

VENLON ENTERPRISES LIMITED, Mysore

NOTICE OF ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

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

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

By Order of the Board

Place: Mysuru

Date: 31st July 2018

C. D. Datwani
Chairman

Registered Office:

Plot No: 26(P)

Belavadi Industrial area, Hunsur Road,

Mysuru -570018

CIN: L24231KA1983PLC015089

NOTES:

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

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

By Order of the Board

Place: Mysuru

Date: 31st July 2018

C. D. Datwani
Chairman

Registered Office:

Plot No: 26(P)

Belavadi Industrial area,

Hunsur Road,

Mysuru-570018

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

Item No.3:

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

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

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

By Order of the Board

Place: Mysuru

Date: 31st July 2018

C. D. Datwani
Chairman

Registered Office:

Plot No: 26(P)

Belavadi Industrial area, Hunsur Road,

Mysuru -570018.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **24th September 2018** at 10.00 a.m. and ends on **26th September 2018** at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21st September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (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 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:

	For Members holding shares in Demat Form and Physical Form
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"> 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. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR 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"> 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).

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

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

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

BOARD'S REPORT

Dear Members,

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

(in Lakh Rupees)

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

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

RESERVES AND DIVIDEND:

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

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

PROFITABILITY:

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

FINANCE AND TAXATION:

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

INSURANCE:

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

FIXED DEPOSITS:

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

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

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

INDUSTRIAL RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

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

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

DIRECTORS:

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

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

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

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

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

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

LISTING WITH STOCK EXCHANGES:

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

COMPANY SECRETARY:

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

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

AUDITORS AND FRAUD REPORTING BY THEM:

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state that:

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

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

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

The ISIN number of the scrip is: INE204D01022

EXTRACT OF ANNUAL RETURN:

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

RELATED PARTY TRANSACTIONS:

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

FORMAL ANNUAL EVALUATION OF THE BOARD IN LISTED COMPANY:

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

MANAGEMENT DISCUSSION & ANALYSIS

A) Industry structure and development:

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

B) Outlook for the Company:

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

C) Segment-wise or product wise performance:

The Company has the following major segments:

- Film
- Formaldehyde and Para Formaldehyde
- Wind Mill

Performance Results are indicated in Audited Notes on Accounts

D) Risks and concerns:

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

E) Internal Control systems and their adequacy:

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

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

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

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

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