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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Thursday the 30th September, 2010 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 2010, 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:** 29/05/2010

### **Registered Office:**

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

By Order of the Board

**CHAND D. DATWANI**

Chairman



**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 23/09/2010 to 30/09/2010 (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 Jahangir 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:** 29<sup>th</sup> May 2010

By Order of the Board

CHAND D.DATWANI

Chairman

**Registered Office:**

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



**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 26th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March 2010.

**FINANCIAL RESULTS**

	(Rs. In Lacs)	
	Current Year 31.03.2010	Previous Year 31.03.2009
Net Sales	8771.05	8059.06
Profit before interest & depreciation	448.91	97.89
Interest & financial charges	332.91	368.18
Profit before depreciation	116.00	(270.29)
Depreciation	332.29	318.69
Net Profit	(216.29)	(588.98)
Provision for Fringe Benefit Tax	0.26	4.50
Provision for Deferred Tax	-	278.49
 Profit after Tax	 (216.55)	 (314.99)

**DIVIDEND:**

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

**PROFITABILITY:**

There are no major changes in the scenario of polyester and metallised film market conditions.

**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 and 2009-10 is in progress.

**CURRENT OPERATIONS:**

The product mix of manufacture of film, formaldehyde 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 in turmoil, 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 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 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 narration contained under the Caption " Future Plans".

### 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 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 has incurred a loss of Rs. 216.29lacs. However there is no cash loss. 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 Assistant General Manager (HR). There is a weekly manager's meet to co-ordinate the activity.

Number of employees: 109 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*



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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.

Up to 30/09/2010

From 01/10/2010

M/s Alpha Systems Pvt Ltd.,  
30, Ramana Residency, 4th Cross,  
Sampige Road, Malleswaram,  
Bangalore -560003

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

Mysore  
29th May, 2010.



**ANNEXURE "A" TO DIRECTORS' REPORT:**

Disclosure of Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of Particulars in the Board of Directors' Report Rules, 1988).

**A. CONSERVATION OF ENERGY**

The entire power requirement of the Plant is being met by Captive Power Generation. During January 2004, the company has commissioned 1.9MW Captive Power generation Furnace oil based power plant replacing the Generators run on high cost fuels. This change has resulted in reduction of energy costs. Total Energy consumption and Consumption of Energy per unit of production is given in the prescribed Form A annexed to this Report.

**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.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign exchange earnings : Rs. 23.18 Lacs

Foreign exchange outgo : Rs 9.37 lacs

**FORM A (See Rule 2)**

Form of Disclosure of Particulars with respect to Conservation of Energy

	Current Year 2009-10	Previous Year 2008-2009
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	72.98	67.91
(Unit KWH Lacs)		
Total Cost (Rs. Lacs)	518.35	492.80
Cost per KWH (Rs.)	7.10	7.26
C. Furnace Oil Consumed (KL)	1416	1039
Cost of furnace oil consumed (Rs. Lacs)	353.00	236.42



**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

  
CHAND D. DATWANI

Chairman

Mysore  
29<sup>th</sup> May, 2010





**Corporate Governance Report for the year 2009-10**

(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, 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
		30/09/09	Attended/ Held	(In public Companies)	
Mr. Chand D Datwani	Chairman & Managing Director Non-Independent-Executive	Present	8/9	NIL	2
Mrs. Saroj C Datwani	Whole Time Director Non-Independent - Executive	Present	9/9	NIL	NIL
Mr. K.V.Chitalia	Independent Non-Executive	Present	9/9	1	2
Mr. S.V.Jain	Independent Non-Executive	Present	9/9	1	2
Mr.S.Bhyrappa	Independent Non-Executive	Present	9/9	NIL	2

**Brief Resume of Managing and whole time directors:**

Mr. Chand Datwani

Financially literate promoter director and is the Managing Director of the Company.

Smt Saroj Datwani

She is a post Graduate in M.A. Psychology and is in charge of administration of Mumbai office and HRD of the Company as a whole and she is also Compliance Officer of the Company.

**3. Retiring Directors eligible for Re-appointment:**

Smt. Saroj Datwani and Shri K.V.Chitalia retire. They are eligible for re-appointment.

Their brief resume is as follows:

Smt. Saroj Datwani is in charge of administration of Mumbai office and HRD of the Company as a whole and she is also Compliance Officer of the Company.

Shri K.V.Chitalia is an acute Businessman and is Chairman of Audit committee.



**Audit Committee**

The Board reconstituted the Audit Committee on 30/06/2009. The terms of reference of the Audit Committee broadly are as under:

- a) 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
- b) To review compliance with internal control systems
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board
- d) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report
- e) Recommending the appointment of Statutory Auditors.
- f) Others (As covered in Clause 49 (II)(D) of the listing agreement)

The composition of the Audit Committee and the details of meetings attended by the Members are given below:

NAME OF MEMBER	CATEGORY	NO. OF COMMITTEE MEETINGS	
		HELD	ATTENDED
Mr. K.V. Chitalia, Chairman	Independent Non-Executive	4	4
Mr. S.V.Jain, Member	Independent Non-Executive	4	4
Mr. Bhyrappa, Member	Independent Non-Executive	4	4
Mr. Chand Datwani Invitee	Chairman & Managing Director	4	4

Four Audit Committee Meetings were held during the year 2009-10. The said meetings were held on the following dates:  
30/06/2009, 31/07/2009, 31/10/2009 and 30/01/2010.

Audit Committee meetings are attended by Managing Director, Statutory Auditor, Internal Auditor and the Deputy Officer (Accounts) of the Company.

**5. Remuneration Committee**

The Board reconstituted the Remuneration Committee on 30/06/2007. The terms of reference to the committee are as per the requirements of Clause 49 of the Listing Agreement.

The composition of the revised Remuneration Committee is given below:

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



**Remuneration Policy**

The Company has adhered to provisions of Schedule XIII of the Companies Act, 1956 while fixing the remuneration package to its Managing Director and Executive Director.

**Details of remuneration for 2009-10**

Name Of The Director	Remuneration (PA)	Sitting fee	TENNURE
Mr. Chand D Datwani Chairman & Managing Director. Promoter.	Rs.11.76 lacs	Nil	Upto 30.03.2012
Mrs. Saroj C Datwani Promoter-Non Executive	Rs.6.72 lacs	Nil	Upto 30.03.2012
Mr. S.V. Jain Independent-Non Executive	Nil	Nil	Liable for retirement by rotation.
Mr. K.V. Chitalia Independent-Non Executive	Nil	Rs.1000	Liable for retirement by rotation.
Mr. S.Bhyrappa Independent-Non Executive	Nil	Rs. 16000	Liable for retirement by rotation.

Disclosure of shares held by Non –Executive Directors in the Company as on 31/03/2010

Mr. K.V.Chitalia 12908 Shares of Rs 5/- each.  
Mr. S.V.Jain 22320 Shares of Rs 5/- each.

**6. Shareholders and grievances Committee**

The Investor Grievance Committee was reconstituted on 31/05/2005 to specifically look into the redressal of Investors complaints.

The composition of the Investor Grievance Committee which also approves share transfer is given below:

NAME OF MEMBERS	CATEGORY
Mr. S.Bhyrappa Chairman	Independent Non-Executive
Mr. Chand D Datwani, Member	Promoter & Managing Director

Scope:

- i) To approve transfer and transmission of shares
- ii) To oversee redressal of complaints.
- iii) To approve Remit of Shares

Meetings were held on: 23/04/2009, 10/10/2009,07/11/2009, 23/01/2010, 08/03/2010 and 22/03/2010 both attended these meetings.

For the meeting held on 23/04/2009 Shri K.V Chitalia Independent Director was coopted and attended the meeting. Shri S.Bhyrappa, independent Director could not attend the meeting.



**Name & designation of Compliance Officer :**

Smt. Saroj Datwani, Executive Director (Compliance)

**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
29.09.2007	AGM	Hotel Dasaprakash Paradise, Yadavagiri, Mysore – 570 020 at 4.30 PM.
30.09.2008	AGM	Hotel Dasaprakash Paradise, Yadavagiri, Mysore – 570 020 at 4.30 PM.
30/09/2009	AGM	Hotel Dasaprakash Paradise, Yadavagiri, Mysore – 570 020 at 4.30 PM.

b) Investor Complaints:

No. of complaints received from Shareholders from 1.4.2009 to 31.3.2010	One
No. of complaints not solved to the satisfaction of the Shareholders	solved
No. of Pending share transfers	Nil

**Resolutions Passed through Postal Ballot:**

During the year, voting through Postal ballots were conducted on 14<sup>th</sup> July 2009 and 20/10/2009. The results of the postal ballots were unanimously carried.

**8. 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 etc. 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.

**9. Means of communication**

1) Quarterly Results are normally published in Financial Express and Mysore Diganta.

Any website, where displayed – None

Whether it also displays official news releases and presentation made to intuitional investors or to the analysts – N.A

Whether MD&A is a part of annual report or not – Yes



2) In line with recent amendment to the listing agreement the Company's Email ID to receive complaints and grievances from investors is [venlon@airtelmail.in](mailto:venlon@airtelmail.in)

**10. General Shareholder information**

**AGM: Date, time and venue:** 30.09.2010 at Hotel Dasaprakash Paradise, Yadavagiri, Mysore - 570 020 at 4.30 PM.

**Financial Calendar:**

Year ending - March 31<sup>st</sup>, 2010

AGM - September

**Book Closure:** 23/09/2010 to 30/09/2010 (both days inclusive)

**Listing on Stock Exchanges:**

1. Bombay Stock Exchange Limited, Mumbai

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001

2. Bangalore Stock Exchange Limited,

#51, Stock Exchange Towers, 1<sup>st</sup> Cross, J.C. Road,  
Bangalore - 560 027

**Stock Code:**

Stock Exchange Mumbai: 524038

**Market Price Data:**

Month	High (Rs.)	Low (Rs.)
Apr - 09	2.31	1.74
May - 09	3.11	2.27
Jun - 09	5.25	3.26
Jul - 09	5.27	4.75
Aug - 09	4.69	3.51
Sep - 09	4.20	3.68
Oct - 09	3.86	3.01
Nov - 09	3.54	3.15
Dec - 09	4.47	3.04
Jan - 10	4.47	3.67
Feb - 10	4.73	3.64
Mar - 10	4.48	3.03

**Registrar and Transfer Agents: (Common for Physical and Electronic Transfers)**

M/s Computech Sharecap Limited

147, 3<sup>rd</sup> Floor, M.G. Road,

Opp. Jehangir Art Gallery

Fort, Mumbai - 400 023

Up to 30/09/2010



From 01/10/2010

M/s Alpha Systems Pvt Ltd.,  
30, Ramana Residency, 4th Cross,  
Sampige Road, Malleswaram,  
Bangalore -560003

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**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 if the documents are complete in all respects. Share Transfer Committee of the Board approves the transfers.

Insider trading norms are adhered and reported to stock exchanges upon information from the concerned.

**DISTRIBUTION SCHEDULE**

Number of Shares	Number of Shareholders	Share Holders Percentage	Number of shares held	Shareholding Percentage
1-50	101	2.10	2104	0.00
51-100	164	3.40	15343	0.03
101-200	753	15.63	139748	0.27
201-300	84	1.74	22956	0.04
301-400	2145	44.53	774261	1.48
401-500	245	5.09	121394	0.23
501-1000	647	13.43	519323	0.99
1001 & above	678	14.08	50647365	96.95
TOTAL	4817	100.00	52242494	100

**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, 2010, 97.07% 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**

	Category	No of Shares Held	Percentage of Share Holding
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters		
	Indian Promoters	1109520	2.13
	Foreign Promoters	30432390	58.25
	<b>Sub-Total</b>	<b>31541910</b>	<b>60.38</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3	Institutional Investors		
	a. Mutual Funds & UTI	5000	0.01
	b. Banks, Financial Institutions, Insurance Companies (Central/State Govt Institutions/ Non Government Institutions)	6840	0.01
	c. Foreign Institutional Investors	4695	0.01
	<b>Sub-Total</b>	<b>16535</b>	<b>0.03</b>
	<b>Others</b>		
	a. Indian and foreign Corporate Bodies	16039485	30.70
	b. Indian Public	4493555	8.60
	c. (NRI)	151009	0.29
	<b>Subtotal</b>	<b>20684049</b>	<b>39.59</b>
	<b>Grand Total</b>	<b>52242494</b>	<b>100.00</b>

**Declaration:**

I Chand 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

For and on behalf of Board of Directors

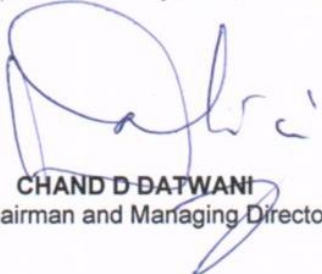
Date:29/05/2010


Chand D. Datwani  
Chairman



Venlon Enterprises LimitedCEO/CFO CERTIFICATION

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2010 and to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statements or any material fact or 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 and we that we have evaluated the effectiveness of the internal control systems of the company and have disclosed to the auditors and the audit committee, deficiencies in design or operation of internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies are adequate.
- d) We have indicated to the auditors and the audit committee:
- i) Significant changes in the internal control during the year.
  - ii) Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements: and
  - iii) There are no instances of significant fraud of involving hither the management or employees having a significant role in the company's internal control systems, with respect to financial reporting.

  
**CHAND D DATWANI**  
Chairman and Managing Director

  
**M.K. Shivegowda**  
Deputy Officer (Accounts)

Place: Mysore  
Date: 29/05/2010





RAU & NATHAN  
Chartered Accountants

3046, Gokulam Park Road,  
V.V.Mohalla, Mysore-570 002.  
Tel: 0821-4263314  
email: envee2006@gmail.com

AUDITORS' REPORT TO THE MEMBERS OF VENLON ENTERPRISES LIMITED

- 1) We have audited the attached Balance Sheet of VENLON ENTERPRISES LIMITED as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Sec. 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matter specified in Paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in Paragraph 3 above:
  - a. We have 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 the law have been kept by the company so far as appears from our examination of those books.
  - c. The attached Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement comply with the requirement of Accounting Standards referred to in sub section 3(c) of Sec. 211 of the Companies Act 1956 except Treatment of inter divisional transfers as referred to in serial number 5 Schedule 20 – Notes on Accounts.



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- e. On the basis of the written representation received from the directors, and taken on the record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as directors in terms of Clause (g) of Sub Sec. (1) of Sec. 274 of the Companies Act, 1956.

Further to the above, in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010;
- ii) in the case of Profit and Loss account, of the loss for the year ended on that date and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

PLACE: MYSORE  
DATE: 29<sup>th</sup> May 2010

For RAU & NATHAN  
Chartered Accountants  
Firm Registration # 003178S

*N. Vaidyanathan*  
N. VAIDYANATHAN  
Partner.  
Membership # 22573



ANNEXURE

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Venlon Enterprises Limited on the financial statements for the year ended 31<sup>st</sup> March 2010.

1. (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) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.

2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records which has been properly dealt with in the books of account were not material.

3. (a) The Company has not granted unsecured loans to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has taken unsecured loans from Companies/other parties covered in the register maintained under Section 301 of the Act. The number of such companies/other parties is 3. The maximum amount involved during the year is Rs.2167.86 lacs and the year-end balances of such loan aggregates to Rs.2066.68 lacs respectively.

(c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

(d) The company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.  
  
(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements have been made at prices are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other Relevant Provisions of the Companies Act, 1956 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.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuance to the Rules made by the Central Government, the maintenance of cost records has been prescribed under clause (d) of Sub section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of Formaldehyde & Polyester Chips. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities, *except income tax (TDS) where there has been a slight delay. The Company has since remitted the income tax (TDS).*



- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses as at March 31,2010 and it has not incurred cash losses in the financial year ended on that date. The company has incurred cash losses in the immediately preceding financial year.
  11. 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.
  12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
  14. In our opinion, the Company is not a dealer or trader or trader in shares, securities, debentures and other investments.
  15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
  16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
  17. On the basis of overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
  18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.



19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. 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 or by the company, noticed or reported during the year, nor we have been informed of any such case by the management.

PLACE: MYSORE  
DATE: 29<sup>th</sup> May 2010

For RAU & NATHAN  
Chartered Accountants  
Firm Registration # 003178S

*N. Vaidyanathan*  
N. VAIDYANATHAN  
Partner  
Membership # 22573



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RAU & NATHAN  
Chartered Accountants

3046, Gokulam Park Road,  
V.V.Mohalla, Mysore-570 002.  
Tel: 0821-4263314  
email: [envee2006@gmail.com](mailto:envee2006@gmail.com)

**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 March 31,2010 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's 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.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March 2010, no investor grievances are pending against the Company as at 29<sup>th</sup> May 2010 as per the records maintained by the Company and presented to the Investor/Shareholders Grievances Committee.

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.

PLACE: Mysore  
DATE: 29th May, 2010

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

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
Partner  
Membership No.22573



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**RAU & NATHAN**  
Chartered Accountants

3046, Gokulam Park Road,  
V.V.Mohalla, Mysore-570 002.  
Tel: 0821-4263314  
email: [envce2006@gmail.com](mailto:envce2006@gmail.com)

**Chartered Accountants' Certificate**

Rule 4 (a) of the Companies (Disqualification of Directors Under Section 274(1) (g) of the Companies Act 1956) Rules 2003

To,

The Board of Directors of Venlon Enterprises Limited

In terms of Rule 4(a) of the Companies (Disqualification of Directors under section 274(1) (g) of the Companies Act, 1956) Rules, 2003, We Messrs.Rau & Nathan, Chartered Accountants, based on our examination of the books and records of the company, carried out in accordance with the requirements of the Guidance Note on Section 227(3)(e) and (f) of the Companies Act, 1956, issued by the Institute of Chartered Accountants of India, do hereby certify that none of the directors of the Company, i.e., Venlon Enterprises Limited as at 31<sup>st</sup> March 2010 is disqualified for appointment as a director in the aforementioned company in terms of clause (g) of sub section (1) of section 274 of the Companies Act 1956.

PLACE: Mysore  
DATE: 29th May, 2010

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

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
Partner  
Membership No.22573





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VENLON ENTERPRISES LIMITED  
BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule No.	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>SOURCES OF FUNDS:</b>			
Shareholder's Funds:			
Share Capital	1	261,212,470	109,050,520
Share Application Money - Pending Allotment		-	152,161,958
<b>RESERVES AND SURPLUS</b>	2	178,792,229	188,376,667
<b>LOAN FUNDS:</b>			
Secured Loans	3	123,761,928	120,044,460
Un Secured Loans	4	661,153,733	655,792,092
Deferred Tax Liability		28,105,277	28,105,277
<b>TOTAL</b>		<b>1,253,025,638</b>	<b>1,253,530,974</b>
<b>APPLICATION OF FUNDS:</b>			
Fixed Assets:			
Gross Block	5	1,384,198,673	1,368,067,649
Less: Depreciation		416,648,989	374,413,437
Net Block		967,549,684	993,654,212
Capital Work in Progress		58,872,482	67,085,870
		1,026,422,166	1,060,740,082
Investments	6	3,058,468	3,058,468
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	163,104,650	150,264,450
Sundry Debtors	8	20,626,368	18,592,558
Cash and Bank Balances	9	24,354,355	19,792,222
Loans and Advances	10	41,275,293	29,721,980
		249,360,666	218,371,209
Less: Current Liabilities and Provisions			
(a) Current Liabilities	11	72,143,950	53,304,540
(b) Provisions		545,211	552,668
Net Current Assets		176,671,505	164,514,002
Profit & Loss Account		46,873,499	25,218,423
<b>TOTAL</b>		<b>1,253,025,638</b>	<b>1,253,530,974</b>

As per our report attached  
For RAU & NATHAN  
Chartered Accountants

*N. Vaidyanathan*  
N. VAIDYANATHAN  
Partner, Membership No.22573  
Mysore, 29th May 2010



For and on behalf of the Board of Directors

*Chand D. Datwani*  
CHAND D. DATWANI  
Chairman & Managing Director

*S. Bhyrappa*  
S. Bhyrappa  
Director

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**VENLON ENTERPRISES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	Schedule No.	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>A. SALES &amp; OTHER INCOME:</b>			
Gross Sales		905,926,728	848,241,634
Less: Excise Duty		28,985,732	42,335,020
Net Sales		876,940,996	805,906,614
Other Income	12	2,632,603	1,794,023
Increase/(Decrease) in Finished goods	13	(3,302,638)	(56,089,959)
Increase/(Decrease) in Goods in transit	14	(1,015,456)	1,562,531
Increase/(Decrease) in Work in progress	15	4,481,929	(26,200,998)
<b>TOTAL</b>		<b>879,737,434</b>	<b>726,972,211</b>
<b>B. EXPENSES:</b>			
Manufacturing expenses	16	806,426,054	682,284,730
Administrative expenses	17	15,360,943	15,201,069
Selling expenses	18	11,286,179	16,482,308
Financial charges	19	33,291,367	36,818,724
Insurance charges		1,772,146	1,652,725
Depreciation	5	33,229,409	31,869,044
<b>TOTAL</b>		<b>901,366,098</b>	<b>784,308,600</b>
<b>C. NET PROFIT/(LOSS) BEFORE TAX</b>		(21,628,664)	(57,336,389)
<b>D. PROVISION FOR CURRENT TAX</b>		-	175,000
<b>E. PROVISION FOR DEFERRED TAX - Current year</b>		-	27,849,138
Reversal of Deferred Tax		-	-
<b>F. FRINGE BENEFIT TAX PAID - Earlier years</b>		(26,412)	274,939
<b>G. PROFIT/(LOSS) AFTER TAX</b>		(21,655,076)	(29,937,190)
<b>H. PROFIT/(LOSS) FOR THE PERIOD</b>		(21,655,076)	(29,937,190)
<b>I. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>		(25,218,423)	4,718,767
<b>J. BALANCE CARRIED TO BALANCE SHEET</b>		(46,873,499)	(25,218,423)

As per our report attached  
For RAU & NATHAN  
Chartered Accountants

*N. Vaidyanathan*  
N. VAIDYANATHAN  
Partner Membership No.22573  
Mysore. 29th May 2010



For and on behalf of the Board of Directors

*Chand D. Datwani*  
CHAND D. DATWANI  
Chairman & Managing Director

*S. Bhyrappa*  
S. Bhyrappa  
Director

**VENLON ENTERPRISES LIMITED**  
**SCHEDULES 1 TO 20 FORMING PART OF ACCOUNTS**

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	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE - 1. SHARE CAPITAL</b>				
Authorised: 5,30,00,000 Equity Shares of Rs.5 each (Previous year 2,20,00,000 Shares of Rs.5 each)		265,000,000		110,000,000
Issued, Subscribed and Paid up: 5,22,42,494 Equity shares of Rs.5 each (Previous year 2,18,10,104 Shares of Rs.5 each)		261,212,470		109,050,520
<b>SCHEDULE - 2. RESERVES AND SURPLUS</b>				
Capital Reserve		76,500		76,500
Capital Reserve on Revaluation	155,786,543		166,774,210	
Less: Depreciation for the year	9,584,446		10,987,667	
		146,202,097		155,786,543
Securities premium		32,513,632		32,513,624
<b>Total</b>		<b>178,792,229</b>		<b>188,376,667</b>

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE - 3. SECURED LOANS</b>				
1. Term Loan from ICICI Limited against hypothecation of vehicle		195,896		577,387
2. Working capital loans from banks		104,863,026		107,898,689
3. SBI Corporate Loan		10,000,000		2,693,332
4. Term Loan from Tata Capital Limited against hypothecation of vehicle		703,006		875,052
5. Loan on Fixed Deposit		8,000,000		8,000,000
<b>Total</b>		<b>123,761,928</b>		<b>120,044,460</b>

**Notes:**

1. Cash credit account with SBI/Corporation bank is secured against hypothecation of raw materials, semi finished goods, finished goods, packing materials, spares, tools , jigs and fixtures and book debts of the company both present and future.
2. Loan from ICICI Limited is secured against Hypothecation of Vehicle.
3. Loan from Tata Capital Limited is secured against Hypothecation of Vehicle.
4. The above loans are also personally guaranteed by some of the Directors

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE - 4. UN-SECURED LOANS</b>				
Inter corporate loan		39,286,385		33,159,457
Loan from Directors		20,666,772		19,735,870
External Commercial Borrowing		601,200,576		602,896,765
<b>Total</b>		<b>661,153,733</b>		<b>655,792,092</b>



VENLON ENTERPRISES LIMITED.  
MYSORE.  
SCHEDULE NO. 5

SCHEDULE OF FIXED ASSETS.

Particulars Description of Assets	Gross Block				Depreciation Block				Figs. In Rupees Net Block		
	As on 01.04.2009	Additions During the Year	Disposals/ Transfer	Additions due to Revaluation	as on 31.03.2010	Depreciation upto 31.03.2009	Depreciation withdrawn	Depreciation prior period dep allowed	Depreciation upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land-Lesseehold	-	-	-	-	-	-	-	-	-	-	-
Land-Freehold	5,607,335	-	-	-	5,607,335	-	-	-	-	5,607,335	5,607,335
Building	155,393,364	580,954	-	-	155,974,338	5,181,597	-	-	56,737,054	99,237,284	103,837,927
Plant and Machinery	1,176,339,476	10,335,471	-	-	1,186,674,947	36,577,928	-	-	334,752,502	857,922,445	878,164,902
Electrical Installation	15,104,971	-	-	-	15,104,971	49,593	-	-	14,739,878	365,293	414,856
Furniture and Fixings	4,436,617	-	-	-	4,436,617	159,054	-	-	4,028,930	407,687	566,741
Vehicles	11,185,866	-	785,400	-	10,400,466	845,713	578,303	-	6,390,828	4,009,638	5,062,448
<b>TOTAL</b>	<b>1,368,067,649</b>	<b>16,916,425</b>	<b>785,400</b>	<b>-</b>	<b>1,384,196,674</b>	<b>374,413,440</b>	<b>578,303</b>	<b>-</b>	<b>416,648,992</b>	<b>967,549,683</b>	<b>993,654,210</b>
<b>Previous Year</b>	<b>1,366,762,419</b>	<b>1,331,730</b>	<b>26,500</b>	<b>-</b>	<b>1,368,067,649</b>	<b>331,572,633</b>	<b>15,904</b>	<b>-</b>	<b>374,413,440</b>	<b>993,654,210</b>	<b>1,035,189,787</b>
<b>Capital Work-in-Progress</b>											
Building-Paraformaldehyde	-	-	-	-	-	-	-	-	-	-	169,001
Building-VAM	-	-	-	-	-	-	-	-	-	-	25,050
Building-Film Plant	-	-	-	-	-	-	-	-	-	-	411,953
Building-Others	-	-	-	-	-	-	-	-	-	37,390,853	37,390,853
Machinery-Paraformaldehyde	-	-	-	-	-	-	-	-	-	-	826,331
Machinery-Metalizing Plant	-	-	-	-	-	-	-	-	-	-	131,744
Machinery-VAM	-	-	-	-	-	-	-	-	-	-	6,346,725
Machinery-Film Plant	-	-	-	-	-	-	-	-	-	-	262,970
Machinery-Chips Plant	-	-	-	-	-	-	-	-	-	-	39,614
Machinery-Others	-	-	-	-	-	-	-	-	-	21,481,630	21,481,630
Expenditure During Construction Period	-	-	-	-	-	-	-	-	-	-	-
Pending allocation/apportionment	-	-	-	-	-	-	-	-	-	58,872,483	58,872,483
<b>GRAND TOTAL</b>	<b>1,368,067,649</b>	<b>16,916,425</b>	<b>785,400</b>	<b>-</b>	<b>1,384,196,674</b>	<b>374,413,440</b>	<b>578,303</b>	<b>-</b>	<b>416,648,992</b>	<b>1,026,422,166</b>	<b>1,060,740,081</b>
<b>PREVIOUS YEAR GRAND TOTAL</b>	<b>1,366,762,419</b>	<b>1,331,730</b>	<b>26,500</b>	<b>-</b>	<b>1,368,067,649</b>	<b>331,572,633</b>	<b>15,904</b>	<b>-</b>	<b>374,413,440</b>	<b>1,060,740,081</b>	<b>1,127,825,952</b>

1) Gross block includes Rs 27,35,70,774/- which represents additions due to revaluation.

Year of Revaluation	Additions on Revaluation (Rs.)
1992-93	83,948,256 (a)
1997-98	134,709,965 (b)
2001-02	54,912,531 (c)
	<u>273,570,774</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.

2) Depreciation on original cost (including additions) is Rs. 35,229,409 is debited to capital Reserve for revaluation.

3) Depreciation is provided on Straight Line Method at rates specified in Schedule XIV, Companies Act, as amended.



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	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE - 6. LONG TERM INVESTMENTS (AT COST)</b>		
1. Non trade investments (Unquoted) at cost		
In Government securities		
National Savings Certificate	5,000	5,000
Kisan Vikas Patra	10,000	10,000
Indira Vikas Patra	1,000	1,000
Trade investments (Quoted)	2,936,468	2,936,468
Trade investments (Un Quoted)		
Equity shares in Dechem Resins Limited		
9000 shares of Rs.10 each	90,000	90,000
Equity shares in Sakamachi Tapes Limited		
800 shares of Rs. 10 each	16,000	16,000
<b>TOTAL</b>	<b>3,058,468</b>	<b>3,058,468</b>
<b>SCHEDULE - 7. INVENTORIES</b>		
Raw Material	13,631,260	23,486,802
Stock in Progress	55,356,682	50,874,753
Packing materials, Loose tools, Stores, Spares, Consumables etc	65,227,086	42,695,179
Finished goods	28,276,428	31,579,066
Goods in Transit	613,194	1,628,650
<b>TOTAL</b>	<b>163,104,650</b>	<b>150,264,450</b>
<b>SCHEDULE - 8. SUNDRY DEBTORS</b> (Unsecured - Considered Good)		
Over Six Months	8,334,012	7,518,858
Other Debtors	12,292,356	11,073,700
<b>TOTAL</b>	<b>20,626,368</b>	<b>18,592,558</b>
<b>SCHEDULE - 9. CASH AND BANK BALANCES</b>		
Cash on Hand	372,355	354,043
Balance with Scheduled Bank:		
a) In Current Accounts	1,408,247	1,388,423
b) In Fixed deposits	22,496,000	17,919,790
Balance with Other Banks:		
In Current account with HDFC Bank Limited	-	52,214
In Current account with HSBC Limited	77,753	77,753
<b>TOTAL</b>	<b>24,354,355</b>	<b>19,792,222</b>
<b>SCHEDULE - 10. LOANS AND ADVANCES</b> (Unsecured - considered good)		
Advances Recoverable in cash or- in kind or for value to be received	35,187,956	24,163,775
Advances for expenses	1,031,241	1,026,210
Advances with Excise Authorities	1,281,981	756,840
Deposits	3,774,115	3,775,155
Ad		
<b>TOTAL</b>	<b>41,275,293</b>	<b>29,721,980</b>
Note: Deposit includes security deposits of Rs. 34,76,160/- due from the company, in which directors are interested. (Previous year Rs.34,76,160/-) maximum balance outstanding at any time during the year Rs. 34,76,160/- (Previous year Rs.34,76,160/-)		



	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE - 11. CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(a) Current Liabilities</b>		
Creditors for Supplies	64,328,120	44,915,672
Credit balance in customer's accounts	1,733,856	878,201
Other Liabilities	6,081,974	7,510,667
<b>TOTAL</b>	<b>72,143,950</b>	<b>53,304,540</b>
<b>(b) Provisions</b>		
Provision for Taxation	175,001	175,001.00
Provision for Bonus and Gratuity	370,210	377,667
<b>TOTAL</b>	<b>545,211</b>	<b>552,668</b>
<b>SCHEDULE - 12. OTHER INCOME</b>		
Miscellaneous Income	1,205,501	588,525
Interest on FD (TDS Rs.1,48,084/- . Previous year Rs.2,13,565/-)	1,422,164	1,194,498
Claims received	4,938	11,000
<b>TOTAL</b>	<b>2,632,603</b>	<b>1,794,023</b>
<b>SCHEDULE - 13. INCREASE/(DECREASE) IN FINISHED GOODS</b>		
Stock as at 31-03-2010 (Includes goods sent on consignment Rs. 27,33,023 (Previous year Rs.34,92,117)	28,276,428	31,579,066
Less : Opening Stock	31,579,066	87,669,025
<b>TOTAL</b>	<b>(3,302,638)</b>	<b>(56,089,959)</b>
<b>SCHEDULE - 14. INCREASE/(DECREASE) IN GOODS IN TRANSIT</b>		
Stock as at 31-03-2010	613,194	1,628,650
Less: Opening Stock	1,628,650	66,119
<b>TOTAL</b>	<b>(1,015,456)</b>	<b>1,562,531</b>
<b>SCHEDULE - 15. INCREASE/(DECREASE) IN WORK IN PROGRESS</b>		
Stock as at 31-03-2010	55,325,409	50,843,480
Less: Opening Stock	50,843,480	77,044,478
<b>TOTAL</b>	<b>4,481,929</b>	<b>(26,200,998)</b>
<b>SCHEDULE - 16. MANUFACTURING EXPENSES</b>		
Raw Materials consumed	656,521,325	552,714,273
Cost of traded goods	1,976,018	18,058
Stores, Spares and Tools etc	9,582,635	4,720,165
Consumables	11,156,748	6,392,674
Power, Fuel and Water charges	75,329,298	78,045,601
Packing Materials	4,920,925	4,539,503
Freight inward and Labour charges	20,151,733	18,531,755
Repairs to Plant and Machinery	1,664,089	1,475,982
Testing Charges	83,004	64,465
Excise duty expense	646	28,157
Human resources cost:-		
Salaries, Wages, Bonus , Allowances and	22,039,661	21,944,392
Contribution to PF and Other funds	2,497,649	2,468,259
Excise duty on closing stock of finished goods at plant (Net)	502,322	(8,658,553)
<b>Total</b>	<b>806,426,054</b>	<b>682,284,730</b>



	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
<b>SCHEDULE - 17. ADMINISTRATIVE EXPENSES</b>		
Travelling expenses	2,491,738	2,147,621
Rates and Taxes	1,909,326	782,662
Legal and Professional fees	535,495	824,513
Directors sitting fees	19,000	22,000
Communication expenses	679,182	740,942
Local conveyance	527,491	711,818
Printing and Stationery	17,971	280,732
Security Charges	804,860	747,773
Rent	2,534,637	2,284,081
Motor vehicle expenses	706,846	588,216
Repairs and Maintenance - Building	301,837	497,059
Others	877,307	963,944
Payment to Auditors	107,500	107,500
Miscellaneous expenses	3,584,878	4,375,578
Books and Periodicals	122,445	118,924
Loss on sale of assets	140,430	7,707
<b>TOTAL</b>	<b>15,360,943</b>	<b>15,201,069</b>
<b>SCHEDULE - 18. SELLING EXPENSES</b>		
Freight and forwarding	8,219,457	8,750,295
Advertisement and Sales Promotion	137,654	159,237
Commercial taxes paid	904,650	2,111,276
Sales commission	1,148,436	1,983,198
Discount	875,982	3,478,302
<b>TOTAL</b>	<b>11,286,179</b>	<b>16,482,308</b>
<b>SCHEDULE - 19. FINANCIAL CHARGES</b>		
Interest - Term Loans	201,366	957,821
Interest - Cash credit account	16,564,598	16,686,105
Interest - Others	11,689,375	17,640,738
Bank Charges	4,836,028	1,534,061
<b>TOTAL</b>	<b>33,291,367</b>	<b>36,818,724</b>



A. CASH FLOW FROM OPERATING ACTIVITIES:	31.03.2010		31.03.2009	
	Rs.in.lacs	Rs.in.lacs	Rs.in.lacs	Rs.in.lacs
Net Profit after tax & extraordinary items	(217)		(299)	
Adjustments for:				
Provision for Deferred Tax	-		(279)	
Depreciation	332		319	
Interest and Financial charges	333		368	
Operating Profit before working capital changes	448		109	
Adjustments for:				
Increase in Trade and other receivables	(137)		(457)	
Increase in Inventories	(129)		(614)	
Increase in Trade payables	189		670	
Cash Generated from operations	371		510	
Direct taxes paid	-		-	
Cash flow before extraordinary items	371		510	
Extraordinary Items	-		-	
Net cash from Operating activities		371		510
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Assets/WIP	(79)		92	
Purchase of Investments	-		0	
Withdrawal of Provision for Depreciation	(6)		0	
	(85)		(92)	
Increase in Creditors for Capital Goods	-		(98)	
Net cash used in Investing Activities		(85)		(190)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Share capital including premium	1,522		-	
Increase in State Subsidy	-		-	
Share Application Money	(1,522)		532	
Defer payment credit	-		-	
Increase in Capital reserve for Revaluation	-		-	
Receipts from Long term Borrowings	51		(370)	
Interest and Financial charges	(333)		(368)	
Dividends paid (Incl.dividend tax)	-		-	
	(283)		(206)	
Increase in cash credit a/c with bank	43		(53)	
		(240)		(259)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		46		61
Opening cash balance as on 01.04.2009	198		137	
Closing cash balance as on 31.03.2010	244		198	
		46.00		61

The above cashflow statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on cashflow statement issued by the Institute of Chartered Accountants of India.

As per our report attached  
For RAU & NATHAN  
Chartered Accountants

*N. Vaidy Anathan*  
N.VAIDYANATHAN  
Partner  
Membership No.22573  
Mysore 29th May 2010



For and on behalf of the Board of Directors

*Chand D. Datwani*  
CHAND D. DATWANI  
Chairman & Managing Director

*S. Bhyrappa*  
S. Bhyrappa  
Director



**VENLON ENTERPRISES LIMITED.**

**SCHEDULE 20 – NOTES ON ACCOUNTS.**

**1. Significant Accounting Policies.**

- a. Basis of Presentation: The accounts have been prepared in accordance with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant presentation requirement of the Companies Act, 1956.
- b. Fixed Assets: Fixed Assets are stated at cost or Revaluation net of accumulated depreciation. Cost comprises of the purchase price and any directly attributable costs of bringing the assets to working condition for its use including interest and other incidental expenses upto the date of commercial production. Surplus on revaluation of fixed assets is credited to Capital Reserve Account.
- c. Depreciation: Depreciation is provided on straight-line method as per rates specified in Schedule XIV of Companies Act, 1956, as amended from time to time.
- d. Inventories: Inventories are valued at lower of Average Cost or Net realisable Value. Other items are valued at cost. The Proforma price at which goods are transferred to various depots from Mysore Plant is considered as Cost for the purpose of valuation of finished Goods lying at Depots.

e. Investments: Investments are stated at cost of acquisition.

f. Revenue Recognition:

- i) Revenue and Cost are accrued as they are earned or incurred.
- ii) Premium Paid to LIC in respect of Employees Group Gratuity Scheme is charged to Profit and Loss Account. Provision for gratuity liability has been made in the account in respect of employees at Mumbai office, who have put in qualifying period of service.

g. Foreign Currency Transactions:

Transactions in Foreign Currency are recorded at the exchange rates prevailing at the time of transaction and Exchange differences arising from foreign currency transactions are dealt with in Profit and Loss Account and adjusted where they relate to fixed Assets. Current Assets and Liabilities at the year-end are converted at closing Rates and exchange losses are dealt with in the Profit and Loss Account or adjusted in Cost of Fixed Assets.

h. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

i. Deferred Taxation:

Deferred Tax resulting from Timing differences between book and tax profits is accounted for under the liability method, at the current rates of tax, to the extent that the timing differences are expected to crystallise.

2. Contingent liability not provided for in Accounts: (As certified by the Management) – Nil



**3. Particulars of Investments in Equity Shares (Quoted):**

Name of the Company	No. of Equity Shares Fully paid up	Face value	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Ester Industries Ltd	100	10	2388	2388
Polyplex Corporation Ltd	100	10	5486	5486
Flex Industries	100	10	13106	13106
Pan Electronics Ltd	188700	10	2830500	2830500
Garware Polyester Ltd	50	10	10000	10000
Rollainers Ltd	50	10	6950	6950
Tamilnadu Telecommunications Ltd	100	10	750	750
ITC Ltd	1500	10	27500	27500
Mukund Felxipack Ltd	100	10	725	725
Canbay Polyfilms Ltd	100	10	450	450
Leela Packaging Ltd	100	10	500	500
Annapurna Foils Ltd	100	10	900	900
Upcom Cables Ltd	100	10	2700	2700
Finolex Cables Ltd	50	10	11900	11900
Essel Propack Ltd	250	10	9500	9500
Gujarath Telephone Cables Ltd	100	10	1750	1750
RPG Cables Ltd	100	10	5900	5900
EID Parry (I) Ltd	50	10	5100	5100
MM Rubber Company Ltd	50	10	363	363
<b>TOTAL</b>			<b>29,36,468</b>	<b>29,36,468</b>

**Aggregate Market Value of Investments Rs. 16,07,393/- (P.Y Rs. 18,30,430 /-)**

4. 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.
5. Inter division transfers of goods aggregating to a value of Rs.4224.17 Lacs for internal use as captive consumption are disclosed as contra-items in the Profit and Loss Account 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 Institute of Chartered Accountants of India. Accordingly the sales and Raw material consumption figures are higher by Rs.4224.17 Lacs. This accounting treatment has no impact on the results of the Company.
6. Excise Duty approximately Rs.26.41 Lacs (P.Y Rs.21.38 Lacs) on stock awaiting clearance have been considered in valuation of finished goods.

<u><b>EARNING PER SHARE (EPS)</b></u>	<u>2009-10</u>	<u>2008-09</u>	
a) Net profit available for equity shareholders (Rs.in.lacs) (Used as Numerator for calculating EPS)	(217.00)	(315.00)	
b) Number of equity shares as denominator for calculating EPS)	5,22,42,494	2,18,10,104	(Used
c) Earning per share (Basic & Diluted) (Rs.) (not annualised)	(0.41)	(1.44)	



8. Directors' Remuneration: Rs. In lacs	2009-2010	2008-2009
Salaries	16.50	16.50
Contribution to Provident and other Funds	1.98	1.98
Sitting Fees	0.19	0.22
<b>Total</b>	<b>18.67</b>	<b>18.70</b>

9. The timing differences, (depreciation and other components) on account of the Deferred Tax Liability has been computed at Rs.281 lacs, which is considered adequate. During the current year, although the Deferred Tax Asset has arisen on account of timing differences it has not been recognised keeping in view the angle of prudence as prescribed in Accounting Standard AS-22 issued by the Institute of Chartered Accountants of India.

(b) Major components of deferred tax liabilities arising on account of timing differences is Depreciation Rs.281 lacs.

10 Advance recoverable in Cash or in kind or for value to be received (Schedule 10 – Loans & Advances) includes Rs.168.70 Lacs recoverable/to be adjusted over the period of contract with the supplier of Windmill. The management has certified that the amount is considered good.

11 The Company's leasing arrangements are mainly in respect of office premises. The aggregate lease rental payable on these leasing arrangements is charged as rent under " Administrative expenses " in schedule 17. These leasing arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The company has placed a refundable security deposit of Rs. 34.76 lacs in respect of these leasing arrangements.

**12 Auditors' Remuneration (Rs.)**

	2009-2010 Statutory Auditors	2008-2009 Statutory Auditors
a) For Audit	80,000	80,000
b) Other Services	10,000	10,000
c) For Audit Under KVAT Act	7,500	7,500
d) Out of Pocket Expenses	10,000	10,000
e) Sub-Total	1,07,500	1,07,500
f) Service Tax	11,073	11,073
<b>Total</b>	<b>1,18,573</b>	<b>1,18,573</b>

13 Payments to Suppliers as defined under the Micro, Small & Medium Enterprise Development Act, 2006, (The Act) are generally made in accordance with agreed credit terms. The amount, if any, overdue as on 31.03.2010 has not been ascertained, and hence no disclosure has been made.



14 In view of the Company's long term investment strategy no Provision is considered necessary in respect of diminution in the Market value of shares held by the Company,

15 Previous year's figures have been regrouped, rearranged, reclassified and restated wherever necessary.

16 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.

17 The Company is mainly engaged in following segments:

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

The summary of segment wise results is given as below:

	Rs. in lacs			
	Film	Formaldehyde & Paraformaldehyde	Wind Mill	Total
Segment revenue	2943	1288	314	4525
Add: Inter segment transfers	3727	497	--	4224
Total revenue	6618	1785	314	8769
Segment results (before interest, Tax and after depreciation)	(237)	106	248	117
Less: (a) Interest				(333)
Total Profit before tax				(216)
Net Assets (Segment wise)	5649	1308	2718	9675

18 Disclosure on related party transactions:

a. Description of relationship and Names of related parties:

Key Management Personnel: Mr. Chand D. Datwani  
Chairman & Managing Director

b. Transactions for the year ended 31.3.2010 with Key Management Personnel

	31.3.2010	31.3.2009
Remuneration	Rs. 11.76 Lacs	11.76 Lacs
Interest paid	Rs. 22.08 Lacs	86.73 Lacs
Loans Outstanding (Cr)	Rs. 168.47 Lacs	159.00 Lacs

19 Schedule 1 to 20 form an integral part of the Balance Sheet and Profit & Loss Account.



20 ADDITIONAL INFORMATION REQUIRED UNDER PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956 (As certified by the Management).

**A. Capacity/Production**

	Units	2009-10	2008-09
<u>Film Plant</u>			
Installed Capacity	Tonnes	2700	2700
Actual Production	Tonnes	2934	2540
<u>Chips Plant</u>			
Installed Capacity	Tonnes	8000	8000
Actual Production	Tonnes	2661	1919
<u>Metalising Plant</u>			
Installed Capacity	Tonnes	3000	3000
Actual Production	Tonnes	1390	965
Job work	Tonnes	NIL	NIL
<u>Formaldehyde Plant</u>			
Installed Capacity	Tonnes	12000	12000
Actual Production	Tonnes	14909	16648

**B. Sales Turnover**

	2009-2010		2008-2009	
	Quantity Tonnes	Value Rs. In Lacs	Quantity Tonnes	Value Rs. In lacs
Polyester Film *\$	2922	2934	2545	2953
PET Chips #	2759	2249	2446	1870
Metalised Film **	1393	1628	1046	898
Formaldehyde ***	14909	1224	15120	1780
Paraformaldehyde	1691	511	1650	618
Windmill	--	314	--	190
Others	--	199	--	173

\* Includes samples/wastage of NIL Kgs (P.Y. nil Kgs)

\*\* Includes samples/wastage of NIL Kgs (P.Y. nil Kgs)

# PET Chips includes 2759 Tonnes (P.Y. 2446 Tonnes) of Chips valued Rs. 2249 Lacs (P.Y. RS. 1870 Lacs) which are captively produced and consumed.

\$ Polyester film includes 1471 Tonnes (P.Y. 770 Tonnes) of Film valued Rs. 1478 Lacs (P.Y. RS. 872 Lacs) which are captively produced and consumed.

\*\*\* Formaldehyde includes 6394 Tonnes (P.Y. 6429 Tonnes) of Formaldehyde valued Rs. 497 Lacs (P.Y. Rs. 670 Lacs) which are captively produced and consumed.



**C. Closing Stock of Finished Goods**

	2009-2010		2008-2009	
	Quantity Tonnes	Value Rs.in lacs	Quantity Tonnes	Value Rs.in lacs
Polyester Film	64	72	53	64
PET Chips	19	17	118	97
Metalised Film	58	87	60	87
Formaldehyde	--	--	--	--
Others	--	107	--	76

**D. Consumption of Raw Materials (As verified & Certified by the Management)**

		2009-10	2008-2009
PET CHIPS *	Quantity (Tonnes)	3108	2446
	Value (Rs.in lacs)	2479	1870
MEG	Quantity (Tonnes)	936	692
	Value (Rs.in lacs)	325	313
Polyester Film #	Quantity (Tonnes)	1451	770
	Value (Rs.in.lacs)	1478	872
Methanol \$	Quantity (Tonnes)	5683	6306
	Value (Rs in lacs)	715	1022
P T A	Quantity (Tonnes)	2309	1669
	Value (Rs.in lacs)	1071	745

\* PET Chips includes 2759 Tonnes (P.Y.2446 Tonnes) of Chips valued at Rs. 2249 Lacs (P.Y. Rs.1870 Lacs) which are captively produced and consumed.

# Polyester Film includes 1451 Tonnes (P.Y.770 Tonnes) of Film valued at Rs.1478 lacs (P.Y.Rs.872 Lacs) which are captively produced and consumed.

\$ Methanol includes NIL Tonnes (P.Y. NIL tonnes) of Methanol valued at Rs NIL (P.Y. Rs. NIL Lacs), which are captively produced and consumed.



**E. Percentage of Consumption of Imported/Indigenous Raw Materials, Stores & spare Parts (As Certified by the Management)**

	2009-10		2008-09	
	Raw Materials	Consumables, Stores Spares etc.,	Raw Materials	Consumables, Stores Spares etc.,
Imported (Rs. Lacs)	--	82.99	--	25.16
Percentage	--	27.99%	--	22.64%
Indigenous (Rs. lacs)	6566	213.47	5527	85.97
Percentage	100%	72.01%	100%	77.36%

**F. CIF Value of Imports (Rs. Lacs)**

	2009-2010	2008-2009
i. Capital Goods	Nil	Nil
ii. Components, Consumables & Spare Parts	71.89	50.22

G. Expenditure in foreign currency by way of Foreign Travel Rs.9.37 lacs (P.Y. Rs.6.48 lacs)

H. Earnings in Foreign Currency  
FOB value of Exports Rs 23.18 Lacs (P.Y. Rs.2.50 Lacs)

**Information Pursuant to Part IV of Schedule VI to the Companies Act 1956**

Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details**

Registration No.	15089	State Code	08
Balance Sheet Date	31.03.2010		

**II. Capital Raised during the Year (Amount in Rs.'000)**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	15,21,61,950



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III. Position of Mobilisation and Deployment of Funds (Amount in '000)

Total Liability	12,53,025	Total Assets	12,53,026
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Sources of Funds		Application of Funds	
Paid up Capital	261212	Net Fixed Assets	1026442
Reserves & Surplus	178792	Investments	3059
Net Deferred tax liability	28105	Net current Assets	176957
Secured Loans	123762	Profit & Loss Account	46588
Unsecured Loans	661154		

IV. Performance of Company (Amount in Rs.'000)

Turnover / Valuation of stock/ income	879737
Total Expenditure	901366
Profit Before Tax	(21629)
Profit After Tax	(21655)
Earnings per Share (Basic & diluted) (Rs.)	(0.41)

V. Generic Names of Principal Products of Company (As per Monetary Terms)

Sl. No.	Item Code (ITC Code)	Product Description
1.	392069.01	Polyester Chips
2.	392069.02	Polyester Film
3.	392010.09	Metalised Polyester Film
4.	291211.00	Formaldehyde
5.	291260.00	Paraformaldehyde

Signatures to Schedule No. 1 to 20

As per our report attached  
For RAU & NATHAN  
Chartered Accountants  
*N. Vaidyanathan*  
N. Vaidyanathan  
Partner  
Membership No. 22573



Mysore, 29<sup>th</sup> May 2010

For and on behalf of the Board of Directors

*Chand D. Datwani*  
Chand D. Datwani  
Chairman & Managing Director

*S. Bhyrappa*  
S. Bhyrappa  
Director



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**Venlon Enterprises Limited**

Regd. Office: 26(P), Belwadi Industrial Area, Hunsur Road, Mysore- 570018

26<sup>th</sup> Annual General Meeting

Attendance Slip

Folio \_\_\_\_\_

No. Of Shares \_\_\_\_\_

(To be filled by the shareholder)

I hereby record my presence at the TWENTYSIXTH ANNUAL GENERAL MEETING of the company to be held at HOTEL DASAPRAKASH PARADISE, Yadavgiri, Mysore-570020 on 30th September 2010.

Members signature

**Note:**

1.A member/proxy attending the meeting must complete the attendance and hand it over the entrance

2. A member intending to appoint a proxy should complete the proxy form below and deposit at the company's Regd. Office not later than 48 hrs before commencing of the meeting.

Proxy's Signature

**Venlon Enterprises Limited**

Regd. Office: 26(P), Belwadi Industrial Area, Hunsur Road, Mysore- 570018

Proxy Form

Folio \_\_\_\_\_

No. of shares \_\_\_\_\_

(To be filled by the shareholder)

I/We \_\_\_\_\_ being member/members of VENLON ENTERPRISES LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 26<sup>th</sup> annual general meeting of the company to be held on 30<sup>th</sup> September 2010 and at adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

N.B.: The proxy should be deposited at the registered office of the company not later than 48 hrs before the commencement of the meeting

**REGISTERED OFFICE & FACTORY  
VENLON ENTERPRISES LTD.  
26(P), Belavadi Industrial Area  
MYSORE-570 018**

Scrip: 524038