

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty second Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Wednesday, the 28<sup>th</sup> September, 2016 at 4.30 p.m. at Hotel Dasaprakash Paradise, Yadavagiri, Mysore-570 020 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2016, 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 place of Shri Chand Datwani (DIN: 00355181), who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of M/s Rau & Nathan, Chartered Accountants (FRN: 003178S), as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting.

By Order of the Board

  
C. D. Datwani  
Chairman

Place: Mysore  
Date: 30<sup>th</sup> July 2016

**Registered Office:**

Plot No: 26(P)  
Belavai Industrial area  
Hunsur Road,  
Mysore -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 2016 to 28<sup>th</sup> September 2016 (both days inclusive).
4. Members are requested to notify change in address, if any, immediately to M/s ComputechSharecap 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 who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. The e-mails ids may be sent to the Company's registered office or to the Registrar and Share Transfer agents through a letter duly signed by the member indicating Folio number/demat particulars.
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 upto the day of the Annual General Meeting.
7. Members/Proxies should bring the Annual report and the duly filled in Attendance Slip. The attendance slip shall be handed over 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 2016.
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 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.



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12. 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.

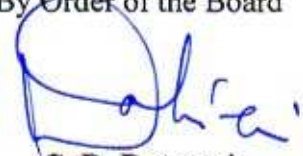
**Place:** Mysore

**Date:** 30<sup>th</sup> July 2016

**Registered Office:**

Plot No: 26(P)  
Belavadi Industrial area  
Hunsur Road,  
Mysore -570018

By Order of the Board



**C. D. Datwani**  
Chairman



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

- (i) The voting period begins on 25<sup>th</sup> September 2016 at 9.00 a.m and ends on 27<sup>th</sup> September 2016 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 2016 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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| Dividend Bank Details<br><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.



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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.



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- 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.



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## BOARD'S REPORT

Dear Members,

Your Directors hereby present the 32<sup>nd</sup> Annual Report on the business and operations of the Company and financial results for the year ended 31<sup>st</sup> March 2016.

(in Rupees)

| FINANCIAL RESULTS |                                                                                 | As at<br>31st March<br>2016 | As at<br>31st March<br>2015 |
|-------------------|---------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 01                | <b>REVENUE FROM OPERATIONS</b>                                                  | 60,86,40,155                | 66,14,93,362                |
|                   | Less : Excise Duty                                                              | 4,79,95,829                 | 5,45,84,824                 |
|                   | Net Revenue from Operations                                                     | 56,06,44,326                | 606,908,538                 |
| 02                | <b>OTHER INCOME</b>                                                             | 2,09,19,801                 | 1,39,04,701                 |
| 03                | <b>TOTAL REVENUE [ 1 + 2 ]</b>                                                  | <b>58,12,64,127</b>         | <b>620,813,239</b>          |
| 04                | <b>EXPENSES</b>                                                                 |                             |                             |
|                   | Cost of Material Consumed                                                       | 40,18,66,657                | 39,71,06,972                |
|                   | Purchases of Stock in Trade                                                     | 1,16,66,474                 | 2,10,70,489                 |
|                   | Changes in Inventories of Finished Goods, WIP & Stock in Trade                  | (2,49,08,572)               | 26,071,287                  |
|                   | Employee Benefit Expenses                                                       | 7,07,98,108                 | 54,714,574                  |
|                   | Finance Cost                                                                    | 3,82,59,361                 | 27,790,483                  |
|                   | Depreciation and Amortization Expenses                                          | 6,23,35,525                 | 62,010,320                  |
|                   | Other Expenses                                                                  | 11,79,51,729                | 100,977,752                 |
|                   | <b>Total Expenses</b>                                                           | <b>67,79,69,282</b>         | <b>68,97,41,876</b>         |
| 05                | <b>PROFIT / (LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX [3-4]</b> | (9,67,05,155)               | (6,89,28,637)               |
| 06                | <b>EXCEPTIONAL ITEMS</b>                                                        | -                           | -                           |
| 07                | <b>PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX [5-6]</b>                 | (9,67,05,155)               | (6,89,28,637)               |
| 08                | <b>EXTRAORDINARY ITEMS</b>                                                      | -                           | -                           |
| 09                | <b>PROFIT / (LOSS) BEFORE TAX [ 7 - 8 ]</b>                                     | -                           | (6,89,28,637)               |
| 10                | <b>TAX EXPENSES: Current Tax</b>                                                | -                           | -                           |
|                   | Deferred Tax: Asset/(Liability)                                                 | -                           | 41,57,847                   |
| 11                | <b>PROFIT / [ LOSS ] FOR THE PERIOD FROM CONTINUING OPERATIONS [9-10]</b>       | (9,67,05,155)               | (6,47,70,790)               |
| 12                | <b>PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS</b>                            | -                           | -                           |
| 13                | <b>TAX EXPENSES OF DISCONTINUING OPERATIONS</b>                                 | -                           | -                           |
| 14                | <b>PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS [AFTER TAX] [12-13]</b>        | -                           | -                           |
| 15                | <b>PROFIT / [LOSS] FOR THE PERIOD [11+14]</b>                                   | (9,67,05,155)               | (6,47,70,790)               |
| 16                | <b>EARNING PER EQUITY SHARE ( Basic and Diluted)</b>                            | (1.85)                      | (1.24)                      |

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, since there are unabsorbed losses.

### 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 under review, 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.

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.

There are no changes in the composition of the Board during the year 2015-16. As at the end of 30<sup>th</sup> July 2016 Board Meeting, one of the Independent Directors, Shri. K.V. Chitalia (DIN:00355215), has tendered his resignation, due to his personal commitments which was accepted. The Board places its appreciation towards his contribution to the Company for all these years. The Company shall endeavour to fill this vacancy at the earliest but not later than 6 months.



**Details of Director seeking re-appointment (as required under Reg. 36 (3) of Sebi (LODR) Regulations 2015:**

Mr. C.D. Datwani, Managing Director, is the Director being re-appointed. He is Promoter Director having specialized Knowledge and Skill in Polyester Film Industry. He is a constant endeavourer in Research and Development activity to expand manufacturing lines of the Company which has added Formaldehyde and Wind Energy segments. He does not hold shares in any other listed entity. Interse relationship with other Directors is with Mrs. Saroj Datwani (Spouse).

**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 Chartered accountants, adovocates, Company Secretaries or Cost and management accountants.

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, expect Shri. 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 has become a BIFR Company. The candidates for Company Secretary position are not forthcoming to hold the office. However, the duties are being discharged by a Secretarial assistant under the guidance and advise of Shri.G.D. Rama Rao FCA, ACS a professional in practice 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. 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:**

M/s Rau & Nathan, Chartered Accountants, (Firm No: 003178S) Statutory Auditors of the Company were appointed at the 30<sup>th</sup> Annual General Meeting for a period of 3 years. The ratification of their appointment has been placed before the shareholders at the ensuing Annual General meeting. The Auditors' Report does not contain any adverse remark/qualification.

The Auditors have not reported any instances of fraud in the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, 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, 2016 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.



**REPORTING TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR):**

Consequent to erosion of entire Net worth of the Company as on 31<sup>st</sup> March 2016, a reference to the BIFR has been made u/s 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985, by the Company.

**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. Shareholders kind attention is invited to "Profitability" para in Board's Report.

**B) Outlook for the Company:**

With the current economic 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:**

Since the Plants are steady, the Company foresees no threats.

**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 for the current year is Rs. (967.05) 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 manager's meet to co-ordinate the activity.

Number of employees: 86 permanent.

**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 services 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.

Mysore  
30<sup>th</sup> July 2016

For and on behalf of the Board of Directors



C. 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 and Capital Investment on Energy conservation:**

In furtherance to the previous years investment for implementing direct power line from KPTCL electricity grid, the Company during the year has incurred Rs.55.99 lakhs (Previous year Rs.141.39 lakhs)

**Technology Absorption: Nil**

**Foreign Exchange earnings and outgo:**

Foreign exchange earnings: Rs.145.86 Lakhs

Foreign exchange outgo: Rs. 88.87 lakhs

Mysore

30<sup>th</sup> July 2016

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



**C.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 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.                                                                  |
| (iii) the percentage increase in the median remuneration of employees in the financial year;                                                                                                                                                                                                                                                               | As per Standarding Orders of the Company, as approved by the Labour Department of Government of Karnataka                                                                               |
| (iv) the number of permanent employees on the rolls of company as on 31 <sup>st</sup> March 2016;                                                                                                                                                                                                                                                          | 86                                                                                                                                                                                      |
| (viii) 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.                                                                   |
| (xii) 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:

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**Remuneration to Top Ten Employees :**

| Sl. No. |                       | Remuneration (per month) in Rs. | Designation                    | Qualification and experience | Date of commencement of employment | Age | Last employment |
|---------|-----------------------|---------------------------------|--------------------------------|------------------------------|------------------------------------|-----|-----------------|
| 1       | C.D. Datwani          | 5,00,000                        | Chairman and Managing Director | B.Com<br>30 years            | 13.11.1986                         | 63  | Nil             |
| 2       | Saroj Datwani         | 5,00,000                        | Wholetime Director and CFO     | M.A.<br>21 years             | 27.11.1985                         | 63  | Nil             |
| 3       | Chetan Jain           | 75,000                          | Marketing consultant           | B.Com<br>11 years            | 01.04.2005                         | 37  | Nil             |
| 4       | Chaudhari D.S         | 80,120                          | Technical Chief                | D.M.E<br>42 years            | 14.10.1986                         | 61  | 12 years        |
| 5       | Upasani J P           | 63,785                          | General Manager                | D.M.E<br>35 years            | 09.10.1986                         | 55  | 5 years         |
| 6       | Lakshminarayana Rao K | 54,146                          | Dy. General Manager            | LLB., MBA<br>36 years        | 15.04.1999                         | 64  | 19 years        |
| 7       | Radhakrishna N S      | 51,209                          | Asst. General Manager          | B.E.<br>37 years             | 10.06.1987                         | 62  | 8 years         |
| 8       | Anisha                | 57,099                          | Senior Manager                 | B.E<br>21 years              | 08.05.2000                         | 45  | 5 years         |
| 9       | Chaudhari R I         | 48,873                          | Manager-Production             | D.E.E<br>30 years            | 26.04.1989                         | 52  | 3 years         |
| 10      | Vittal Shakapur       | 42,774                          | Manager-Production             | B.E<br>27 years              | 03.08.1989                         | 51  | Nil             |

**Notes:**

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

**Mysore**

**30<sup>th</sup> July 2016**

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

  
**C.D. DATWANI**  
**Chairman**

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**Annexure-C**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

As on Financial year ended on 31.03.2016

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 :**

|                                                                           |                                                                                   |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| CIN                                                                       | L24231KA1983PLC015089                                                             |
| 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, Mysore-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                                           | 202                               | 37.55                                  |
| 2      | Formaldehyde and Para Formaldehyde             | 202                               | 46.15                                  |

**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                                            |                                                 |          |             |                   |                                           |          |             |                   |                          |
| SUBTOTAL(A)(1)                                          | 11,09,520                                       | -        | 11,09,520   | 2.12              | 11,09,520                                 | -        | 11,09,520   | 2.12              | -                        |
| (2) Foreign                                             |                                                 |          |             |                   |                                           |          |             |                   |                          |
| 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...                                         |                                                 |          |             |                   |                                           |          |             |                   |                          |
| SUBTOTAL (A)(2)                                         | 3,04,32,390                                     | -        | 3,04,32,390 | 58.25             | 3,04,32,390                               | -        | 3,04,32,390 | 58.25             | -                        |
| <b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b> | 3,15,41,910                                     |          | 3,15,41,910 | 60.37             | 3,15,41,910                               |          | 3,15,41,910 | 60.37             | -                        |
| <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                                                 | 4,695                                           | -        | 4,695       | 0.01              | 4,695                                     | -        | 4,695       | 0.01              | -                        |
| h) Foreign Venture Capital Funds                        |                                                 |          |             |                   |                                           |          |             |                   |                          |
| Others (Specify)                                        |                                                 |          |             |                   |                                           |          |             |                   |                          |
| SUB TOTOAL(B)(1):                                       | 15,095                                          | 1,440    | 16,535      | 0.03              | 15,095                                    | 1,440    | 16,535      | 0.03              | -                        |


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|                                                                                     |                    |                  |                    |               |                    |                  |                    |               |          |
|-------------------------------------------------------------------------------------|--------------------|------------------|--------------------|---------------|--------------------|------------------|--------------------|---------------|----------|
| <b>(2) Non Institutions</b>                                                         |                    |                  |                    |               |                    |                  |                    |               |          |
| a) Bodies corporate                                                                 |                    |                  |                    |               |                    |                  |                    |               |          |
| i) Indian                                                                           | 1,39,432           | 1,71,100         | 3,10,532           | 0.59          | 58,470             | 1,70,780         | 2,29,250           | 0.44          | 0.15     |
| 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           | 22,08,887          | 12,91,210        | 3,50,0097          | 6.17          | 27,33,290          | 13,78,610        | 41,11,900          | 7.87          | 1.70     |
| ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs | 13,54,640          | 84,520           | 14,39,160          | 2.75          | 9,67,771           | -                | 9,67,771           | 1.85          | 0.90     |
| c) Others ( specify)                                                                |                    |                  |                    |               |                    |                  |                    |               |          |
| <b>SUB TOTAL(B)(2):</b>                                                             | <b>1,91,34,219</b> | <b>15,49,830</b> | <b>2,06,84,049</b> | <b>39.59</b>  | <b>1,91,34,659</b> | <b>15,49,390</b> | <b>2,06,84,049</b> | <b>39.59</b>  | <b>-</b> |
| Total Public Shareholding (B)=(B)(1)+(B)(2)                                         | 1,91,49,314        | 15,56,270        | 2,07,00,584        | 39.62         | 1,91,49,754        | 15,50,830        | 2,07,00,584        | 39.62         | -        |
| C. Shares held by Custodian for GDRs & ADRs                                         |                    |                  |                    |               |                    |                  |                    |               |          |
| <b>Grand Total (A+B+C)</b>                                                          | <b>5,06,91,224</b> | <b>15,56,270</b> | <b>5,22,42,494</b> | <b>100.00</b> | <b>5,06,91,664</b> | <b>15,50,830</b> | <b>5,22,42,494</b> | <b>100.00</b> | <b>-</b> |

**(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                             | Nil                                            | 2,20,575                            | 0.42                             | Nil                                            | No Change                                |
| 2      | Abha Chandru Datwani   | 5,29,665                                  | 1.01                             | Nil                                            | 5,29,665                            | 1.01                             | Nil                                            | No Change                                |
| 3      | Arun Daulatram Datwani | 1,52,16,195                               | 29.13                            | Nil                                            | 1,52,16,195                         | 29.13                            | Nil                                            | No Change                                |
| 4      | Dasu Daulatram Datwani | 1,52,16,195                               | 29.13                            | Nil                                            | 1,52,16,195                         | 29.13                            | Nil                                            | No Change                                |
| 5      | Saroj Chandru Datwani  | 3,59,280                                  | 0.69                             | Nil                                            | 3,59,280                            | 0.69                             | Nil                                            | No Change                                |
|        | Total                  | 3,15,41,910                               | 60.38                            | Nil                                            | 3,15,41,910                         | 60.38                            | Nil                                            | No Change                                |

**(iii) CHANGE IN PROMOTERS SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE): No Change**



## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters &amp; Holders of GDRs &amp; ADRs)

| Sl. No | For Each of the Top 10 Shareholders                                                                                                                                          | 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                                                                                                                                                 |                                     |                                  |                                         |                                  |
| 1      | Krishna Enterprises Limited                                                                                                                                                  | 1,53,75,128                         | 29.43%                           | 1,53,75,128                             | 29.43%                           |
| 2      | Kirti Parashar                                                                                                                                                               | 1,80,000                            | 0.34%                            | 1,80,000                                | 0.34%                            |
| 3      | PAN Electronics (I) Ltd                                                                                                                                                      | 1,23,120                            | 0.24%                            | 1,23,120                                | 0.24%                            |
| 4      | Veena Jain                                                                                                                                                                   | 1,08,000                            | 0.21%                            | 1,08,000                                | 0.21%                            |
| 5      | Mohini Motiram Kirpalani                                                                                                                                                     | 86,480                              | 0.17%                            | 86,480                                  | 0.17%                            |
| 6      | Imtiaz Ahmaed Sait                                                                                                                                                           | 77,100                              | 0.15%                            | 77,100                                  | 0.15%                            |
| 7      | Jinesh Chand Jain                                                                                                                                                            | 63,712                              | 0.12%                            | 63,712                                  | 0.12%                            |
| 8      | Ramesh Vishindas Mathrani                                                                                                                                                    | 54,811                              | 0.10%                            | 54,811                                  | 0.10%                            |
| 9      | Chetan Adarshveer Jain                                                                                                                                                       | 54,000                              | 0.10%                            | 54,000                                  | 0.10%                            |
| 10     | Jatin Savtantar Jain                                                                                                                                                         | 54,000                              | 0.10%                            | 54,000                                  | 0.10%                            |
|        | Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) | No change                           |                                  |                                         |                                  |
|        | At the end of the year ( or on the date of separation, if separated during the year)                                                                                         |                                     |                                  |                                         |                                  |
| 1      | Krishna Enterprises Limited                                                                                                                                                  | 1,53,75,128                         | 29.43%                           | 1,53,75,128                             | 29.43%                           |
| 2      | KirtiParashar                                                                                                                                                                | 1,80,000                            | 0.34%                            | 1,80,000                                | 0.34%                            |
| 3      | PAN Electronics (I) Ltd                                                                                                                                                      | 1,23,120                            | 0.24%                            | 1,23,120                                | 0.24%                            |
| 4      | Veena Jain                                                                                                                                                                   | 1,08,000                            | 0.21%                            | 1,08,000                                | 0.21%                            |
| 5      | Mohini Motiram Kirpalani                                                                                                                                                     | 86,480                              | 0.17%                            | 86,480                                  | 0.17%                            |
| 6      | Imtiaz AhmaedSait                                                                                                                                                            | 77,100                              | 0.15%                            | 77,100                                  | 0.15%                            |
| 7      | Jinesh Chand Jain                                                                                                                                                            | 63,712                              | 0.12%                            | 63,712                                  | 0.12%                            |
| 8      | Ramesh Vishindas Mathrani                                                                                                                                                    | 54,811                              | 0.10%                            | 54,811                                  | 0.10%                            |
| 9      | Chetan Adarshveer Jain                                                                                                                                                       | 54,000                              | 0.10%                            | 54,000                                  | 0.10%                            |
| 10     | Jatin Savtantar Jain                                                                                                                                                         | 54,000                              | 0.10%                            | 54,000                                  | 0.10%                            |

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**(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>SarojDatwani</b>                                                                                                                                                            | 3,59,280                            | 0.69                             | 3,59,280                                | 0.69                             |
|        | Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) |                                     |                                  |                                         |                                  |
|        | 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>SarojDatwani</b>                                                                                                                                                            | 3,59,280                            | 0.69                             | 3,59,280                                | 0.69                             |

Note: Shareholding of Independent Directors provided in Corporate Governance.

**V. Indebtedness**

|                                     | Rupees                       |                 |          |                    |
|-------------------------------------|------------------------------|-----------------|----------|--------------------|
|                                     | Secured Loans excl. deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of FY |                              |                 |          |                    |
| i) Principal Amount                 | 0.00                         | 106,39,18,302   | -        | 106,39,18,302      |
| ii) Interest due but not paid       | -                            | -               | -        | -                  |
| iii) Interest accrued but not due   | -                            | -               | -        | -                  |
| Total (i+ii+iii)                    | 0.00                         | 106,39,18,302   | -        | 106,39,18,302      |
| Change during the FY                |                              |                 |          |                    |
| - Addition                          | 71,69,030                    | 960,37,377      | -        | 10,32,06,407       |
| - Reduction                         |                              |                 | -        | -                  |
| Net Change                          | 71,69,030                    | 9,60,37,377     | -        | 10,32,06,407       |
| Indebtedness at the end of the FY   |                              |                 |          |                    |
| i) Principal Amount                 | 71,69,030                    | 115,99,55,679   | -        | 116,71,24,709      |
| ii) Interest due but not paid       | -                            | -               | -        | -                  |
| iii) Interest accrued but not due   | -                            | -               | -        | -                  |
| Total (i+ii+iii)                    | 71,69,030                    | 115,99,55,679   | -        | 116,71,24,709      |

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## 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<br>Rs. Per month |
|--------|------------------------------------------------------------------------------|----------------------------|-----------------|-------------------------------|
| 1      | Gross Salary                                                                 | C.D.Datwani                | Saroj.C.Datwani |                               |
|        | a)Salary as per provisions contained in section 17(1) of the Income Tax 1961 | 5,00,000                   | 5,00,000        | 10,00,000                     |
|        | 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                                                       | -                          | -               | -                             |
|        | Total (A)                                                                    | -                          | -               | 10,00,000                     |
|        | Ceiling as per the Act                                                       | -                          | -               | 10,00,000                     |

### B. Remuneration to other directors:

| Sl. No | Particulars of Remuneration                   | Name of the Directors | Total Amount             |
|--------|-----------------------------------------------|-----------------------|--------------------------|
| 1      | Independent Directors                         |                       |                          |
|        | (a)Fee for attending board committee meetings | Shri S. Bhyrappa only | Rs. 28,000 per annum     |
|        | b)Commission                                  | -                     | -                        |
|        | C)Others, please specify                      | -                     | -                        |
|        | Total (1)                                     | -                     | Rs. 28,000 per annum     |
| 2      | Other Non- Executive Directors                | -                     | -                        |
|        | a)Fee for attending board committee meetings  | -                     | -                        |
|        | b)Commission                                  | -                     | -                        |
|        | c)Others , please specify.                    | -                     | -                        |
|        | Total (2)                                     | -                     | -                        |
|        | Total (B)= (1+2)                              | -                     | -                        |
|        | Total Managerial Remuneration                 | -                     | -                        |
|        | Overall ceiling as per the Act                | -                     | Rs. 1,00,000 per sitting |

**Note: The other Two Independent Directors have waved off sitting Fee payable to them.**

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

| 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: Nil**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/ Compounding fees imposed | Authority (RD/NCL T/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 : Mysore  
Date : 30<sup>th</sup> July 2016

  
C. D. DATWANI  
Chairman

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**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: Nil**

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

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**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 to the Company as advances, if any |
|--------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------|
|--------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------|

Not covered by provisions of Sec 188 (1) of the Companies Act 2013

Mysore  
30<sup>th</sup> July 2016

For and on behalf of the Board of Directors

  
C.D. DATWANI  
Chairman

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Annexure-E

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2016

[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 31/03/2016, 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 31/03/2016 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 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



**S. VISWANATHAN,**  
COMPANY SECRETARY  
ACS No: 780 C.P. 2021

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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:  
NIL

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.

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  
**S. VISWANATHAN,** ACS No.780  
**COMPANY SECRETARY** C P No.2021  
**ACS No: 780 C. P. 2021** No.9, SaiBhavan  
1st A Main, BTM - MICO Layout  
II Stage, NS Pallya,  
Bangalore - 560076

Date: 30<sup>th</sup> July 2016

## Corporate Governance Report for the year 2015-16

(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:

During the year, 5 Board meetings were held on 30.04.2015, 30.05.2015, 31.07.2015, 31.10.2015 and 30.01.2016

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 |
|-------------------------------------------------------------|-----------------------------------------------------------|--------------------|-----------------------|---------------------------|-----------------------------------|
|                                                             |                                                           | 30.09.15           | Attended / Held       | (In public Companies)     |                                   |
| Shri. Chand D Datwani<br>DoB: 17.12.1952<br>DoA: 13.11.1986 | Chairman & Managing Director<br>Non-Independent-Executive | Present            | 5/5                   | NIL                       | One                               |
| Smt. Saroj C Datwani<br>DoB: 02.04.1953<br>DoA: 27.11.1995  | Whole Time Director<br>Non-Independent - Executive        | Absent             | 5/5                   | NIL                       | One                               |
| Shri. K. V. Chitalia<br>DoB: 12.08.1939<br>DoA: 31.08.1994  | Independent<br>Non-Executive                              | Absent             | 4/5                   | One                       | Two                               |
| Shri. S.V. Jain<br>DoB: 27.03.1952<br>DoA: 31.03.2005       | Independent<br>Non-Executive                              | Absent             | 5/5                   | NIL                       | Three                             |
| Shri. S. Bhyrappa<br>DoB: 27.05.1928<br>DoA: 29.09.2007     | Independent<br>Non-Executive                              | Absent             | 3/5                   | NIL                       | Two                               |

- Note:
1. No significant queries were raised on Accounts at the AGM held on 30.09.15.
  2. DoB: Date of Birth; DoA: Date of Appointment.
  3. 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:

- 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.
- To review compliance with internal control systems
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board
- To make recommendations to the Board on any matter relating to the financial management of the Company.
- 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. K.V. Chitalia<br>Chairman | Independent Non-Executive | 4               | 4        |
| Shri. S.V.Jain<br>Member        | Independent Non-Executive | 4               | 4        |
| Shri. S. Bhyrappa<br>Member     | Independent Non-Executive | 4               | 3        |

Four Audit Committee Meetings were held during the year 2015-16. The said meetings were held on the following dates: 30.05.2015, 31.07.2015, 31.10.2015, 30.01.2016 .

An Exclusive Independent Directors Meeting was held on 30.01.2016 where all the members were present.

Audit Committee meetings are normally attended by Managing Director, Statutory Auditor, Internal Auditor and the Assistant Manager (F & A) 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 D of Schedule II of the Listing Regulations.

The composition of the revised Remuneration Committee is given below:

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

There were no meetings of the Nomination and Remuneration Committee during the year

## 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 2015-16 and Tenure:

| Name Of The Director                                                | Remuneration (p.a.) | Sitting fee | Tenure                                                       |
|---------------------------------------------------------------------|---------------------|-------------|--------------------------------------------------------------|
| Shri. Chand D Datwani<br>Chairman & Managing<br>Director- Promoter. | Rs.60 lacs          | Nil         | Revised remuneration approved<br>w.e.f 30.03.2015            |
| Smt. Saroj C Datwani<br>Promoter- Wholetime<br>Director and CFO     | Rs.60 lacs          | Nil         | Revised remuneration approved<br>w.e.f 30.03.2015            |
| Shri. S.V. Jain<br>Independent-Non<br>Executive                     | Nil                 | Nil         | Re-appointment has been done<br>for 5 years w.e.f 30.09.2014 |
| Shri. K.V. Chitalia<br>Independent-Non<br>Executive                 | Nil                 | Nil         | Re-appointment has been done<br>for 5 years w.e.f 30.09.2014 |
| Shri. S.Bhyrappa<br>Independent-Non<br>Executive                    | Nil                 | Rs.28,000/- | Re-appointment has been done<br>for 5 years w.e.f 30.09.2014 |

### Disclosure of shares held by Non –Executive Directors in the Company as on 31-3-2016.

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

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

Shri. S. Bhyrappa – Nil.

## 6. Stake Holder Relationship Committee:

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

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

### Scope:

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

Meetings were held on: 10/04/2015, 22/06/2015, 14/07/2015, 06/10/2015, 21/10/2015

Consequent to resignation of Shri K.V. Chitalia from the Conclusion of Board Meeting on 30.07.2016 Shri S. Bhyrappa is appointed as Chairman of Audit and Nomination Remuneration Committee.

**Name & designation of Compliance Officer :**

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

**Investor Complaints:**

|                                                                         |     |
|-------------------------------------------------------------------------|-----|
| No. of complaints received from Shareholders from 1.4.2015 to 31.3.2016 | Nil |
| No. of complaints solved to the satisfaction of the Shareholders        | Nil |
| Pending                                                                 | Nil |

**7. General Body Meetings**

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

| Date of A.G.M. | Type of Meeting | Location and Time                           |
|----------------|-----------------|---------------------------------------------|
| 29/09/2013     | AGM             | Hotel Dasaprakash Paradise, Mysore, 4-30 pm |
| 30/09/2014     | AGM             | Hotel Dasaprakash Paradise, Mysore, 4-30 pm |
| 30/09/2015     | AGM             | Hotel Dasaprakash Paradise, Mysore, 4-30 pm |

- b) Special resolutions for appointment of Independent Directors were passed on 30.09.2014.  
 c) No resolutions were passed at the previous AGM through postal ballot  
 d) At the ensuing AGM, no special resolution is proposed.

**8. Means of communication**

1) Quarterly Results are normally published in Financial Express and Mysore 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 institutional investors or to the analysts – N.A.

2) Company's e-mail 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:** 28.09.2016 at Hotel Dasaprakash Paradise, Landmark by itself, Yadavagiri, Mysore – 570 020 at 4.30 p.m.

**Financial Calendar:**

Year ending – March 31<sup>st</sup>

**Book Closure:** 22/09/2016 to 28/09/2016 (both days inclusive)

**Listing on Stock Exchanges:**

Bombay Stock Exchange Limited, Mumbai  
PhirozeJeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**Stock Code:**

Stock Exchange Mumbai: 524038

**Market Price Data:**

| Month    | High (Rs.) | Low (Rs.) |
|----------|------------|-----------|
| Apr – 15 | 4.86       | 4.00      |
| May – 15 | 5.41       | 3.81      |
| Jun – 15 | 5.47       | 4.00      |
| Jul – 15 | 5.00       | 3.52      |
| Aug – 15 | 5.74       | 4.45      |
| Sep – 15 | 4.65       | 3.04      |
| Oct – 15 | 3.96       | 3.12      |
| Nov – 15 | 4.43       | 3.32      |
| Dec – 15 | 5.30       | 3.37      |
| Jan – 16 | 5.25       | 4.06      |
| Feb – 16 | 5.05       | 4.08      |
| Mar – 16 | 4.97       | 3.50      |

**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.



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## DISTRIBUTION SCHEDULE

| Number of Shares | Number of Shareholders | Share Holders Percentage | Number of shares held | Shareholding Percentage |
|------------------|------------------------|--------------------------|-----------------------|-------------------------|
| 1-50             | 160                    | 3.42%                    | 2,781                 | 0.01%                   |
| 51-100           | 186                    | 3.98%                    | 17,101                | 0.03%                   |
| 101-200          | 793                    | 16.97%                   | 1,47,018              | 0.28%                   |
| 201-300          | 86                     | 1.84%                    | 23,413                | 0.04%                   |
| 301-400          | 2005                   | 42.92%                   | 7,23,885              | 1.39%                   |
| 401-500          | 193                    | 4.13%                    | 95,098                | 0.18%                   |
| 501-1000         | 579                    | 12.39%                   | 4,60,990              | 0.88%                   |
| 1001 & above     | 670                    | 14.34%                   | 5,07,72,208           | 97.19%                  |
| <b>TOTAL</b>     | <b>4672</b>            | <b>100.00%</b>           | <b>5,22,42,494</b>    | <b>100.00%</b>          |

### Dematerialization of shares and liquidity:

Shares in physical form can be de-materialized and dealt on NSDL/CDSL. As on 31<sup>st</sup> March, 2016, 97% of Shares were held in dematerialized form and the rest in physical form.

### 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, Mysore – 570 018

### Address for correspondence:

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

Share Holding Pattern as on 31/03/16 :

|           | 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                                                                                   | 4,695              | 0.01                        |
|           | <b>Sub-Total</b>                                                                                                     | <b>16,535</b>      | <b>0.03</b>                 |
|           | <b>Others</b>                                                                                                        |                    |                             |
|           | a. Indian and foreign Corporate Bodies                                                                               | 156,04,378         | 29.87                       |
|           | b. Indian Public                                                                                                     | 50,79,671          | 9.72                        |
|           | <b>Subtotal</b>                                                                                                      | <b>2,06,84,049</b> | <b>39.59</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: Free access has been given to employees to approach the management.
- Compliance with mandatory requirements have been complied.

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.

Place: Mysore  
Date:30.07.2016

For and on behalf of Board of Directors

  
C.D. Datwani  
Chairman

**CEO/CFO CERTIFICATION**

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with 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 for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls. We have indicated to the Auditors and the Audit Committee:
  - i. That there are no Significant changes in the internal control over financial reporting during the year ;
  - ii. That there are no Significant changes in the accounting policies during the year and
  - iii. That there are no instances of significant fraud of which we have become aware.

  
**C. D. Datwani**  
Managing Director



  
**Saroj C. Datwani**  
Chief Financial Officer



Place: Mysuru  
Date: 28/05/2016





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**Rau & Nathan**

CHARTERED ACCOUNTANTS

# 3046, Gokulam Park Road,

V.V. Mohalla, Mysuru - 570 002

Ph. : 0821 - 4263314

email : envee2006@gmail.com

envee@bsnl.in

raunathan@gmail.com

Independent Auditors' Report  
To the Members of Venlon Enterprises Limited

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

We have audited the accompanying financial statements of Venlon Enterprises Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016 and its Loss and its Cash Flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the matter disclosed in Note 28 (X) other additional notes/ information to the financial statements:

- (a) 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 (X) other additional notes/ information to the financial statements.

Further, the Company has made a reference to the Board of Industrial and Financial Reconstruction on 13<sup>th</sup> November, 2015

Our 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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 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 our 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations 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.

For **RAU & NATHAN**  
Chartered Accountants  
Firm registration # 003178S

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
Partner  
Membership # 022573



Mysuru  
28<sup>th</sup> May, 2016

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date to the members of Venlon Enterprises Limited on the financial statements for the year ended 31 March 2016.

We 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 our 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 us, and on the basis of our 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 us, 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. We 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. We 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 us and the records of the Company examined by us, no undisputed statutory dues including provident fund, employees' state insurance, sales tax, service tax, customs duty, value added tax, excise duty, cess and other statutory dues as applicable with the appropriate authorities, except income tax (TDS) and service tax where there has been a slight delay. The Company has since remitted the income tax (TDS) and service tax.  
  
(b) According to the information and explanations given to us, there are no dues of Provident Fund, Income tax, Sales tax, 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 us and the information and explanations given to us, 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 us and the records of the Company examined by us, 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 our 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 us, we 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 us and the records of the Company examined by us, 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 us, 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 us and the records examined by us, 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 us and the records examined by us, 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 us, 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.

For **RAU & NATHAN**  
 Chartered Accountants  
 Firm/Registration # 003178S

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
 Partner,  
 Membership # 022573



Place: Mysuru  
 Date: 28<sup>th</sup> May, 2016



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

Report on the internal financial controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ('The Act').

We have audited the internal financial controls over financial reporting of Venlon Enterprises Limited ('The Company') as of 31<sup>st</sup> March, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing 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 we 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of the 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 procedure selected depends on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a base for our audit opinion on the Company's internal financial control 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 the 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 maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and disposition of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorizations of the Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 our opinion, Company has, in all material respects, an adequate internal control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For RAU & NATHAN  
Chartered Accountants  
Firm Registration # 003178S

*N. Vaidyanathan*  
N. VAIDYANATHAN  
Partner,  
Membership # 022573



Place: Mysuru  
Date: 28<sup>th</sup> May, 2016



**Rau & Nathan**

CHARTERED ACCOUNTANTS

# 3046, Gokulam Park Road,

V.V. Mohalla, Mysuru - 570 002

Ph. : 0821 - 4263314

email : envee2006@gmail.com

envee@bsnl.in

raunathan@gmail.com

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## Compliance Certificate on Corporate Governance

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

We have examined the compliance of the conditions of Corporate Governance by Venlon Enterprises Limited ('The Company') for the year ended 31 March, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the said Company with Stock Exchanges in India for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements / Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **RAU & NATHAN**  
Chartered Accountants  
Firm Registration # 003178S

*N. Vaidyanathan*

**N. VAIDYANATHAN**  
Partner  
Membership No.022573



Place: Mysuru

Date: 28<sup>th</sup> May, 2016

**VENLON ENTERPRISES LIMITED**  
**CIN:L24231KA1983PLC015089**  
**BALANCE SHEET AS AT 31 MARCH 2016**

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| PARTICULARS                                                    | Note No. | As At<br>31 March 2016<br>Rupees | As At<br>31 March 2015<br>Rupees |
|----------------------------------------------------------------|----------|----------------------------------|----------------------------------|
| <b>A. EQUITY AND LIABILITIES</b>                               |          |                                  |                                  |
| <b>1. SHARE HOLDERS FUNDS</b>                                  |          |                                  |                                  |
| (a) Share capital                                              | 2        | 26,12,12,470                     | 26,12,12,470                     |
| (b) Reserves and surplus                                       | 3        | 8,09,01,248                      | 19,24,53,154                     |
| <b>2. NON CURRENT LIABILITIES</b>                              |          |                                  |                                  |
| (a) Long term borrowings                                       | 4        | 88,48,12,826                     | 83,18,97,240                     |
| (b) Long term provisions                                       | 5        | 53,64,133                        | 42,26,175                        |
| <b>3. CURRENT LIABILITIES</b>                                  |          |                                  |                                  |
| (a) Short term borrowings                                      | 6        | 28,27,21,767                     | 26,84,10,286                     |
| (b) Trade payables                                             | 7        | 3,48,02,730                      | 1,61,37,322                      |
| (c) Other current liabilities                                  | 8        | 1,03,85,731                      | 95,78,580                        |
| (d) Short term provisions                                      | 9        | 33,97,769                        | 23,37,324                        |
| <b>TOTAL</b>                                                   |          | <b>1,56,35,98,674</b>            | <b>1,58,62,52,551</b>            |
| <b>B. ASSETS</b>                                               |          |                                  |                                  |
| <b>1. NON CURRENT ASSETS</b>                                   |          |                                  |                                  |
| <i>(a) Fixed Assets</i>                                        |          |                                  |                                  |
| (i) Tangible assets                                            | 10       | 1,14,46,78,711                   | 1,10,52,66,402                   |
| (ii) Intangible assets                                         | 11       | 27,989                           | 31,530                           |
| (iii) Capital work in progress                                 | 11A      | 2,11,59,856                      | 9,74,68,420                      |
| (iv) Foreign currency monetary item translation difference A/c |          | 10,25,79,667                     | 7,16,39,763                      |
| (b) Non current investments                                    | 12       | 2,27,968                         | 27,27,968                        |
| (c) Deferred tax assets (net)                                  |          | 4,94,19,793                      | 4,94,19,793                      |
| (d) Long term loans and advances                               | 13       | 40,86,058                        | 40,86,058                        |
| <b>2. CURRENT ASSETS</b>                                       |          |                                  |                                  |
| (a) Inventories                                                | 14       | 18,99,30,124                     | 16,45,39,711                     |
| (b) Trade receivables                                          | 15       | 2,70,14,914                      | 2,16,00,095                      |
| (c) Cash and bank balances                                     | 16       | 83,98,721                        | 5,16,00,915                      |
| (d) Short term loans and advances                              | 17       | 96,68,811                        | 1,08,53,289                      |
| (e) Other current assets                                       | 18       | 64,06,062                        | 70,18,607                        |
| <b>TOTAL</b>                                                   |          | <b>1,56,35,98,674</b>            | <b>1,58,62,52,551</b>            |

Significant accounting policies and notes on financial statements

1 to 28

As per our report of even date attached  
For RAU & NATHAN  
Chartered Accountants  
Firm Registration No 003178S

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
Partner, Membership No. 022573

Mysuru  
28 May 2016



For and on behalf of the Board of Directors

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

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

VENLON ENTERPRISES LIMITED  
CIN:L24231KA1983PLC015089  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

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| PARTICULARS                                                                 | Note No. | As At<br>31 March 2016<br>Rupees | As At<br>31 March 2015<br>Rupees |
|-----------------------------------------------------------------------------|----------|----------------------------------|----------------------------------|
| <b>1. REVENUE FROM OPERATIONS</b>                                           | 19       | 60,86,40,155                     | 66,14,93,362                     |
| Less : Excise duty                                                          |          | 4,79,95,829                      | 5,45,84,824                      |
| Net revenue from operations                                                 |          | 56,06,44,326                     | 60,69,08,538                     |
| <b>2. OTHER INCOME</b>                                                      | 20       | 2,06,19,801                      | 1,39,04,701                      |
| <b>3. TOTAL REVENUE [ 1 + 2 ]</b>                                           |          | <b>58,12,64,127</b>              | <b>62,08,13,239</b>              |
| <b>4. EXPENSES</b>                                                          |          |                                  |                                  |
| Cost of material consumed                                                   | 21       | 40,18,66,657                     | 39,71,06,972                     |
| Purchases of stock in trade                                                 | 22       | 1,16,66,474                      | 2,10,70,489                      |
| Changes in inventories of finished goods, WIP & stock in trade              | 23       | (2,49,08,572)                    | 2,60,71,287                      |
| Employee benefit expenses                                                   | 24       | 7,07,98,108                      | 5,47,14,574                      |
| Finance cost                                                                | 25       | 3,82,59,361                      | 2,77,90,483                      |
| Depreciation and amortization expenses                                      | 10 & 11  | 6,23,35,525                      | 6,20,10,320                      |
| Other expenses                                                              | 26       | 11,79,51,729                     | 10,09,77,752                     |
| <b>Total expenses</b>                                                       |          | <b>67,79,69,282</b>              | <b>68,97,41,876</b>              |
| <b>5. LOSS BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX [3-4]</b>     |          | (9,67,05,155)                    | (6,89,28,637)                    |
| <b>6. EXCEPTIONAL ITEMS</b>                                                 |          | -                                | -                                |
| <b>7. LOSS BEFORE TAX [ 5 - 6 ]</b>                                         |          | (9,67,05,155)                    | (6,89,28,637)                    |
| <b>8. TAX EXPENSES</b>                                                      |          |                                  |                                  |
| 1. Current tax                                                              |          | -                                | -                                |
| 2. Deferred tax                                                             |          | -                                | 41,57,847                        |
| <b>9. PROFIT / [ LOSS ] FOR THE PERIOD FROM CONTINUING OPERATIONS [7-8]</b> |          | -                                | -                                |
| <b>10. PROFIT / [LOSS] FOR THE PERIOD</b>                                   |          | (9,67,05,155)                    | (6,47,70,790)                    |
|                                                                             |          | (9,67,05,155)                    | (6,47,70,790)                    |
| <b>11. EARNINGS PER EQUITY SHARE ( Basic and Diluted)</b>                   | 27       | (1.85)                           | (1.24)                           |

Significant accounting policies and notes on financial statements

1 to 28

As per our report of even date attached  
For RAJU & NATHAN  
Chartered Accountants  
Firm Registration No 003178S

N. VAIDYANATHAN  
Partner, Membership No. 022573

Mysuru  
28 May 2016



For and on behalf of the Board of Directors

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

SAROJ. C. DATWANI  
Director/ CFO  
DIN: 00355148

**VENLON ENTERPRISES LIMITED**  
CIN:L24231KA1983PLC015089  
Cash flow statement for the year ended 31 March, 2016

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| Particulars                                                                                   | Note | For the year<br>ended 31<br>March, 2016 | For the year<br>ended 31<br>March, 2015 |
|-----------------------------------------------------------------------------------------------|------|-----------------------------------------|-----------------------------------------|
| <b>Cash flow from operating activities</b>                                                    |      |                                         |                                         |
| <b>Profit before tax from continuing operations</b>                                           |      |                                         |                                         |
| Loss before Tax and Extra-ordinary items                                                      |      | (9,67,05,155)                           | (6,89,28,637)                           |
| <b>Adjustments for :</b>                                                                      |      |                                         |                                         |
| Depreciation/ amortization                                                                    |      | 6,23,35,525                             | 6,20,10,320                             |
| Finance costs                                                                                 |      | 2,88,12,916                             | 2,16,58,692                             |
| Interest income                                                                               |      | (54,19,172)                             | (38,71,018)                             |
| Dividend income                                                                               |      | (1,532)                                 | (450)                                   |
| Loss/ (profit) on sale of fixed assets                                                        |      | (13,18,334)                             | 19,11,161                               |
| Amortization of unrealized foreign exchange loss / (gain)                                     |      | 94,46,445                               | 61,31,791                               |
| Short term provisions                                                                         |      | 10,60,445                               | (2,52,143)                              |
| Long term provisions                                                                          |      | 11,37,958                               | 5,63,266                                |
| <b>Operating profit before working capital changes</b>                                        |      | <b>(6,50,904)</b>                       | <b>1,92,22,981</b>                      |
| <b>Movements in working capital :</b>                                                         |      |                                         |                                         |
| Increase/ (decrease) in trade payables                                                        |      | 1,82,15,408                             | (4,44,38,411)                           |
| Increase/ (decrease) in other current liabilities                                             |      | 8,07,151                                | 22,94,545                               |
| Decrease/ (increase) in trade receivables                                                     |      | (54,14,819)                             | (1,50,10,467)                           |
| Decrease / (increase) in inventories                                                          |      | (2,53,90,413)                           | 4,82,00,854                             |
| Decrease / (increase) in other current assets                                                 |      | 6,12,545                                | 9,01,492                                |
| Decrease / (increase) short term loans and advances                                           |      | 11,84,478                               | (29,43,990)                             |
| <b>Cash generated from / (used in) operations</b>                                             |      | <b>(1,06,36,554)</b>                    | <b>82,27,005</b>                        |
| Direct taxes paid (net of refunds)                                                            |      | -                                       | -                                       |
| <b>Net cash flow from/ (used in) operating activities (A)</b>                                 |      | <b>(1,06,36,554)</b>                    | <b>82,27,005</b>                        |
| <b>Cash flows from investing activities</b>                                                   |      |                                         |                                         |
| Purchase of fixed assets, including CWIP and capital advances                                 |      | (2,81,75,422)                           | (8,30,47,518)                           |
| Proceeds from Long term Loans and Advances                                                    |      | -                                       | (28,10,000)                             |
| Proceeds from sale of fixed assets                                                            |      | 2,81,401                                | 6,10,843                                |
| Proceeds from sale of investments (SBI Mutual funds)                                          |      | 37,16,850                               | -                                       |
| Redemption/ maturity of bank deposits                                                         |      | 4,28,47,530                             | 77,10,551                               |
| Interest received                                                                             |      | 56,37,247                               | 30,21,165                               |
| Dividends received                                                                            |      | 1,532                                   | 450                                     |
| <b>Net cash flow from/ (used in) investing activities (B)</b>                                 |      | <b>2,43,09,138</b>                      | <b>(7,45,14,509)</b>                    |
| <b>Cash flows from financing activities</b>                                                   |      |                                         |                                         |
| Interest paid                                                                                 |      | (2,88,12,916)                           | (2,16,58,692)                           |
| Proceeds from short term borrowings                                                           |      | 1,50,03,743                             | 8,68,00,569                             |
| <b>Net cash flow from/ (used in) in financing activities (C)</b>                              |      | <b>(1,38,09,173)</b>                    | <b>6,51,41,877</b>                      |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>                       |      | <b>(1,36,589)</b>                       | <b>(11,45,627)</b>                      |
| <b>Effect of exchange differences on cash &amp; cash equivalents held in foreign currency</b> |      | -                                       | -                                       |
| <b>Cash and cash equivalents at the beginning of the year</b>                                 |      | <b>7,03,039</b>                         | <b>18,48,666</b>                        |
| <b>Cash and cash equivalents at the end of the year</b>                                       |      | <b>5,66,450</b>                         | <b>7,03,039</b>                         |
| <b>Components of cash and cash equivalents</b>                                                |      |                                         |                                         |
| Cash on hand                                                                                  |      | 40,144                                  | 33,116                                  |
| With banks- on current account                                                                |      | 5,26,306                                | 6,69,923                                |
| <b>Total cash and cash equivalents</b>                                                        |      | <b>5,66,450</b>                         | <b>7,03,039</b>                         |
| Summary of significant accounting policies                                                    |      |                                         |                                         |

As per our report of even date attached  
For RAU & NATHAN  
Chartered Accountants  
Firm Registration No 003178S

N. VAIDYANATHAN  
Partner, Membership No. 022573

Mysuru  
28 May, 2016



For and on behalf of the Board of Directors

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

SAROJ, C. DATWANI  
Director- CFO  
DIN: 00355148

## VENLON ENTERPRISES LIMITED

CIN:L24231KA1983PLC015089

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES****Basis of Accounting**

The Financial Statements are prepared on the historical cost convention (except for revaluation of plant and machinery, building and land), in accordance with applicable Accounting Standards and the relevant provisions of the Companies Act, 2013.

**Use of Estimates**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialised.

**Revenue Recognition**

All income and expenditure are accounted on accrual basis.

**Fixed Assets**

All tangible assets are stated at acquisition cost or revalued amounts, as the case may be, net of accumulated depreciation and impairment losses, if any. The cost includes expenditure incurred in the acquisition and construction / installation and other related expenses in bringing the asset to working condition for its intended use. In respect of qualifying assets, related pre operational expenses including borrowing costs are also capitalized. In case of revaluation of fixed assets, the original cost as written up by the valued, is considered in the account and the differential amount is transferred to revaluation reserve. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Loss arising from retirement of, and gains or losses from disposal of fixed assets are recognised in the Statement of Profit and Loss.

Costs relating to acquisition of Software are capitalised as "Intangible Assets"

**Depreciation**

Depreciation on Fixed Assets has been provided on Straight Line Method over the estimated useful lives of the asset prescribed in Schedule II to the Companies Act, 2013 which are as follows:

|                          |   |          |
|--------------------------|---|----------|
| Factory Building         | - | 30 Years |
| Office Building          | - | 60 Years |
| Plant & Equipment        | - | 25 Years |
| Furniture & Fixtures     | - | 10 Years |
| Electrical Installations | - | 10 Years |
| Vehicles                 | - | 8 Years  |
| Windmill                 | - | 22 Years |
| Roads                    | - | 10 Years |

**Investments**

Long Term Investments are stated at cost. Provision for diminution in value is made if the decline in value is other than temporary.

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**VENLON ENTERPRISES LIMITED**  
**CIN:L24231KA1983PLC015089**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd)**

**Foreign Currency Transactions**

The Company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss statement of the year.

**a) Transaction**

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss statement. Non monetary items are stated in the balance sheet using the exchange rate at the date of the transaction.

b) The Exchange differences arising on reporting of long term foreign currency monetary items at rate different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital assets is added to or deducted from the cost of the assets and shall be depreciated over the balance life of the assets , and in other cases is accumulated in a "Foreign Currency monetary item Translation difference account " In the companies financial statements and amortized over the balance period of such long term assets or liabilities, by recognition as income or expense in each of such periods.

**Inventories**

(i) Inventories are valued as follows:

Finished Goods and Stock in Process - at lower of cost and net realizable value.

(ii) Cost of Raw Materials, Stores, Spares and Packing Materials is determined on weighted average basis. Cost of Finished Goods and Stock in Process is determined by considering materials, labour and other related direct expenses.

**Customs Duty and Excise Duty**

Customs Duty and Excise Duty have been accounted for on the basis of both payments made in respect of goods cleared as well as provision made for goods lying in bonded warehouse. Such provision is included in the valuation of closing stocks of respective materials and goods.





VENLON ENTERPRISES LIMITED  
CIN:L24231KA1983PLC015089

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd)

**Retirement & other employee benefits**

Short term employee benefits are accounted in the period during which the services have been rendered.

Eligible employees receive benefits from provident fund, superannuation fund, employee state insurance and other funds which are defined contribution plans. Both the eligible employee and the company make monthly contributions to the respective government administered funds equal to the specified percentage of the covered employee's salary. The company has no further obligation beyond its monthly contributions.

**Income Taxes**

Tax expense comprises of both current and deferred taxes. In the current financial year Company has incurred loss, hence no provision is made towards income tax. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognized using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred Tax assets are recognized only to the extent there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realized.

**Borrowing costs**

Interest and other borrowing costs attributable to the acquisition of or construction of qualifying assets till the date of commercial use of the assets are capitalized. All other borrowing costs are charged to revenue.

**Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.



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**VENLON ENTERPRISES LIMITED**  
CIN:L24231KA1983PLC015089  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

| PARTICULARS                                                                                                                                | As At<br>31 March 2016<br>Rupees | As At<br>31 March 2015<br>Rupees |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>2. SHARE CAPITAL</b>                                                                                                                    |                                  |                                  |
| Authorized Share Capital<br>5,30,00,000 Equity Shares of Rs.5 each<br>(Previous Year 5,30,00,000 Equity Shares of Rs.5 each)               | 26,50,00,000                     | 26,50,00,000                     |
| Issued, Subscribed and Paid up capital<br>5,22,42,494 Equity Shares of Rs.5 each<br>(Previous Year 5,22,42,494 Equity Shares of Rs.5 each) | 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>              |

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

|                                      | 31-Mar-16   |              | 31-Mar-15   |              |
|--------------------------------------|-------------|--------------|-------------|--------------|
|                                      | 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 |
| Outstanding at the end of the period | 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-16   |           | 31-Mar-15   |           |
|------------------------------------------------|-------------|-----------|-------------|-----------|
|                                                | 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%    |
| Dasu Daulatram Datwani (Non-resident Indian)   | 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%    |

**3. RESERVES AND SURPLUS**

|                                                      | 31 March, 2016     | 31 March, 2015      |
|------------------------------------------------------|--------------------|---------------------|
| (a) Capital reserve                                  | 76,500             | 76,500              |
| (b) Securities premium account                       | 3,25,13,632        | 3,25,13,632         |
| (c) Revaluation reserve                              | 35,32,11,671       | 36,80,58,422        |
| (d) Surplus / (Deficit) in Profit and Loss Statement |                    |                     |
| As per last year financial statement                 | (20,81,95,401)     | (14,21,84,816)      |
| Add : Surplus / (deficit) for the year               | (9,67,05,155)      | (6,47,70,791)       |
|                                                      | (30,49,00,556)     | (20,69,55,607)      |
| Less: Old assets written off                         |                    | 12,39,794           |
|                                                      | (30,49,00,556)     | (20,81,95,401)      |
| <b>Total Reserves and surplus</b>                    | <b>8,09,01,248</b> | <b>19,24,53,154</b> |

**4. LONG TERM BORROWINGS**

|                                   | 31 March, 2016      | 31 March, 2015      |
|-----------------------------------|---------------------|---------------------|
| (ii) Term loans                   |                     |                     |
| (a) Banks                         | 3,87,341            | -                   |
| (b) Other Parties - Unsecured     | 88,44,25,485        | 83,18,97,240        |
| <b>Total long term borrowings</b> | <b>88,48,12,826</b> | <b>83,18,97,240</b> |

- (a) Loan borrowed from Corporation bank at 10.05% interest rate to purchase car, which is repayable at monthly EMI of Rs 20,000 for 35 months.
- (b) The interest free unsecured external commercial borrowing from other parties is repayable in 10 equated annual installments commencing from 31 March 2017.



| 5. LONG TERM PROVISIONS              | 31 March, 2016   | 31 March, 2015   |
|--------------------------------------|------------------|------------------|
| (a) Provisions for employee benefits | 53,64,133        | 42,26,175        |
| (b) Others                           | -                | -                |
| <b>Total long term provisions</b>    | <b>53,64,133</b> | <b>42,26,175</b> |

| 6. SHORT TERM BORROWINGS                    | 31 March, 2016      | 31 March, 2015      |
|---------------------------------------------|---------------------|---------------------|
| (a) Loans repayable on demand from          |                     |                     |
| (i) Banks                                   |                     |                     |
| - Secured                                   | 71,91,573           | 3,63,89,223         |
| (b) Loans and advances from related parties | 27,55,30,194        | 23,20,21,063        |
| <b>Total short term borrowings</b>          | <b>28,27,21,767</b> | <b>26,84,10,286</b> |

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

(a) by way of first Paripassu charge on hypothecation of Company's entire stock-in-trade consisting of raw materials, stock-in-process, finished goods,  
(b) by way of first paripassu 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 paripassu 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 @ 14.75% 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 13.5% p.a. and is repayable on demand.

| 7. TRADE PAYABLES           | 31 March, 2016     | 31 March, 2015     |
|-----------------------------|--------------------|--------------------|
| Goods indigenous            | 3,22,99,593        | 1,22,43,993        |
| Services                    | 25,03,137          | 38,93,329          |
| <b>Total trade payables</b> | <b>3,48,02,730</b> | <b>1,61,37,322</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 31.03.2016 has not been ascertained, and hence no disclosure has been made.

| 8. OTHER CURRENT LIABILITIES     | 31 March, 2016     | 31 March, 2015   |
|----------------------------------|--------------------|------------------|
| Other current liabilities        | 1,03,85,731        | 95,78,580        |
| <b>Total current liabilities</b> | <b>1,03,85,731</b> | <b>95,78,580</b> |

| 9. SHORT TERM PROVISIONS           | 31 March, 2016   | 31 March, 2015   |
|------------------------------------|------------------|------------------|
| Provisions for employee benefits   | 33,97,769        | 23,37,324        |
| <b>Total short term provisions</b> | <b>33,97,769</b> | <b>23,37,324</b> |



VENLON ENTERPRISES LIMITED  
MYSURU

SCHEDULE OF FIXED ASSETS 2015-16

Figs. In Rupees

| Particulars                          | Gross Block           |                     |                        |                       | Depreciation          |                     |                    |                 |             | Net Block           |                       |                       |
|--------------------------------------|-----------------------|---------------------|------------------------|-----------------------|-----------------------|---------------------|--------------------|-----------------|-------------|---------------------|-----------------------|-----------------------|
|                                      | As at 31.03.2015      | Additions           | Re valuation Additions | Disposal/ Capitalized | As at 31.03.2016      | Upto Last Year      | For the year       | Withdrawn       | Written off | Total               | As at 31.03.2016      | As at 31.03.2015      |
| <b>II. TANGIBLE ASSETS</b>           |                       |                     |                        |                       |                       |                     |                    |                 |             |                     |                       |                       |
| Land-Freehold                        | 26,83,51,457          | -                   | -                      | -                     | 26,83,51,457          | -                   | -                  | -               | -           | -                   | 26,83,51,457          | 26,83,51,457          |
| Buildings                            | 19,88,66,305          | 67,19,623           | -                      | 2,80,582              | 20,53,05,346          | 9,01,74,859         | 65,91,341          | 1,00,666        | -           | 9,66,65,534         | 10,86,39,810          | 10,86,91,445          |
| Plant and Machinery                  | 1,24,93,86,010        | 10,94,48,827        | -                      | -                     | 1,35,88,34,837        | 52,60,49,419        | 6,97,96,458        | -               | -           | 59,58,45,877        | 76,29,88,959          | 72,33,36,590          |
| Electrical Installation              | 1,93,85,592           | -                   | -                      | -                     | 1,93,85,592           | 1,53,02,918         | 1,73,604           | -               | -           | 1,54,76,522         | 39,09,070             | 40,82,674             |
| Furniture & Fixtures                 | 44,76,281             | 33,678              | -                      | -                     | 45,09,959             | 43,47,398           | 5,185              | -               | -           | 43,52,582           | 1,57,377              | 1,28,883              |
| Vehicles                             | 50,20,987             | 5,68,832            | -                      | 2,23,673              | 53,66,146             | 43,45,634           | 6,12,146           | 2,23,673        | -           | 47,34,108           | 6,32,038              | 6,75,352              |
| <b>TOTAL</b>                         | <b>1,74,54,86,631</b> | <b>11,67,70,960</b> | <b>-</b>               | <b>5,04,255</b>       | <b>1,86,17,53,336</b> | <b>64,02,20,228</b> | <b>7,71,78,735</b> | <b>3,24,339</b> | <b>-</b>    | <b>71,70,74,624</b> | <b>1,14,46,78,711</b> | <b>1,10,52,66,402</b> |
| Previous Year                        | 1,47,30,13,073.9      | 1,34,35,704.0       | 26,27,44,122.0         | 37,06,269.0           | 1,74,54,86,630.9      | 56,31,36,957.8      | 7,68,53,529.6      | 10,10,054.0     | -           | 64,02,20,228.1      | 1,10,52,66,402.8      | 90,98,76,116.0        |
| <b>II. INTANGIBLE ASSETS</b>         |                       |                     |                        |                       |                       |                     |                    |                 |             |                     |                       |                       |
| Computer Software                    | 60,000                | -                   | -                      | -                     | 60,000                | 28,470              | 3,541              | -               | -           | 32,011              | 27,989                | 31,530                |
| <b>TOTAL</b>                         | <b>60,000</b>         | <b>-</b>            | <b>-</b>               | <b>-</b>              | <b>60,000</b>         | <b>28,470</b>       | <b>3,541</b>       | <b>-</b>        | <b>-</b>    | <b>32,011</b>       | <b>27,989</b>         | <b>31,530</b>         |
| Previous Year                        | 60,000                | -                   | -                      | -                     | 60,000                | 24,929              | 8,412              | -               | -           | 24,929              | 35,071                | 35,071                |
| <b>IIA. CAPITAL WORK-IN-PROGRESS</b> |                       |                     |                        |                       |                       |                     |                    |                 |             |                     |                       |                       |
| Chemical plant 3                     | 5,84,57,008           | 1,47,51,444         | -                      | 7,32,08,452           | -                     | -                   | -                  | -               | -           | -                   | -                     | 5,84,57,008           |
| Chemical plant 4                     | 2,28,60,500           | 84,89,202           | -                      | 3,13,49,702           | -                     | -                   | -                  | -               | -           | -                   | -                     | 2,28,60,500           |
| Paraformaldehyde Bagging Plant       | 5,90,828              | 75,479              | -                      | 6,66,307              | -                     | -                   | -                  | -               | -           | -                   | -                     | 5,90,828              |
| New Electrical Installation          | 1,55,60,084           | 55,99,772           | -                      | -                     | 2,11,59,856           | -                   | -                  | -               | -           | -                   | 2,11,59,856           | 1,55,60,084           |
|                                      | 9,74,68,420           | 2,89,15,897         | -                      | 10,52,24,461          | 2,11,59,856           | -                   | -                  | -               | -           | -                   | 2,11,59,856           | 9,74,68,420           |
| <b>GRAND TOTAL</b>                   | <b>1,84,30,15,051</b> | <b>14,56,86,857</b> | <b>-</b>               | <b>10,57,28,716</b>   | <b>1,88,29,73,192</b> | <b>64,02,48,698</b> | <b>7,71,82,275</b> | <b>3,24,339</b> | <b>-</b>    | <b>71,71,06,635</b> | <b>1,16,58,66,556</b> | <b>1,20,27,66,352</b> |
| PREVIOUS YEAR GRAND TOTAL            | 1,47,30,73,074        | 1,34,35,704         | 26,27,44,122           | 37,06,269             | 1,74,55,46,631        | 56,31,61,887        | 7,68,57,070        | 10,10,054       | -           | 64,02,48,698        | 1,20,27,66,353        | 91,45,64,165          |

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        |     |
|         | <u>53,63,14,896</u> |     |

- (a) Revaluation of Factory building and Plant and machinery at Mysore  
 (b) Revaluation of Imported Plant and Machinery of Polyester Film Plant at Mysore.  
 (c) Revaluation BOPP plant of Polyester Film Plant at Mysore.  
 (d) Revaluation of free hold land at Mysore.

2) Depreciation on original cost (including additions) is Rs. 6,23,35,525 PY(2014-15) 6,20,10,320  
 Depreciation on revalued porti 1,48,46,751 is debited to capital Reserve for revaluation.



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| 12. NON CURRENT INVESTMENTS                                                                                                                                                             | 31 March, 2016                               | 31 March, 2015      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------|
| (a) Equity instruments                                                                                                                                                                  | 2,27,968                                     | 2,27,968            |
| <b>Total Equity Instruments</b>                                                                                                                                                         | <b>2,27,968</b>                              | <b>2,27,968</b>     |
| (b) Mutual funds                                                                                                                                                                        |                                              |                     |
| S B I Mutual funds                                                                                                                                                                      | -                                            | 25,00,000           |
| <b>Total Mutual funds</b>                                                                                                                                                               | <b>-</b>                                     | <b>25,00,000</b>    |
| <b>Total non current investments</b>                                                                                                                                                    | <b>2,27,968</b>                              | <b>27,27,968</b>    |
| <b>(a) Particulars of Investments in Equity Shares (Quoted and unquoted, Non Trade at cost)</b>                                                                                         |                                              |                     |
| <b>Name of the Company</b>                                                                                                                                                              | <b>Number of Equity Shares Fully Paid up</b> |                     |
| <b>Quoted</b>                                                                                                                                                                           |                                              |                     |
| Garware Polyester Limited                                                                                                                                                               | 50                                           |                     |
| Rollainers Limited                                                                                                                                                                      | 55                                           |                     |
| Tamilnadu Telecommunication Limited                                                                                                                                                     | 100                                          |                     |
| ITC Limited                                                                                                                                                                             | 3,100                                        |                     |
| Canbay Polyfilms Limited                                                                                                                                                                | 100                                          |                     |
| Leela Packaging Limited                                                                                                                                                                 | 100                                          |                     |
| Annapurna Foils Limited                                                                                                                                                                 | 100                                          |                     |
| Finolex Cables Limited                                                                                                                                                                  | 600                                          |                     |
| Essel Propack Limited                                                                                                                                                                   | 80                                           |                     |
| Gujarath 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>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) The Aggregate Market Value of Investments in quoted Equity Shares as at 31.03.2016 is Rs.14,18,500/- (PY Rs.13,99,820/-)                                                            |                                              |                     |
| (c) 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 |                                              |                     |
| 13. LONG TERM LOANS AND ADVANCES                                                                                                                                                        | 31 March, 2016                               | 31 March, 2015      |
| (a) Security Deposits                                                                                                                                                                   |                                              |                     |
| Secured, considered good                                                                                                                                                                | 40,86,058                                    | 40,86,058           |
| Unsecured, considered good                                                                                                                                                              |                                              |                     |
| Doubtful                                                                                                                                                                                | -                                            | -                   |
| <b>Total Long term loans and advances</b>                                                                                                                                               | <b>40,86,058</b>                             | <b>40,86,058</b>    |
| 14. INVENTORIES (Valued at lower of cost and net realizable value)                                                                                                                      | 31 March, 2016                               | 31 March, 2015      |
| (a) Raw materials                                                                                                                                                                       | 3,85,81,968                                  | 4,10,08,479         |
| (b) Work in progress                                                                                                                                                                    | 6,74,94,617                                  | 4,76,95,779         |
| (c) Finished goods                                                                                                                                                                      | 2,39,83,713                                  | 1,88,73,979         |
| (d) Stores & spares                                                                                                                                                                     | 5,95,43,072                                  | 5,66,41,324         |
| (e) Loose tools                                                                                                                                                                         | 3,26,754                                     | 3,20,150            |
| (f) Others                                                                                                                                                                              | -                                            | -                   |
| <b>Total Inventories</b>                                                                                                                                                                | <b>18,99,30,124</b>                          | <b>16,45,39,711</b> |



| 15. TRADE RECEIVABLES                                                                                                                            | 31 March, 2016      | 31 March, 2015      |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| (i) Outstanding for a period exceeding six months from the date they are due for payment                                                         |                     |                     |
| Secured, Considered Good                                                                                                                         |                     |                     |
| Unsecured, Considered Good                                                                                                                       | 3,01,25,768         | 2,47,10,949         |
| Doubtful                                                                                                                                         | 13,98,558           | 13,98,558           |
| <b>Sub Total</b>                                                                                                                                 | <b>3,15,24,326</b>  | <b>2,61,09,507</b>  |
| Less : Provision for bad and doubtful debts                                                                                                      | 45,09,412           | 45,09,412           |
| <b>Total trade receivables</b>                                                                                                                   | <b>2,70,14,914</b>  | <b>2,16,00,095</b>  |
| <b>16. CASH AND BANK BALANCES</b>                                                                                                                |                     |                     |
|                                                                                                                                                  | 31 March, 2016      | 31 March, 2015      |
| (i) Cash and cash equivalents                                                                                                                    |                     |                     |
| a) Balances with banks - In Current/ Cash Credit accounts                                                                                        | 5,26,306            | 6,69,923            |
| b) Cash on hand                                                                                                                                  | 40,144              | 33,116              |
| (ii) Other bank balances                                                                                                                         |                     |                     |
| (a) In deposit account with original maturity of more than 3 months but less than 12 months                                                      | 15,000              | 4,52,28,652         |
| (b) Balances with banks - held as margin money or security deposit against borrowings, guarantee / other commitments                             | 78,17,271           | 56,69,224           |
| <b>Total Cash and Bank Balances</b>                                                                                                              | <b>83,98,721</b>    | <b>5,16,00,915</b>  |
| (a) The balance in operative bank accounts have been reconciled, while the balance in non-operative bank accounts are subject to reconciliation. |                     |                     |
| <b>17. SHORT TERM LOANS AND ADVANCES</b>                                                                                                         |                     |                     |
|                                                                                                                                                  | 31 March, 2016      | 31 March, 2015      |
| (a) Loans and advances to related parties                                                                                                        | -                   | -                   |
| (b) Others                                                                                                                                       |                     |                     |
| Secured, considered good                                                                                                                         | -                   | -                   |
| Unsecured, considered good                                                                                                                       | 96,68,811           | 1,08,53,289         |
| Doubtful                                                                                                                                         | -                   | -                   |
| <b>Total short term loans and advances</b>                                                                                                       | <b>96,68,811</b>    | <b>1,08,53,289</b>  |
| <b>18. OTHER CURRENT ASSETS</b>                                                                                                                  |                     |                     |
|                                                                                                                                                  | 64,06,062           | 70,18,607           |
| <b>Total Other current assets</b>                                                                                                                | <b>64,06,062</b>    | <b>70,18,607</b>    |
| <b>19. REVENUE FROM OPERATIONS</b>                                                                                                               |                     |                     |
|                                                                                                                                                  | 31 March, 2016      | 31 March, 2015      |
| Other than finance company                                                                                                                       |                     |                     |
| i) Sale of products                                                                                                                              | 60,86,40,155        | 66,14,93,362        |
| ii) Sale of services                                                                                                                             | -                   | -                   |
| iii) Other operating revenues                                                                                                                    | -                   | -                   |
| Total                                                                                                                                            | 60,86,40,155        | 66,14,93,362        |
| Less: Excise duty                                                                                                                                | 4,79,95,829         | 5,45,84,824         |
| <b>Total revenue from operations</b>                                                                                                             | <b>65,66,35,984</b> | <b>71,60,78,186</b> |
| <b>20. OTHER INCOME</b>                                                                                                                          |                     |                     |
|                                                                                                                                                  | 31 March, 2016      | 31 March, 2015      |
| (i) Interest income                                                                                                                              | 60,45,828           | 39,73,847           |
| (ii) Dividend income                                                                                                                             | 1,532               | 450                 |
| (iii) Net gain or loss on sale of investments/ fixed assets                                                                                      | 13,18,334           | (19,11,161)         |
| (iv) Other non operating income                                                                                                                  | 1,32,54,107         | 1,18,41,565         |
| <b>Total other income</b>                                                                                                                        | <b>2,06,19,801</b>  | <b>1,39,04,701</b>  |
| <b>21. COST OF MATERIALS CONSUMED</b>                                                                                                            |                     |                     |
|                                                                                                                                                  | 31 March, 2016      | 31 March, 2015      |
| RAW MATERIALS                                                                                                                                    |                     |                     |
| Opening stock                                                                                                                                    | 4,05,23,619         | 6,31,11,119         |
| Add: Purchases                                                                                                                                   | 39,88,48,816        | 37,44,66,766        |
| Less: Closing stock                                                                                                                              | 3,75,05,778         | 4,04,70,913         |
| <b>Total Cost of Materials consumed</b>                                                                                                          | <b>40,18,66,657</b> | <b>39,71,06,972</b> |
| <b>22. PURCHASE OF STOCK IN TRADE</b>                                                                                                            |                     |                     |
|                                                                                                                                                  | 31 March, 2016      | 31 March, 2015      |
| Cost of traded goods                                                                                                                             | 1,16,66,474         | 2,10,70,489         |
| <b>Total Purchase of stock in trade</b>                                                                                                          | <b>1,16,66,474</b>  | <b>2,10,70,489</b>  |

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| <b>23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK IN TRADE</b> |                     |                      |
|--------------------------------------------------------------------------------------------|---------------------|----------------------|
|                                                                                            | 31 March, 2016      | 31 March, 2015       |
| <b>FINISHED GOODS</b>                                                                      |                     |                      |
| Closing stock                                                                              |                     |                      |
| Less: Opening stock                                                                        | 2,39,83,713         | 1,88,73,979          |
| (Decrease) / Increase in finished goods                                                    | 1,88,73,979         | 2,70,50,566          |
|                                                                                            | 51,09,734           | (81,76,587)          |
| <b>WORK IN PROGRESS</b>                                                                    |                     |                      |
| Closing stock                                                                              |                     |                      |
| Less: Opening stock                                                                        | 6,74,94,617         | 4,76,95,779          |
| (Decrease) / Increase in work in progress                                                  | 4,76,95,779         | 6,55,90,479          |
|                                                                                            | 1,97,98,838         | (1,78,94,700)        |
| Differential excise duty on opening and closing stock of finished goods                    |                     |                      |
|                                                                                            | 5,67,748            | 8,78,550             |
| Finished Goods in Transit                                                                  |                     |                      |
| Closing stock                                                                              | -                   | -                    |
| Less: Opening Stock                                                                        | -                   | -                    |
| (Decrease) / Increase in Goods in transit                                                  | -                   | -                    |
|                                                                                            | -                   | -                    |
| <b>Total changes in inventories of finished goods &amp; work in progress</b>               | <b>2,49,08,572</b>  | <b>(2,60,71,287)</b> |
| <b>24. EMPLOYEE BENEFITS EXPENSES</b>                                                      |                     |                      |
|                                                                                            | 31 March, 2016      | 31 March, 2015       |
| (i) Salaries & wages                                                                       | 6,41,90,207         | 4,95,32,558          |
| (ii) Contribution to provident & other funds                                               | 41,24,927           | 28,20,903            |
| (iii) Staff welfare expenses                                                               | 24,82,974           | 23,61,113            |
| <b>Total employee benefit expenses</b>                                                     | <b>7,07,98,108</b>  | <b>5,47,14,574</b>   |
| <b>25. FINANCE COSTS</b>                                                                   |                     |                      |
|                                                                                            | 31 March, 2016      | 31 March, 2015       |
| (i) Interest expenses                                                                      | 2,88,12,916         | 2,16,58,692          |
| (ii) Amortization of net (gain) or loss on foreign currency translations                   | 94,46,445           | 61,31,791            |
| <b>Total finance cost</b>                                                                  | <b>3,82,59,361</b>  | <b>2,77,90,483</b>   |
| <b>26. OTHER EXPENSES</b>                                                                  |                     |                      |
|                                                                                            | 31 March, 2016      | 31 March, 2015       |
| (i) Consumption of stores and spares parts                                                 | 1,63,05,231         | 1,26,22,436          |
| (ii) Power and fuel                                                                        | 4,11,60,816         | 3,88,04,172          |
| (iii) Packing material consumed                                                            | 46,38,430           | 48,64,665            |
| (iv) Freight Charges                                                                       | 3,31,40,583         | 2,98,35,111          |
| (v) Rent                                                                                   | 4,60,000            | 4,60,000             |
| (vi) Repairs to buildings                                                                  | 45,272              | 1,24,062             |
| (vii) Repairs to machinery                                                                 | 17,34,170           | 15,85,253            |
| (viii) Insurance                                                                           | 15,28,397           | 15,27,375            |
| (ix) Rates and taxes excluding taxes on income                                             | 44,08,690           | 35,03,407            |
| (x) Administration and selling expenses                                                    | 1,39,68,289         | 73,47,224            |
| (xi) Miscellaneous expenses                                                                | 4,31,851            | 1,74,047             |
| (xii) Remuneration to statutory auditors - for audit                                       | 1,30,000            | 1,30,000             |
| <b>Total other expenses</b>                                                                | <b>11,79,51,729</b> | <b>10,09,77,752</b>  |
| <b>27. EARNINGS PER SHARE</b>                                                              |                     |                      |
|                                                                                            | 31 March, 2016      | 31 March, 2015       |
| Profit / (Loss) after taxation, refund of income tax and exceptional item                  | (9,67,05,155)       | (6,47,70,790)        |
| Number of equity shares ( Face Value Rs.5/- )                                              | 5,22,42,494         | 5,22,42,494          |
| Earnings per share in Rupees                                                               | (1.85)              | (1.24)               |



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**VENLON ENTERPRISES LIMITED**

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

**A Contingent Liability & Commitments not provided for:**

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

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

**C Proposed Dividends;**

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

|  | 31 March, 2016 | 31 March, 2015 |
|--|----------------|----------------|
|  | Nil            | Nil            |

**D** There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

**E** (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) As required by Para 46A of the Accounting Standard AS 11 issued by The Institute of Chartered Accountants of India " The Effects of Changes in Foreign Exchange rates", during the current financial year translation loss arising on account of variation in external commercial borrowing outstanding at the year end has been capitalized to the extent of Rs 1,21,41,896 utilized in acquiring capital assets. Further the Foreign Exchange translation loss of Rs 4,03,86,349 arising there on has been accounted under "Foreign Currency Monetary Item Translation Difference Account". Accordingly, the balance in the said account will be amortized over the balance tenor of loan (upto 31<sup>st</sup> March 2026). Due to the change in accounting practice, in accordance with Accounting Standard AS-11 of The Institute of Chartered Accountants of India, the loss is lower by Rs 3,03,39,904 after current year amortization of Rs 94,46,445.

**F** The breakup of Deferred Tax Asset / (Liability) as on 31 March, 2016 is as given below:

Arising on account of timing difference in:

- Depreciation
- Accrued Expenses allowable on Actual Payments
- Unabsorbed Business Loss

Deferred Tax Asset/(liability) (Net)

|  | 31 March, 2016      | 31 March, 2015      |
|--|---------------------|---------------------|
|  | (15,72,06,530)      | (18,47,82,652)      |
|  | 3,09,000            | 3,39,900            |
|  | <u>23,02,33,168</u> | <u>23,38,62,545</u> |
|  | <u>7,33,35,637</u>  | <u>4,94,19,793</u>  |

Deferred Tax Asset (net) on account of the timing differences, (depreciation and other components) has been computed at Rs. 733.36 Lacs (P.Y.494.19). However, the same is not recognised in the current year as a matter of prudence. This is in accordance with the Accounting Standard AS-22 issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules, 2006.

**G** Borrowing costs capitalised during the year is Rs.1,35,73,260/- (PY Rs.72,87,761/-)

**H** Foreign currency translation difference capitalised during the year is Rs. 1,21,41,896/-(PY Rs 73,34,449/-)

**I** Inter-division transfers of goods aggregating to a value of Rs 13,95,99,094/- for internal use as captive consumption are disclosed as contra-items in Profit and Loss Statement to reflect the true economic value of Production inter-se the divisions. This treatment of intra-division transfers differs from the treatment recommended by Accounting Standard - 9 (Revenue Recognition) prescribed by the Companies (Accounting Standards) Rules, 2006. Accordingly, the sales and raw material consumption figures are higher by Rs 13,95,99,094/- accounting treatment has no impact on the results of the company.





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VENLON ENTERPRISES LIMITED

NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

J The Company is mainly engaged in the following segments:

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

| Segment Revenue                            | Rs.in Lakhs |                                                    |          |        |        |
|--------------------------------------------|-------------|----------------------------------------------------|----------|--------|--------|
|                                            | Film        | Formaldehyde,<br>Paraformaldehyde<br>& MF Solution | Windmill | Others | Total  |
| Sales                                      | 1,579       | 2,258                                              | 221      | 152    | 4,210  |
| Inter-segment Transfer                     | 534         | 862                                                | -        | -      | 1,396  |
| Total                                      | 2,113       | 3,120                                              | 221      | 152    | 5,606  |
| Segment Results                            | (320)       | (590)                                              | 133      | 20     | (757)  |
| Less: Interest                             |             |                                                    |          |        | 288    |
| Less: Other Unallocable expenditure/income |             |                                                    |          |        | (78)   |
| Profit before tax                          |             |                                                    |          |        | (967)  |
| Net assets                                 | 6,509       | 3,851                                              | 1,087    |        | 11,447 |

K Statutory Auditors' Remuneration

|                    | 2015-16  | 2014-15  |
|--------------------|----------|----------|
| 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. Service tax     | 18,850   | 16,068   |
| TOTAL              | 1,48,850 | 1,46,068 |

L 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.

M Excise Duty approximately Rs.26.65 lacs (Previous year Rs.20.97 lacs) on stock awaiting clearance has been considered in valuation of finished goods.

N The Income tax assessments of the company have been completed up to the Assessment year 2012-13. There are no demands outstanding. In view of loss for assessment year 2016-17, the company has been advised that there is no liability to income tax and accordingly no provision has been made.



**VENLON ENTERPRISES LIMITED**

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

**O Sales Turnover**

|                         | 2015-16                 |                        | 2014-15                 |                        |
|-------------------------|-------------------------|------------------------|-------------------------|------------------------|
|                         | Quantity<br>(in Tonnes) | Value<br>(Rs in lakhs) | Quantity<br>(in Tonnes) | Value<br>(Rs in lakhs) |
| Polyester Film* \$      | 1,550                   | 1,092                  | 1,352                   | 1,174                  |
| Metalized Film**        | 390                     | 489                    | 482                     | 659                    |
| Formaldehyde \$\$       | 14,026                  | 982                    | 14,752                  | 1,216                  |
| Paraformaldehyde \$\$\$ | 2,265                   | 961                    | 2,381                   | 1,300                  |
| Windmill                | -                       | 221                    | -                       | 239                    |
| Others***               | 724                     | 465                    | 128                     | 291                    |

\* Includes scrap sales amounting to Rs.0.29 Lacs. (P.Y. Rs. 1.98 Lacs)

\*\* Includes scrap sales amounting to Rs. 1.60 Lacs (P.Y. Rs.1.06 Lacs)

\*\*\* Includes scrap sales amounting to Rs.3.57 Lacs (P.Y. Rs. 0.62 Lacs)

\$ Polyester film turnover for the current year includes 533 tonnes (P.Y 315 Tonnes) of films valued at Rs. 533.70 lacs ( P.Y.Rs 374.22 lacs) which are captively consumed

\$\$ Formaldehyde includes 5,886 Tonnes (P.Y.6,025 Tonnes ) of Formaldehyde valued Rs.674.99 Lacs (P.Y. Rs. 775.36 Lacs) which are captively consumed.

\$\$\$ Paraformaldehyde includes 387 Tonnes (P.Y 77 Tonnes) valued at 187.29 Lacs (P.Y Rs.39.20 Lacs) which are captively consumed.

**P Closing Stock of Finished Goods**

|                  | 2015-16                 |                       | 2014-15                 |                       |
|------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                  | Quantity<br>(in Tonnes) | Value<br>(Rs in lacs) | Quantity<br>(in Tonnes) | Value<br>(Rs in lacs) |
| Polyester Film   | 143.67                  | 145.60                | 105.75                  | 126.43                |
| Metalized Film   | 18.20                   | 22.22                 | 18.25                   | 25.82                 |
| Paraformaldehyde | 120.99                  | 61.75                 | 50.07                   | 28.66                 |
| MF Solution      | 22.80                   | 10.26                 | 16.73                   | 7.83                  |

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

|           | 2015-16                 |                       | 2014-15                 |                       |
|-----------|-------------------------|-----------------------|-------------------------|-----------------------|
|           | Quantity<br>(in Tonnes) | Value<br>(Rs in lacs) | Quantity<br>(in Tonnes) | Value<br>(Rs in lacs) |
| PET Chips | 1,639                   | 1,130                 | 1,370                   | 967                   |
| Methanol  | 6,717                   | 1,492                 | 6,718                   | 1,815                 |



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VENLON ENTERPRISES LIMITED

NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

**R 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 :**

Mrs. Abha Datwani

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

- Abha Finance Pvt. Ltd.
- C and A Real Estate Pvt. Ltd.
- Divine Poly Plastic 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.
- Saroj 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.

|                                                          | Rs in lakhs  |         |                 |               |                       |                 |
|----------------------------------------------------------|--------------|---------|-----------------|---------------|-----------------------|-----------------|
|                                                          | Subsidiaries |         | KMP & Relatives |               | Other Related parties |                 |
|                                                          | 2015-16      | 2014-15 | 2015-16         | 2014-15       | 2015-16               | 2014-15         |
| <b>1 Interest Paid</b>                                   |              |         |                 |               |                       |                 |
| a. Mr. C D Datwani                                       |              |         | 171.77          | 93.29         |                       |                 |
| b. Mrs. Saroj C Datwani                                  |              |         | 2.91            | 2.70          |                       |                 |
| c. Ms. Abha Datwani                                      |              |         | 1.63            | 6.05          |                       |                 |
| d. Companies in which directors are interested           |              |         |                 |               | 185.26                | 156.59          |
|                                                          |              |         | <b>176.31</b>   | <b>102.05</b> | <b>185.26</b>         | <b>156.59</b>   |
| <b>2 Remuneration to Directors &amp; their Relatives</b> |              |         |                 |               |                       |                 |
| <b>a. Director's salary</b>                              |              |         |                 |               |                       |                 |
| Mr. C D Datwani                                          | -            | -       | 60.00           | 36.00         | -                     | -               |
| Mrs. Saroj C Datwani                                     | -            | -       | 60.00           | 36.00         | -                     | -               |
|                                                          |              |         | <b>120.00</b>   | <b>72.00</b>  |                       |                 |
| <b>b. Provident Fund (12% of salary)</b>                 |              |         |                 |               |                       |                 |
| Mr. C D Datwani                                          | -            | -       | 7.20            | 4.32          | -                     | -               |
| Mrs. Saroj C Datwani                                     | -            | -       | 7.20            | 4.32          | -                     | -               |
|                                                          |              |         | <b>14.40</b>    | <b>8.64</b>   |                       |                 |
|                                                          |              |         | <b>134.40</b>   | <b>80.64</b>  |                       |                 |
| <b>3 Outstanding Balances</b>                            |              |         |                 |               |                       |                 |
| <b>a. Loans Payable</b>                                  |              |         |                 |               |                       |                 |
| a. Mr. C D Datwani                                       | -            | -       | 2,018.14        | 904.22        | -                     | -               |
| b. Mrs. Saroj C Datwani                                  | -            | -       | 30.71           | 16.50         | -                     | -               |
| c. Mrs. Abha Datwani                                     | -            | -       | -               | 48.28         | -                     | -               |
| d. Companies in which directors are interested           | -            | -       | -               | -             | 675.25                | 1,351.20        |
|                                                          |              |         | <b>2,048.85</b> | <b>969.01</b> | <b>675.25</b>         | <b>1,351.20</b> |

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

NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

31 March, 2016

31 March, 2015

S 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 | 2,622.15               | 100.00            | 2,782.68               | 100.00            |
| Imported   | -                      | -                 | -                      | -                 |
|            | <u>2,622.15</u>        | <u>100.00</u>     | <u>2,782.68</u>        | <u>100.00</u>     |

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

Stores & Spare Parts

|            |               |               |               |               |
|------------|---------------|---------------|---------------|---------------|
| Indigenous | 132.97        | 63.49         | 98.23         | 57.33         |
| Imported   | 76.46         | 36.51         | 73.10         | 42.67         |
|            | <u>209.44</u> | <u>100.00</u> | <u>171.33</u> | <u>100.00</u> |



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VENLON ENTERPRISES LIMITED

NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

|                                           | 31 March, 2016 | Rupees in lakhs<br>31 March, 2015 |
|-------------------------------------------|----------------|-----------------------------------|
| <b>U Value of Imports on CIF Basis:</b>   |                |                                   |
| 1. Raw Materials                          | -              | -                                 |
| 2. Stores, Spares & Consumables           | 88.87          | 26.65                             |
| 3. Capital Goods                          | -              | 12.38                             |
| <b>V Expenditure in Foreign Currency:</b> |                |                                   |
| 1. Professional & Consultation Fees       | -              | -                                 |
| <b>W Earnings in Foreign Currency -</b>   |                |                                   |
| 1. Export of goods on F.O.B. basis        | 145.86         | 238.62                            |

X The company has accumulated losses mainly on account of depreciation which is a 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:

- 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.
- Market conditions are cyclic.
- Doubling of capacity of formaldehyde production segment. Slightly higher contribution is expected.

Further, as the net worth of the company has fully eroded, the company has taken steps to refer the fact to The Secretary, Board for Industrial and Financial Reconstruction, New Delhi as part of the reporting requirement under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985

Y 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 our Report of even date attached

For RAU & NATHAN

Chartered Accountants

Firm Registration No.003178S

*N. Vaidyanathan*

N. Vaidyanathan

Partner, Membership # 022573

Mysuru

28 May, 2016



*C. D. Datwani*

C. D. DATWANI

Chairman & Managing Director

*Saroj C. Datwani*

SAROJ. C. DATWANI

Director/ CFO

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VENLON ENTERPRISES LIMITED  
(CIN: L24231KA1983PLC015089)  
Regd. Office: 26-P, Belavadi Indl. Area Hunsur Road, Mysuru-570018  
www.venlonenterprises.com e-mail: mail@venlonenterprises.com

**PROXY FORM**

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

|                         |           |
|-------------------------|-----------|
| Name of the Member (s): |           |
| Registered address:     |           |
| eMail id:               | Folio No. |

I/We, being the member(s) of \_\_\_\_\_ shares of the above mentioned Company, hereby appoint:

1. Name: \_\_\_\_\_

Address:

\_\_\_\_\_

e-mail :

\_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her

2. Name: \_\_\_\_\_

Address:

\_\_\_\_\_

e-mail :

\_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her

3. Name: \_\_\_\_\_

Address:

\_\_\_\_\_

e-mail :

\_\_\_\_\_

Signature: \_\_\_\_\_,



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General meeting of the Company, to be held on 28<sup>th</sup> September 2016 at 4.30 p.m. at Hotel Dasaprakash Paradise, Yadavagiri, Mysore-570 020 or at any adjournment thereof in respect of such resolutions set out in the notice convening the meeting, as are indicated below:

| Item No. | Resolution                                                                    | Vote* (Optional -See Notes) |         |         |
|----------|-------------------------------------------------------------------------------|-----------------------------|---------|---------|
|          |                                                                               | For                         | Against | Abstain |
| 1.       | Adoption of Financial Statements                                              |                             |         |         |
| 2.       | Reappointment of Shri Chand Datwani (DIN: 0035518) as Director of the Company |                             |         |         |
| 3.       | Ratification of Appointment of Auditors                                       |                             |         |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016



\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Proxy holder

Notes:

1. This form of proxy in order to be effective should be duly completed, stamped and signed by Member and proxy and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. \*It is optional to indicate your preference. If you leave the 'For', 'Against' or Abstain column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.