under the Companies Act, 2013, the consent of the shareholders is sought due to negative net worth.

None of the Directors or KMP or their relatives is interested or concerned, financially or otherwise, in the said resolution.

**By Order of the Board**

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**C. D. Datwani  
Chairman**

**Registered Office:**

Plot No: 26(P)

Belavadi Industrial area, Hunsur Road,

Mysuru -570018.

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

- (i) The voting period begins on **24<sup>th</sup> September 2018** at 10.00 a.m. and ends on **26<sup>th</sup> September 2018** at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21<sup>st</sup> September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Additional Information:** The name of the scrutinizer is S.J. Madhwaraj, B.Com., LL.B. as approved at the Board meeting on 31<sup>st</sup> July 2018.

## BOARD'S REPORT

Dear Members,

Your Directors hereby present the 34<sup>th</sup> Annual Report on the business and operations of the Company and financial results for the year ended 31<sup>st</sup> March 2018.

(in Lakh Rupees)

FINANCIAL RESULTS		As at 31st March 2018	As at 31st March 2017
<b>01</b>	<b>REVENUE FROM OPERATIONS</b>	3,534.46	4,076.52
	Less : Excise Duty	(84.18)	(323.96)
	Net Revenue from Operations	3450.28	3752.56
<b>02</b>	<b>OTHER INCOME</b>	33.74	112.83
<b>03</b>	<b>TOTAL REVENUE [ 1 + 2 ]</b>	<b>3484.02</b>	<b>3865.39</b>
<b>04</b>	<b>EXPENSES</b>		
	Cost of Material Consumed	2,343.67	2,564.63
	Purchases of Stock in Trade	70.17	72.53
	Changes in Inventories of Finished Goods, WIP & Stock in Trade	(71.12)	(221.21)
	Employee Benefit Expenses	465.96	604.36
	Finance Cost	438.11	530.66
	Depreciation and Amortization Expenses	488.86	678.25
	Other Expenses	519.08	754.39
	<b>Total Expenses</b>	<b>4254.73</b>	<b>4983.61</b>
<b>05</b>	<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX [3-4]</b>	(770.71)	(1118.23)
<b>06</b>	<b>EXCEPTIONAL ITEMS</b>	1.25	0.01
<b>07</b>	<b>PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX [5-6]</b>	(769.46)	(1118.22)
<b>08</b>	<b>EXTRAORDINARY ITEMS</b>	(410.65)	-
<b>09</b>	<b>PROFIT / (LOSS) BEFORE TAX [ 7 - 8 ]</b>	(1180.11)	(1118.22)
<b>10</b>	<b>TAX EXPENSES: Current Tax</b>	-	-
	Deferred Tax: Asset/(Liability)	-	-
<b>11</b>	<b>PROFIT / [ LOSS] FOR THE PERIOD FROM CONTINUING OPERATIONS [9-10]</b>	(1180.11)	(1118.22)
<b>12</b>	<b>PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS</b>	-	-
<b>13</b>	<b>TAX EXPENSES OF DISCONTINUING OPERATIONS</b>	-	-
<b>14</b>	<b>PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS [AFTER TAX] [12-13]</b>	-	-
<b>15</b>	<b>PROFIT / [LOSS] FOR THE PERIOD [11+14]</b>	(1180.11)	(1118.22)
<b>16</b>	<b>EARNING PER EQUITY SHARE ( Basic and Diluted)</b>	(2.26)	(2.14)

Note: Figures in bracket indicate loss. Previous year's figures have been regrouped / reclassified wherever necessary.

### RESERVES AND DIVIDEND:

During the year, no amount has been transferred to reserves since the Company has incurred losses.

The Directors have not recommended any dividend for the year, due to erosion of capital and reserves.

### PROFITABILITY:

Due to adverse market condition in Film segment (main line of activity) the Company did not venture its marketing in that segment and on the contrary relied upon para and formaldehyde products which marginally contributed towards partial recovery of fixed costs. Depreciation is the major contributor for the loss.

**FINANCE AND TAXATION:**

Existing working capital limit with Corporation Bank is operative during the current year. The working capital limits sanctioned by the aforesaid bank is adequate.

**INSURANCE:**

The Company has adequately insured all its movable and immovable assets.

**FIXED DEPOSITS:**

During the year, the Company has not accepted any Fixed Deposits from the Public.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTFLOW:**

The relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in the **Annexure 'A'** forming part of this report.

**INDUSTRIAL RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Your Directors are pleased to record the appreciation and sense of commitment shown by our employees at all levels and acknowledges their contribution towards sustained progress of the Company. The relations between Management and Employees are good.

The Company does not fall under the threshold limit for mandatory CSR activities.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

In terms of the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the required details are provided in the **Annexure 'B'**.

Your Directors further state that during the year under review, there were no cases filed under the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**DIRECTORS:**

The Board consists of five directors of whom three are independent directors. During the year, the Board of Directors met **5 times**.

During the year Shri. Chand Datwani retires by rotation and has offered himself for reappointment.

The Independent Directors have given a declaration that they fulfil the criteria of independence as specified u/s 149 (6) of the Companies Act, 2013 and Listing Regulations notified by the SEBI.

The Company's policy on appointment of Directors and their remuneration:

The Managing Director, Whole time Director and CFO are promoters. For the position of other non-executive independent director, experienced and reputed persons are selected from plastic industries manufacturers' association or professionals like advocates.

The remuneration for the executive directors has been in line with Schedule V of the Companies Act, 2013. The non-executive directors have waived their sitting fees and nothing is paid to them, except Mr. S.Bhyrappa.

**LISTING WITH STOCK EXCHANGES:**

The Company continues to be listed on BSE Limited, Mumbai and the Company has been regular in paying requisite fees.



**COMPANY SECRETARY:**

The Company's net worth is completely eroded and is now in negative. Hence, the Company has not been able to evince interest among the candidates for Company Secretary position. Also, the Company is not in a position to appoint a whole time Company Secretary at the current trend of remuneration payable to that position. However, the duties are being discharged by a Secretarial assistant under the guidance and advice of Shri. G.D.Rama Rao FCA, Acs a professional in practice of Chartered Accountancy, assisting the company ever since its public issue in 1986-87. With his able guidance the company is free from investors' complaints and is in compliance with all regulatory frameworks. He is a permanent invitee for all Committees and Board Meetings in an advisory capacity.

As required under section 204 of the Companies Act, 2013 read with the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit report from a Practising Company Secretary has been obtained and the same is annexed to this report as **Annexure E**. The Secretarial Audit report does not contain any adverse remark, qualification or reservation.

**AUDITORS AND FRAUD REPORTING BY THEM:**

CA. Puneeth B.S. was appointed as the Statutory auditor of the Company at the previous AGM. He continues to hold the office for a period of 5 years. The ratification of his appointment is not required as per the amended procedure.

The Auditors have not reported any instances of fraud in the Company and it is unmodified return.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**CERTIFICATE OF STATUTORY AUDITORS AS REGARDS COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:**

The Certificate of the Auditors of the Company in regard to this matter forms part of this Annual Report.

The ISIN number of the scrip is: INE204D01022

**EXTRACT OF ANNUAL RETURN:**

Pursuant to section 92(3) of Companies Act, 2013 read with rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT-9 has been provided in **Annexure C**.

**RELATED PARTY TRANSACTIONS:**

The transactions with related parties have been provided in the Form AOC-2 as **Annexure D**.

**FORMAL ANNUAL EVALUATION OF THE BOARD IN LISTED COMPANY:**

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and individual directors, which includes the criteria for performance evaluation of Executive and non-executive directors.

**MANAGEMENT DISCUSSION & ANALYSIS**

**A) Industry structure and development:**

As reported last year the polyester film industry is well developed in the country. Despite the fact that the Company is a small player, the built in structure is stable and steady. The market conditions for the product is adverse. Shareholders kind attention is invited to "Profitability" para in Board's Report.

**B) Outlook for the Company:**

With the current economic and market situation being unstable, the Company is targeting stabilization and upon improvement of global energy equation further suitable path shall be carved out.

**C) Segment-wise or product wise performance:**

The Company has the following major segments:

- Film
- Formaldehyde and Para Formaldehyde
- Wind Mill

Performance Results are indicated in Audited Notes on Accounts

**D) Risks and concerns:**

Film segment is almost non-operational. Hence, resolution under section 180 of the Companies Act 2013 is proposed. Formaldehyde segment is steady.

**E) Internal Control systems and their adequacy:**

The external auditors have separately provided their opinion on the internal controls over financial reporting which is given as an Annexure to their Audit report. In their opinion, the Company has adequate internal control system over financial reporting and such internal controls over financial reporting were operating effectively.

**F) Discussion on financial performance with respect to operation performance:**

During the year, the Company has incurred cash loss which for the current year is Rs.281.85 lakhs. Financial and operational performances have been disclosed in Board's report.

**G) Material developments in Human Resources/ Industrial Relations front, including number of people employed:**

The Company continues to give thrust for human resource development, team building and skill development.

A full-fledged personnel department is functioning under Executive Director. There is a weekly managers' meet to co-ordinate the activity.

**Number of employees:** 62 permanent. Due to unsteady market conditions, no fresh recruitments are made.

**Cautionary Statement**

*Statements in this "Management Discussion and Analysis" contain forward looking statements which may be identified by the use of words in that directions or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements.*

*These are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements, on the basis of any subsequent development, information or events.*

**ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere appreciation of the facility rendered by the Corporation Bank. Your Directors wish to place on record the valued support and cooperation of Shareholders, Customers and Suppliers of the Company.

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

**Place: Mysuru**

**Date: 31<sup>st</sup> July 2018**

**CHAND.D. DATWANI**  
**Chairman**

## **Annexure 'A' to Directors Report**

Disclosure of particulars as per section 134 of the Companies Act read with Rule 8(3) of Companies (Accounts) Rules, 2014

### **Conservation of Energy:**

The steps taken by the Company for utilizing alternate sources of energy: After exhausting various avenues, the management has found direct KEB power supply from nearest grid bypassing rural areas, which is both cost and quality effective.

The capital investment on energy conservation equipment: Rs.0.74 lakhs (Previous year: Rs.44.83 lakhs.)

**R&D: Nil**

**Technology Absorption: Nil**

### **Foreign Exchange earnings and outgo:**

Foreign exchange earnings: Rs.67.48 lakhs (Previous year Rs.86.45 lakhs)

Foreign exchange outgo: Rs. Nil (Previous year Rs.3.08 lakhs)

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

**Place: Mysuru**

**Date: 31<sup>st</sup> July 2018**

**CHAND.D. DATWANI  
Chairman**

## Annexure 'B' to Directors' Report

### **Information to be provided under section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The shareholders are requested to kindly go through the following factual preamble from which it can be noticed that whole of the affairs of the company is managed by the Managerial personnel themselves and in compliance related matters through external professional.

#### **Factual preamble:**

The Managing Director Shri.C.D.Datwani and Whole time Director (WTD) & CFO of Smt. Saroj Datwani between themselves, under the control and superintendence of the Board of Directors of the Company manage the whole of the activities of the company. SEBI, Corporate Laws, FEMA 1999, Taxation is handled by a senior external professional as discussed in Director's Report.

(i) the ratio of the remuneration of Whole Time Director, to the median remuneration of the employees of the company for the financial year;	Remuneration is as per section 196 of the Companies Act, 2013 read with Schedule V. Please refer the factual preamble.
(ii) the percentage increase in the median remuneration of employees in the financial year;	As per Standing Orders of the Company, as approved by the Labour Department of Government of Karnataka
(iii) the number of permanent employees on the rolls of company as on 31 <sup>st</sup> March 2018;	62
(iv) 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;	Please refer (i) and (ii) above. Managerial Remuneration is as per item (i) above. Please also see factual preamble.
(v) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per Central and State Government policies as adopted in Standing Orders by the Company as agreed to between Management and employees and workers in respect of them.

Further as required under rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: we provide the list of the top ten employees of the Company:

Sl. No.	Name	Remuneration (per month)in Rs.	Designation	Qualification and experience	Date of commencement of employment	Age	Last employment
1	C.D. Datwani	2,00,000/-	Chairman and Managing Director	B.Com 30 years	13.11.1986	66	Nil
2	Saroj Datwani	2,00,000/-	Whole time Director and CFO	M.A. 21 years	27.11.1995	65	Nil
3	Chaudhari D.S	84,424/-	Technical Chief Consultant	D.M.E 42 years	14.10.1986	63	12 years
4	Upasani J P	68,278/-	General Manager	D.M.E 35 years	09.10.1986	57	5 years
5	Lakshminarayana Rao K	44,507/-	HRD Chief Consultant	LLB., MBA 36 years	15.04.1999	66	19 years
6	Shaji Thomas	43,495/-	Engineer	SSLC	01.07.1987	53	Nil
7	Vasudev H R	44,886/-	Deputy Manager Marketing	BE MEch	17.08.1988	56	Nil
8	Radhakrishna N S	38,000/-	Materials Management Consultant	B.E. 37 years	10.06.1987	63	8 years
9	Shiva kumarkapil	34,561/-	Engineer	B.Sc 23 years	20.03.1995	49	Nil
10	Mahesh	31837/-	Engineer	Diploma 26 years	23.12.1991	49	Nil

Notes:

1. The nature of employment of all employees is contractual and indicates last drawn remuneration.
2. Percentage of shares held by C.D.Datwani and Saroj Datwani is 0.42 and 0.69 respectively.
3. Mr. C.D.Datwani and Ms. Saroj Datwani, are related to each other. None of the other employees are related to any Director or Manager.

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

**Place: Mysore**

**Date: 31<sup>st</sup> July 2018**

**CHAND.D. DATWANI  
Chairman**

**ANNEXURE-C**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on Financial year ended on 31.03.2018

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Company (Management and Administration) Rules, 2014

**I REGISTRATION AND OTHER DETAILS:**

<b>CIN</b>	<b>L24231KA1983PLC015089</b>
Registration Date	24-10-1983
Name of the Company	VENLON ENTERPRISES LIMITED
Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
Address of the Registered office and contact details	26-P, Belavadi Indl. Area, Hunsur Road, Mysuru-570018
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Computech Sharecap Limited, 147, 3rd Floor, M.G. Road, Fort, Mumbai – 400 001

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name & Description of main products / services	NIC Code of the product / service	% to the total turnover of the company
1	Film	2029	0
2	Formaldehyde and Para Formaldehyde	2029	100

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATED COMPANIES**

Sl. No	Name & Address of the company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1			Nil		

#### IV SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	DEMAT	Physical	Total	% of Total shares	DEMAT	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
(1) Indian	11,09,520	-	11,09,520	2.12	11,09,520	-	11,09,520	2.12	-
a) Individual\ HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/ FI									
e) Any other									
<b>SUBTOTAL(A)(1)</b>	<b>11,09,520</b>	<b>-</b>	<b>11,09,520</b>	<b>2.12</b>	<b>11,09,520</b>	<b>-</b>	<b>11,09,520</b>	<b>2.12</b>	
<b>(2) Foreign</b>									
a) NRI Individuals	3,04,32,390	-	3,04,32,390	58.25	3,04,32,390	-	3,04,32,390	58.25	
b) Other Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any other...									
<b>SUBTOTAL (A)(2)</b>	<b>3,04,32,390</b>	<b>-</b>	<b>3,04,32,390</b>	<b>58.25</b>	<b>3,04,32,390</b>	<b>-</b>	<b>3,04,32,390</b>	<b>58.25</b>	
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>3,15,41,910</b>		<b>3,15,41,910</b>	<b>60.37</b>	<b>3,15,41,910</b>		<b>3,15,41,910</b>	<b>60.38</b>	
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds		5,000	5,000	0.01	-	5,000	5,000	0.01	-
b) Banks/ FI	5,400	1,440	6,840	0.01	5,400	1,440	6,840	0.01	-
c) Central govt.									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIs	1,000	-	1,000	0.00	-	-	-	-	
h) Foreign Venture Capital Funds									



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	DEMAT	Physical	Total	% of Total shares	DEMAT	Physical	Total	% of Total shares	
Others (Specify)									
<b>SUB TOTAL(B)(1):</b>	6,400	6,440	12,840	0.02	5,400	6,440	11,840	0.02	-
<b>(2) Non Institutions</b>									
a) Bodies corporate									
i) Indian	64,740	1,70,780	2,35,520	0.45	37,537	1,70,780	2,08,317	0.40	
ii) Overseas	1,53,75,128	-	1,53,75,128	29.43	1,53,75,128	-	1,53,75,128	29.43	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	27,15,116	13,45,890	40,61,006	7.77	26,94,353	13,21,365	40,15,718	7.69	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	10,16,090	-	10,16,090	1.94	10,89,581	-	10,89,581	2.09	
c) Others (specify)									
<b>SUB TOTAL(B)(2):</b>	1,91,71,074	15,16,670	2,06,87,744	39.59	19,196,599	14,92,145	2,06,88,744	39.60	
Total Public Shareholding (B)=(B)(1)+(B)(2)	1,91,77,474	15,23,110	2,07,00,584	39.61	1,92,01,999	14,98,585	2,07,00,584	39.62	
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	5,07,19,384	15,23,110	5,22,42,494	100.00	5,07,43,909	14,98,585	5,22,42,494	100.00	

**(ii) SHARE HOLDING OF PROMOTERS**

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	C.D. Datwani	2,20,575	0.42	-	2,20,575	0.42	Nil	<b>No Change</b>
2	Abha Chandru Datwani	5,29,665	1.01		5,29,665	1.01	Nil	<b>No Change</b>
3	Arun Daulatram Datwani	1,52,16,195	29.13		1,52,16,195	29.13	Nil	<b>No Change</b>
4	Dasu Daulatram Datwani	1,52,16,195	29.13		1,52,16,195	29.13	Nil	<b>No Change</b>
5	Saroj Chandru Datwani	3,59,280	0.69		3,59,280	0.69	Nil	<b>No Change</b>
	<b>Total</b>							

**(iii) CHANGE IN PROMOTERS SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):****No Change****(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs):**

<b>1</b>	<b>KRISHNA ENTERPRISES LIMITED</b>		
	At the beginning of the Year 31.03.2017	15375128	29.43%
	At the end of the year 31.03.2018	15375128	29.43%
<b>2</b>	<b>KIRTI PARASHAR</b>		
	At the beginning of the Year 31.03.2017	180000	0.34%
	At the end of the year 31.03.2018	180000	0.34%
<b>3</b>	<b>PAN ELECTRONICS (I) LTD</b>		
	At the beginning of the Year 31.03.2017	123120	0.24%
	At the end of the year 31.03.2018	123120	0.24%
<b>4</b>	<b>VEENA JAIN</b>		
	At the beginning of the Year 31.03.2017	108000	0.21%

	At the end of the year 31.03.2018	108000	0.21%
5	<b>MOHINI MOTIRAM KIRPALANI</b>		
	At the beginning of the Year 31.03.2017	86480	0.17%
	At the end of the year 31.03.2018	86480	0.17%
6	<b>IMTIAZ AHMED SAIT</b>		
	At the beginning of the Year 31.03.2017	77100	0.15%
	At the end of the year 31.03.2018	77100	0.15%
7	<b>JINESH CHAND JAIN</b>		
	At the beginning of the Year 31.03.2017	63712	0.12%
	At the end of the year 31.03.2018	63712	0.12%
8	<b>RAJESHKUMAR K THAKKAR</b>		
	At the beginning of the Year 31.03.2017	38	0.00%
	Purchase of Shares as per download received from the depositories on 14th Apr 2017	1154	0.00%
	Purchase of Shares as per download received from the depositories on 21st Apr 2017	1707	0.00%
	Purchase of Shares as per download received from the depositories on 28th Apr 2017	2340	0.00%
	Purchase of Shares as per download received from the depositories on 05th May 2017	1943	0.00%
	Purchase of Shares as per download received from the depositories on 12th May 2017	420	0.00%
	Sale of Shares as per download received from the depositories on 19th May 2017	7559	0.01%
	Purchase of Shares as per download received from the depositories on 26th May 2017	150	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Jun 2017	2092	0.00%
	Purchase of Shares as per download received from the depositories on 09th Jun 2017	7363	0.01%
	Sale of Shares as per download received from the depositories on 16th Jun 2017	5221	0.01%
	Sale of Shares as per download received from the depositories on 23rd Jun 2017	786	0.00%
	Sale of Shares as per download received from the depositories on 30th Jun 2017	355	0.00%
	Purchase of Shares as per download received from the depositories on 07th Jul 2017	5	0.00%
	Sale of Shares as per download received from the depositories on 14th Jul 2017	3263	0.01%
	Purchase of Shares as per download received from the depositories on 21st Jul 2017	7424	0.01%

Sale of Shares as per download received from the depositories on 28th Jul 2017	7098	0.01%
Purchase of Shares as per download received from the depositories on 04th Aug 2017	1523	0.00%
Purchase of Shares as per download received from the depositories on 11th Aug 2017	1005	0.00%
Purchase of Shares as per download received from the depositories on 18th Aug 2017	8392	0.02%
Sale of Shares as per download received from the depositories on 25th Aug 2017	11088	0.02%
Sale of Shares as per download received from the depositories on 01st Sep 2017	186	0.00%
Purchase of Shares as per download received from the depositories on 08th Sep 2017	30	0.00%
Purchase of Shares as per download received from the depositories on 15th Sep 2017	238	0.00%
Sale of Shares as per download received from the depositories on 22nd Sep 2017	201	0.00%
Purchase of Shares as per download received from the depositories on 29th Sep 2017	152	0.00%
Purchase of Shares as per download received from the depositories on 06th Oct 2017	1097	0.00%
Purchase of Shares as per download received from the depositories on 13th Oct 2017	738	0.00%
Purchase of Shares as per download received from the depositories on 20th Oct 2017	82	0.00%
Sale of Shares as per download received from the depositories on 27th Oct 2017	2120	0.00%
Sale of Shares as per download received from the depositories on 31st Oct 2017	16	0.00%
Purchase of Shares as per download received from the depositories on 03rd Nov 2017	1064	0.00%
Purchase of Shares as per download received from the depositories on 10th Nov 2017	3654	0.01%
Sale of Shares as per download received from the depositories on 17th Nov 2017	4718	0.01%
Purchase of Shares as per download received from the depositories on 24th Nov 2017	14182	0.03%
Purchase of Shares as per download received from the depositories on 01st Dec 2017	72	0.00%
Sale of Shares as per download received from the depositories on 08th Dec 2017	443	0.00%
Sale of Shares as per download received from the depositories on 15th Dec 2017	6	0.00%

	Sale of Shares as per download received from the depositories on 22nd Dec 2017	3103	0.01%
	Sale of Shares as per download received from the depositories on 29th Dec 2017	10667	0.02%
	Purchase of Shares as per download received from the depositories on 05th Jan 2018	37	0.00%
	Sale of Shares as per download received from the depositories on 12th Jan 2018	3	0.00%
	Sale of Shares as per download received from the depositories on 19th Jan 2018	10	0.00%
	Purchase of Shares as per download received from the depositories on 26th Jan 2018	48	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Feb 2018	756	0.00%
	Purchase of Shares as per download received from the depositories on 09th Feb 2018	609	0.00%
	Purchase of Shares as per download received from the depositories on 16th Feb 2018	35967	0.07%
	Purchase of Shares as per download received from the depositories on 23rd Feb 2018	3734	0.01%
	Purchase of Shares as per download received from the depositories on 02nd Mar 2018	4822	0.01%
	Purchase of Shares as per download received from the depositories on 09th Mar 2018	15204	0.03%
	Purchase of Shares as per download received from the depositories on 16th Mar 2018	2	0.00%
	Sale of Shares as per download received from the depositories on 23rd Mar 2018	22	0.00%
	Purchase of Shares as per download received from the depositories on 30th Mar 2018	2	0.00%
	At the end of the year 31.03.2018	61181	0.12%
9	<b>AMARCHAND J MEHTA</b>		
	At the beginning of the Year 31.03.2017	19346	0.04%
	Sale of Shares as per download received from the depositories on 14th Apr 2017	990	0.00%
	Purchase of Shares as per download received from the depositories on 28th Apr 2017	500	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Jun 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 16th Jun 2017	2	0.00%
	Purchase of Shares as per download received from the depositories on 23rd Jun 2017	2	0.00%
	Purchase of Shares as per download received from the	2	0.00%

	depositories on 30th Jun 2017		
	Purchase of Shares as per download received from the depositories on 18th Aug 2017	20	0.00%
	Purchase of Shares as per download received from the depositories on 25th Aug 2017	17507	0.03%
	Purchase of Shares as per download received from the depositories on 01st Sep 2017	568	0.00%
	Purchase of Shares as per download received from the depositories on 08th Sep 2017	2007	0.00%
	Purchase of Shares as per download received from the depositories on 15th Sep 2017	258	0.00%
	Purchase of Shares as per download received from the depositories on 29th Sep 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 06th Oct 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 27th Oct 2017	11	0.00%
	Purchase of Shares as per download received from the depositories on 31st Oct 2017	7	0.00%
	Purchase of Shares as per download received from the depositories on 17th Nov 2017	18	0.00%
	Purchase of Shares as per download received from the depositories on 24th Nov 2017	16549	0.03%
	Purchase of Shares as per download received from the depositories on 01st Dec 2017	3	0.00%
	Purchase of Shares as per download received from the depositories on 15th Dec 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 22nd Dec 2017	1	0.00%
	Sale of Shares as per download received from the depositories on 16th Feb 2018	1	0.00%
	At the end of the year 31.03.2018	55816	0.11%
10	<b>RAMESH VISHINDAS MATHRANI</b>		
	At the beginning of the Year 31.03.2017	0	0.00%
	Purchase of Shares as per download received from the depositories on 23rd Mar 2018	54811	0.10%
	At the end of the year 31.03.2018	54811	0.10%

**(v) Shareholding of Directors & KMP**

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	<b>C.D. Datwani</b>	2,20,575	0.42	2,20,575	0.42
	<b>Saroj Datwani</b>	3,59,280	0.69	3,59,280	0.69
	<b>S.V. Jain</b>	22,320	0.04	22,320	0.04
	<b>K.V.Chitalia</b>	12,908	0.02	12,908	0.02
	<b>S.Bhyrappa</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	At the end of the year ( or on the date of separation, if separated during the year)				
	<b>C.D. Datwani</b>	2,20,575	0.42	2,20,575	0.42
	<b>Saroj Datwani</b>	3,59,280	0.69	3,59,280	0.69
	<b>S.V. Jain</b>	22,320	0.04	22,320	0.04
	<b>K.V.Chitalia</b>	12,908	0.02	12,908	0.02
	<b>S.Bhyrappa</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**V.INDEBTEDNESS**

(Amount in Rupees)  
(in Lakhs)

Indebtedness of the Company Including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			<b>Nil</b>	
i)Principal Amount	844.64	10,959.56		11,804.19
ii)Interest due but not paid	Nil	Nil		Nil
iii)Interest accrued but not due	Nil	Nil		Nil
<b>Total (i+ii+iii)</b>	844.64	10,959.56		11,804.19
<b>Change in indebtedness during the financial year</b>				
Additions	241.01	194.74		435.76
Reduction	Nil	Nil		Nil
<b>Net Change</b>	241.01	194.74		435.76
<b>Indebtedness at the end of the financial year</b>				
i)Principal Amount	1,085.64	11,154.30		12,239.94
ii)Interest due but not paid	Nil	Nil		Nil
iii)Interest accrues but not due	Nil	Nil	Nil	
<b>Total ( i+ii+iii)</b>	1,085.65	11,154.30	12,239.95	

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and / or Manager**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount (Rupees per annum)
1	Gross Salary	C.D.Datwani	Saroj.C.Datwani	
	a)Salary as per provisions contained in section 17(1) of the Income Tax 1961	24,00,000	24,00,000	48,00,000
	b)Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	As % of profit	-	-	-
	Others ( specify)	-	-	-
5	Others, Please specify	-	-	-
	Total (A)	-	-	48,00,000
	<b>Ceiling as per the Act</b>	-	-	1,20,00,000



**B. Remuneration to other directors:****(Per annum)**

Sl. No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors	Shri. S. Bhyrappa	
	(a) Fee for attending board committee meetings	Rs.30,000	Rs.30,000
	b) Commission	-	-
	c) Others, please specify	-	-
	<b>Total (1)</b>	Rs.30,000	Rs.30,000
2	Other Non- Executive Directors	-	-
	a) Fee for attending board committee meetings	-	-
	b) Commission	-	-

**Note: All the other directors have waived off their fee for attending Board's committee meetings.**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD**

Sl. No	Particulars of Remuneration	Key Managerial Personnel	Total
1	<b>Gross Salary</b>	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	Others, specify	-	-
5	Others, please specify	-	-

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any ( given details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding					
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of  
Directors

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**CHAND D. DATWANI**  
Chairman

**Annexure-D to Directors 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**

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act,2013 including certain arm's length transaction under third proviso thereto.

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

Name (s) of the related party & nature of relationship	Nature of contract s/arrangements/ transaction	Duration of the contract s/arrangements/ transaction	Salient terms of the contracts /arrangements/transaction including the value, if any	Justification for entering into such contracts / arrangements /transactions	Date of approval by the board	Amount paid as advances , if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

**2. Details of contracts or arrangements or transactions at Arm's length basis: Nil**

Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts/arrangements/transaction including the value , if any	Date of approval by the board	Amount paid as advances, if any
NIL					

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

**Place: Mysuru**

**Date: 31<sup>st</sup> July 2018**

**CHAND D. DATWANI  
Chairman**

**Annexure-E**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2018

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

To,  
The Members,  
Venlon Enterprises Limited  
CIN:L24231KA1983PLC015089

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2018, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Air Pollution Control Act, 1981.

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited/SEBI Listing Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Note: Please report specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

**I further report that** during the audit period the company has not ventured any specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).

Signature:  
S. Viswanathan:  
ACS No. 780  
C P No.:2021  
No.9, Sai Bhavan  
1<sup>st</sup> A Main, BTM-MICO Layout  
II Stage, NS Pallya  
Bangalore-560076

**Place:** Bangalore  
**Date:** 31<sup>st</sup> July 2018

## **Corporate Governance Report for the year 2017-18**

(As required under SEBI Listing Obligations & Disclosure Requirements Regulations, 2015 with the Stock Exchanges)

### **1. Company's philosophy on Corporate Governance**

Corporate Governance is an integral part of the values, ethics and the best business practices followed by the Company. The core values of the Company are :

- Commitment to excellence and customer satisfaction
- Maximizing long-term shareholders' value
- Socially valued enterprise
- Caring for people and environment
- Integrity including intellectual honesty, openness, fairness and trust.

### **2. Board of Directors:**

The names and categories of the Directors on the Board, and their attendance at the Board Meetings during the year is given below:

Name	Category	Date of last A.G.M	No. of Board Meetings	No. of other Directorship	No. of other Committee Membership
		28.09.17	Attended/ Held	(In public Companies)	
Shri. Chand D Datwani DoB: 17.12.1952 DoA: 13.11.1986	Chairman & Managing Director Non-Independent-Executive	Present	5/5	NIL	One
Smt. Saroj C Datwani DoB: 02.04.1953 DoA: 27.11.1995	Whole Time Director Non-Independent - Executive	Absent	4/5	NIL	One
Shri. K.V.Chitalia* DoB: 12.08.1939 DoA: 30.05.2017	Independent Non-Executive	Absent	4/5	One	Two
Shri. S.V.Jain DoB: 27.03.1952 DoA: 31.03.2005	Independent Non-Executive	Absent	4/5	NIL	Three
Shri.S.Bhyrappa DoB: 27.05.1928 DoA: 29.09.2007	Independent Non-Executive	Absent	4/5	NIL	Two

\*Re-appointed on 30.05.2017

DoB: Date of Birth; DoA: Date of Appointment

Shri. Chand D. Datwani and Smt. Saroj C Datwani are related to each other.

### 3. Audit Committee

The terms of reference of the Audit Committee broadly are as under:

- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the Accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors and its redressal.
- b) To review compliance with internal control systems
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board
- d) To make recommendations to the Board on any matter relating to the financial management of the Company.
- e) Recommending the appointment of Statutory Auditors.

The composition of the Audit Committee and the details of meetings attended by the Members are given below:

Name of Member	Category	No. Of meetings	
		HELD	ATTENDED
Shri. S.V.Jain, Chairman	Independent Non-Executive	4	4
Shri. K.V. Chitalia, Member	Independent Non-Executive	4	4
Shri. S. Bhyrappa, Member	Independent Non-Executive	4	4

Four Audit Committee Meetings were held during the year 2017-18. The said meetings were held on the following dates: 30.05.2017, 31.07.2017, 31.10.2017, 07.02.2018. Audit Committee meetings are attended by Managing Director, Statutory Auditor, Internal Auditor and the Accounts Officer of the Company.

### 4. Nomination and Remuneration Committee

The terms of reference to the committee are as per the requirements of section 178 of the Companies Act, 2013 and as specified in Part I of Schedule II of the Regulation

The composition of the revised Remuneration Committee is given below:

NAME OF MEMBER	CATEGORY
Shri. S.V.Jain, Chairman	Independent Non-Executive
Shri. K.V. Chitalia, Member	Independent Non-Executive
Shri. S. Bhyrappa, Member	Independent Non-Executive

The meeting of the Nomination and Remuneration Committee was held on 31<sup>st</sup> July 2017.

## 5. Remuneration Policy

The Company has adhered to provisions of Schedule V of the Companies Act, 2013 while fixing the remuneration package to its Managing Director and Executive Director.

### Details of remuneration for 2017-18 and Tenure:

Name Of The Director	Remuneration (PA)	Sitting fee	TENURE
Shri. Chand D Datwani Chairman & Managing Director- Promoter.	Rs.60 lacs	NIL	Revised remuneration approved w.e.f 30.03.2018 for three years
Smt. Saroj C Datwani Promoter- Whole Time Director.	Rs.60 lacs	Nil	Revised remuneration approved w.e.f 30.03.2018 for three years
Shri. S.V. Jain Independent-Non Executive	Nil	Nil	Re-appointment has been done upto 30/9/2019
Shri. K.V. Chitalia Independent-Non Executive	Nil	Nil	Re-appointment has been done upto 30/9/2019
Shri. S.Bhyrappa Independent-Non Executive	Nil	30,000/-	Re-appointment has been done upto 30/9/2019

Shri.K.V.Chitalia and Shri. S.V.Jain have waived off their sitting fees.

Disclosure of shares held by Non –Executive Directors in the Company as on 31/03/2018.

Shri.K.V.Chitalia-12,908 Shares of Rs 5/- each.

Shri.S.V.Jain- 22,320 Shares of Rs 5/-each.

Shri. S. Bhyrappa – Nil.

## 6.Stake Holder Relationship Committee:

The composition of the Stake Holder Relationship Committee which also approves share transfer in physical form is given below:

NAME OF MEMBERS	CATEGORY
Shri. S.V.Jain, Chairman	Independent Non-Executive
Shri. Chand D Datwani, Member	Promoter- Chairman & Managing Director
Smt. Saroj C Datwani	Promoter-Whole time Director.

Scope:

- i) To approve transfer and transmission of shares in Physical form.
- ii) To oversee redressal of complaints.
- iii) To approve Remat of Shares.



## 7. General Body Meetings

### Name & designation of Compliance Officer :

Rama Rao G.D., FCA, Acs, External professional

### Investor Complaints:

No. of complaints received from Shareholders from 1.4.2017 to 31.3.2018	Nil
No. of complaints solved to the satisfaction of the Shareholders	Nil
Pending	Nil

a) Location and time, where last three Annual General Meetings (AGM) were held:

Date of A.G.M.	Type of Meeting	Location and Time
30/09/2015	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
28/09/2016	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
28/09/2017	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm

b) Three Special resolutions were passed during the previous AGM

c) No resolutions were passed at the previous AGM through postal ballot

d) At the ensuing AGM, one special resolution is being proposed.

## 8. Means of communication

1. Quarterly Results are normally published in Financial Express and Mysuru Diganta.

Any website, where displayed – On company website: [www.venlonenterprises.com](http://www.venlonenterprises.com)

Whether it also displays official news releases and presentation made to intuitional investors or to the analysts – N.A.

2) Company's Email ID to receive complaints and grievances from investors is [gdrvenlon@gmail.com](mailto:gdrvenlon@gmail.com).

## 9. General Shareholder information

**AGM: Date, time and venue: 28<sup>th</sup> September 2018** at Hotel Dasaprakash Paradise, Yadavagiri, Mysuru – 570 020 at 4.30 p.m.

**Financial Calendar:**

Year ending – March 31<sup>st</sup>

**Book Closure:** 22/09/2018 to 28/09/2018 (both days inclusive)

**Listing on Stock Exchanges:**

BSE Limited, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**Stock Code:**

Stock Exchange Mumbai: 524038

**Market Price Data:**

Month	High (Rs.)	Low (Rs.)
Apr – 17	3.85	3.32
May – 17	3.84	2.99
Jun – 17	4.35	3.15
Jul – 17	4.48	3.03
Aug – 17	3.63	2.72
Sep – 17	3.75	3.28
Oct – 17	3.80	3.13
Nov – 17	4.28	3.11
Dec – 17	4.56	3.80
Jan – 18	4.48	3.45
Feb – 18	4.25	2.89
Mar – 18	4.15	3.37

**Registrar and Transfer Agents:**

M/s Computech Sharecap Limited  
147, 3<sup>rd</sup> Floor, M.G. Road,  
Fort, Mumbai – 400 001

**Share Transfer System:**

Share Transfer in physical form can be lodged with the Share Transfer Agents at the abovementioned address.

The transfers are normally processed within the stipulated time from the date of receipt of the documents if complete in all respects. Share Transfer Committee of the Board approves the transfers, if the shares are in Physical Form.

Insider trading norms are adhered and reported to stock exchanges upon information from the concerned.

## DISTRIBUTION SCHEDULE

Number of Shares	Number of Shareholders	Share Holders Percentage	Number of shares held	Shareholding Percentage
1-50	159	3.5%	2549	0.00%
51-100	165	3.63%	15252	0.03%
101-200	794	17.47%	147072	0.28%
201-300	87	1.91%	23838	0.05%
301-400	1970	43.35%	711351	1.36%
401-500	166	3.65%	81738	0.16%
501-1000	561	12.35%	446964	0.86%
1001 & above	642	14.13%	50813730	97.27%
	<b>4544</b>	<b>100.00%</b>	<b>52242494</b>	<b>100.00%</b>

### **Dematerialization of shares and liquidity:**

Shares in physical form can be de-materialized and dealt on NSDL/CDSL.

### **Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:**

None

### **Plant Locations:**

Plot No. 26(P), Belavadi Industrial Area, Hunsur Road, Mysuru – 570 018

### **Address for correspondence:**

Plot No. 26(P), Belavadi Industrial Area, Hunsur Road, Mysuru – 570 018.

**Share Holding Pattern as on 31/03/18:**

	Category	No of Shares Held	Percentage of Share Holding
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters		
	Indian Promoters	11,09,520	2.13
	Foreign Promoters	3,04,32,390	58.25
	<b>Sub-Total</b>	<b>3,15,41,910</b>	<b>60.38</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3	Institutional Investors		
	a. Mutual Funds & UTI	5,000	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt Institutions/ Non Government Institutions)	6,840	0.01
	c. Foreign Institutional Investors	NIL	0.00
	<b>Sub-Total</b>	<b>11,840</b>	<b>0.02</b>
	<b>Others</b>		
	a. Indian and foreign Corporate Bodies	155,82,128	29.83
	b. Indian Public	51,06,616	9.77
	c. NRI		
	<b>Subtotal</b>	<b>2,06,88,744</b>	<b>39.60</b>
	<b>Grand Total</b>	<b>5,22,42,494</b>	<b>100.00</b>

**10. Disclosures**

- Disclosures on materially significant related party transactions i.e. Transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of Company at large.  
Nil.
- 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.  
Nil.
- Whistle Blower policy
- Compliance with mandatory requirements have been compiled.

**Declaration:**

I, C.D. Datwani Chairman and Managing Director hereby declare that all the Board Members and Senior Management personnel have complied with code of conduct adopted by the Company during the year.

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

**Place:** Mysuru

**Date:** 31.07.2018

**C.D. Datwani  
Chairman**



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**VENLON ENTERPRISES LTD.**

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**Regd. Office & Works :** 26 (P) & Plot No. 2, Belavadi Industrial Area, Hunsur Road, Mysore - 570 018. CIN : L24231KA1983PLC015089  
**Phone :** (0821) 2402530-5 Lines, 2402029, Fax : (0821) 2402259, 2402905, e-mail : mail@venlonenterprises.com.

## CEO/CFO CERTIFICATION

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2018 and to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statements or any material factor 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 the 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 violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and have disclosed to the auditors and the audit committee, deficiencies in design or operation of internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies are adequate.
- d) We have indicated to the auditors and the audit committee:
- i. Significant changes in the internal control systems during the year.
  - ii. Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - iii. There are no instances of significant fraud of involving either the management or employees having a significant role in the company's internal control systems, with respect to financial reporting.

**Chand D Datwani**  
Managing Director

**Saroj C. Datwani**  
C.F.O

Place: Mysore  
Date: 30/05/2018



B S Puneeth  
Chartered Accountant

No 3046, 2<sup>nd</sup> floor,  
Gokulam Park Road,  
V V Mohalla,  
Mysore – 570 002  
Mobile : 9164481218

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### **Independent Auditor’s Certificate on Corporate Governance**

#### **To the Members of Venlon Enterprises Limited**

1. I have examined the compliance of the conditions of Corporate Governance by Venlon Enterprises Limited (‘The Company’) for the year ended 31 March, 2018 as per regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

#### **Managements’ Responsibility**

2. The compliance of the conditions of Corporate Governance is the responsibility of the management. This Responsibility includes the design , implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### **Auditor’s Responsibility**

3. My examination was limited to the 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 an opinion on the financial statements of the Company.
4. I have examined the books of account and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company
5. I have conducted my examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India, the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issue by the ICAI.

6. I have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Controls for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of the Regulation 46 and paragraphs C, D and E of schedule V of the SEBI Listing Regulations, as applicable.
8. I further state that such compliance is neither an assurance as to the future viability of the company nor to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

***Restrictions on use***

9. The Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018





B S Puneeth  
Chartered Accountant

No 3046, 2<sup>nd</sup> floor,  
Gokulam Park Road,  
V V Mohalla,  
Mysore – 570 002  
Mobile : 9164481218

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## Independent Auditor's Report

To The Members of Venlon Enterprises Limited

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of Venlon Enterprises Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income) the Statement of Changes in Equity and the Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. In conducting my audit, I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained by me is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements.

### **Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### ***Emphasis of Matters***

- a) I draw attention to the matter disclosed in Note 28 (xxvii) other additional notes/ information to the financial statements:
- b) The financial statements indicate that the Company has accumulated losses and its net worth has been fully eroded. The company has incurred cash loss during the current year and previous year and the company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements of the company have been prepared on a going concern basis for the reasons stated in Note 28 (xxvii) other additional notes/ information to the financial statements.

My opinion is not modified in respect of this matter.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, I give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on my audit I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In my opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure B". and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in my opinion and to the best of my information and according to the explanations given to me:
    - i. The Company does not have any pending litigations which 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. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018

### ***Annexure A to the Independent Auditors' Report***

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of my Independent Auditors' Report of even date to the members of Venlon Enterprises Limited on the financial statements for the year ended 31 March 2018

I Report that:

- i.
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years, which in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) As per the information and explanation given to me, and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified by the management at reasonable intervals. The discrepancies noticed on physical verification of inventory were not material and the same have been properly dealt with in the books of account.
- iii.
  - a) The Company has not granted unsecured loans to Companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
  - b) Accordingly, paragraph 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to me, the Company has not given any loans, investments, guarantees and security during the year. Accordingly, paragraph 3(iv) of the order is not applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other Relevant Provisions of the Act, and the rules framed there under. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. I have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 148(1) of the Act, and the prescribed accounts and records have been made and maintained in respect of the products manufactured by the Company. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii.
- a) According to the information and explanations given to me and the records of the Company examined by us, no undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, Goods and Service Tax, customs duty, value added tax, excise duty, cess and other statutory dues as applicable with the appropriate authorities.
  - b) According to the information and explanations given to me, there are no dues of Provident Fund, Income tax, Sales tax, Service tax, Goods and Service Tax, Custom duty, Value added tax, Excise duty and Cess and other statutory dues which have not been deposited on account of any dispute
- Viii. According to the records of the Company examined by me and the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debentures.
- ix. According to the information and explanations given to me and the records of the Company examined by me, the Company has not raised money by public offer (including debt instruments) during the year. The term loans were applied for the purpose for which those were raised.
- x. During the course of my examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of material fraud on the company by its officers or employees or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. According to the information and explanations given to me and the records of the Company examined by me, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 to be read with schedule V to the Act.
- xii. According to the information and explanations given to me, The Company has not been incorporated as a "Nidhi Company". Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. As per the information and explanation given to me and the records examined by me, all related party transactions are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. As per the information and explanation given to me and the records examined by me, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly paragraph 3(xiv) of the Order is not applicable.

- xv. According to the information and explanations given to me, the Company has not entered into any non-cash transactions with directors or persons connected with him/her. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is not engaged in the business of non-banking financial institution (NBFI) and hence is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018

## ***Annexure B to the Independent Auditors' Report***

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of Venlon Enterprises Limited ("the Company") as of 31<sup>st</sup> March, 2018, in conjunction with my audit of the financial statements of the Company for the year ended on that date.

### ***Management's Responsibility for Internal Financial Controls***

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

### ***Auditor's Responsibility***

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. I have conducted my audit in accordance with the Guidance Note on audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects

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

I believe that the audit evidence I have obtained, is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.



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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### ***Inherent Limitations of Internal Financial Controls over Financial Reporting***

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

### **Opinion**

In my opinion, Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018



## **NOTES:**

1. **A member entitled to attend and vote in the above meeting is entitled to appoint one or more proxies to attend and vote instead of him and such proxy need not be a member of the Company.** Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Pursuant to section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to offer the facility for e-voting for all the businesses mentioned in the notice. The members can exercise their right to vote through electronic means. The facility of casting the votes by members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') shall be provided by Central Depository Services (India) Limited (CDSL). The instruction for e-voting is annexed to the notice.
3. The Register of members and the Share Transfer Books in respect of the equity shares of the company will remain closed from **22<sup>nd</sup> September 2018** to **28<sup>th</sup> September 2018** (both days inclusive).
4. Members are requested to notify change in address, if any, immediately to M/s Computech Sharecap Ltd., Registrars and Share Transfer Agents situated at 147, 3rd Floor, M.G.Road, Fort, Mumbai - 400 001, quoting folio number / demat particulars.
5. Members holding shares in physical form are requested to dematerialise them pursuant to Gazette notification by SEBI, dated June 8, 2018
6. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 10 a.m. and 1.00 p.m. on all working days up to the day of the Annual General Meeting including signed original of this Report.
7. Members/Proxies should bring the Annual report. The attendance is provided at the entrance of the hall.
8. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of **21<sup>st</sup> September 2018**.
9. Any person who acquires the shares and becomes a member of the Company after the despatch of the notice of the AGM and holds shares as on the cut-off date, may obtain the login id and password by sending request to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
10. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
11. The facility for voting through polling paper shall be made available at the meeting and the members attending the meeting who have not already casted their votes by remote e-voting, shall be able to exercise their right at the meeting.
12. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

13. The results declared along with the Scrutinizer's Report shall be displayed on the Notice Board of the Company at the registered office and shall also be placed on the Company's website [www.venlonenterprises.com](http://www.venlonenterprises.com) and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange.
14. As per the Companies (Amendment) Act, 2017, the requirement for ratification of the statutory auditors has been deleted. Hence, no resolution for ratification of auditors has been proposed in this notice.

**By Order of the Board**

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**C. D. Datwani**  
**Chairman**

**Registered Office:**

Plot No: 26(P)

Belavadi Industrial area,

Hunsur Road,

Mysuru-570018

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**Item No.3:**

Due to change in market trends the demand of PET chips, polyester/materialized polyester film has substantially declined. The manpower in that segment which has gradually reduced due to resignations, retirement voluntary or otherwise is now deployed at Formaldehyde segment. The proposal, therefore, will not affect employment position. The other substantial undertaking includes wind mill, where there is no staffing or employment.

As required under the Companies Act, 2013, the consent of the shareholders is sought due to negative net worth.

None of the Directors or KMP or their relatives is interested or concerned, financially or otherwise, in the said resolution.

**By Order of the Board**

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**C. D. Datwani  
Chairman**

**Registered Office:**

Plot No: 26(P)

Belavadi Industrial area, Hunsur Road,

Mysuru -570018.

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

- (i) The voting period begins on **24<sup>th</sup> September 2018** at 10.00 a.m. and ends on **26<sup>th</sup> September 2018** at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21<sup>st</sup> September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Additional Information:** The name of the scrutinizer is S.J. Madhwaraj, B.Com., LL.B. as approved at the Board meeting on 31<sup>st</sup> July 2018.

## BOARD'S REPORT

Dear Members,

Your Directors hereby present the 34<sup>th</sup> Annual Report on the business and operations of the Company and financial results for the year ended 31<sup>st</sup> March 2018.

(in Lakh Rupees)

FINANCIAL RESULTS		As at 31st March 2018	As at 31st March 2017
<b>01</b>	<b>REVENUE FROM OPERATIONS</b>	3,534.46	4,076.52
	Less : Excise Duty	(84.18)	(323.96)
	Net Revenue from Operations	3450.28	3752.56
<b>02</b>	<b>OTHER INCOME</b>	33.74	112.83
<b>03</b>	<b>TOTAL REVENUE [ 1 + 2 ]</b>	<b>3484.02</b>	<b>3865.39</b>
<b>04</b>	<b>EXPENSES</b>		
	Cost of Material Consumed	2,343.67	2,564.63
	Purchases of Stock in Trade	70.17	72.53
	Changes in Inventories of Finished Goods, WIP & Stock in Trade	(71.12)	(221.21)
	Employee Benefit Expenses	465.96	604.36
	Finance Cost	438.11	530.66
	Depreciation and Amortization Expenses	488.86	678.25
	Other Expenses	519.08	754.39
	<b>Total Expenses</b>	<b>4254.73</b>	<b>4983.61</b>
<b>05</b>	<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX [3-4]</b>	(770.71)	(1118.23)
<b>06</b>	<b>EXCEPTIONAL ITEMS</b>	1.25	0.01
<b>07</b>	<b>PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX [5-6]</b>	(769.46)	(1118.22)
<b>08</b>	<b>EXTRAORDINARY ITEMS</b>	(410.65)	-
<b>09</b>	<b>PROFIT / (LOSS) BEFORE TAX [ 7 - 8 ]</b>	(1180.11)	(1118.22)
<b>10</b>	<b>TAX EXPENSES: Current Tax</b>	-	-
	Deferred Tax: Asset/(Liability)	-	-
<b>11</b>	<b>PROFIT / [ LOSS] FOR THE PERIOD FROM CONTINUING OPERATIONS [9-10]</b>	(1180.11)	(1118.22)
<b>12</b>	<b>PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS</b>	-	-
<b>13</b>	<b>TAX EXPENSES OF DISCONTINUING OPERATIONS</b>	-	-
<b>14</b>	<b>PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS [AFTER TAX] [12-13]</b>	-	-
<b>15</b>	<b>PROFIT / [LOSS] FOR THE PERIOD [11+14]</b>	(1180.11)	(1118.22)
<b>16</b>	<b>EARNING PER EQUITY SHARE ( Basic and Diluted)</b>	(2.26)	(2.14)

Note: Figures in bracket indicate loss. Previous year's figures have been regrouped / reclassified wherever necessary.

### RESERVES AND DIVIDEND:

During the year, no amount has been transferred to reserves since the Company has incurred losses.

The Directors have not recommended any dividend for the year, due to erosion of capital and reserves.

### PROFITABILITY:

Due to adverse market condition in Film segment (main line of activity) the Company did not venture its marketing in that segment and on the contrary relied upon para and formaldehyde products which marginally contributed towards partial recovery of fixed costs. Depreciation is the major contributor for the loss.



**FINANCE AND TAXATION:**

Existing working capital limit with Corporation Bank is operative during the current year. The working capital limits sanctioned by the aforesaid bank is adequate.

**INSURANCE:**

The Company has adequately insured all its movable and immovable assets.

**FIXED DEPOSITS:**

During the year, the Company has not accepted any Fixed Deposits from the Public.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTFLOW:**

The relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in the **Annexure 'A'** forming part of this report.

**INDUSTRIAL RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Your Directors are pleased to record the appreciation and sense of commitment shown by our employees at all levels and acknowledges their contribution towards sustained progress of the Company. The relations between Management and Employees are good.

The Company does not fall under the threshold limit for mandatory CSR activities.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

In terms of the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the required details are provided in the **Annexure 'B'**.

Your Directors further state that during the year under review, there were no cases filed under the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**DIRECTORS:**

The Board consists of five directors of whom three are independent directors. During the year, the Board of Directors met **5 times**.

During the year Shri. Chand Datwani retires by rotation and has offered himself for reappointment.

The Independent Directors have given a declaration that they fulfil the criteria of independence as specified u/s 149 (6) of the Companies Act, 2013 and Listing Regulations notified by the SEBI.

The Company's policy on appointment of Directors and their remuneration:

The Managing Director, Whole time Director and CFO are promoters. For the position of other non-executive independent director, experienced and reputed persons are selected from plastic industries manufacturers' association or professionals like advocates.

The remuneration for the executive directors has been in line with Schedule V of the Companies Act, 2013. The non-executive directors have waived their sitting fees and nothing is paid to them, except Mr. S.Bhyrappa.

**LISTING WITH STOCK EXCHANGES:**

The Company continues to be listed on BSE Limited, Mumbai and the Company has been regular in paying requisite fees.

**COMPANY SECRETARY:**

The Company's net worth is completely eroded and is now in negative. Hence, the Company has not been able to evince interest among the candidates for Company Secretary position. Also, the Company is not in a position to appoint a whole time Company Secretary at the current trend of remuneration payable to that position. However, the duties are being discharged by a Secretarial assistant under the guidance and advice of Shri. G.D.Rama Rao FCA, Acs a professional in practice of Chartered Accountancy, assisting the company ever since its public issue in 1986-87. With his able guidance the company is free from investors' complaints and is in compliance with all regulatory frameworks. He is a permanent invitee for all Committees and Board Meetings in an advisory capacity.

As required under section 204 of the Companies Act, 2013 read with the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit report from a Practising Company Secretary has been obtained and the same is annexed to this report as **Annexure E**. The Secretarial Audit report does not contain any adverse remark, qualification or reservation.

**AUDITORS AND FRAUD REPORTING BY THEM:**

CA. Puneeth B.S. was appointed as the Statutory auditor of the Company at the previous AGM. He continues to hold the office for a period of 5 years. The ratification of his appointment is not required as per the amended procedure.

The Auditors have not reported any instances of fraud in the Company and it is unmodified return.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**CERTIFICATE OF STATUTORY AUDITORS AS REGARDS COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:**

The Certificate of the Auditors of the Company in regard to this matter forms part of this Annual Report.

The ISIN number of the scrip is: INE204D01022

**EXTRACT OF ANNUAL RETURN:**

Pursuant to section 92(3) of Companies Act, 2013 read with rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT-9 has been provided in **Annexure C**.

**RELATED PARTY TRANSACTIONS:**

The transactions with related parties have been provided in the Form AOC-2 as **Annexure D**.

**FORMAL ANNUAL EVALUATION OF THE BOARD IN LISTED COMPANY:**

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and individual directors, which includes the criteria for performance evaluation of Executive and non-executive directors.

**MANAGEMENT DISCUSSION & ANALYSIS**

**A) Industry structure and development:**

As reported last year the polyester film industry is well developed in the country. Despite the fact that the Company is a small player, the built in structure is stable and steady. The market conditions for the product is adverse. Shareholders kind attention is invited to "Profitability" para in Board's Report.

**B) Outlook for the Company:**

With the current economic and market situation being unstable, the Company is targeting stabilization and upon improvement of global energy equation further suitable path shall be carved out.

**C) Segment-wise or product wise performance:**

The Company has the following major segments:

- Film
- Formaldehyde and Para Formaldehyde
- Wind Mill

Performance Results are indicated in Audited Notes on Accounts

**D) Risks and concerns:**

Film segment is almost non-operational. Hence, resolution under section 180 of the Companies Act 2013 is proposed. Formaldehyde segment is steady.

**E) Internal Control systems and their adequacy:**

The external auditors have separately provided their opinion on the internal controls over financial reporting which is given as an Annexure to their Audit report. In their opinion, the Company has adequate internal control system over financial reporting and such internal controls over financial reporting were operating effectively.

**F) Discussion on financial performance with respect to operation performance:**

During the year, the Company has incurred cash loss which for the current year is Rs.281.85 lakhs. Financial and operational performances have been disclosed in Board's report.

**G) Material developments in Human Resources/ Industrial Relations front, including number of people employed:**

The Company continues to give thrust for human resource development, team building and skill development.

A full-fledged personnel department is functioning under Executive Director. There is a weekly managers' meet to co-ordinate the activity.

**Number of employees:** 62 permanent. Due to unsteady market conditions, no fresh recruitments are made.

**Cautionary Statement**

*Statements in this "Management Discussion and Analysis" contain forward looking statements which may be identified by the use of words in that directions or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements.*

*These are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements, on the basis of any subsequent development, information or events.*

**ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere appreciation of the facility rendered by the Corporation Bank. Your Directors wish to place on record the valued support and cooperation of Shareholders, Customers and Suppliers of the Company.

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

**Place: Mysuru**

**Date: 31<sup>st</sup> July 2018**

**CHAND.D. DATWANI  
Chairman**

## **Annexure 'A' to Directors Report**

Disclosure of particulars as per section 134 of the Companies Act read with Rule 8(3) of Companies (Accounts) Rules, 2014

### **Conservation of Energy:**

The steps taken by the Company for utilizing alternate sources of energy: After exhausting various avenues, the management has found direct KEB power supply from nearest grid bypassing rural areas, which is both cost and quality effective.

The capital investment on energy conservation equipment: Rs.0.74 lakhs (Previous year: Rs.44.83 lakhs.)

**R&D: Nil**

**Technology Absorption: Nil**

### **Foreign Exchange earnings and outgo:**

Foreign exchange earnings: Rs.67.48 lakhs (Previous year Rs.86.45 lakhs)

Foreign exchange outgo: Rs. Nil (Previous year Rs.3.08 lakhs)

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

**Place: Mysuru**

**Date: 31<sup>st</sup> July 2018**

**CHAND.D. DATWANI  
Chairman**

## Annexure 'B' to Directors' Report

### **Information to be provided under section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The shareholders are requested to kindly go through the following factual preamble from which it can be noticed that whole of the affairs of the company is managed by the Managerial personnel themselves and in compliance related matters through external professional.

#### **Factual preamble:**

The Managing Director Shri.C.D.Datwani and Whole time Director (WTD) & CFO of Smt. Saroj Datwani between themselves, under the control and superintendence of the Board of Directors of the Company manage the whole of the activities of the company. SEBI, Corporate Laws, FEMA 1999, Taxation is handled by a senior external professional as discussed in Director's Report.

(i) the ratio of the remuneration of Whole Time Director, to the median remuneration of the employees of the company for the financial year;	Remuneration is as per section 196 of the Companies Act, 2013 read with Schedule V. Please refer the factual preamble.
(ii) the percentage increase in the median remuneration of employees in the financial year;	As per Standing Orders of the Company, as approved by the Labour Department of Government of Karnataka
(iii) the number of permanent employees on the rolls of company as on 31 <sup>st</sup> March 2018;	62
(iv) 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;	Please refer (i) and (iii) above. Managerial Remuneration is as per item (i) above. Please also see factual preamble.
(v) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per Central and State Government policies as adopted in Standing Orders by the Company as agreed to between Management and employees and workers in respect of them.

Further as required under rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: we provide the list of the top ten employees of the Company:

Sl. No.	Name	Remuneration (per month)in Rs.	Designation	Qualification and experience	Date of commencement of employment	Age	Last employment
1	C.D. Datwani	2,00,000/-	Chairman and Managing Director	B.Com 30 years	13.11.1986	66	Nil
2	Saroj Datwani	2,00,000/-	Whole time Director and CFO	M.A. 21 years	27.11.1995	65	Nil
3	Chaudhari D.S	84,424/-	Technical Chief Consultant	D.M.E 42 years	14.10.1986	63	12 years
4	Upasani J P	68,278/-	General Manager	D.M.E 35 years	09.10.1986	57	5 years
5	Lakshminarayana Rao K	44,507/-	HRD Chief Consultant	LLB., MBA 36 years	15.04.1999	66	19 years
6	Shaji Thomas	43,495/-	Engineer	SSLC	01.07.1987	53	Nil
7	Vasudev H R	44,886/-	Deputy Manager Marketing	BE MEch	17.08.1988	56	Nil
8	Radhakrishna N S	38,000/-	Materials Management Consultant	B.E. 37 years	10.06.1987	63	8 years
9	Shiva kumarkapil	34,561/-	Engineer	B.Sc 23 years	20.03.1995	49	Nil
10	Mahesh	31837/-	Engineer	Diploma 26 years	23.12.1991	49	Nil

Notes:

1. The nature of employment of all employees is contractual and indicates last drawn remuneration.
2. Percentage of shares held by C.D.Datwani and Saroj Datwani is 0.42 and 0.69 respectively.
3. Mr. C.D.Datwani and Ms. Saroj Datwani, are related to each other. None of the other employees are related to any Director or Manager.

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

**Place: Mysore**

**Date: 31<sup>st</sup> July 2018**

**CHAND.D. DATWANI  
Chairman**

**ANNEXURE-C**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on Financial year ended on 31.03.2018

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Company (Management and Administration) Rules, 2014

**I REGISTRATION AND OTHER DETAILS:**

<b>CIN</b>	<b>L24231KA1983PLC015089</b>
Registration Date	24-10-1983
Name of the Company	VENLON ENTERPRISES LIMITED
Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
Address of the Registered office and contact details	26-P,Belavadi Indl. Area, Hunsur Road, Mysuru-570018
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Computech Sharecap Limited, 147, 3rd Floor, M.G. Road, Fort, Mumbai – 400 001

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name & Description of main products / services	NIC Code of the product / service	% to the total turnover of the company
1	Film	2029	0
2	Formaldehyde and Para Formaldehyde	2029	100

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATED COMPANIES**

Sl. No	Name & Address of the company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Nil				



#### IV SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	DEMAT	Physical	Total	% of Total shares	DEMAT	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
(1) Indian	11,09,520	-	11,09,520	2.12	11,09,520	-	11,09,520	2.12	-
a) Individual\ HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/ FI									
e) Any other									
<b>SUBTOTAL(A)(1)</b>	<b>11,09,520</b>	<b>-</b>	<b>11,09,520</b>	<b>2.12</b>	<b>11,09,520</b>	<b>-</b>	<b>11,09,520</b>	<b>2.12</b>	
<b>(2) Foreign</b>									
a) NRI Individuals	3,04,32,390	-	3,04,32,390	58.25	3,04,32,390	-	3,04,32,390	58.25	
b) Other Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any other...									
<b>SUBTOTAL (A)(2)</b>	<b>3,04,32,390</b>	<b>-</b>	<b>3,04,32,390</b>	<b>58.25</b>	<b>3,04,32,390</b>	<b>-</b>	<b>3,04,32,390</b>	<b>58.25</b>	
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>3,15,41,910</b>		<b>3,15,41,910</b>	<b>60.37</b>	<b>3,15,41,910</b>		<b>3,15,41,910</b>	<b>60.38</b>	
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds		5,000	5,000	0.01	-	5,000	5,000	0.01	-
b) Banks/ FI	5,400	1,440	6,840	0.01	5,400	1,440	6,840	0.01	-
c) Central govt.									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIs	1,000	-	1,000	0.00	-	-	-	-	
h) Foreign Venture Capital Funds									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	DEMAT	Physical	Total	% of Total shares	DEMAT	Physical	Total	% of Total shares	
Others (Specify)									
<b>SUB TOTAL(B)(1):</b>	6,400	6,440	12,840	0.02	5,400	6,440	11,840	0.02	-
<b>(2) Non Institutions</b>									
a) Bodies corporate									
i) Indian	64,740	1,70,780	2,35,520	0.45	37,537	1,70,780	2,08,317	0.40	
ii) Overseas	1,53,75,128	-	1,53,75,128	29.43	1,53,75,128	-	1,53,75,128	29.43	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	27,15,116	13,45,890	40,61,006	7.77	26,94,353	13,21,365	40,15,718	7.69	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	10,16,090	-	10,16,090	1.94	10,89,581	-	10,89,581	2.09	
c) Others (specify)									
<b>SUB TOTAL(B)(2):</b>	1,91,71,074	15,16,670	2,06,87,744	39.59	19,196,599	14,92,145	2,06,88,744	39.60	
Total Public Shareholding (B)=(B)(1)+(B)(2)	1,91,77,474	15,23,110	2,07,00,584	39.61	1,92,01,999	14,98,585	2,07,00,584	39.62	
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	5,07,19,384	15,23,110	5,22,42,494	100.00	5,07,43,909	14,98,585	5,22,42,494	100.00	

**(ii) SHARE HOLDING OF PROMOTERS**

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	C.D. Datwani	2,20,575	0.42	-	2,20,575	0.42	Nil	<b>No Change</b>
2	Abha Chandru Datwani	5,29,665	1.01		5,29,665	1.01	Nil	<b>No Change</b>
3	Arun Daulatram Datwani	1,52,16,195	29.13		1,52,16,195	29.13	Nil	<b>No Change</b>
4	Dasu Daulatram Datwani	1,52,16,195	29.13		1,52,16,195	29.13	Nil	<b>No Change</b>
5	Saroj Chandru Datwani	3,59,280	0.69		3,59,280	0.69	Nil	<b>No Change</b>
	<b>Total</b>							

**(iii) CHANGE IN PROMOTERS SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):****No Change****(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs):**

<b>1</b>	<b>KRISHNA ENTERPRISES LIMITED</b>		
	At the beginning of the Year 31.03.2017	15375128	29.43%
	At the end of the year 31.03.2018	15375128	29.43%
<b>2</b>	<b>KIRTI PARASHAR</b>		
	At the beginning of the Year 31.03.2017	180000	0.34%
	At the end of the year 31.03.2018	180000	0.34%
<b>3</b>	<b>PAN ELECTRONICS (I) LTD</b>		
	At the beginning of the Year 31.03.2017	123120	0.24%
	At the end of the year 31.03.2018	123120	0.24%
<b>4</b>	<b>VEENA JAIN</b>		
	At the beginning of the Year 31.03.2017	108000	0.21%

	At the end of the year 31.03.2018	108000	0.21%
5	<b>MOHINI MOTIRAM KIRPALANI</b>		
	At the beginning of the Year 31.03.2017	86480	0.17%
	At the end of the year 31.03.2018	86480	0.17%
6	<b>IMTIAZ AHMED SAIT</b>		
	At the beginning of the Year 31.03.2017	77100	0.15%
	At the end of the year 31.03.2018	77100	0.15%
7	<b>JINESH CHAND JAIN</b>		
	At the beginning of the Year 31.03.2017	63712	0.12%
	At the end of the year 31.03.2018	63712	0.12%
8	<b>RAJESHKUMAR K THAKKAR</b>		
	At the beginning of the Year 31.03.2017	38	0.00%
	Purchase of Shares as per download received from the depositories on 14th Apr 2017	1154	0.00%
	Purchase of Shares as per download received from the depositories on 21st Apr 2017	1707	0.00%
	Purchase of Shares as per download received from the depositories on 28th Apr 2017	2340	0.00%
	Purchase of Shares as per download received from the depositories on 05th May 2017	1943	0.00%
	Purchase of Shares as per download received from the depositories on 12th May 2017	420	0.00%
	Sale of Shares as per download received from the depositories on 19th May 2017	7559	0.01%
	Purchase of Shares as per download received from the depositories on 26th May 2017	150	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Jun 2017	2092	0.00%
	Purchase of Shares as per download received from the depositories on 09th Jun 2017	7363	0.01%
	Sale of Shares as per download received from the depositories on 16th Jun 2017	5221	0.01%
	Sale of Shares as per download received from the depositories on 23rd Jun 2017	786	0.00%
	Sale of Shares as per download received from the depositories on 30th Jun 2017	355	0.00%
	Purchase of Shares as per download received from the depositories on 07th Jul 2017	5	0.00%
	Sale of Shares as per download received from the depositories on 14th Jul 2017	3263	0.01%
	Purchase of Shares as per download received from the depositories on 21st Jul 2017	7424	0.01%

Sale of Shares as per download received from the depositories on 28th Jul 2017	7098	0.01%
Purchase of Shares as per download received from the depositories on 04th Aug 2017	1523	0.00%
Purchase of Shares as per download received from the depositories on 11th Aug 2017	1005	0.00%
Purchase of Shares as per download received from the depositories on 18th Aug 2017	8392	0.02%
Sale of Shares as per download received from the depositories on 25th Aug 2017	11088	0.02%
Sale of Shares as per download received from the depositories on 01st Sep 2017	186	0.00%
Purchase of Shares as per download received from the depositories on 08th Sep 2017	30	0.00%
Purchase of Shares as per download received from the depositories on 15th Sep 2017	238	0.00%
Sale of Shares as per download received from the depositories on 22nd Sep 2017	201	0.00%
Purchase of Shares as per download received from the depositories on 29th Sep 2017	152	0.00%
Purchase of Shares as per download received from the depositories on 06th Oct 2017	1097	0.00%
Purchase of Shares as per download received from the depositories on 13th Oct 2017	738	0.00%
Purchase of Shares as per download received from the depositories on 20th Oct 2017	82	0.00%
Sale of Shares as per download received from the depositories on 27th Oct 2017	2120	0.00%
Sale of Shares as per download received from the depositories on 31st Oct 2017	16	0.00%
Purchase of Shares as per download received from the depositories on 03rd Nov 2017	1064	0.00%
Purchase of Shares as per download received from the depositories on 10th Nov 2017	3654	0.01%
Sale of Shares as per download received from the depositories on 17th Nov 2017	4718	0.01%
Purchase of Shares as per download received from the depositories on 24th Nov 2017	14182	0.03%
Purchase of Shares as per download received from the depositories on 01st Dec 2017	72	0.00%
Sale of Shares as per download received from the depositories on 08th Dec 2017	443	0.00%
Sale of Shares as per download received from the depositories on 15th Dec 2017	6	0.00%

	Sale of Shares as per download received from the depositories on 22nd Dec 2017	3103	0.01%
	Sale of Shares as per download received from the depositories on 29th Dec 2017	10667	0.02%
	Purchase of Shares as per download received from the depositories on 05th Jan 2018	37	0.00%
	Sale of Shares as per download received from the depositories on 12th Jan 2018	3	0.00%
	Sale of Shares as per download received from the depositories on 19th Jan 2018	10	0.00%
	Purchase of Shares as per download received from the depositories on 26th Jan 2018	48	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Feb 2018	756	0.00%
	Purchase of Shares as per download received from the depositories on 09th Feb 2018	609	0.00%
	Purchase of Shares as per download received from the depositories on 16th Feb 2018	35967	0.07%
	Purchase of Shares as per download received from the depositories on 23rd Feb 2018	3734	0.01%
	Purchase of Shares as per download received from the depositories on 02nd Mar 2018	4822	0.01%
	Purchase of Shares as per download received from the depositories on 09th Mar 2018	15204	0.03%
	Purchase of Shares as per download received from the depositories on 16th Mar 2018	2	0.00%
	Sale of Shares as per download received from the depositories on 23rd Mar 2018	22	0.00%
	Purchase of Shares as per download received from the depositories on 30th Mar 2018	2	0.00%
	At the end of the year 31.03.2018	61181	0.12%
9	<b>AMARCHAND J MEHTA</b>		
	At the beginning of the Year 31.03.2017	19346	0.04%
	Sale of Shares as per download received from the depositories on 14th Apr 2017	990	0.00%
	Purchase of Shares as per download received from the depositories on 28th Apr 2017	500	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Jun 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 16th Jun 2017	2	0.00%
	Purchase of Shares as per download received from the depositories on 23rd Jun 2017	2	0.00%
	Purchase of Shares as per download received from the	2	0.00%

	depositories on 30th Jun 2017		
	Purchase of Shares as per download received from the depositories on 18th Aug 2017	20	0.00%
	Purchase of Shares as per download received from the depositories on 25th Aug 2017	17507	0.03%
	Purchase of Shares as per download received from the depositories on 01st Sep 2017	568	0.00%
	Purchase of Shares as per download received from the depositories on 08th Sep 2017	2007	0.00%
	Purchase of Shares as per download received from the depositories on 15th Sep 2017	258	0.00%
	Purchase of Shares as per download received from the depositories on 29th Sep 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 06th Oct 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 27th Oct 2017	11	0.00%
	Purchase of Shares as per download received from the depositories on 31st Oct 2017	7	0.00%
	Purchase of Shares as per download received from the depositories on 17th Nov 2017	18	0.00%
	Purchase of Shares as per download received from the depositories on 24th Nov 2017	16549	0.03%
	Purchase of Shares as per download received from the depositories on 01st Dec 2017	3	0.00%
	Purchase of Shares as per download received from the depositories on 15th Dec 2017	1	0.00%
	Purchase of Shares as per download received from the depositories on 22nd Dec 2017	1	0.00%
	Sale of Shares as per download received from the depositories on 16th Feb 2018	1	0.00%
	At the end of the year 31.03.2018	55816	0.11%
10	<b>RAMESH VISHINDAS MATHRANI</b>		
	At the beginning of the Year 31.03.2017	0	0.00%
	Purchase of Shares as per download received from the depositories on 23rd Mar 2018	54811	0.10%
	At the end of the year 31.03.2018	54811	0.10%

**(v) Shareholding of Directors & KMP**

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	<b>C.D. Datwani</b>	2,20,575	0.42	2,20,575	0.42
	<b>Saroj Datwani</b>	3,59,280	0.69	3,59,280	0.69
	<b>S.V. Jain</b>	22,320	0.04	22,320	0.04
	<b>K.V.Chitalia</b>	12,908	0.02	12,908	0.02
	<b>S.Bhyrappa</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	At the end of the year ( or on the date of separation, if separated during the year)				
	<b>C.D. Datwani</b>	2,20,575	0.42	2,20,575	0.42
	<b>Saroj Datwani</b>	3,59,280	0.69	3,59,280	0.69
	<b>S.V. Jain</b>	22,320	0.04	22,320	0.04
	<b>K.V.Chitalia</b>	12,908	0.02	12,908	0.02
	<b>S.Bhyrappa</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



**V.INDEBTEDNESS**

(Amount in Rupees)  
(in Lakhs)

Indebtedness of the Company Including interest outstanding/accrued but not due for payment				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			<b>Nil</b>	
i)Principal Amount	844.64	10,959.56		11,804.19
ii)Interest due but not paid	Nil	Nil		Nil
iii)Interest accrued but not due	Nil	Nil		Nil
<b>Total (i+ii+iii)</b>	844.64	10,959.56		11,804.19
<b>Change in indebtedness during the financial year</b>				
Additions	241.01	194.74		435.76
Reduction	Nil	Nil		Nil
<b>Net Change</b>	241.01	194.74		435.76
<b>Indebtedness at the end of the financial year</b>				
i)Principal Amount	1,085.64	11,154.30	12,239.94	
ii)Interest due but not paid	Nil	Nil	Nil	
iii)Interest accrues but not due	Nil	Nil	Nil	
<b>Total ( i+ii+iii)</b>	1,085.65	11,154.30	12,239.95	

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and / or Manager**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount (Rupees per annum)
1	Gross Salary	C.D.Datwani	Saroj.C.Datwani	
	a)Salary as per provisions contained in section 17(1) of the Income Tax 1961	24,00,000	24,00,000	48,00,000
	b)Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	As % of profit	-	-	-
	Others ( specify)	-	-	-
5	Others, Please specify	-	-	-
	Total (A)	-	-	48,00,000
	<b>Ceiling as per the Act</b>	-	-	1,20,00,000

**B. Remuneration to other directors:****(Per annum)**

Sl. No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors	Shri. S. Bhyrappa	
	(a) Fee for attending board committee meetings	Rs.30,000	Rs.30,000
	b) Commission	-	-
	c) Others, please specify	-	-
	<b>Total (1)</b>	Rs.30,000	Rs.30,000
2	Other Non- Executive Directors	-	-
	a) Fee for attending board committee meetings	-	-
	b) Commission	-	-

**Note: All the other directors have waived off their fee for attending Board's committee meetings.**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD**

Sl. No	Particulars of Remuneration	Key Managerial Personnel	Total
1	<b>Gross Salary</b>	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	Others, specify	-	-
5	Others, please specify	-	-

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any ( given details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding					
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of  
Directors

**Place:** Mysuru

**Date:** 31<sup>st</sup> July 2018

**CHAND D. DATWANI**  
Chairman

**Annexure-D to Directors 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**

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act,2013 including certain arm's length transaction under third proviso thereto.

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

Name (s) of the related party & nature of relationship	Nature of contract s/arrangements/ transaction	Duration of the contract s/arrangements/ transaction	Salient terms of the contracts /arrangements/transaction including the value, if any	Justification for entering into such contracts / arrangements /transactions	Date of approval by the board	Amount paid as advances , if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

**2. Details of contracts or arrangements or transactions at Arm's length basis: Nil**

Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts/arrangements/transaction including the value , if any	Date of approval by the board	Amount paid as advances, if any
NIL					

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

**Place: Mysuru**

**Date: 31<sup>st</sup> July 2018**

**CHAND D. DATWANI  
Chairman**

**Annexure-E**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2018

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

To,  
The Members,  
Venlon Enterprises Limited  
CIN:L24231KA1983PLC015089

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2018, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Air Pollution Control Act, 1981.

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited/SEBI Listing Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Note: Please report specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

**I further report that** during the audit period the company has not ventured any specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).

Signature:  
S. Viswanathan:  
ACS No. 780  
C P No.:2021  
No.9, Sai Bhavan  
1<sup>st</sup> A Main, BTM-MICO Layout  
II Stage, NS Pallya  
Bangalore-560076

**Place:** Bangalore  
**Date:** 31<sup>st</sup> July 2018

## **Corporate Governance Report for the year 2017-18**

(As required under SEBI Listing Obligations & Disclosure Requirements Regulations, 2015 with the Stock Exchanges)

### **1. Company's philosophy on Corporate Governance**

Corporate Governance is an integral part of the values, ethics and the best business practices followed by the Company. The core values of the Company are :

- Commitment to excellence and customer satisfaction
- Maximizing long-term shareholders' value
- Socially valued enterprise
- Caring for people and environment
- Integrity including intellectual honesty, openness, fairness and trust.

### **2. Board of Directors:**

The names and categories of the Directors on the Board, and their attendance at the Board Meetings during the year is given below:

Name	Category	Date of last A.G.M	No. of Board Meetings	No. of other Directorship	No. of other Committee Membership
		28.09.17	Attended/ Held	(In public Companies)	
Shri. Chand D Datwani DoB: 17.12.1952 DoA: 13.11.1986	Chairman & Managing Director Non-Independent-Executive	Present	5/5	NIL	One
Smt. Saroj C Datwani DoB: 02.04.1953 DoA: 27.11.1995	Whole Time Director Non-Independent - Executive	Absent	4/5	NIL	One
Shri. K.V.Chitalia* DoB: 12.08.1939 DoA: 30.05.2017	Independent Non-Executive	Absent	4/5	One	Two
Shri. S.V.Jain DoB: 27.03.1952 DoA: 31.03.2005	Independent Non-Executive	Absent	4/5	NIL	Three
Shri.S.Bhyrappa DoB: 27.05.1928 DoA: 29.09.2007	Independent Non-Executive	Absent	4/5	NIL	Two

\*Re-appointed on 30.05.2017

DoB: Date of Birth; DoA: Date of Appointment

Shri. Chand D. Datwani and Smt. Saroj C Datwani are related to each other.

### 3. Audit Committee

The terms of reference of the Audit Committee broadly are as under:

- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the Accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors and its redressal.
- b) To review compliance with internal control systems
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board
- d) To make recommendations to the Board on any matter relating to the financial management of the Company.
- e) Recommending the appointment of Statutory Auditors.

The composition of the Audit Committee and the details of meetings attended by the Members are given below:

Name of Member	Category	No. Of meetings	
		HELD	ATTENDED
Shri. S.V.Jain, Chairman	Independent Non-Executive	4	4
Shri. K.V. Chitalia, Member	Independent Non-Executive	4	4
Shri. S. Bhyrappa, Member	Independent Non-Executive	4	4

Four Audit Committee Meetings were held during the year 2017-18. The said meetings were held on the following dates: 30.05.2017, 31.07.2017, 31.10.2017, 07.02.2018. Audit Committee meetings are attended by Managing Director, Statutory Auditor, Internal Auditor and the Accounts Officer of the Company.

### 4. Nomination and Remuneration Committee

The terms of reference to the committee are as per the requirements of section 178 of the Companies Act, 2013 and as specified in Part I of Schedule II of the Regulation

The composition of the revised Remuneration Committee is given below:

NAME OF MEMBER	CATEGORY
Shri. S.V.Jain, Chairman	Independent Non-Executive
Shri. K.V. Chitalia, Member	Independent Non-Executive
Shri. S. Bhyrappa, Member	Independent Non-Executive

The meeting of the Nomination and Remuneration Committee was held on 31<sup>st</sup> July 2017.



## 5. Remuneration Policy

The Company has adhered to provisions of Schedule V of the Companies Act, 2013 while fixing the remuneration package to its Managing Director and Executive Director.

### Details of remuneration for 2017-18 and Tenure:

Name Of The Director	Remuneration (PA)	Sitting fee	TENURE
Shri. Chand D Datwani Chairman & Managing Director- Promoter.	Rs.60 lacs	NIL	Revised remuneration approved w.e.f 30.03.2018 for three years
Smt. Saroj C Datwani Promoter- Whole Time Director.	Rs.60 lacs	Nil	Revised remuneration approved w.e.f 30.03.2018 for three years
Shri. S.V. Jain Independent-Non Executive	Nil	Nil	Re-appointment has been done upto 30/9/2019
Shri. K.V. Chitalia Independent-Non Executive	Nil	Nil	Re-appointment has been done upto 30/9/2019
Shri. S.Bhyrappa Independent-Non Executive	Nil	30,000/-	Re-appointment has been done upto 30/9/2019

Shri.K.V.Chitalia and Shri. S.V.Jain have waived off their sitting fees.

Disclosure of shares held by Non –Executive Directors in the Company as on 31/03/2018.

Shri.K.V.Chitalia-12,908 Shares of Rs 5/- each.

Shri.S.V.Jain- 22,320 Shares of Rs 5/-each.

Shri. S. Bhyrappa – Nil.

## 6.Stake Holder Relationship Committee:

The composition of the Stake Holder Relationship Committee which also approves share transfer in physical form is given below:

NAME OF MEMBERS	CATEGORY
Shri. S.V.Jain, Chairman	Independent Non-Executive
Shri. Chand D Datwani, Member	Promoter- Chairman & Managing Director
Smt. Saroj C Datwani	Promoter-Whole time Director.

Scope:

- i) To approve transfer and transmission of shares in Physical form.
- ii) To oversee redressal of complaints.
- iii) To approve Remat of Shares.

## 7. General Body Meetings

### Name & designation of Compliance Officer :

Rama Rao G.D., FCA, Acs, External professional

### Investor Complaints:

No. of complaints received from Shareholders from 1.4.2017 to 31.3.2018	Nil
No. of complaints solved to the satisfaction of the Shareholders	Nil
Pending	Nil

a) Location and time, where last three Annual General Meetings (AGM) were held:

Date of A.G.M.	Type of Meeting	Location and Time
30/09/2015	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
28/09/2016	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
28/09/2017	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm

b) Three Special resolutions were passed during the previous AGM

c) No resolutions were passed at the previous AGM through postal ballot

d) At the ensuing AGM, one special resolution is being proposed.

## 8. Means of communication

1. Quarterly Results are normally published in Financial Express and Mysuru Diganta.

Any website, where displayed – On company website: [www.venlonenterprises.com](http://www.venlonenterprises.com)

Whether it also displays official news releases and presentation made to intuitional investors or to the analysts – N.A.

2) Company's Email ID to receive complaints and grievances from investors is [gdrvenlon@gmail.com](mailto:gdrvenlon@gmail.com).

## 9. General Shareholder information

**AGM: Date, time and venue: 28<sup>th</sup> September 2018** at Hotel Dasaprakash Paradise, Yadavagiri, Mysuru – 570 020 at 4.30 p.m.

**Financial Calendar:**

Year ending – March 31<sup>st</sup>

**Book Closure:** 22/09/2018 to 28/09/2018 (both days inclusive)

**Listing on Stock Exchanges:**

BSE Limited, Mumbai  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**Stock Code:**

Stock Exchange Mumbai: 524038

**Market Price Data:**

Month	High (Rs.)	Low (Rs.)
Apr – 17	3.85	3.32
May – 17	3.84	2.99
Jun – 17	4.35	3.15
Jul – 17	4.48	3.03
Aug – 17	3.63	2.72
Sep – 17	3.75	3.28
Oct – 17	3.80	3.13
Nov – 17	4.28	3.11
Dec – 17	4.56	3.80
Jan – 18	4.48	3.45
Feb – 18	4.25	2.89
Mar – 18	4.15	3.37

**Registrar and Transfer Agents:**

M/s Computech Sharecap Limited  
147, 3<sup>rd</sup> Floor, M.G. Road,  
Fort, Mumbai – 400 001

**Share Transfer System:**

Share Transfer in physical form can be lodged with the Share Transfer Agents at the abovementioned address.

The transfers are normally processed within the stipulated time from the date of receipt of the documents if complete in all respects. Share Transfer Committee of the Board approves the transfers, if the shares are in Physical Form.

Insider trading norms are adhered and reported to stock exchanges upon information from the concerned.

## DISTRIBUTION SCHEDULE

Number of Shares	Number of Shareholders	Share Holders Percentage	Number of shares held	Shareholding Percentage
1-50	159	3.5%	2549	0.00%
51-100	165	3.63%	15252	0.03%
101-200	794	17.47%	147072	0.28%
201-300	87	1.91%	23838	0.05%
301-400	1970	43.35%	711351	1.36%
401-500	166	3.65%	81738	0.16%
501-1000	561	12.35%	446964	0.86%
1001 & above	642	14.13%	50813730	97.27%
	<b>4544</b>	<b>100.00%</b>	<b>52242494</b>	<b>100.00%</b>

### **Dematerialization of shares and liquidity:**

Shares in physical form can be de-materialized and dealt on NSDL/CDSL.

### **Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:**

None

### **Plant Locations:**

Plot No. 26(P), Belavadi Industrial Area, Hunsur Road, Mysuru – 570 018

### **Address for correspondence:**

Plot No. 26(P), Belavadi Industrial Area, Hunsur Road, Mysuru – 570 018.

**Share Holding Pattern as on 31/03/18:**

	Category	No of Shares Held	Percentage of Share Holding
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters		
	Indian Promoters	11,09,520	2.13
	Foreign Promoters	3,04,32,390	58.25
	<b>Sub-Total</b>	<b>3,15,41,910</b>	<b>60.38</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3	Institutional Investors		
	a. Mutual Funds & UTI	5,000	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt Institutions/ Non Government Institutions)	6,840	0.01
	c. Foreign Institutional Investors	NIL	0.00
	<b>Sub-Total</b>	<b>11,840</b>	<b>0.02</b>
	<b>Others</b>		
	a. Indian and foreign Corporate Bodies	155,82,128	29.83
	b. Indian Public	51,06,616	9.77
	c. NRI		
	<b>Subtotal</b>	<b>2,06,88,744</b>	<b>39.60</b>
	<b>Grand Total</b>	<b>5,22,42,494</b>	<b>100.00</b>

**10. Disclosures**

- Disclosures on materially significant related party transactions i.e. Transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of Company at large.  
Nil.
- 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.  
Nil.
- Whistle Blower policy
- Compliance with mandatory requirements have been compiled.

**Declaration:**

I, C.D. Datwani Chairman and Managing Director hereby declare that all the Board Members and Senior Management personnel have complied with code of conduct adopted by the Company during the year.

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

**Place:** Mysuru

**Date:** 31.07.2018

**C.D. Datwani  
Chairman**



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**VENLON ENTERPRISES LTD.**

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**Regd. Office & Works :** 26 (P) & Plot No. 2, Belavadi Industrial Area, Hunsur Road, Mysore - 570 018. CIN : L24231KA1983PLC015089  
**Phone :** (0821) 2402530-5 Lines, 2402029, Fax : (0821) 2402259, 2402905, e-mail : mail@venlonenterprises.com.

## **CEO/CFO CERTIFICATION**

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2018 and to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statements or any material factor 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 the 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 violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and have disclosed to the auditors and the audit committee, deficiencies in design or operation of internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies are adequate.
- d) We have indicated to the auditors and the audit committee:
- i. Significant changes in the internal control systems during the year.
  - ii. Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - iii. There are no instances of significant fraud of involving either the management or employees having a significant role in the company's internal control systems, with respect to financial reporting.

**Chand D Datwani**  
Managing Director

**Saroj C. Datwani**  
C.F.O

Place: Mysore  
Date: 30/05/2018



B S Puneeth  
Chartered Accountant

No 3046, 2<sup>nd</sup> floor,  
Gokulam Park Road,  
V V Mohalla,  
Mysore – 570 002  
Mobile : 9164481218

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### **Independent Auditor’s Certificate on Corporate Governance**

#### **To the Members of Venlon Enterprises Limited**

1. I have examined the compliance of the conditions of Corporate Governance by Venlon Enterprises Limited (‘The Company’) for the year ended 31 March, 2018 as per regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

#### **Managements’ Responsibility**

2. The compliance of the conditions of Corporate Governance is the responsibility of the management. This Responsibility includes the design , implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### **Auditor’s Responsibility**

3. My examination was limited to the 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 an opinion on the financial statements of the Company.
4. I have examined the books of account and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company
5. I have conducted my examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India, the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issue by the ICAI.



6. I have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Controls for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of the Regulation 46 and paragraphs C, D and E of schedule V of the SEBI Listing Regulations, as applicable.
8. I further state that such compliance is neither an assurance as to the future viability of the company nor to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

***Restrictions on use***

9. The Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018



B S Puneeth  
Chartered Accountant

No 3046, 2<sup>nd</sup> floor,  
Gokulam Park Road,  
V V Mohalla,  
Mysore – 570 002  
Mobile : 9164481218

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## Independent Auditor's Report

To The Members of Venlon Enterprises Limited

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of Venlon Enterprises Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income) the Statement of Changes in Equity and the Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. In conducting my audit, I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained by me is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements.

### **Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### ***Emphasis of Matters***

- a) I draw attention to the matter disclosed in Note 28 (xxvii) other additional notes/ information to the financial statements:
- b) The financial statements indicate that the Company has accumulated losses and its net worth has been fully eroded. The company has incurred cash loss during the current year and previous year and the company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements of the company have been prepared on a going concern basis for the reasons stated in Note 28 (xxvii) other additional notes/ information to the financial statements.

My opinion is not modified in respect of this matter.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, I give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on my audit I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In my opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure B". and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in my opinion and to the best of my information and according to the explanations given to me:
    - i. The Company does not have any pending litigations which 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. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018

### ***Annexure A to the Independent Auditors' Report***

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of my Independent Auditors' Report of even date to the members of Venlon Enterprises Limited on the financial statements for the year ended 31 March 2018

I Report that:

- i.
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years, which in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) As per the information and explanation given to me, and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory has been physically verified by the management at reasonable intervals. The discrepancies noticed on physical verification of inventory were not material and the same have been properly dealt with in the books of account.
- iii.
  - a) The Company has not granted unsecured loans to Companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
  - b) Accordingly, paragraph 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to me, the Company has not given any loans, investments, guarantees and security during the year. Accordingly, paragraph 3(iv) of the order is not applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other Relevant Provisions of the Act, and the rules framed there under. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. I have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 148(1) of the Act, and the prescribed accounts and records have been made and maintained in respect of the products manufactured by the Company. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii.
- a) According to the information and explanations given to me and the records of the Company examined by us, no undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, Goods and Service Tax, customs duty, value added tax, excise duty, cess and other statutory dues as applicable with the appropriate authorities.
  - b) According to the information and explanations given to me, there are no dues of Provident Fund, Income tax, Sales tax, Service tax, Goods and Service Tax, Custom duty, Value added tax, Excise duty and Cess and other statutory dues which have not been deposited on account of any dispute
- Viii. According to the records of the Company examined by me and the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has not issued any debentures.
- ix. According to the information and explanations given to me and the records of the Company examined by me, the Company has not raised money by public offer (including debt instruments) during the year. The term loans were applied for the purpose for which those were raised.
- x. During the course of my examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of material fraud on the company by its officers or employees or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. According to the information and explanations given to me and the records of the Company examined by me, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 to be read with schedule V to the Act.
- xii. According to the information and explanations given to me, The Company has not been incorporated as a "Nidhi Company". Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. As per the information and explanation given to me and the records examined by me, all related party transactions are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. As per the information and explanation given to me and the records examined by me, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly paragraph 3(xiv) of the Order is not applicable.

- xv. According to the information and explanations given to me, the Company has not entered into any non-cash transactions with directors or persons connected with him/her. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is not engaged in the business of non-banking financial institution (NBFI) and hence is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018



## ***Annexure B to the Independent Auditors' Report***

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of Venlon Enterprises Limited ("the Company") as of 31<sup>st</sup> March, 2018, in conjunction with my audit of the financial statements of the Company for the year ended on that date.

### ***Management's Responsibility for Internal Financial Controls***

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

### ***Auditor's Responsibility***

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. I have conducted my audit in accordance with the Guidance Note on audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects

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

I believe that the audit evidence I have obtained, is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### ***Inherent Limitations of Internal Financial Controls over Financial Reporting***

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

### **Opinion**

In my opinion, Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

B S PUNEETH  
Chartered Accountant  
Membership #233893

Place: Mysuru  
Date: 30<sup>th</sup> May, 2018

**VENLON ENTERPRISES LIMITED**  
**CIN:L24231KA1983PLC015089**

**BALANCE SHEET AS AT 31ST MARCH, 2018**

**Amount in ₹**

PARTICULARS	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>I. ASSETS</b>				
<b><u>I. Non-Current Assets</u></b>				
a. Property, Plant and equipment	2	1,00,02,77,525	1,10,79,47,319	1,14,46,78,711
b. Capital Work-in-progress	2	-	-	2,11,59,856
c. Intangible Assets	2	79,336	92,634	27,989
d. Foreign currency monetary item translation difference A/c		7,21,59,002	8,01,54,995	10,25,79,667
e. Financial assets				
i. Investments	3	15,44,096	14,19,174	14,18,501
ii. Loans	4	40,88,408	40,88,408	40,86,058
f. Deferred Tax asset (net)		4,94,19,793	4,94,19,793	4,94,19,793
<b>Total Non-current assets</b>		<b>1,12,75,68,160</b>	<b>1,24,31,22,323</b>	<b>1,32,33,70,575</b>
<b><u>II. Current Assets</u></b>				
a. Inventories	5	19,86,30,746	19,89,61,078	18,99,30,124
b. Financial Assets				
i. Trade receivables	6	1,17,74,091	1,62,48,414	2,94,53,699
ii. Cash and cash equivalents	7	15,98,540	17,42,175	83,98,721
iii. Loans	8	7,85,177	83,77,959	96,68,811
c. Other Current Assets	9	54,43,576	58,82,142	64,06,062
<b>Total Current Assets</b>		<b>21,82,32,130</b>	<b>23,12,11,768</b>	<b>24,38,57,417</b>
Asset held for sale / disposal	2	1,39,75,695	-	-
<b>TOTAL ASSETS</b>		<b>1,35,97,75,985</b>	<b>1,47,43,34,091</b>	<b>1,56,72,27,992</b>
<b>2. EQUITY AND LIABILITIES</b>				
<b><u>EQUITY</u></b>				
a. Equity Share Capital	10	26,12,12,470	26,12,12,470	26,12,12,470
b. Other Equity	11	(17,28,56,461)	(4,45,49,261)	8,20,91,780
<b>Total Equity</b>		<b>8,83,56,009</b>	<b>21,66,63,209</b>	<b>34,33,04,250</b>
<b><u>LIABILITIES</u></b>				
<b><u>I. Non-Current liabilities</u></b>				
a. Financial Liabilities				
i. Borrowings	12	79,57,25,554	79,44,72,435	88,45,72,826
b. Provisions	13	78,66,636	72,77,887	53,64,133
<b>Total non-current liabilities (I)</b>		<b>80,35,92,190</b>	<b>80,17,50,322</b>	<b>88,99,36,959</b>
<b><u>II. Current Liabilities</u></b>				
a. Financial Liabilities				
i. Borrowings	14	42,50,92,520	38,27,75,403	28,27,21,767
ii. Trade Payables	15	3,27,98,619	5,69,69,881	3,72,41,515
b. Other Current liabilities	16	73,58,457	1,35,17,434	1,06,25,731
c. Provisions	17	25,78,190	26,57,842	33,97,769
<b>Total Current Liabilities (II)</b>		<b>46,78,27,787</b>	<b>45,59,20,561</b>	<b>33,39,86,783</b>
<b>Total Liabilities (I + II)</b>		<b>1,27,14,19,977</b>	<b>1,25,76,70,883</b>	<b>1,22,39,23,742</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,35,97,75,985</b>	<b>1,47,43,34,091</b>	<b>1,56,72,27,992</b>

Significant Accounting Policies

1

See accompanying Notes to the Financial Statements

1 - 28

As per my report of even date attached

**B S PUNEETH**  
Chartered Accountant  
Membership # 233893

**C. D. DATWANI**  
Chairman & Managing Director  
DIN: 00355181

**SAROJ. C. DATWANI**  
Director/ CFO  
DIN: 00355148

Date: 30th May, 2018  
Place: Mysuru

**VENLON ENTERPRISES LIMITED**  
CIN: L24231KA1983PLC015089

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018**

Amount in ₹

PARTICULARS	Notes	Year ended 31st March 2018	Year ended 31st March 2017
<b><u>1. INCOME</u></b>			
<b><u>I. Revenue from operations</u></b>			
a. Sale of Products	18	35,34,45,947	40,76,51,949
b. Other Income	19	33,73,866	1,12,82,683
<b>TOTAL INCOME</b>		<b>35,68,19,813</b>	<b>41,89,34,632</b>
<b><u>2. EXPENSES</u></b>			
a. Cost of Material Consumed	20	23,43,67,026	25,64,63,411
b. Purchases of Stock-in-trade	21	70,17,485	72,52,784
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(71,12,146)	(2,21,20,869)
d. Excise Duty	23	84,17,961	3,23,95,763
e. Employee Benefit Expenses	24	4,65,95,713	6,04,36,225
f. Finance Costs	25	4,38,10,867	5,30,66,038
g. Depreciation / Amortisation and Depletion Expense	2	4,88,85,767	6,78,25,247
h. Other Expenses	26	5,19,07,739	7,54,38,826
<b>TOTAL EXPENSES</b>		<b>43,38,90,411</b>	<b>53,07,57,424</b>
LOSS BEFORE TAX		(7,70,70,598)	(11,18,22,792)
TAX		-	-
LOSS FOR THE YEAR	(A)	(7,70,70,598)	(11,18,22,792)
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss net of tax		1,24,923	673
B (i) Items that will be reclassified to profit or loss net of tax		(4,10,64,943)	-
Total Comprehensive Income for the year	(B)	(4,09,40,020)	673
Total Comprehensive Income for the period (A+B) [Comprising Loss and Other Comprehensive Income for period]		<b>(11,80,10,618)</b>	<b>(11,18,22,119)</b>
Earnings per equity share			
Basic and Diluted	27	(2.26)	(2.14)

Significant Accounting Policies

1

See accompanying Notes to the Financial Statements

1 - 28

As per my report of even date attached

**B S PUNEETH**  
Chartered Accountant  
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**C. D. DATWANI**  
Chairman & Managing Director  
DIN: 00355181

**SAROJ. C. DATWANI**  
Director/ CFO  
DIN: 00355148

Date: 30th May, 2018  
Place: Mysuru

**VENLON ENTERPRISES LIMITED**  
CIN: L24231KA1983PLC015089

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018</b>	<b>Amount in ₹</b>	
<b>PARTICULARS</b>	<b>2017-18</b>	<b>2016-17</b>
<b><u>Cash Flow from Operating Activities</u></b>		
Net loss as per Statement of Profit and Loss	(7,70,70,598)	(11,18,22,792)
<b><u>Adjusted for:</u></b>		
Depreciation / Amortisation and Depletion Expense	4,88,85,767	6,78,25,247
Amortization of unrealized foreign exchange loss / (gain) on Long Term Debts	79,95,993	1,08,66,411
Interest Income	(49,546)	(3,31,282)
Dividend Income	(1,800)	(1,200)
Finance Costs	3,58,14,874	4,21,27,976
(Profit) / Loss on Sale / Discard of Assets (Net)	(6,75,593)	1,098
Short term provisions	(79,652)	(7,39,927)
Long term provisions	5,88,749	19,13,754
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>1,54,08,194</b>	<b>98,39,284</b>
<b><u>Adjusted for:</u></b>		
(Increase) / Decrease in Trade Receivables	44,74,322	1,32,05,285
(Increase) / Decrease in Inventories	3,30,332	(90,30,954)
(Increase) / Decrease in Other Current Assets	4,38,567	5,23,920
Increase / (Decrease) in Trade Payables	(2,41,71,263)	1,97,28,366
Increase / (Decrease) in Other Current Liabilities	(61,58,977)	28,91,703
(Increase) / Decrease in short term loans and advances	75,92,782	12,90,852
<b>Cash Generated from Operations</b>	<b>(20,86,041)</b>	<b>3,84,48,455</b>
Tax Paid (Net)	-	-
<b>Net Cash Flow from / (Used in) Operating Activities (i)</b>	<b>(20,86,041)</b>	<b>3,84,48,455</b>
<b><u>Cash Flow From Investing Activities</u></b>		
Purchase of tangible and Intangible assets	(37,11,958)	(2,54,22,888)
Proceeds from Long term Loans and Advances	-	(2,350)
Proceeds from disposal of tangible and intangible assets	6,75,593	3,000
Redemption / maturity of bank deposits	9,856	73,83,546
Interest Income	(4,419)	46,466
Dividend Income	1,800	1,200
<b>Net Cash Flow from / (Used in) Investing Activities (ii)</b>	<b>(30,29,128)</b>	<b>(1,79,91,026)</b>
<b><u>Cash Flow From Financing Activities</u></b>		
Proceeds from long term borrowings	(15,74,817)	(7,79,40,906)
Interest Paid	(3,58,14,874)	(4,21,27,976)
Short term borrowings (net)	4,23,17,117	10,00,53,636
<b>Net Cash flow from / (Used in) Financing Activities (iii)</b>	<b>49,27,426</b>	<b>(2,00,15,246)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (i + ii + iii)</b>	<b>(1,87,744)</b>	<b>4,42,183</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>10,08,633</b>	<b>5,66,450</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>8,20,890</b>	<b>10,08,633</b>
<b><u>Components of Cash and Cash Equivalents as per Ind As 7</u></b>		
Cash on Hand	33,260	35,578
With Banks-Current Accounts	7,87,630	9,73,056
<b>Total cash and cash equivalents</b>	<b>8,20,890</b>	<b>10,08,633</b>

As per my report of even date attached

**B S PUNEETH**  
Chartered Accountant  
Membership # 233893

**C. D. DATWANI**  
Chairman & Managing Director  
DIN: 00355181

**SAROJ. C. DATWANI**  
Director/ CFO  
DIN: 00355148

Date: 30th May, 2018  
Place: Mysuru

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

**1 CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS**

**A CORPORATE INFORMATION**

Venlon Enterprises Limited ('The Company') is a public limited company domiciled and incorporated in India having its registered office at 26-P, Belavadi Industrial Area, Hunsur Road Mysuru - 570018. The Company's shares are listed and traded on Stock Exchanges in India. The Company is engaged in the business of Polyester film, formaldehyde and paraformaldehyde manufacturing industry.

**B SIGNIFICANT ACCOUNTING POLICIES**

**I Basis of Preparation**

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Certain financial assets and liabilities

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Up to the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirements of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

These financial statements are the Company's first Ind AS financial statements.

Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

**II Statement of Compliance with Ind AS**

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on 30.05.2018. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016.

Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

**III Property, Plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, accumulated impairment losses. Cost includes expenditure that is directly attributable to acquisition of the asset. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of Property, Plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and equipment and are recognised net within "other income/other expenses" in the Statement of Profit and Loss.

**Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The cost of day to day servicing of property, plant and equipment are recognised in Statement of Profit or Loss.

**Depreciation**

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as provided in Schedule II to the Companies Act, 2013.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

**IV Intangible Assets**

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

**Subsequent Expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in the Statement of Profit and Loss.

**Amortisation of intangible asset with useful life**

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available to use based on the estimates made by the management w.r.t the useful life and residual value.

**V Inventories**

Inventories are measured at the lower of cost (determined using Weighted average method for Raw materials, Stores, Spares and Packing Materials and for finished goods and Stock in Process by considering materials, labour and other related direct expenses.) and net realizable value. Cost comprises the fair value of consideration for the purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

**VI Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

**a) Depreciation / amortisation and useful lives of property, plant and equipment / intangible assets**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

**b) Recoverability of trade receivables**

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**c) Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

**VII Financial Instruments**

Financial assets comprises of investments In equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognised immediately in Statement of Profit and Loss). Purchase or sale of financial asset within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement:

Financial asset at FVTOCI(Fair value through other comprehensive income):

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial asset and the contractual terms of financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

De-recognition of financial asset:

Financial assets are derecognised when the contractual right to cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of Derecognition) and the consideration received (including any new asset obtained less any new liability Assumed) shall be recognised in the Statement of Profit and Loss (except for equity instruments designated as FVTOCI).

**VIII Financial liabilities**

Initial recognition and measurement:

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement:

Financial liabilities are carried at amortized cost. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition of financial liability:

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

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in Balance sheet, when, and only when, the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

**IX Share Capital**

Equity Shares are classified as equity. Where any shares are issued, incremental costs directly attributable to the issue of new equity shares or share options will be recognised as deduction from equity, net of any tax effects.

**X Revenue Recognition**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. Transfer of risk and reward vary depending on the individual terms of the contract of sale.

Consequent to the introduction of GST w.e.f. 1st July, 2017 revenue are required to be shown net of GST. Revenue of earlier period are shown inclusive of excise duty, corresponding excise duty included in revenue are shown as separate line item in the statement of profit & loss as expenses to reflect the net effect.



**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

**XI Employee Benefits**

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

**a) Defined contribution plan (Provident fund)**

In accordance with Indian law, eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee service in the current and prior periods. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

**b) Defined benefit plan (Gratuity)**

In accordance with applicable Indian laws, the Company provides for gratuity, which is a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service cost and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefit available in the form of any future refunds from the plan or reductions in the future contributions to the plan.

The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India.

**c) Short term benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans 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.

**XII Finance income and expense**

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised using effective interest method. Dividend income is recognised in Statement of Profit and Loss on date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognised in the Statement of Profit and Loss.

**XIII Borrowing Costs**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

**XIV Income Taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

**XV Foreign Currency Transactions and balances**

Transactions in foreign currencies are initially recognised in the financial statements using exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognised in Statement of Profit and Loss under the head 'Other Comprehensive Income' for determination of net profit or loss during the period.

**XVI 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 by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. They are treated as equivalent of warrants or options in the calculation of diluted earnings per share.

**XVII Statement of Cash Flow**

Cash flows are reported using the indirect method, whereby, loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or 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 are segregated into operating, investing and financing activities.

**XVIII Segment Reporting**

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems. The Company operates through various segments namely manufacture of formaldehyde, paraformaldehyde, polyester film and generation of windmill energy.

**XIX Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specified to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

**C FIRST TIME ADOPTION OF IND AS**

The Company has adopted Ind AS with effect from 1st April, 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April, 2016. The previous period figures have been restated, regrouped and reclassified wherever required to comply with the requirements of Ind AS and Schedule III

**Exemptions from retrospective application**

**(i) Fair value as deemed cost**

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date.

**(ii) Cumulative translation difference**

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**(iii) Long Term Foreign Currency Monetary Items**

The Company continues the policy of amortizing capitalised exchange differences arising on translation of long term foreign currency monetary items upto the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. 31st March 2017 as per the previous GAAP.

**VENLON ENTERPRISES LIMITED  
MYSURU**

**NOTE -2**

Particulars	Gross Block									Depreciation							Net Block				
	As at 01.04.2016	Additions / Adjustments / (deductions)	Impact on IND AS Transition	Disposal/ Capitalized	As at 01.04.2017	Additions/Adjust- ments	Impact on IND AS Transition	Disposal/ Capitalized	As at 31.03.2018	Up to 01.04.2016	Additions / Adjustments / (deductions)	Impact on IND AS Transition	Up to 01.04.2017	Withdrawn	Impact on IND AS Transition	For the year	Upto 31.03.2018	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	
<b>PROPERTY PLANT &amp; EQUIPMENT</b>																					
Land-Freehold	26,83,51,457	-	-	-	26,83,51,457	-	-	-	26,83,51,457	-	-	-	-	-	-	-	-	26,83,51,457	26,83,51,457	26,83,51,457	
Buildings	20,53,05,346	1,45,943	-	-	20,54,51,289	99,074	-	-	20,55,50,363	9,66,65,534	68,15,398	-	10,34,80,932	-	-	68,18,394	11,02,99,327	9,52,51,036	10,19,70,356	10,86,39,811	
Plant and Machinery	1,35,88,34,837	2,00,66,881	-	-	1,37,89,01,718	27,51,640	(14,19,94,019)	14,45,000	1,23,82,14,339	59,58,45,877	7,53,05,202	-	67,11,51,079	14,45,000	(8,97,81,317)	5,17,33,788	63,16,58,550	60,65,55,789	70,77,50,638	76,29,88,959	
Electrical Installation	1,93,85,592	2,56,86,862	-	-	4,50,72,454	25,662	-	-	4,50,98,116	1,54,76,522	4,22,309	-	1,58,98,831	-	-	4,27,185	1,63,26,016	2,87,72,099	2,91,73,622	39,09,069	
Furniture & Fixtures	45,09,959	-	-	-	45,09,959	-	-	-	45,09,959	43,52,582	8,060	-	43,60,642	-	-	8,060	43,68,702	1,41,257	1,49,317	1,57,377	
Vehicles	53,66,146	-	-	-	53,66,146	8,28,630	-	5,78,920	56,15,856	47,34,108	80,109	-	48,14,217	5,78,920	-	1,78,509	44,13,807	12,02,049	5,51,929	6,32,038	
Computers & Data Processing units	-	-	-	-	-	6,953	-	-	6,953	-	-	-	-	-	-	3,115	3,115	3,838	-	-	
<b>TOTAL</b>	<b>1,86,17,53,337</b>	<b>4,58,99,686</b>	-	-	<b>1,90,76,53,023</b>	<b>37,11,958</b>	<b>- 14,19,94,019</b>	<b>20,23,920</b>	<b>1,76,73,47,042</b>	<b>71,70,74,623</b>	<b>8,26,31,078</b>	-	<b>79,97,05,701</b>	<b>20,23,920</b>	<b>(8,97,81,317)</b>	<b>5,91,69,050</b>	<b>76,70,69,516</b>	<b>1,00,02,77,525</b>	<b>1,10,79,47,319</b>	<b>1,14,46,78,711</b>	
<b>CAPITAL WORK IN PROGRESS</b>	2,11,59,856	-	-	2,11,59,856	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,11,59,856	
<b>TOTAL</b>	<b>2,11,59,856</b>	-	-	<b>2,11,59,856</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>2,11,59,856</b>	
<b>INTANGIBLE ASSETS</b>																					
Computer Software	60,000	76,333	-	-	1,36,333	-	-	-	1,36,333	32,011	11,688	-	43,699	-	-	13,298	56,997	79,336	92,634	27,989	
<b>TOTAL</b>	<b>60,000</b>	<b>76,333</b>	-	-	<b>1,36,333</b>	-	-	-	<b>1,36,333</b>	<b>32,011</b>	<b>11,688</b>	-	<b>43,699</b>	-	-	<b>13,298</b>	<b>56,997</b>	<b>79,336</b>	<b>92,634</b>	<b>27,989</b>	
<b>ASSET HELD FOR SALE / DISPOSAL</b>																					
Plant and Machinery - Chips Plant	-	-	-	-	-	-	14,19,94,019	-	-	-	-	-	-	-	-	-	-	12,80,18,324	-	-	
<b>GRAND TOTAL</b>	<b>1,88,29,73,193</b>	<b>4,59,76,019</b>	-	<b>2,11,59,856</b>	<b>1,90,77,89,356</b>	<b>37,11,958</b>	-	<b>20,23,920</b>	<b>1,76,74,83,375</b>	<b>71,71,06,634</b>	<b>8,26,42,766</b>	-	<b>79,97,49,400</b>	<b>20,23,920</b>	<b>3,82,37,007</b>	<b>5,91,82,348</b>	<b>76,71,26,513</b>	<b>1,01,43,32,556</b>	<b>1,10,80,39,953</b>	<b>1,16,58,66,556</b>	

**\* Facts and circumstances leading to sale.**

1. Impact on Ind AS Transition comprises of the following items:	
Depreciation till date of reclassification	8,97,81,317
Impairment Loss	3,82,37,007
	<b>12,80,18,324</b>

\* The technology adopted by the company in the manufacturing process of the chips has become obsolete. After a careful consideration of the factors, including the cost of manufacturing of the chips, the management has taken a decision to dispose off the chips plant.

1) Gross block includes Rs.53,63,14,896/- which represents additions due to revaluation.

Year of Revaluation	Additions on Revaluation (Rs.)
1992-93	8,39,48,258 (a)
1997-98	13,47,09,985 (b)
2001-02	5,49,12,531 (c)
2014-15	26,27,44,122
	<b>53,63,14,896</b>

Revaluation of Factory building and Plant and machinery at Mysore  
Revaluation of Imported Plant and Machinery of Polyester Film Plant at Mysore.  
Revaluation BOPP plant of Polyester Film Plant at Mysore.  
Revaluation of free hold land at Mysore.

2) Depreciation on original cost (including additions) is Rs. **4,88,85,767**  
Depreciation on revalued portion- Rs. 1,02,96,581 is debited to capital Reserve for revaluation.

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

Amount in ₹

3. INVESTMENTS	31 March, 2018	31 March, 2017	1 April, 2016
(a) Equity instruments	15,44,096	14,19,173	14,18,500
<b>Total investments</b>	<b>15,44,096</b>	<b>14,19,173</b>	<b>14,18,500</b>

(a) Particulars of Investments in Equity Shares (Quoted and unquoted, Non Trade at cost)	
Name of the Company	Number of Equity Shares Fully Paid up
<b>Quoted</b>	
Garware Polyester Limited	50
Rollainers Limited	55
Tamilnadu Telecommunication Limited	100
ITC Limited	3100
Annapurna Foils Limited	100
Finolex Cables Limited	600
Essel Propack Limited	80
Gujarat Telephone Cables Limited	85
RPG Cables Limited	50
EID Parry (I) Limited	750
MM Rubber Company	50
Elpro Packaging Limited	100
Cormandal International Limited	176
	<b>5296</b>
<b>Unquoted</b>	
Canbay Polyfilms Limited	100
Leela Packaging Limited	100
Sakamichi Tapes Limited	800
	<b>1000</b>
<b>Total</b>	<b>6296</b>

(a) Book value (cost) of investment in equity shares is Rs. 2,27,968/- (PY Rs.2,27,968/-)

(b) In view of the Company's long term investment strategy no provision is considered necessary in respect of diminution, if any, in the Market value of securities held by the Company

(c) In compliance with Ind AS-109 'Financial Instruments' the aforesaid investments are recognised at fair market value & net effect of the same is reflected under 'Other Comprehensive Income'.

4. LOANS	31 March, 2018	31 March, 2017	1 April, 2016
(a) Security Deposits			
Secured, considered good	40,88,408	40,88,408	40,86,058
<b>Total Loans</b>	<b>40,88,408</b>	<b>40,88,408</b>	<b>40,86,058</b>

5. INVENTORIES (Valued at lower of cost and net realizable value)	31 March, 2018	31 March, 2017	1 April, 2016
(a) Raw materials	2,07,32,237	2,89,55,724	3,85,81,968
(b) Work in progress	9,04,52,670	6,81,47,112	6,74,94,617
(c) Finished goods	3,02,58,675	4,54,52,087	2,39,83,713
(d) Stores & spares	5,69,10,275	5,61,27,980	5,95,43,072
(e) Loose tools	2,76,889	2,78,175	3,26,754
<b>Total Inventories</b>	<b>19,86,30,746</b>	<b>19,89,61,078</b>	<b>18,99,30,124</b>

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**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

Amount in ₹

<b>6. TRADE RECEIVABLES</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(i) Outstanding for a period exceeding six months from the date they are due for payment			
Secured, Considered Good			
Unsecured, Considered Good	1,38,16,539	1,93,59,268	3,25,64,553
Non operative & considered good	24,66,964	13,98,558	13,98,558
<b>Sub Total</b>	<b>1,62,83,503</b>	<b>2,07,57,826</b>	<b>3,39,63,111</b>
Less : Provision for bad and doubtful debts	45,09,412	45,09,412	45,09,412
<b>Total trade receivables</b>	<b>1,17,74,091</b>	<b>1,62,48,414</b>	<b>2,94,53,699</b>

<b>7. CASH AND CASH EQUIVALENTS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(i) Cash and cash equivalents			
a) Balances with banks - In Current accounts	7,87,630	9,73,056	5,26,306
b) Cash on hand	33,260	35,578	40,144
(ii) Other bank balances			
(a) In deposit account with original maturity of more than 3 months but less than 12 months	15,000	15,000	15,000
(b) Balances with banks - held as margin money or security deposit against borrowings, guarantee / other commitments	7,62,650	7,18,542	78,17,271
<b>Total Cash and Cash Equivalents</b>	<b>15,98,540</b>	<b>17,42,175</b>	<b>83,98,721</b>

(i) The balance in operative bank accounts have been reconciled, while the balance in non-operative bank accounts are subject to reconciliation.

<b>8. LOANS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(a) Loans and advances to related parties	-	-	-
(b) Others			
Secured, considered good	-	-	-
Unsecured, considered good	7,85,177	83,77,959	96,68,811
Doubtful	-	-	-
<b>Total loans</b>	<b>7,85,177</b>	<b>83,77,959</b>	<b>96,68,811</b>

<b>9. OTHER CURRENT ASSETS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
Other Current Assets	54,43,576	58,82,142	64,06,062
<b>Total Other current assets</b>	<b>54,43,576</b>	<b>58,82,142</b>	<b>64,06,062</b>

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**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

Amount in ₹

PARTICULARS	As At	As At	As At
	31 March, 2018	31 March 2017	1 April 2016
	Rupees	Rupees	Rupees
<b>10. EQUITY SHARE CAPITAL</b>			
Authorized Share Capital 5,30,00,000 Equity Shares of Rs.5 each (Previous Year 5,30,00,000 Equity Shares of Rs.5 each)	26,50,00,000	26,50,00,000	26,50,00,000
Issued, Subscribed and Paid up capital 5,22,42,494 Equity Shares of Rs.5 each (Previous Year 5,22,42,494 Equity Shares of Rs.5 each)	26,12,12,470	26,12,12,470	26,12,12,470
<b>Total Issued, Subscribed and Paid up capital</b>	<b>26,12,12,470</b>	<b>26,12,12,470</b>	<b>26,12,12,470</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31-Mar-18		31-Mar-17		1-Apr-16	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<b>Equity shares</b>						
At the beginning of the period	5,22,42,494	26,12,12,470	5,22,42,494	26,12,12,470	5,22,42,494	26,12,12,470
Outstanding at the end of the period	5,22,42,494	26,12,12,470	5,22,42,494	26,12,12,470	5,22,42,494	26,12,12,470

**(b) Terms/ rights attached to equity shares**

- i. The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each holder of equity share is entitled to one vote per share.
- ii. During the current year, the amount of dividend per share recognized as distribution to equity shareholders was Rs. NIL (Previous year Rs. NIL)
- iii. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- iv. Of the above, 3,04,32,390 equity shares of Rs.5/- each fully paid up has been allotted to non-residents on non-repatriation basis.

**(c) Details of shareholders' holding more than 5% shares in the Company**

	31-Mar-18		31-Mar-17		1-Apr-16	
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding
<b>Equity shares of Rs.5/- each fully paid</b>						
Arun Daulatram Datwani (Non-resident Indian)	1,52,16,195	29.13%	1,52,16,195	29.13%	1,52,16,195	29.13%
Dasu Daulatram Datwani (Non-resident Indian)	1,52,16,195	29.13%	1,52,16,195	29.13%	1,52,16,195	29.13%
Krishna Enterprises Limited	1,53,75,128	29.43%	1,53,75,128	29.43%	1,53,75,128	29.43%

<b>11. OTHER EQUITY</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(a) Capital reserve	76,500	76,500	76,500
(b) Securities premium	3,25,13,632	3,25,13,632	3,25,13,632
(c) Revaluation surplus	32,80,96,167	33,83,92,749	35,32,11,671
(d) Retained Earnings			
As per last year financial statement	(41,67,23,347)	(30,49,00,556)	(20,81,95,401)
Add :Surplus / (deficit) for the year	(7,70,70,598)	(11,18,22,792)	(9,67,05,155)
	(49,37,93,945)	(41,67,23,347)	(30,49,00,556)
(e) Other Comprehensive income			
i) Impairment loss on asset held for sale			
Opening Balance	-	-	-
Add: Other Comprehensive Income	(3,82,37,007)	-	-
Closing Balance (A)	(3,82,37,007)	-	-
ii) Foreign currency monetary translation difference			
Opening Balance	-	-	-
Add: Other Comprehensive Income	(28,27,936)	-	-
Closing Balance (B)	(28,27,936)	-	-
iii) Fair value of investments			
Opening Balance	11,91,205	11,90,532	-
Add: Other Comprehensive Income	1,24,923	673	11,90,532
Closing Balance (C)	13,16,128	11,91,205	11,90,532
Total of comprehensive income (A+B+C)	(3,97,48,815)	11,91,205	11,90,532
<b>Total Other Equity</b>	<b>(17,28,56,461)</b>	<b>(4,45,49,261)</b>	<b>8,20,91,780</b>

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**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

	Amount in ₹		
<b>12. BORROWINGS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(ii) Term loans			
(a) Banks	31,96,368	47,71,185	1,47,341
(b) Other Parties - Unsecured	79,25,29,186	78,97,01,250	88,44,25,485
<b>Total Borrowings</b>	<b>79,57,25,554</b>	<b>79,44,72,435</b>	<b>88,45,72,826</b>

(a) Loan borrowed from Corporation Bank at 10.40% interest rate to purchase car, which is repayable at monthly EMI of Rs 15,959 for 35 months commencing from 12.09.2015

(b) The interest free unsecured external commercial borrowing from other parties is repayable in 10 equated annual instalments commencing from 30/04/2020

(c) The Company has borrowed Rs 89,00,000 from Corporation Bank at 14.25% interest rate for upgrading diesel generator. The loan has to be repaid in 48 EMIs of Rs 2,48,371/-.

(d) During the year the Company has borrowed Rs 7,00,000 from Corporation Bank at 9.40% interest rate for purchase of vehicle (Maruthi Suzuki Dezire Car). The loan has to be repaid in 84 EMIs of Rs.11,405/- commencing from 27/07/2017.

<b>13. PROVISIONS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(a) Provisions for employee benefits	78,66,636	72,77,887	53,64,133
(b) Others	-	-	-
<b>Total Provisions</b>	<b>78,66,636</b>	<b>72,77,887</b>	<b>53,64,133</b>

<b>14. BORROWINGS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
(a) From Banks - Cash Credit account	10,21,91,091	7,65,20,644	71,91,573
(b) Loans and advances from related parties	32,29,01,429	30,62,54,759	27,55,30,194
<b>Total Borrowings</b>	<b>42,50,92,520</b>	<b>38,27,75,403</b>	<b>28,27,21,767</b>

**(i) Cash credit from banks are secured:**

- (a) by way of first charge on hypothecation of Company's entire stock-in-trade consisting of raw materials, stock-in-process, finished goods, consumables stores and spares and receivables/book debts, both present and future.
- (b) by way of first charge, on hypothecation of all existing and future movable assets and other fixed assets i.e., the plant and machinery at the company's existing plant at Belavadi Industrial Area, Mysuru.
- (c) by way of first charge by Equitable mortgage of factory Land and Building belonging to the company at Belavadi Industrial Area, Mysuru.
- (d) further secured by personal guarantee of the Chairman & Managing Director and the Executive Director.
- (e) Cash credit from banks carry interest rate @ 13.85% p.a.

(ii) The Loans from other parties are received from Chairman & Managing Director, Executive Director of the Company and other entities in which the directors are interested at the interest rate of 9% p.a and 9% p.a respectively and is repayable on demand.

(iii) The Company has obtained overdraft facility of Rs 7.89 crores at interest rate of 9.35% from Corporation Bank against fixed deposits of entities in which Chairman and MD, CFO and Executive Director of the Company are interested. The facility has been availed for repayment of external commercial borrowings.

<b>15. TRADE PAYABLES</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
Operative			
Goods indigenous	2,49,55,624	4,72,60,507	2,76,81,003
Services	7,85,619	26,51,999	25,03,137
Non operative - Goods indigenous & Services	70,57,376	70,57,376	70,57,376
<b>Total trade payables</b>	<b>3,27,98,619</b>	<b>5,69,69,881</b>	<b>3,72,41,515</b>

Payments to Suppliers as defined under the Micro, Small & Medium Enterprise Development Act, 1996, (The Act) are generally made in accordance with the agreed credit terms. The amount, if any, overdue as on 31.03.2018 has not been ascertained, and hence no disclosure has been made.

<b>16. OTHER CURRENT LIABILITIES</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
Other current liabilities	73,58,457	1,35,17,434	1,06,25,731
<b>Total current liabilities</b>	<b>73,58,457</b>	<b>1,35,17,434</b>	<b>1,06,25,731</b>

<b>17. PROVISIONS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>	<b>1 April, 2016</b>
Provisions for employee benefits	25,78,190	26,57,842	33,97,769
<b>Total Provisions</b>	<b>25,78,190</b>	<b>26,57,842</b>	<b>33,97,769</b>

**VENLON ENTERPRISES LIMITED**  
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**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

Amount in ₹

<b>18. SALE OF PRODUCTS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
Other than finance company		
i) Sale of products	35,34,45,947	40,76,51,949
ii) Sale of services	-	-
iii) Other operating revenues	-	-
<b>Total</b>	<b>35,34,45,947</b>	<b>40,76,51,949</b>

  

<b>19. OTHER INCOME</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
(i) Interest income	3,46,130	6,84,128
(ii) Dividend income	1,800	1,200
(iii) Net gain or loss on sale of investments\fixed assets	6,75,593	(1,098)
(iv) Other non operating income	23,50,344	1,05,98,453
<b>Total other income</b>	<b>33,73,866</b>	<b>1,12,82,683</b>

  

<b>20. COST OF MATERIALS CONSUMED</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
<b>RAW MATERIALS</b>		
Opening stock	2,80,82,165	3,75,05,778
Add: Purchases	22,61,43,539	24,70,39,798
Less: Closing stock	1,98,58,678	2,80,82,165
<b>Total Cost of Materials consumed</b>	<b>23,43,67,026</b>	<b>25,64,63,411</b>

  

<b>21. PURCHASE OF STOCK IN TRADE</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
Cost of traded goods	70,17,485	72,52,784
<b>Total Purchase of stock in trade</b>	<b>70,17,485</b>	<b>72,52,784</b>

  

<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK IN TRADE</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
<b>FINISHED GOODS</b>		
Closing stock	3,02,58,675	4,54,52,087
Less: Opening stock	4,54,52,087	2,39,83,713
(Decrease) / Increase in finished goods	(1,51,93,412)	2,14,68,374
<b>WORK IN PROGRESS</b>		
Closing stock	9,04,52,670	6,81,47,112
Less: Opening stock	6,81,47,112	6,74,94,617
(Decrease) / Increase in work in progress	2,23,05,558	6,52,495
Differential Excise duty on opening and closing stock of finished goods	(50,50,233)	23,85,375
Finished Goods in Transit	-	-
Closing stock	-	-
Less: Opening Stock	-	-
(Decrease) / Increase in Goods in transit	-	-
<b>Total changes in inventories of finished goods, work in progress &amp; stock in trade</b>	<b>71,12,146</b>	<b>2,21,20,869</b>



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**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**  
Amount in ₹

<b>23. EXCISE DUTY</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
(i) Excise Duty	84,17,961	3,23,95,763
<b>Total Excise Duty</b>	<b>84,17,961</b>	<b>3,23,95,763</b>
<b>24. EMPLOYEE BENEFITS EXPENSES</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
(i) Salaries & wages	4,20,21,151	5,48,79,758
(ii) Contribution to provident & other funds	26,39,829	31,71,444
(iii) Staff welfare expenses	19,34,733	23,85,023
<b>Total employee benefit expenses</b>	<b>4,65,95,713</b>	<b>6,04,36,225</b>
<b>25. FINANCE COSTS</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
(i) Interest expenses	3,58,14,874	4,21,27,976
(ii) Amortization of net (gain) or loss on foreign currency translations	79,95,993	1,09,38,062
<b>Total finance cost</b>	<b>4,38,10,867</b>	<b>5,30,66,038</b>
<b>26. OTHER EXPENSES</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
(i) Consumption of stores and spares parts	50,02,558	87,94,668
(ii) Power and fuel	1,95,67,882	2,36,12,784
(iii) Packing material consumed	17,35,231	34,26,453
(iv) Freight Charges	1,55,10,213	2,06,12,590
(v) Rent	5,65,000	4,60,000
(vi) Repairs to buildings	42,416	3,97,696
(vii) Repairs to machinery	19,35,331	15,93,414
(viii) Insurance	13,90,619	15,30,302
(ix) Rates and taxes excluding taxes on income	12,32,034	27,21,465
(x) Administration and selling expenses	43,35,794	1,18,88,433
(xi) Miscellaneous expenses	4,60,662	2,71,021
(xii) Remuneration to statutory auditors - for audit	1,30,000	1,30,000
<b>Total other expenses</b>	<b>5,19,07,739</b>	<b>7,54,38,826</b>
<b>27. EARNINGS PER SHARE</b>	<b>31 March, 2018</b>	<b>31 March, 2017</b>
Total Comprehensive Income for the period [Comprising Loss and Other Comprehensive Income for period]	(11,80,10,618)	(11,18,22,119)
Number of equity shares ( Face Value Rs.5/- )	5,22,42,494	5,22,42,494
Earnings per share in Rupees	(2.26)	(2.14)

**VENLON ENTERPRISES LIMITED**  
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**NOTE - 28. FIRST TIME IND AS ADOPTION RECONCILIATIONS**

28 (i). Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2017 and 1st April, 2016

Amount in ₹

PARTICULARS	As at 31st March, 2017			As at 1st April, 2016		
	As per Previous GAAP Balance Sheet	Effect of transition to Ind AS	As per Ind AS Balance Sheet	As per Previous GAAP Balance Sheet	Effect of transition to Ind AS	As per Ind AS Balance Sheet
<b>I. ASSETS</b>						
<b><u>I. Non-Current Assets</u></b>						
a. Property, Plant and equipment	1,10,79,47,319	-	1,10,79,47,319	1,14,46,78,711	-	1,14,46,78,711
b. Asset held for sale / disposal	-	-	-	-	-	-
c. Capital Work-in-progress	-	-	-	2,11,59,856	-	2,11,59,856
d. Intangible Assets	92,634	-	92,634	27,989	-	27,989
e. Foreign currency monetary item translation difference A/c	8,01,54,995	-	8,01,54,995	10,25,79,667	-	10,25,79,667
f. Financial assets						
i. Investments	2,27,968	11,91,205	14,19,173	2,27,968	11,90,532	14,18,500
iii. Loans	40,88,408	-	40,88,408	40,86,058	-	40,86,058
g. Deferred tax assets (net)	4,94,19,793	-	4,94,19,793	4,94,19,793	-	4,94,19,793
<b>Total Non-current assets</b>	<b>1,24,19,31,117</b>		<b>1,24,31,22,323</b>	<b>1,32,21,80,042</b>		<b>1,32,33,70,575</b>
<b><u>II. Current Assets</u></b>						
a. Inventories	19,89,61,078	-	19,89,61,078	18,99,30,124	-	18,99,30,124
b. Financial Assets	-	-	-	-	-	-
i. Trade receivables	1,62,48,414	-	1,62,48,414	2,94,53,699	-	2,94,53,699
ii. Cash and cash equivalents	17,42,175	-	17,42,175	83,98,721	-	83,98,721
iii. Loans	83,77,959	-	83,77,959	96,68,811	-	96,68,811
c. Other Current Assets	58,82,142	-	58,82,142	64,06,062	-	64,06,062
<b>Total Current Assets</b>	<b>23,12,11,769</b>		<b>23,12,11,769</b>	<b>24,38,57,417</b>		<b>24,38,57,417</b>
<b>TOTAL ASSETS</b>	<b>1,47,31,42,886</b>		<b>1,47,43,34,091</b>	<b>1,56,60,37,460</b>		<b>1,56,72,27,992</b>
<b>2. EQUITY AND LIABILITIES</b>						
<b><u>EQUITY</u></b>						
a. Equity Share Capital	26,12,12,470	-	26,12,12,470	26,12,12,470	-	26,12,12,470
b. Other Equity	(4,57,40,466)	11,91,205	(4,45,49,261)	8,09,01,248	11,90,532	8,20,91,780
<b>Total Equity</b>	<b>21,54,72,004</b>		<b>21,66,63,209</b>	<b>34,21,13,718</b>		<b>34,33,04,250</b>
<b><u>LIABILITIES</u></b>						
<b><u>I. Non-Current liabilities</u></b>						
a. Financial Liabilities						
i. Borrowings	79,44,72,435	-	79,44,72,435	88,45,72,826	-	88,45,72,826
b. Provisions	72,77,887	-	72,77,887	53,64,133	-	53,64,133
<b>Total non-current liabilities (I)</b>	<b>80,17,50,322</b>		<b>80,17,50,322</b>	<b>88,99,36,959</b>		<b>88,99,36,959</b>
<b><u>II. Current Liabilities</u></b>						
a. Financial Liabilities						
i. Borrowings	38,27,75,403	-	38,27,75,403	28,27,21,767	-	28,27,21,767
ii. Trade Payables	5,69,69,881	-	5,69,69,881	3,72,41,515	-	3,72,41,515
b. Other Current liabilities	1,35,17,434	-	1,35,17,434	1,06,25,731	-	1,06,25,731
c. Provisions	26,57,842	-	26,57,842	33,97,769	-	33,97,769
<b>Total Current Liabilities (II)</b>	<b>45,59,20,561</b>		<b>45,59,20,562</b>	<b>33,39,86,783</b>		<b>33,39,86,783</b>
<b>Total Liabilities (I + II)</b>	<b>1,25,76,70,883</b>		<b>1,25,76,70,884</b>	<b>1,22,39,23,742</b>		<b>1,22,39,23,742</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,47,31,42,886</b>		<b>1,47,43,34,091</b>	<b>1,56,60,37,460</b>		<b>1,56,72,27,992</b>
	0		0	0		0

**VENLON ENTERPRISES LIMITED**  
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**NOTE - 28. FIRST TIME IND AS ADOPTION RECONCILIATIONS Contd...**

28 (ii). Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2017

**Amount in ₹**

PARTICULARS	As at 31st March, 2017		
	Previous GAAP	Ind AS adjustment	As per Ind AS
<b><u>1. INCOME</u></b>			
<b><u>I. Revenue from operations</u></b>			
a. Sale of Products	40,76,51,949	-	40,76,51,949
c. Other Income	1,12,82,683	-	1,12,82,683
<b>TOTAL INCOME</b>	<b>41,89,34,632</b>		<b>41,89,34,632</b>
<b><u>2. EXPENSES</u></b>			
a. Cost of Material Consumed	25,64,63,411	-	25,64,63,411
b. Purchases of Stock-in-trade	72,52,784	-	72,52,784
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,21,20,869)	-	(2,21,20,869)
d. Excise Duty	3,23,95,763	-	3,23,95,763
e. Employee Benefit Expenses	6,04,36,225	-	6,04,36,225
f. Finance Costs	5,30,66,038	-	5,30,66,038
g. Depreciation / Amortisation and Depletion Expense	6,78,25,247	-	6,78,25,247
h. Other Expenses	7,54,38,826	-	7,54,38,826
<b>TOTAL EXPENSES</b>	<b>53,07,57,424</b>		<b>53,07,57,424</b>
LOSS BEFORE TAX	(11,18,22,792)	-	(11,18,22,792)
TAX	-		-
LOSS FOR THE YEAR (A)	(11,18,22,792)	-	(11,18,22,792)
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss net of tax	-	673	673
B (i) Items that will be reclassified to profit or loss net of tax	-	-	-
Total Comprehensive Income for the year (B)	-	673	673
Earnings per equity share Basic and Diluted	(2.14)	-	(2.14)

**NOTE - 28. FIRST TIME IND AS ADOPTION RECONCILIATIONS Contd...**

Amount in ₹

## 28(iii). Reconciliation of Loss and Other Equity between Ind AS and Previous GAAP

Sl. No	Nature of adjustments	Notes	Net Loss	Other Equity	
			Year ended 31st March, 2017	As at 31st March, 2017	As at 1st April, 2016
	<b>As Per Previous GAAP</b>		<b>(11,18,22,792)</b>	<b>(4,57,40,466)</b>	<b>8,09,01,248</b>
1	Fair valuation of financial assets	1	-	11,91,205	11,90,532
	<b>As per Ind AS</b>		<b>(11,18,22,792)</b>	<b>(4,45,49,261)</b>	<b>8,20,91,780</b>

**Notes:****Fair valuation of financial assets:**

The Company has adopted the fair value of financial instruments in accordance with the provisions of Ind AS 109 - "Financial Instruments" and classified the same as Fair Value Through Other Comprehensive Income (FVTOCI) as against the cost of acquisition as was the case under the previous GAAP. Accordingly, the difference between the fair value and cost has been accounted through Other Comprehensive Income and consequently impacting Other Equity.

**VENLON ENTERPRISES LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018**

**A. EQUITY SHARE CAPITAL**

Amount in ₹

Balance at the beginning of the reporting period i.e., 1st April, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period i.e., 31st March, 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period i.e., 31st March, 2018
26,12,12,470	-	26,12,12,470	-	26,12,12,470

**B. OTHER EQUITY**

Amount in ₹

Particulars	Share app. Money pending allotment	Reserves and Surplus				Other Comprehensive Income	Total
		Capital Reserve	Securities Premium Reserve	Revaluation Reserve	Retained Earnings		
<u>AS AT 31ST MARCH 2017</u>							
Balance as the beginning of the reporting period i.e., 1st April, 2016	-	76,500	3,25,13,632	35,32,11,671	(30,49,00,556)	11,90,532	8,20,91,780
Total Comprehensive Income for the year	-	-	-	-	-	673	673
Dividends	-	-	-	-	-	-	-
Tax on dividends	-	-	-	-	-	-	-
Transfer to / (from) retained earnings	-	-	-	(1,48,18,922)	(11,18,22,792)	-	(12,66,41,714)
Other adjustments	-	-	-	-	-	-	-
period. i.e., 31st March, 2017 (Refer Sch. 11)	-	76,500	3,25,13,632	33,83,92,749	(41,67,23,347)	11,91,205	(4,45,49,261)

Particulars	Share app. Money pending allotment	Reserves and Surplus				Other Comprehensive Income	Total
		Capital Reserve	Securities Premium Reserve	Revaluation Reserve	Retained Earnings		
<u>AS AT 31ST MARCH 2018</u>							
Balance as the beginning of the reporting period i.e., 1st April, 2017	-	76,500	3,25,13,632	33,83,92,749	(41,67,23,347)	11,91,205	(4,45,49,261)
Total Comprehensive Income for the year	-	-	-	-	-	(4,09,40,020)	(4,09,40,020)
Dividends	-	-	-	-	-	-	-
Tax on dividends	-	-	-	-	-	-	-
Transfer to / (from) retained earnings	-	-	-	(1,02,96,581)	(7,70,70,598)	-	(8,73,67,179)
period. i.e., 31st March, 2018 (Refer Sch. 11)	-	76,500	3,25,13,632	32,80,96,168	(49,37,93,945)	(3,97,48,815)	(17,28,56,461)

As per my report of even date

**B S PUNEETH**  
Chartered Accountant  
Membership # 233893

**C. D. DATWANI**  
Chairman & Managing Director  
DIN: 00355181

**SAROJ. C. DATWANI**  
Director/ CFO  
DIN: 00355148

Date: 30th May, 2018  
Place: Mysuru

**VENLON ENTERPRISES LIMITED**  
CIN: L24231KA1983PLC015089

**NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..**

iv) Contingent Liability & Commitments not provided for:

- a. Bank Guarantee furnished to court in respect of pending legal matter Rs.28 lakhs.

v) Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for is Nil.

vi) Proposed Dividends;

The amount of dividends proposed to be distributed to;  
Equity Shareholders

	<u>31 March, 2018</u>	<u>31 March, 2017</u>
	Nil	Nil

Figures in Rs

vii) There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

viii)

(i) The Company has not entered into any forward contracts to mitigate its risks associated with foreign currency fluctuations having underlying transactions and relating to firm commitments or highly probable forecast transactions. The company does not enter into any forward contract which is intended for trading or speculative purposes.

(ii) The Company has elected to apply Ind AS 21 - The Effects of changes in Foreign Exchange Rate prospectively. Accordingly, all cumulative gains and losses continue to be recognised as per previous GAAP which was accounted under "Foreign Currency Monetary Item Translation Difference Account" will be amortized to the extent of Rs.79,95,993/- for the current year and the balance over the tenor of loan (up to 31st March 2029). Further for the current year in accordance with Ind AS 21 the Foreign Exchange Translation loss of Rs.28,27,936/- is recognised as under "Other Comprehensive Income" in the statement of profit & loss account.

ix) The Company has adopted the fair value of financial instruments in accordance with the provisions of Ind AS 109 - "Financial Instruments" and classified the same as Fair Value Through Other Comprehensive Income (FVTOCI) as against the cost of acquisition as was the case under the previous GAAP. Accordingly, the difference between the fair value and cost has been accounted through Other Comprehensive Income and consequently impacting Other Equity.

x) The breakup of Deferred Tax Asset / (Liability) as on 31 March, 2018 is as given below:

Arising on account of timing difference in:

	<u>31 March, 2018</u>	<u>31 March, 2017</u>
- Depreciation	(13,28,80,173)	(15,56,25,755)
- Accrued Expenses allowable on Actual Payments	3,09,000	3,09,000
- Unabsorbed Business Loss	<u>27,37,57,532</u>	<u>25,79,84,538</u>
Deferred Tax Asset/(liability) (Net)	<u>14,11,86,359</u>	<u>10,26,67,782</u>

Deferred Tax Asset (net) on account of the timing differences, (depreciation and other components) has been computed at Rs.1,411.86 Lacs (P.Y. Rs.1,026.68 Lacs). However, the same is not recognized in the current year as a matter of prudence. This is in accordance with the Indian Accounting Standard Ind AS-12 issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Indian Accounting Standards) Rules,2015.

xi) Borrowing costs capitalized during the year is Rs.NIL (PY Rs.NIL)

xii) Foreign currency translation difference capitalized during the year is Rs.NIL (PY Rs. NIL). In the current year in accordance with the Indian Accounting Standard 21 "The Effects of Changes in Foreign Exchange rates" difference arising has not been either capitalized or deducted from the balance appearing in books. Accordingly, the loss has been recognised as 'Other comprehensive loss'.

Inter-segment transfers of goods aggregating to a value of Rs 8,61,96,627/- for internal use as captive consumption are disclosed as contra-items in Statement of Profit and Loss to reflect the true economic value of Production inter-se the segments. Accordingly, the sales and raw material consumption figures are higher by Rs 8,61,96,627/- accounting treatment has no impact on the results of the company.

xiv) The Company is mainly engaged in the following segments:

- a. Film  
b. Formaldehyde  
c. Wind Mill  
d. Paraformaldehyde

**Rs.in Lakhs**

Segment Revenue	Film	Formaldehyde, Paraformaldehyde & MF Solution	Windmill	Others	Total
Sales	283.47	2,240.77	78.47	69.79	2,672.49
Inter-segment Transfer	-	861.97	-	-	861.97
<b>Total</b>	<b>283.47</b>	<b>3,102.73</b>	<b>78.47</b>	<b>69.79</b>	<b>3,534.46</b>
Segment Results	(263.03)	(2.43)	1.84	(72.00)	(335.62)
Less: Interest					(358.15)
Less: Other Unallocable expenditure/income					(76.94)
Profit / (Loss) before tax					(770.71)
Net assets	5,544.37	3,588.44	1,010.51	-	10,143.33

xv) Statutory Auditors' Remuneration

Particulars	2017-18	2016-17
a. Audit fees	1,30,000	1,30,000
b. Other Services	-	-
c. Out of Expenses	-	-
Sub-total	1,30,000	1,30,000
e. Goods & Service tax	-	19,500
<b>TOTAL</b>	<b>1,30,000</b>	<b>1,49,500</b>

xvi) Confirmation from certain parties for amounts due to them/amount due from them as per accounts of the Company has not been received. Necessary adjustment, if any will be made when the accounts are reconciled/settled.

xvii) Excise Duty approximately Rs.NIL (Previous year Rs.50.50 lacs) on stock awaiting clearance has been considered in valuation of finished goods. In the present scenario GST is applicable, liability of GST arises on supply hence GST on finished goods is not applicable.

xviii) The Income tax assessments of the company have been completed up to the Assessment year 2015-16. There are no demands outstanding. In view of loss for assessment year 2018-19, the company has been advised that there is no liability to income tax and accordingly no provision has been made.

**VENLON ENTERPRISES LIMITED**

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**NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..**

**xix) a) Sales Turnover**

	<b>2017-18</b>		<b>2016-17</b>	
	Quantity (in Tonnes)	Value (Rs in lakhs)	Quantity (in Tonnes)	Value (Rs in lakhs)
Polyester Film* \$	192	198	571	433
Metalized Film**	59	71	121	134
Formaldehyde \$\$	11,910	1,741	14,339	1,024
Paraformaldehyde \$\$\$	2,132	1,133	1,895	782
Windmill	-	78	-	160
Others***	339	229	378	308

\* Includes scrap sales amounting to Rs.NIL. (P.Y. Rs. NIL)

\*\* Includes scrap sales amounting to Rs.NIL (P.Y. Rs.NIL)

\*\*\* Includes scrap sales amounting to Rs.2.04 Lacs (P.Y. Rs. 74.56 Lacs)

\$ Polyester film turnover for the current year includes Nil tonnes (P.Y 106.60 Tonnes) of films valued at Rs.Nil ( P.Y.Rs 96.32 lacs) which are captively consumed

\$\$ Formaldehyde includes 5,232.92 Tonnes (P.Y.5.806 Tonnes ) of Formaldehyde valued Rs.765.27 Lacs (P.Y. Rs. 721.11 Lacs) which are captively consumed.

\$\$\$ Paraformaldehyde includes 183.46 Tonnes (P.Y 202.35 Tonnes) valued at Rs.96.68 Lacs (P.Y Rs.93.41 Lacs) which are captively consumed. The above turnover disclosed for each item is excluding excise duty.

b) In accordance with Ind AS 18 & introduction of GST w.e.f 1st July, 2017 revenue from operations are shown net of GST. Revenue of earlier period are shown inclusive of excise duty, corresponding excise duty included in revenue are shown as separate line item in the statement of profit & loss as expenses to reflect the net effect. However, for comparison purpose revenue excluding excise duty is given below

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Revenue excluding Excise Duty	34,50,27,986	37,52,56,186

**xx) Closing Stock of Finished Goods**

	<b>2017-18</b>		<b>2016-17</b>	
	Quantity (in Tonnes)	Value (Rs in lacs)	Quantity (in Tonnes)	Value (Rs in lacs)
Polyester Film	14.84	16.80	76.26	87.33
Metalized Film	15.36	20.33	19.96	26.80
Paraformaldehyde	468.69	256.51	520.81	330.92
MF Solution	16.91	8.95	17.93	9.48

**xxi) Consumption of Raw Materials (As verified, value and certified by management)**

	<b>2017-18</b>		<b>2016-17</b>	
	Quantity (in Tonnes)	Value (Rs in lacs)	Quantity (in Tonnes)	Value (Rs in lacs)
PET Chips	-	-	448	275
Methanol	5,524	1,467	6,482	1,379

**VENLON ENTERPRISES LIMITED**  
**CIN: L24231KA1983PLC015089**

**NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..**

**xxii) Related Party Disclosure:**

**A. Relationships:**

**1. Subsidiaries**

Nil

**2. Key Management Personnel (KMP) and their Relatives**

**Directors :**

Mr. C. D Datwani

Mrs. Saroj C Datwani

**Relatives of Directors :**

NIL

**3. Other Related Parties (in which either of the directors or their relatives have significant influence)**

Abha Finance Pvt. Ltd.

Father & Son Investments Pvt. Ltd.

Father & Son Overseas Pvt. Ltd.

Kamadhenu Residency Pvt. Ltd.

Midtown Realtors Pvt. Ltd.

Sanchay Residency Pvt. Ltd.

Sanchit Realtors Pvt. Ltd.

Sangeet Residency Pvt. Ltd.

Sanjog Residency Pvt. Ltd.

Venlon Investments Pvt. Ltd.

**B. Nature of transactions:**

The following transactions were carried out with the related parties mentioned in A above, in the ordinary course of business.

	Subsidiaries		KMP & Relatives		Other Related parties	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	Rs in lakhs					
<b>1 Interest Paid</b>	-	-	-	-	-	-
a. Mr. C D Datwani	-	-	213.01	296.11	-	-
b. Mrs. Saroj C Datwani	-	-	2.73	3.98	-	-
c. Ms. Abha Datwani	-	-	-	-	-	-
d. Companies in which directors are interested	-	-	-	-	47.33	45.15
	-	-	215.73	300.09	47.33	45.15
<b>2 Remuneration to Directors &amp; their Relatives</b>						
<b>a. Director's salary</b>						
Mr. C D Datwani	-	-	24.00	42.00	-	-
Mrs. Saroj C Datwani	-	-	24.00	42.00	-	-
	-	-	48.00	84.00	-	-
<b>b. Provident Fund (12% of salary)</b>						
Mr. C D Datwani	-	-	2.88	5.04	-	-
Mrs. Saroj C Datwani	-	-	2.88	5.04	-	-
	-	-	5.76	10.08	-	-
	-	-	53.76	94.08	-	-
<b>3 Outstanding Balances</b>						
<b>a. Loans Payable</b>						
a. Mr. C D Datwani	-	-	2,511.18	2,365.20	-	-
b. Mrs. Saroj C Datwani	-	-	30.05	30.61	-	-
c. Companies in which directors are interested	-	-	-	-	687.78	666.74
	-	-	2,541.23	2,395.81	687.78	666.74

No amount has been provided as doubtful debts or advances / written off or written back in the year in respect of debts due from / to above related parties.



**VENLON ENTERPRISES LIMITED****CIN: L24231KA1983PLC015089****NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..****31 March, 2018****31 March, 2017****xxiii)** Value of Raw Materials consumed and percentage to the total:  
(As certified by management)

	<u>Rupees in lakhs</u>	<u>% to Total</u>	<u>Rupees in lakhs</u>	<u>% to Total</u>
Indigenous	<b>1,466.53</b>	<b>100.00</b>	1,653.79	100.00
Imported	-	-	-	-
	<b>1,466.53</b>	<b>100.00</b>	1,653.79	100.00

**xxiv)** Value of Stores, Spares & Components consumed and percentage to the total:  
(As certified by management)

Stores &amp; Spare Parts

Indigenous	<b>50.05</b>	<b>99.91</b>	66.52	75.64
Imported	<b>0.05</b>	<b>0.09</b>	21.42	24.36
	<b>50.10</b>	<b>100.00</b>	87.95	100.00

**VENLON ENTERPRISES LIMITED**  
**CIN: L24231KA1983PLC015089**

**NOTE 30: OTHER ADDITIONAL NOTES / INFORMATION Contd..**

	31 March, 2018	Rupees in lakhs 31 March, 2017
<b>xxv) <u>Value of Imports on CIF Basis:</u></b>		
1. Raw Materials	-	-
2. Stores, Spares & Consumables	-	3.77
3. Capital Goods	-	129.98
<b>xxvi) <u>Earnings in Foreign Currency -</u></b>		
1. Export of goods on F.O.B. basis	67.48	86.45
<b>xxvii)</b> The company has accumulated losses mainly on account of depreciation , impairment loss on account of reclassification of asset and foreign exchange fluctuation loss as per Ind AS which are non-cash flow expenditure, and its net worth has been fully eroded. The company has incurred cash loss during the current year and previous year and the company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements of the company have been prepared on a going concern basis for the reasons stated below:		
i) Connectivity of a direct power line from the local grid avoiding rural by-pass which will arrest frequent tripping which was a disrupting factor of continuous production. Thus, wastage will be avoided.		
ii) Market conditions are cyclic. The management expects better market trend in the future.		
iii) Doubling of capacity of formaldehyde production segment. Slightly higher contribution is expected.		
<b>xxviii)</b> Previous years figures have been regrouped, rearranged, reclassified and restated wherever necessary.		

Signatures to the Notes to the Financial Statements 1 to 28 which form an integral part of the Financial Statements.

As per my report of even date attached

**B S PUNEETH**

Chartered Accountant  
Membership # 233893

**C. D. DATWANI**

Chairman & Managing Director  
DIN: 00355181

**SAROJ. C. DATWANI**

Director/ CFO  
DIN: 00355148

Date: 30th May, 2018

Place: Mysuru

## Form No. MGT-11

### Proxy Form

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN:	L24231KA1983PLC015089
Name of the Company:	Venlon Enterprises Limited
Registered office:	26P, Belawadi Industrial Area, Hunsur Road, Mysuru-570 018.

Name of the members(s):
Registered address:
e-Mail ID:
Folio No./Client ID:
DP ID:

I/We, being the member(s) of .....shares of the above named company, hereby appoint

1.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

2.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

3.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Thirty Fourth** Annual general meeting/Extraordinary general meeting of the company, to be held on the **28<sup>th</sup>** day of **September** at **2018** at **4-30 p.m.** at **Mysuru-570020** (place) and at any adjournment thereof in respect of such resolutions as are indicated below:

<b>Resolution No.</b>	<b>Particulars</b>
1.	To receive, consider and adopt the audited Financial statements for the year ended 31 <sup>st</sup> March 2018.
2.	To appoint a Director in place of <b>Sri Chand Datwani</b> who retires by rotation and being eligible offers himself for re-appointment
3.	To consider and pass special Resolution proposed under section 180 of the Companies Act 2013.

Signed this .....day of .....20.....

Signature of shareholder

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.**