

23rd ANNUAL REPORT
2006 - 2007

VENLON ENTERPRISES LIMITED

(Formerly known as Venlon Polyester Film Limited)

VENLON ENTERPRISES LIMITED (Formerly known as Venlon Polyester Film Limited)**23rd ANNUAL GENERAL MEETING**

Date : 29th September, 2007
 Day : Saturday
 Time : 4.30 pm
 Venue : Hotel Dasaprakash Paradise
 Yadavagiri, MYSORE - 570 020

Board of Directors

Chand D. Datwani - Chairman & Managing Director
Ashok Parashar - Director (upto 24-04-06)
Saroj C. Datwani - Director
K. V. Chitalia - Director
B.N.S. Rangachar - Director (upto 15-12-06)
S.V. Jain - Director
S. Bhyrappa - Director (from 22-03-07)

Contents	Page
Notice of Meeting	1
Directors' Report	4
Auditors Report	19
Balance Sheet	26
Profit and Loss Account	27
Schedules to Accounts	28
Cash Flow Statement	35
Attendance Slip / Proxy Form	

Auditors - Rau & Nathan

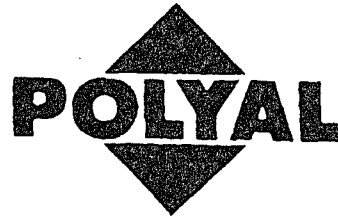
Bankers - State Bank of India
 - Corporation Bank

Registrar and Transfer Agents

M/s. Computech Sharecap Limited
 147, 3rd Floor, M.G. Road
 Opp. Jehangir Art Gallery
 Fort, Mumbai - 400 023

Registered Office

Plot. No. 26(P)
 Belavadi industrial Area
 Hunsur Road
 Mysore - 570 018
 KARNATAKA



23rd ANNUAL REPORT

2006 - 2007

VENLON ENTERPRISES LIMITED

(Formerly known as Venlon Polyester Film Limited)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Saturday the 29th September, 2007 at 4.30 PM 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 2007, audited Profit and Loss account for the year ended as on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Chand Datwani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S. V. Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION;

“Resolved that consent be and is hereby accorded to the reappointment of Shri S Bhyrappa as director liable for retirement by rotation “

6. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION;

Resolved that the Company's Equity Shares listed at Bangalore Stock Exchange Limited, Bangalore be and is hereby delisted.

Registered Office:
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 570 018.

Date: 30th June 2007

By Order of the Board

CHAND D. DATWANI
Chairman

VENLON ENTERPRISES LIMITED

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 himself 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. The Register of members and the Share Transfer Books in respect of the equity shares of the company will remain closed from 22/09/2007 to 29/09/2007 (both days inclusive).
3. Members are requested to notify change in address, if any, immediately to M/s Computech Sharecap Ltd., Registrars and Share Transfer Agents situated at 147, 3rd Floor, M.G.Road, Fort, Mumbai - 400 023, quoting folio number / demat particulars.
4. 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.
5. Shareholders desiring any information as regards Accounts are requested to write to the Registered Office at an early date so as to enable the Management to keep the information ready.
6. Members / Proxies, should bring the Attendance Slip sent herewith duly filled in for attending the meeting and hand it over at the entrance of the hall.
7. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
8. Provision of Section 192A of the Companies Act, 1956 is complied as and where applicable.
9. The related explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.

Registered Office:
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 570 018.

Date: 30th June 2007.

By Order of the Board

CHAND D. DATWANI
Chairman



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACTS, 1956:

Item No. 5

Shri S Bhyrappa was co-opted as an independent Director on 22-Mar-2007. He vacates office at the conclusion of the ensuing Annual General Meeting. His renewal of appointment is sought which is a statutory requirement..

None of the Director is concerned or interested.

Item No. 6

Due to NIL or negligible trading of the Company's scrip at Bangalore Stock Exchange Limited, Bangalore is proposed to be delisted from that Exchange. Hence the special resolution.

None of the Director is concerned or interested.



Registered Office:
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 570 018.

Date: 30th June 2007

By Order of the Board

CHAND D.DATWANI

Chairman

VENLON ENTERPRISES LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 2007.

FINANCIAL RESULTS (Rs. In Lacs)

	Current Year 31.03.2007	Previous Year 31.03.2006
Net Sales	4774.48	5688.44
Profit before interest & financial charges & depreciation	219.18	247.34
Interest & financial charges	149.42	242.32
Profit before depreciation	69.76	5.02
Depreciation	179.83	194.21
Net Profit	(110.07)	(189.19)
Fringe Benefit Tax (2005-06)	2.56	
Provision for Fringe Benefit Tax – Current year	1.75	
Provision for Deferred Tax		
Profit after Tax	(114.38)	(189.19)

DIVIDEND:

To conserve the financial resources, the Directors have not recommend any dividend for the year.

PROFITABILITY:

There is no major change in the scenario of polyester and metallised film market conditions. However the film segment has contributed a turnover to the extent of 63 % in terms of value and balance is by Formaldehyde and Generation of Wind energy.

FINANCE AND TAXATION:

Existing working capital limits with State Bank of India and Corporation Bank are operative during the current year. The working capital limits sanctioned by the aforesaid banks are adequate.

Income tax assessment for the assessment years 2004-05 is completed and that of 2005-06 is in progress.

CURRENT OPERATIONS:

The product mix of manufacture of film, formaldehyde and generation of wind energy has been so regulated to optimise financial contribution from each segment to ensure stabilised conditions of the company.



FUTURE PLANS:

The management is contemplating to bring out two new products viz., paraformaldehyde which is under trial turn. The trial run output is well accepted. As regards MF solutions (an input for water treatment plants) samples have been sent to various end users. The products have been accepted in quality and regular orders are expected.

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:

As required by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in the annexure forming part of this Report.

INDUSTRIAL RELATIONS:

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

DIRECTORS:

The Board deeply regrets to inform the shareholders the sad demise of BNS Rangachar who was the Independent Director of the Company. He was 84 years. The Board recorded his valuable contribution in all spheres of the operation of the company. The Board inducted Shri S Bhyrappa a Practicing advocate as an independent director on 22-03-2007.

In order to comply with the provisions of Section 256 of the Companies Act, 1956, Sri. Chand D. Datwani and Shri S.V.Jain Directors retire by rotation and are eligible for reappointment.

The Board consists of Five directors of whom Three are independent directors as per clause 49 of the Listing agreement.

LISTING AGREEMENT WITH STOCK EXCHANGES:

Listing agreement with Bangalore Stock Exchange Ltd., Bangalore and The Bombay Stock Exchange, Mumbai continue to be listed and the Company has been regular in paying requisite fees to them.

VENLON ENTERPRISES LIMITED

COMPANY SECRETARY:

The Company advertised for a suitable candidate in a leading english news paper in Mysore on 19.06.2003. Only one candidate appeared for the interview, but he was not possessing the requisite qualification. Continuous efforts are being made in this respect to identify a suitable candidate.

AUDITORS:

M/s Rau & Nathan, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

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

The particulars are furnished in Annexure B and forms part of Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956 (the act), it is hereby declared:

- (i) That in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- (iii) That 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;
- (iv) That the directors have prepared the annual accounts on a going concern basis.

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 narration contained under the Caption " Future Plans" with regard to new product lines.

B) Outlook for the Company:

With the success of new product line viz., Paraformaldehyde and introduction of MF solution the outlook for the company is Positive.



C) Segment-wise or product wise performance:

The Company has the following major segments:

- Film
- Formaldehyde
- Wind Mill

The summarised performance of the above segments is as under:

			Rs.in.lacs
	Film	Formaldehyde	Wind Mill
Turnover Net of excise duty	3025	1521	229
Net profit before interest	(313)	177	175
And tax after depreciation			

The Film segment includes, Polyester Chips, Polyester Film and Metalised Film activities.

D) Risks and concerns:

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

E) Internal Control systems and their adequacy:

The external auditors in their report have been observing as under:

“In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods”.

F) Discussion on financial performance with respect to operational performance:

The company's sales(gross) have fallen by 14.63%. The Company has incurred a loss of Rs. 110.07 lacs.

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 Assistant General Manager (HR). There is a weekly manager's meet to co-ordinate the activity.

Number of employees: 115 permanent.