

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Friday the 30th September, 2011 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 2011, 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. S V Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S Bhyrappa 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 A SPECIAL RESOLUTION;

“Resolved that pursuant to the provisions of Section 269 and Schedule XIII of the Companies Act, 1956 consent be and is hereby accorded to the reappointment of Shri Chand D Datwani as Managing Director for a period of Three years from 30<sup>th</sup> March 2012 on the following terms :

A. Remuneration Rs 3,00,000 Per month.

B. Perquisites:

a. Contribution to Provident Fund, Superannuation Fund and / or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

b. Gratuity payable at the rate not exceeding half a month's salary for each of the completed year of service, and

c. Encashment of leave at the end of tenure.



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

"Resolved that pursuant to the provisions of Section 269 and Schedule XIII of the Companies Act, 1956 consent be and is hereby accorded to the reappointment of Smt Saroj C Datwani as Whole Time Director for a period of Three years from 30<sup>th</sup> March 2012 on the following terms :

A. Remuneration Rs 3,00,000 Per month.

B. Perquisites:

a. Contribution to Provident Fund, Superannuation Fund and / or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

b. Gratuity payable at the rate not exceeding half a month's salary for each of the completed year of service, and

c. Encashment of leave at the end of tenure.

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**Place:** Mysore

**Date:** 31/05/2011

Note:

Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 is attached:

By Order of the Board

  
**CHAND D. DATWANI**  
Chairman

**Registered Office:**

Plot No: 26(P)

Belavai Industrial area

Hunsur Road,

Mysore -570018



Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 :

**Item No. 5**

Shri Chand D Datwani completes his term of five years on 30<sup>th</sup> March 2012. The resolution is proposed to comply with the provisions contained in Section 269 of the Companies Act 1956. He is promoter Director. Extension is sought for three years from 30/03/2012.

Smt Saroj Datwani is interested in the resolution.

**Item No. 6**

Smt Saroj C Datwani completes her term of five years on 30<sup>th</sup> March 2012. The resolution is proposed to comply with the provisions contained in Section 269 of the Companies Act 1956. She is looking after administration of Mumbai office and HRD functions of the Company as a whole time director. She is also the compliance officer of the Company on whole time basis. Extension is sought for three years from 30/03/2012.

Shri Chand D Datwani is interested in the Resolution

The proposed resolutions are based on the Remuneration Committee Resolutions of even date.

Statement per item (B) of Section II of Part II of Schedule XIII of the Companies Act 1956

**I. General Information**

- (1) Nature of Industry- Manufacture of PET Chips, Polyester Film, Formaldehyde and Paraformaldehyde. Generation of Wind Energy.
- (2) Date or expected date of commencement of commercial production - Date of commencement of commercial production is 30<sup>th</sup> March 1987
- (3) In case of new companies , expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus- Not Applicable
- (4) Financial performance based on given indicators- Not Applicable
- (5) Export performance and net foreign exchange collaborations- Rs 2.41 Lacs ( Previous Year Rs 23.18 LAcS)
- (6) Foreign investment or collaborations- NIL



## II. Information about the appointee :

		<u><b>Chand D Datwani</b></u>	<u><b>Saroj C Datwani</b></u>
1	<b>Background Details</b>	Statutory Appointment under the Companies Act 1956	Statutory appointment under the Listing Agreement
2	<b>Remuneration – Existing</b>	Rs 1050000 Per Annum Plus PF to the extent not taxable under the income tax Act 1961 Plus Gratuity as applicable Plus Leave encashment per company rules	Rs 600000 Per Annum Plus PF to the extent not taxable under the income tax Act 1961 Plus Gratuity as applicable Plus Leave encashment per company rules
3	<b>Recognition or Awards</b>	Tamra Patra Awardee of Karnataka Government	NIL
4	<b>Job profile &amp; his suitability</b>	Techno commercial executive	Personnel and Compliance of laws expertise
5	<b>Remuneration proposed</b>	Rs 36,00,000 Per Annum Plus PF to the extent not taxable under the income tax Act 1961 Plus Gratuity as applicable Plus Leave encashment per company rules	Rs 36,00,000 Per Annum Plus PF to the extent not taxable under the income tax Act 1961 Plus Gratuity as applicable Plus Leave encashment per company rules
6	<b>Comparitive remuneration profile with respect to industry, size of the company, profile of the position and person (In case of expatriates the relavant details would be w.r.t. the country of his origin</b>	Much lower than Industry size and profile of the position and person. (Not expatriate person)	Much lower than Industry size and profile of the position and person. (Not expatriate person)
7	<b>Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any</b>	Unsecured loan borrowed by the company from the managerial personnel is Rs 41638000 as on 31.03.2011.	Unsecured loan borrowed by the company from the managerial personnel is Rs 3395320 as on 31.03.2011.



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### III Other Information

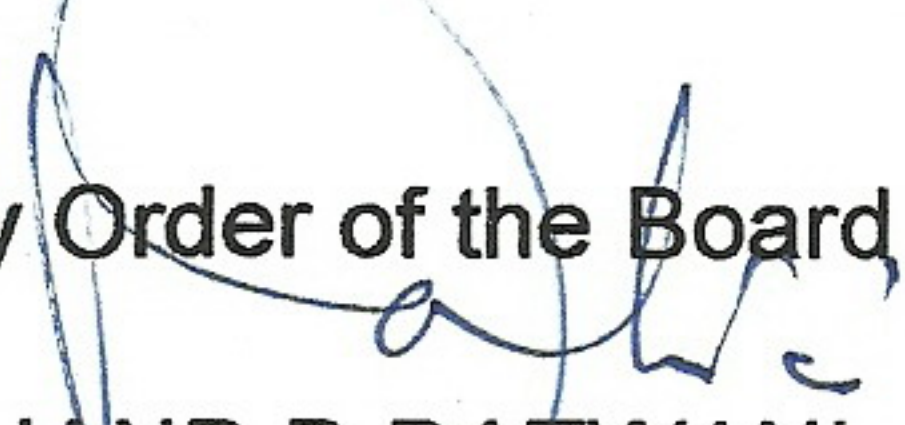
- (1) Reasons of Loss or inadequate profits- Company's product is competitive and price is market driven.
- (2) Steps taken or proposed to be take for improvement- Cost cutting measures in manufacturing process as well as in administration costs.
- (3) Expected increase in productivity and profitability in measurement terms- Plant can work to full capacity. The management regulates productivity and profitability on market demand and price.

#### **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. The Register of members and the Share Transfer Books in respect of the equity shares of the company will remain closed from 23/09/2011 to 30/09/2011 (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, opposite Jehangir Art Gallery, 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.

**Place:** Mysore

**Date:** 31<sup>th</sup> May 2011

By Order of the Board  
  
CHAND D. DATWANI  
Chairman

#### **Registered Office:**

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



## DIRECTORS' REPORT

### To the Members of Venlon Enterprises Ltd.,

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March 2011.

#### FINANCIAL RESULTS

(Rs. In Lacs)

	Current Year	Previous Year
	2010-11	2009-10
Net Sales	10540.60	8771.05
Profit before interest & depreciation	1671.80	448.91
Interest & financial charges	273.75	332.91
Profit before depreciation	1398.05	116.00
Depreciation	643.24	332.29
Net Profit	754.81	(216.29)
Provision for Fringe Benefit Tax	-	0.26
Provision for Deferred Tax	195.02	-
Profit after Tax	403.00	(216.55)
Un absorbed loss	(65.73)	(468.73)

Note: Figures in bracket indicate loss.

#### DIVIDEND:

Since the unabsorbed loss has not been fully wiped off, the Directors have not recommended any dividend for the year.

#### PROFITABILITY:

Since the market was favorable during July 2010 to Feb-2011 the Company could post profit. This trend has not continued from March-2011.

#### 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 2008-09 is complete. That of 2009-10 is in progress.

### **CURRENT OPERATIONS:**

The product mix of manufacture of PET film, formaldehyde, paraformaldehyde and generation of wind energy have been so regulated to optimize financial contribution from each segment to ensure stabilized conditions of the company.

### **FUTURE PLANS:**

With the global energy equation still unstable, it is prudent to stabilize and ride over the present situation.

### **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 acknowledges their contribution towards sustained progress of the Company. The relations between Management and Employees are good.

### **DIRECTORS:**

The Board consists of five directors of whom three are independent directors.

### **LISTING AGREEMENT WITH STOCK EXCHANGES:**

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



## **COMPANY SECRETARY:**

The Company advertised for a suitable candidate in a leading English newspaper in Mysore on 25.05.2009. Only one candidate applied for the interview. He did not possess the requisite qualification. Upon calling for interview he did not appear. Continuous efforts are being made in this respect to identify a suitable candidate.

## **AUDITORS:**

M/s Rau & Nathan, Chartered Accountants, (Firm No: 003178S) 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 (this 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 profit 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 this 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 Directors Report.



**B) Outlook for the Company:**

With the current economic situation, 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 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 systems commensurate with the size of the company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services.

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

The Company has earned a profit of Rs. 403.00 Lacs, after tax. Financial and operational performance have been disclosed in Director'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: 107 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.

## 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.

## DEMATERIALISATION OF COMPANY'S EQUITY SHARES:

The Company's Equity Shares have been activated for dematerialisation with Central Depository Services (India) Limited and with that of National Securities Depository Limited.

Particulars of the Registrar and Share Transfer Agent (RTA) where dematerialization request forms along with the physical certificates will be accepted is as follows:

M/s. Computech Sharecap Limited  
147, Mahatma Gandhi Road,  
3rd Floor, Jehangir Art Gallary  
Fort, Mumbai - 400 023.

The ISIN number of the scrip is: INE204D01022

## ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

  
CHAND D. DATWANI  
Chairman