

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Saturday the 29th September, 2012 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 2012, audited cash flow statement as on that date and 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 Smt Saroj Datwani who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Shri K.V. Chitalia 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.

Place: Mysore

Date: 30/05/2012

By Order of the Board


Chand D. Datwani
Chairman

Registered Office:

Plot No: 26(P)

Belavadi Industrial area

Hunsur Road,

Mysore -570018

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 22/09/2012 to 29/09/2012 (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: 30th May 2012

By Order of the Board


Chand D. Datwani
Chairman

Registered Office:

Plot No: 26(P)

Belavadi Industrial area

Hunsur Road,

Mysore -570018

DIRECTORS' REPORT

To the Members of Venlon Enterprises Limited

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March 2012.

FINANCIAL RESULTS

(Rs. In Lacs)

		Current Year	Previous Year
		31 st Mar 2012	31 st Mar 2011
01.	Income from Operations		
	a) Net Sales / Income from Operation	3,077.27	10,500.09
	b) Other Operating Income	17.35	-
	Total Income	3,094.62	10,500.09
02.	Expenditure		
	a) Cost of Materials consumed	1,790.66	6,803.10
	b) Purchases of Stock-in-trade	94.38	2.13
	c) Changes in Inventories of finished Goods, Work-in-Progress and Stock-in-trade	32.72	118.45
	d) Employee Benefits Expenses	410.06	260.99
	e) Depreciation and amortization expenses	239.01	643.24
	f) Other Expenses	743.55	1,724.23
	Total Expenditure	3,310.38	9,552.14
03.	Profit / (Loss) from Operations before Other Income and Finance Costs	(215.76)	947.95
04.	Other Income	128.54	80.61
05.	Profit/(Loss) before Finance Costs	(87.22)	1,028.56
06.	Finance costs	985.52	273.75
07.	Exceptional Items	-	-
08.	Profit / Loss before Tax	(1,072.74)	754.81
09.	Tax Expenses (Reversal of Deferred Tax)	(325.71)	351.81
10.	Net Profit / (Loss) for the year after Tax	(747.03)	403.00

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

DIVIDEND:

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

PROFITABILITY:

Market/economic conditions are very fluid and inspite of our best efforts we have been hit by exorbitantly high crude prices affecting our energy cost due to frequent increases in furnace oil price which is our prime source of energy. Quality of power supply from KEB is very poor and cannot be used for our highly automated digitalized operations. Efforts are being exerted to correct the same with little success presently, but we are confident that with our continuous efforts, the profitability will bounce back with ever changing scenario.

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 2009-10 is complete. That of 2010-11 is in progress.

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.

Particulars of Retiring Directors for re-appointment is disclosed in Corporate Governance report.

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;

6

- (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 to Directors 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 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 incurred a loss of Rs. 747.03 Lakhs, 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: 103 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 Gallery
Fort, Mumbai - 400 023.

The ISIN number of the scrip is: INE204D01022

9

.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

Mysore

30th May 2012

A. CONSERVATION OF ENERGY

We have been hit by exorbitantly high crude prices affecting our energy cost due to frequent increases in furnace oil price which is our prime source of energy. Quality of power supply from KEB is very poor and cannot be used for our highly automated digitalized operations. However, efforts are being exerted to correct the same.

B. TECHNOLOGY ABSORPTION

(i) Extensive Research and Development activity has enabled the Company to further improve the Polyester Film (Both in Sheet and Roll form) and PET Chips quality conforming to International specifications.

There was no significant Research and Development activity during the year.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings : Rs. 157.24 Lacs

Foreign exchange outgo : Rs 61.98 Lacs

9

FORM A (See Rule 2)

Form of Disclosure of Particulars with respect to Conservation of Energy

	Current Year	Previous Year
	2011-12	2010-11
A. Power purchased from Electricity Board	NIL	NIL
Total Cost	NIL	NIL
Cost per KWH (Rs.)	N.A.	N.A.
B. Captive power generation by Gensets (Unit KWH Lacs)	26.19	91.14
Total Cost (Rs. Lacs)	307.97	666.57
Cost per KWH (Rs.)	11.76	7.31
C. Furnace Oil Consumed (KL)	1560	2186
Cost of furnace oil consumed (Rs. Lacs)	508.54	563.14

Annexure "B" to Directors' Report

Particulars of Employees under 217(2A) read with Companies (particulars of employees Rules), 1975, as amended.

There are no employees who are in receipt of remuneration in the aggregate at the rate of not less than Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month in respect of part of the year during the year under audit.

For and on behalf of the Board of Directors

**Mysore
30th May, 2012**

CHAND D. DATWANI
Chairman

10

Corporate Governance Report for the year 2011-12

(As required under Clause 49 of the Listing Agreement entered into 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 shareholder's value
- Socially valued enterprise
- Caring for people and environment
- Integrity including intellectual honesty, openness, fairness and trust

2. Board of Directors

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

Name	Category	Date of last A.G.M	No. of Board Meetings	No. of other Directorship	No. of other Committee Membership
		30/09/11	Attended / Held	(In public Companies)	
Mr. Chand D Datwani	Chairman & Managing Director Non-Independent-Executive	Present	4/4	NIL	1
Mrs. Saroj C Datwani	Whole Time Director Non-Independent - Executive	Absent	4/4	NIL	NIL
Mr. K.V.Chitalia	Independent Non-Executive	Absent	4/4	1	2
Mr. S.V.Jain	Independent Non-Executive	Absent	3/4	1	2
Mr.S.Bhyrappa	Independent Non-Executive	Present	4/4	NIL	3

Note: No significant queries were raised on Accounts at the AGM held on 30/9/2011.