

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Monday the 30<sup>th</sup> September, 2013 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 2013, audited cash flow statement as on that date and audited Profit and Loss account for the year ended as on that date and reports of the Board of Directors, Corporate Governance and Auditors thereon.
2. To appoint a Director in place of Shri Chand Datwani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Bhyrappa who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Place: Mysore

Date: 30/05/2013

By Order of the Board

  
**Chand D. Datwani**  
Chairman

**Registered Office:**

Plot No: 26(P)

Belavai Industrial area

Hunsur Road,

Mysore -570018



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**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 20/09/2013 to 30/09/2013 (both days inclusive).
3. Members are requested to notify change in address, if any, immediately to M/s Computech Sharecap Ltd., Registrars and Share Transfer Agents situated at 147, 3rd Floor, M.G.Road, Fort, Mumbai - 400 001, 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:** 30<sup>th</sup> May 2013

By Order of the Board

  
**Chand D. Datwani**  
Chairman

**Registered Office:**

Plot No: 26(P)

Belavadi Industrial area

Hunsur Road,

Mysore -570018



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**DIRECTORS' REPORT**  
**To the Members of Venlon Enterprises Limited**

Dear Members,

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31<sup>st</sup> March 2013.

FINANCIAL RESULTS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>01 REVENUE FROM OPERATIONS</b>	276,791,419	327,653,019
Less : Excise Duty	1,981,519	18,189,541
Net Revenue from Operations	54,809,900	09,463,478
<b>02 OTHER INCOME</b>	1,301,661	2,854,047
	1,301,661	2,854,047
<b>03 TOTAL REVENUE [ 1 + 2 ]</b>	<b>266,111,561</b>	<b>322,317,526</b>
<b>04 EXPENSES</b>		
Cost of Material Consumed	45,771,781	79,066,939
Purchases of Stock in Trade	4,913,166	9,438,136
Changes in Inventories of Finished Goods, WIP & Stock in Trade	7,393,312	3,271,948
Employee Benefit Expenses	6,349,613	1,006,827
Finance Cost	8,653,918	2,055,969
Depreciation and Amortization Expenses	6,342,348	3,900,746
Other Expenses	1,962,961	4,355,088
<b>Total Expenses</b>	<b>311,387,099</b>	<b>353,095,653</b>
<b>05 PROFIT / (LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX [3-4]</b>	(45,275,537)	(30,778,129)
<b>06 EXCEPTIONAL ITEMS</b>	45,853,100	76,496,402
<b>07 PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX [5-6]</b>	(91,128,637)	(107,274,531)
<b>08 EXTRAORDINARY ITEMS</b>	-	-
<b>09 PROFIT / (LOSS) BEFORE TAX [ 7 - 8 ]</b>	(91,128,637)	(107,274,531)
<b>10 TAX EXPENSES</b>		
1. Current Tax [MAT]	-	-
Less: MAT Credit entitlement	-	-
Net Current Tax	-	-
2. Deferred Tax liability withdrawn	(15,035,973)	(32,571,727)
<b>11 PROFIT / [ LOSS] FOR THE PERIOD FROM CONTINUING OPERATIONS [9-10]</b>	(76,092,664)	(74,702,804)
<b>12 PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS</b>	-	-
<b>13 TAX EXPENSES OF DISCONTINUING OPERATIONS</b>	-	-
<b>14 PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS [AFTER TAX] [12-13]</b>	-	-
<b>15 PROFIT / [LOSS] FOR THE PERIOD [11+14]</b>	(76,092,664)	(74,702,804)
<b>16 EARNING PER EQUITY SHARE ( Basic and Diluted)</b>	(1.74)	(1.43)

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



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**DIVIDEND:**

Since the unabsorbed loss is persisting, the Directors have not recommended any dividend for the year.

**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 recovery of fixed costs. Exchange fluctuation of Rs. 4,58,53,100 on ECB loan (non cash item) together with depreciation form major items of Book loss.

**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 2011-12 is complete. That of 2012-13 is in progress.

**INSURANCE:**

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

**FIXED DEPOSITS:**

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

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

As required by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in the annexure '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. Due to continued losses, year after year CSR activity could not be taken up.





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**DIRECTORS:**

The Board consists of five directors of whom three are independent directors. Particulars of Retiring Directors for re-appointment is disclosed in Corporate Governance report.

**LISTING AGREEMENT WITH STOCK EXCHANGES:**

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

**COMPANY SECRETARY:**

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

**AUDITORS:**

M/s Rau & Nathan, Chartered Accountants, (Firm No: 003178S) Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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





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- (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 "Profitability" para in Directors Report.

### **B) Outlook for the Company:**

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

### **C) Segment-wise or product wise performance:**

The Company has the following major segments:

- Film
- Formaldehyde and Para Formaldehyde
- Wind Mill

Performance Results are indicated in Audited NOTES ON ACCOUNTS

### **D) Risks and concerns:**

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

### **E) Internal Control systems and their adequacy:**

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

"In our opinion and according to the information and explanation given to us there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services."



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

The Company has incurred a loss of Rs.760.92 Lakhs, after tax. Financial and operational performance have been disclosed in Director's report.

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

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

A full-fledged personnel department is functioning under Executive Director. There is a weekly manager's meet to co-ordinate the activity.

Number of employees: 91 permanent.

**Cautionary Statement**

*Statements in this "Management Discussion and Analysis" contain forward looking statements which may be identified by the use of words in that directions or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements.*

*These are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements, on the basis of any subsequent development, information or events.*

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

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

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 and Corporation 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**  
**30<sup>th</sup> May 2013**

**ANNEXURE 'A' to Directors Report**

**A. CONSERVATION OF ENERGY**

During the year the Company has discontinued the usage of Furnace oil, due to increase in furnace oil prices. Power is being purchased from Karnataka Electricity Board.

**B. TECHNOLOGY ABSORPTION**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign exchange earnings	:	Rs. 48.96 Lacs
Foreign exchange outgo	:	Rs. 31.32 Lacs





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**FORM A (See Rule 2)**

Form of Disclosure of Particulars with respect to Conservation of Energy

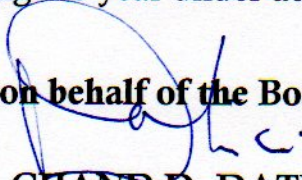
Particulars	Current Year	Previous Year
	2012-13	2011-12
A. Power purchased from Electricity Board (Lakhs KWH)	13.24	NIL
Total Cost (Rupees in lakhs)	81.61	NIL
Cost per KWH (Rs.)	6.16	N.A.
B. Captive power generation by Gensets (Unit KWH Lacs)	1.95	26.19
Total Cost (Rs. Lacs)	28.85	307.97
Cost per KWH (Rs.)	14.79	11.76
C. Furnace Oil Consumed (KL)	Nil	1560
Cost of furnace oil consumed (Rs. Lacs)	Nil	508.54

**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.60,00,000/- per annum or Rs.5,00,000/- 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  
30<sup>th</sup> May, 2013



## Corporate Governance Report for the year 2012-13

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### **1. Company's philosophy on Corporate Governance**

Corporate Governance is an integral part of the values, ethics and the best business practices followed by the company. The core values of the Company are :

- Commitment to excellence and customer satisfaction
- Maximizing long-term shareholder's value
- Socially valued enterprise
- Caring for people and environment
- Integrity including intellectual honesty, openness, fairness and trust

### **2. Board of Directors**

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

Name	Category	Date of last A.G.M	No. of Board Meetings	No. of other Directorship	No. of other Committee Membership
		29/09/12	Attended / Held	(In public Companies)	
Mr. Chand D Datwani	Chairman & Managing Director Non-Independent-Executive	Present	4/4	NIL	1
Mrs. Saroj C Datwani	Whole Time Director Non-Independent - Executive	Absent	4/4	NIL	NIL
Mr. K.V.Chitalia	Independent Non-Executive	Absent	4/4	1	2
Mr. S.V.Jain	Independent Non-Executive	Absent	4/4	1	2
Mr.S.Bhyrappa	Independent Non-Executive	Present	4/4	NIL	3

Note: No significant queries were raised on Accounts at the AGM held on 29/9/2012.



**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 and HRD of the Company as a whole and she is also Compliance Officer of the Company.

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

Mr. Chand Datwani and Mr. S. Bhyrappa retire and are eligible for re-appointment.

Their brief resume is as follows: Mr. Chand Datwani is the Chairman and Managing Director of the Company and is a statutory reappointment.

Mr. S. Bhyrappa is a Senior Advocate.

**4. 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 and its redressal.
- 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.
- 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 MEETINGS	
		HELD	ATTENDED
Mr. K.V. Chitalia, Chairman	Independent Non-Executive	4	4
Mr. S.V.Jain, Member	Independent Non-Executive	4	4
Mr. S. Bhyrappa, Member	Independent Non-Executive	4	4
Mr. Chand Datwani Invitee	Managing Director	4	4

Four Audit Committee Meetings were held during the year 2012-13. The said meetings were held on the following dates:

30/5/2012, 31/7/2012, 31/10/2012 and 31/01/2013.

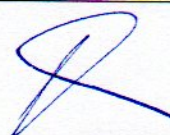
Audit Committee meetings are attended by Managing Director, Statutory Auditor, Internal Auditor and the Deputy Officer (Accounts) of the Company.

### 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 Committee met on 31/5/2011 and recommended revised Remuneration package to Managing Director and Executive Director per notice of meeting dated 31/05/2011 for the year 2012-13, 2013-14 and 2014-15.

### 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 2012-13

Name Of The Director	Remuneration (PA)	Sitting fee	TENNURE
Mr. Chand D Datwani Chairman & Managing Director. Promoter.	Rs.36 lacs	Nil	Upto 30.03.2015
Mrs. Saroj C Datwani Promoter-Non Executive	Rs.36 lacs	Nil	Upto 30.03.2015
Mr. S.V. Jain Independent-Non Executive	Nil	Nil	Liabe for retirement by rotation.
Mr. K.V. Chitalia Independent-Non Executive	Nil	Nil	Liabe for retirement by rotation.
Mr. S.Bhyrappa Independent-Non Executive	Nil	Nil	Liabe for retirement by rotation.

Disclosure of shares held by Non –Executive Directors in the Company as on 31/03/2013.

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

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

Mr. S. Bhyrappa – Nil.



**6. Shareholders and grievances Committee**

The composition of the Investor Grievance Committee which also approves share transfer in physical form 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 in Physical form.
- ii) To oversee redressal of complaints.
- iii) To approve Remat of Shares

Meetings were held on: 10/09/2012, 29/09/2012, 26/10/2012, 20/11/2012, 10/12/2012, 18/03/2013. Both Directors attended all the meetings except 18/03/2013 meeting which was conducted by Mr. Chand Datwani and Smt. Saroj Datwani.

**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
30/09/2010	AGM	Hotel Dasaprakash Paradise, Mysore, 4-30 pm
30/09/2011	AGM	Hotel Dasaprakash Paradise, Mysore, 4-30 pm
29/09/2012	AGM	Hotel Dasaprakash Paradise, Mysore, 4-30 pm





**b) Investor Complaints:**

No. of complaints received from Shareholders from 1.4.2012 to 31.3.2013	One
No. of complaints solved to the satisfaction of the Shareholders	One
Pending	Nil

**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 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 – On company website:

[www.venlonenterprises.com](http://www.venlonenterprises.com)

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) Company’s Email ID to receive complaints and grievances from investors is [gdrvenlon@gmail.com](mailto:gdrvenlon@gmail.com).





## 10. General Shareholder information

**AGM: Date, time and venue:** 30.09.2013 at Hotel Dasaprakash Paradise, Yadavagiri, Mysore – 570 020 at 4.30 PM.

### Financial Calendar:

Year ending – March 31<sup>st</sup>

**Book Closure:** 20/09/2013 to 30/09/2013 (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 – 12	3.89	3.53
May – 12	3.72	2.88
Jun – 12	4.00	3.60
Jul – 12	4.34	3.99
Aug – 12	4.34	3.36
Sep – 12	3.20	2.86
Oct – 12	3.15	2.41
Nov – 12	2.70	2.23
Dec – 12	2.80	2.37
Jan – 13	4.02	2.50
Feb – 13	3.59	3.06
Mar – 13	3.00	2.85



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**Registrar and Transfer Agents:**

M/s Computech Sharecap Limited  
147, 3<sup>rd</sup> Floor, M.G. Road,  
Fort, Mumbai – 400 001

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

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	128	2.72	2021	0.00
51-100	178	3.79	16491	0.03
101-200	771	16.40	143189	0.27
201-300	94	2.00	25750	0.05
301-400	2066	43.96	745780	1.43
401-500	202	4.30	99783	0.19
501-1000	580	12.34	460754	0.88
1001 & above	681	14.49	50748726	97.14
TOTAL	4700	100.00	52242494	100



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**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, 2013, 97% 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 as on 31/03/2013 :**

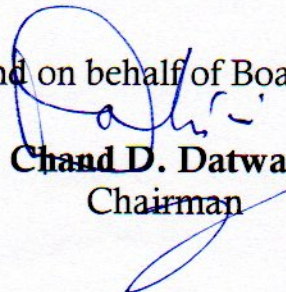
	Category	No of Shares Held	Percentage of Share Holding
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters		
	Indian Promoters	1109520	2.13
	Foreign Promoters	30432390	58.25
	<b>Sub-Total</b>	<b>31541910</b>	<b>60.38</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3	Institutional Investors		
	a. Mutual Funds & 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	1,56,94,371	30.04
	b. Indian Public	49,13,709	9.40
	c. NRI	75,969	0.15
	<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  
Date: 30/05/2013

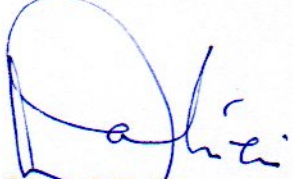
For and on behalf of Board of Directors

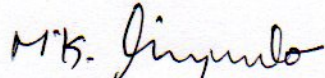
  
**Chand D. Datwani**  
Chairman



## CEO/CFO CERTIFICATION

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2013 and to the best of our knowledge and belief:
- These statements do not contain any materially untrue statements or any material fact or statements that might be misleading.
  - 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 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:
- Significant changes in the internal control systems during the year.
  - Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements: and
  - There are no instances of significant fraud of involving either 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: 30/05/2013





**Rau & Nathan** (21)

**CHARTERED ACCOUNTANTS**

# 3046, Gokulam Park Road,  
V.V. Mohalla, Mysore - 570 002  
Ph. : 0821 - 4263314  
email : envee@bsnl.in.  
envee2006@gmail.com

**Independent Auditors' Report**  
To the Members of Venlon Enterprises Limited

***Report on the Financial Statements***

We have audited the accompanying financial statements of Venlon Enterprises Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the financial statements***

Management is responsible for the preparation and the fair presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes





evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion on the financial statements.

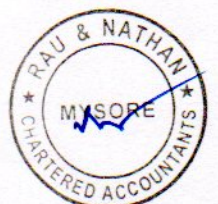
### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, 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 the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### ***Report on Other Legal and Regulatory Requirements***

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.
- 2) As required by Section 277 (3) of the Act, we report that:
  - 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 Balance Sheet, the Statement of Profit and Loss 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Act, except for treatment of





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inter-divisional transfers as referred to note number 31(j) of additional notes / disclosures to the financial statements.

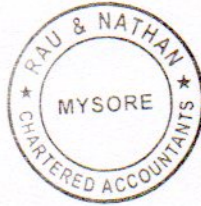
- e. On the basis of the written representation received from the directors, as at 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31<sup>st</sup> March, 2013 from being appointed as director in terms of Clause (g) of Sub Section (1) of Section 274 of the Act.

For RAU & NATHAN  
Chartered Accountants  
Firm Registration # 003178S

*Vaidyanathan*

N.VAIDYANATHAN  
Partner  
Membership # 22573

Place : Mysore  
Date:30<sup>th</sup> May, 2013





## Annexure to the Auditors' Report

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date to the members of Venlon Enterprises Limited for the year ended 31<sup>st</sup> March, 2013.

We report that:

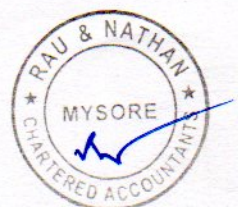
1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years, which 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. And therefore, do not affect the going concern assumption.
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 thirteen Companies and three other parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs.1,288.88 lacs and the year-end balances of such loan aggregates to Rs.1,175.07 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.





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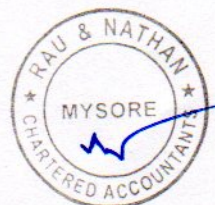
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems which commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on 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 which 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, pursuant 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 the products manufactured by the Company. 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).





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- (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. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit and during 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.





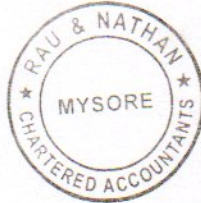
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19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally 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.

For RAU & NATHAN  
Chartered Accountants  
Firm Registration # 003178S

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

Place : MYSORE  
Date : 30<sup>th</sup> May, 2013







**Rau & Nathan**

**CHARTERED ACCOUNTANTS**

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# 3046, Gokulam Park Road,  
V.V. Mohalla, Mysore - 570 002  
Ph. : 0821 - 4263314  
email : envee@bsnl.in:  
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 31 March, 2013 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, 2013, no investor grievances are pending against the Company as at 30<sup>th</sup> May, 2013 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.

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

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

Place : Mysore  
Date : 30<sup>th</sup> May, 2013





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**VENLON ENTERPRISES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2013**

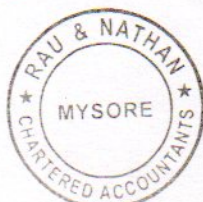
PARTICULARS	Note No.	As At 31st March, 2013 Rupees	As At 31st March, 2012 Rupees
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
(a) Share Capital	2	261,212,470	261,212,470
(b) Reserves and Surplus	3	277,310	82,557,124
<b>2. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
	3(a)	-	-
<b>3. NON CURRENT LIABILITIES</b>			
(a) Long Term Borrowings	4	724,958,812	679,157,673
(b) Deferred Tax Liabilities (Net)		-	15,035,973
(c) Other Long Term Liabilities	5	-	-
(d) Long Term Provisions	6	3,284,000	93,351
<b>4. CURRENT LIABILITIES</b>			
(a) Short Term Borrowings	7	164,916,155	114,559,187
(b) Trade Payables	8	15,818,364	13,160,701
(c) Other Current Liabilities	9	5,763,431	5,698,912
(d) Short Term Provisions	10	2,266,231	2,038,817
<b>TOTAL</b>		<b>1,178,496,772</b>	<b>1,173,514,208</b>
<b>B. ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
<i>(a) Fixed Assets</i>			
(i) Tangible Assets	11	929,648,520	929,926,407
(ii) Intangible Assets	12	43,483	51,895
(iii) Capital Work in Progress		-	25,270,674
(b) Non Current Investments	13	2,727,968	2,727,968
(c) Deferred Tax Assets (Net)		-	-
(d) Long Term Loans and Advances	14	1,276,808	1,288,385
(e) Other Non Current Assets	15	-	-
<b>2. CURRENT ASSETS</b>			
(a) Current Investments	16	-	-
(b) Inventories	17	148,986,644	127,147,352
(c) Trade Receivables	18	8,619,843	16,389,224
(d) Cash and Bank Balances	19	67,533,406	57,411,984
(e) Short Term Loans and Advances	20	17,206,085	10,103,794
(f) Other Current Assets	21	2,454,015	3,196,525
<b>TOTAL</b>		<b>1,178,496,772</b>	<b>1,173,514,208</b>

Significant Accounting Policies and Notes on Financial Statements

1 to 31

As per our report of even date attached  
For RAU & NATHAN  
Chartered Accountants  
Firm Registration No 003178S

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
Partner, Membership No. 22573  
Mysore  
30th May 2013



For and on behalf of the Board of Directors

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

*S.V. Jain*  
**S.V. JAIN**  
Director



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**VENLON ENTERPRISES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

PARTICULARS	Note No.	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>1. REVENUE FROM OPERATIONS</b>	22	27,67,91,419	32,76,53,019
Less : Excise Duty		2,19,81,519	1,81,89,541
Net Revenue from Operations		25,48,09,900	30,94,63,478
<b>2. OTHER INCOME</b>	23	1,13,01,661	1,28,54,047
		1,13,01,661	1,28,54,047
<b>3. TOTAL REVENUE [ 1 + 2 ]</b>		<b>26,61,11,561</b>	<b>32,23,17,526</b>
<b>4. EXPENSES</b>			
Cost of Material Consumed	24	14,57,71,781	17,90,66,939
Purchases of Stock in Trade	25	49,13,166	94,38,136
Changes in Inventories of Finished Goods, WIP & Stock in Trade	26	2,73,93,312	32,71,948
Employee Benefit Expenses	27	4,63,49,613	4,10,06,827
Finance Cost	28	1,86,53,918	2,20,55,969
Depreciation and Amortization Expenses	11 & 12	2,63,42,348	2,39,00,746
Other Expenses	29	4,19,62,961	7,43,55,088
<b>Total Expenses</b>		<b>31,13,87,099</b>	<b>35,30,95,653</b>
<b>5. PROFIT / (LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX [3-4]</b>		(4,52,75,537)	(3,07,78,129)
<b>6. EXCEPTIONAL ITEMS</b>		4,58,53,100	7,64,96,402
<b>7 PROFIT / (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX [5-6]</b>		(9,11,28,637)	(10,72,74,531)
<b>8. EXTRAORDINARY ITEMS</b>		-	-
<b>9. PROFIT / (LOSS) BEFORE TAX [ 7 - 8 ]</b>		(9,11,28,637)	(10,72,74,531)
<b>10. TAX EXPENSES</b>			
1. Current Tax [MAT]		-	-
Less: MAT Credit entitlement		-	-
Net Current Tax		-	-
2. Deferred Tax liability withdrawn		(1,50,35,973)	(3,25,71,727)
<b>11. PROFIT / [ LOSS] FOR THE PERIOD FROM CONTINUING OPERATIONS [9-10]</b>		(7,60,92,664)	(7,47,02,804)
<b>12. PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS</b>		-	-
<b>13. TAX EXPENSES OF DISCONTINUING OPERATIONS</b>		-	-
<b>14. PROFIT / [LOSS] FROM DISCONTINUING OPERATIONS [AFTER TAX] [12-13]</b>		-	-
<b>15. PROFIT / [LOSS] FOR THE PERIOD [11+14]</b>	-	(7,60,92,664)	(7,47,02,804)
<b>16. EARNING PER EQUITY SHARE ( Basic and Diluted)</b>	30	(1.74)	(1.43)

Significant Accounting Policies and Notes on Financial Statements

1 to 31

As per our report of even date attached  
 For RAU & NATHAN  
 Chartered Accountants  
 Firm Registration No 003178S

*N. Vaidyanathan*  
**N. VAIDYANATHAN**  
 Partner, Membership No. 22573  
 Mysore  
 30th May 2013



For and on behalf of the Board of Directors

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

*S. V. Jain*  
**S. V. JAIN**  
 Director



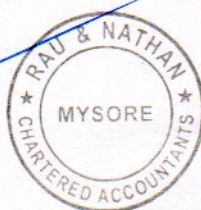
**VENLON ENTERPRISES LIMITED**  
Cash flow statement for the year ended 31st March, 2013

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Particulars	Note	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Cash flow from operating activities</b>			
<b>Profit before tax from continuing operations</b>			
Profit / (Loss) before Tax and Extra-ordinary items		(7,60,92,664)	(10,72,74,532)
<b>Adjustments for :</b>			
Depreciation/ amortization on continuing operation		2,63,42,348	2,39,00,746
Finance costs		1,86,53,918	2,20,55,969
Interest Income		(57,23,138)	(1,20,46,161)
Dividend income		(875)	(18,127)
Loss/ (profit) on sale of fixed assets		(15,86,746)	4,889
Provision for doubtful advances and debtors		34,47,104	10,62,308
Unrealized foreign exchange loss / (gain)		4,58,53,100	7,64,96,402
Short Term provisions		2,27,414	(1,65,98,880)
Net Deferred Tax Liabilities written off		(1,50,35,973)	-
Long Term provisions		31,90,649	19,499
<b>Operating profit before working capital changes</b>		<b>(7,24,864)</b>	<b>(1,23,97,887)</b>
<b>Movements in working capital :</b>			
Increase/ (Decrease) in trade payables		25,03,499	53,56,796
Increase/ (decrease) in other current liabilities		64,519	65,122
Decrease/ (increase) in trade receivables		43,22,277	(8,98,767)
Decrease / (increase) in inventories		(2,18,39,292)	(39,47,383)
Decrease / (increase) in other current assets		-	(3,22,667)
Increase/ (decrease) in short term borrowings			
Decrease / (increase) short term loans and advances		(71,02,291)	1,32,08,514
<b>Cash generated from / (used in) operations</b>		<b>(2,27,76,153)</b>	<b>10,63,727</b>
Direct taxes paid (net of refunds)		-	-
<b>Net cash flow from/ (used in) operating activities (A)</b>		<b>(2,27,76,153)</b>	<b>10,63,727</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets, including CWIP and capital advances		(62,56,297)	(2,89,70,095)
Proceeds from Long term Loans and Advances		11,577	25,75,745
Proceeds from sale of fixed assets		17,46,328	15,604
Proceeds from sale/maturity of current investments			1
Redemption/ maturity of bank deposits		(1,60,47,569)	8,65,00,000
Interest received		57,44,003	1,20,46,161
Dividends received		875	18,127
<b>Net cash flow from/ (used in) investing activities (B)</b>		<b>(1,48,01,083)</b>	<b>7,21,85,543</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (Repayment of) long-term borrowings		(51,961)	7,61,90,543
Proceeds from short-term borrowings (Loan from related Party)		1,84,13,972	
Proceeds from / (Repayment of) short-term borrowings		3,19,42,995	(4,61,47,764)
Interest paid		(1,86,53,918)	(2,20,55,969)
Foreign Exchange Loss			(7,64,96,402)
<b>Net cash flow from/ (used in) financing activities (C)</b>		<b>3,16,51,088</b>	<b>(6,85,09,592)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>		<b>(59,26,148)</b>	<b>47,39,678</b>
<b>Effect of exchange differences on cash &amp; cash equivalents held in foreign currency</b>			
<b>Cash and cash equivalents at the beginning of the year</b>		<b>79,06,984</b>	<b>31,67,306</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>19,80,836</b>	<b>79,06,984</b>
<b>Components of cash and cash equivalents</b>			
Cash on hand		18,117	55,852
With banks- on current account		19,62,720	23,51,132
- on deposit account		-	55,00,000.00
<b>Total cash and cash equivalents</b>		<b>19,80,837</b>	<b>79,06,984</b>
Summary of significant accounting policies			

As per our report of even date attached  
For RAU & NATHAN  
Chartered Accountants  
Firm Registration No 003178S

**N. VAIDYANATHAN**  
Partner, Membership No. 22573  
Mysore  
30th May, 2013



For and on behalf of the Board of Directors

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

**S. V. JAIN**  
Director



**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of Accounting**

The Financial Statements are prepared on the historical cost convention (except for revaluation of Plant and Machinery), in accordance with applicable Accounting Standards and the relevant provisions of the Companies Act, 1956.

**Use of Estimates**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

**Revenue Recognition**

All income and expenditure are accounted on accrual basis.

Sale of goods are recognised upon passage of title to the customers which generally coincides with their delivery. Revenue from job work charges for materials lying in stock, pending despatches at the year end, are accounted for on accrual basis.

**Fixed Assets**

Fixed Assets are stated at cost or revalued amounts, as the case may be, less accumulated depreciation and provision for impairment, if any. The cost includes expenditure incurred in the acquisition and construction / installation and other related expenses in bringing the asset to working condition for its intended use. In respect of qualifying assets, related pre operational expenses including borrowing costs are also capitalised. In case of revaluation of fixed assets, the original cost as written up by the valuer, is considered in the account and the differential amount is transferred to revaluation reserve.

Costs relating to acquisition of Software are capitalised as "Intangible Assets"

**Depreciation**

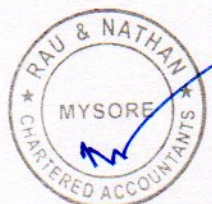
Depreciation on Fixed Assets other than Special tools, Jigs, Fixtures included under the head Plant & Machinery and Software has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on prorata basis from the date of additions and/or disposal.

Special tools, Jigs & Fixtures are written off over a period of three years based on Technical estimate.

Software is amortised on straight line basis over a period of three years.

**Investments**

Long Term Investments are stated at cost. Provision for diminution in value is made if the decline in value is other than temporary.





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**VENLON ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd)**

**Foreign Currency Transactions**

The Company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

**Transaction**

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account. Non monetary items are stated in the balance sheet using the exchange rate at the date of the transaction.

**Derivative instruments**

The Company's exposure to foreign currency fluctuations relates to foreign currency assets, liabilities and forecasted cash flows. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange contracts, where the

**Inventories**

(i) Inventories are valued as follows:

Stores, Spares, Packing Materials, Raw Materials, Finished Goods and Stock in Process - at lower of cost and net

(ii) Cost of Raw Materials, Stores, Spares and Packing Materials is determined on weighted average basis. Cost of Finished Goods and Stock in Process is determined by considering materials, labour and other related direct expenses.





**VENLON ENTERPRISES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd)**

**Customs Duty and Excise Duty**

Customs Duty and Excise Duty have been accounted for on the basis of both payments made in respect of goods cleared as well as provision made for goods lying in bonded warehouse. Such provision is included in the valuation of closing stocks of respective materials and goods.

**Retirement & other employee benefits**

Short term employee benefits are accounted in the period during which the services have been rendered.

The Company's contribution to the Provident Fund is remitted to a trust established for this purpose based on fixed percentage of the eligible employees' salary and charged to Profit & Loss Account. The company is generally liable for annual contributions and any shortfall in the fund assets, based on the Government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year incurred.

Superannuation benefits to employees, a defined contribution plan, as per company's scheme, have been funded with Life Insurance Corporation of India and the contribution is charged to Profit & Loss Account, when the contribution to The Company's liability towards Gratuity, Pension to certain categories of employees and long term employee Compensated Leave Encashment being defined benefit plans are accounted for based on Actuarial valuation done at the year end using the Projected Unit Credit Method. Actuarial gains and losses are charged to Profit & Loss Account. Gratuity liability is funded to the trust established for the purpose.

**Income Taxes**

Tax expense comprises of both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing difference and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred Tax assets are recognised only to the extent there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

**Borrowing costs**

Interest and other borrowing costs attributable to the acquisition of or construction of qualifying assets till the date of commercial use of the assets are capitalised. All other borrowing costs are charged to revenue.

**Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.



**VENLON ENTERPRISES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>2. SHARE CAPITAL</b>		
Authorized Share Capital 5,30,00,000 Equity Shares of Rs.5 each (Previous Year 5,30,00,000 Equity Shares of Rs.5 each)	265,000,000	265,000,000
Issued, Subscribed and Paid up capital 5,22,42,494 Equity Shares of Rs.5 each (Previous Year 5,22,42,494 Equity Shares of Rs.5 each)	261,212,470	261,212,470
<b>Total Issued, Subscribed and Paid up capital</b>	<b>261,212,470</b>	<b>261,212,470</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31st March 2013		31st March 2012	
	Nos.	Amount	Nos.	Amount
<b>Equity shares</b>				
At the beginning of the period	52,242,494	261,212,470	52,242,494	261,212,470
Outstanding at the end of the period	52,242,494	261,212,470	52,242,494	261,212,470

**(b) Terms/ rights attached to equity shares**

- i. The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each holder of equity share is entitled to one vote per share.
- ii. During the current year, the amount of dividend per share recognized as distribution to equity shareholders was Rs.NIL (Previous year Rs.NIL)
- iii. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- iv. Of the above, 3,04,32,390 equity shares of Rs.5/- each fully paid up has been allotted to non-residents on non-repatriation basis.

**(c) Details of shareholders' holding more than 5% shares in the Company**

	31st March 2013		31st March 2012	
	Nos.	% Holding	Nos.	% Holding
<b>Equity shares of Rs.5/- each fully paid</b>				
Arun Daulatram Datwani (Non-resident Indian)	15,216,195	29.13%	15,216,195	29.13%
Dasu Daulatram Datwani (Non-resident Indian)	15,216,195	29.13%	15,216,195	29.13%
Krishna Enterprises Limited	15,375,128	29.43%	15,375,128	29.43%

**(d) details of bonus shares and preferential allotments made for the period of 5 years immediately before the date of Balance Sheet**

	On October 23, 2009	
	Nos.	Amount Received
Preferential allotment	30,432,390	152,161,950
Bonus shares allotted	nil	nil
	<b>30,432,390</b>	<b>152,161,950</b>



**VENLON ENTERPRISES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>3. RESERVES AND SURPLUS</b>		
(a) Capital Reserve	76,500	76,500
(b) Capital Redemption Reserve	-	-
(c) Securities Premium Account	32,513,632	32,513,632
(d) Debenture Redemption Reserve	-	-
(e) Revaluation Reserve	125,055,750	131,242,899
(f) Share Options Outstanding Account	-	-
(g) Other Reserves	-	-
(h) Surplus / (Deficit) in Profit and Loss Statement		
As per last year financial statement	(81,275,908)	(6,573,103)
Add : Surplus / (deficit) for the year	(76,092,664)	(74,702,805)
	(157,368,572)	(81,275,908)
<b>Total Reserves and Surplus</b>	<b>277,310</b>	<b>82,557,124</b>
<b>3A. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	-	-
<b>4. LONG TERM BORROWINGS</b>		
(i) Bonds / Debentures		
Secured	-	-
Unsecured	-	-
(ii) Term Loans		
(a) Banks		
Secured	-	-
Unsecured	-	-
(b) Other Parties		
Secured	-	44,038
Unsecured	724,958,812	679,113,635
(iii) Deferred Payment Liabilities	-	-
(iv) Deposits	-	-
(v) Loans and Advances from related Parties	-	-
(vi) Long term maturities of finance lease obligations	-	-
(vii) Other Loans and Advances	-	-
<b>Total Long Term Borrowings</b>	<b>724,958,812</b>	<b>679,157,673</b>
(a) The interest free unsecured term loan from other parties is repayable in 10 equated annual installments commencing from 31st March 2017		
<b>5. OTHER LONG TERM LIABILITIES</b>		
(a) Trade Payables	-	-
(b) Others	-	-
<b>Total Other Long Term Liabilities</b>	-	-
<b>6. LONG TERM PROVISIONS</b>		
(a) Provisions for Employee Benefits	3,284,000	93,351
(b) Others	-	-
<b>Total Long Term Provisions</b>	<b>3,284,000</b>	<b>93,351</b>
<b>7. SHORT TERM BORROWINGS</b>		
(a) Loans repayable on demand from		
(i) Banks		
Secured	40,065,630	8,122,635
Unsecured	-	-
(ii) Other Parties	-	-
Secured	-	-
Unsecured	124,850,525	106,436,552
(b) Loans and advances from related parties	-	-
(c) Deposits	-	-
(d) Other Loans and Advances	-	-
<b>Total Short Term Borrowings</b>	<b>164,916,155</b>	<b>114,559,187</b>

**(i) Cash credit from banks are secured:**

(a) by way of first Paripassu charge, on hypothecation of Company's entire stock-in-trade consisting of raw materials, stock-in-process, finished goods,

consumables stores and spares and receivables/book debts, both present and future,

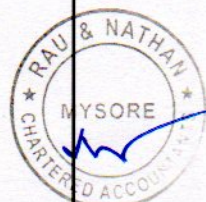
(b) by way of first paripassu charge, on hypothecation of all existing and future movable assets and other fixed assets i.e., the plant and machinery at the company's existing plant at Belavadi Industrial Area, Mysore.

(c) by way of first paripassu charge, on Equitable mortgage of factory Land and Building belonging to the company at Belavadi Industrial Area, Mysore, and

(d) further secured by personal guarantee of the Chairman & Managing Director and the Executive Director.

**(e) Cash credit from banks carry interest rate @ 14.25% - 15.25% p.a.**

(ii) The Loans from other parties are received from Chairman & Managing Director, Executive Director of the Company and other entities in which the directors are interested at the interest rate of 13.5% p.a. & is repayable on demand.





**VENLON ENTERPRISES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>8. TRADE PAYABLES</b>		
Goods indigenous	10,309,478	10,438,078
Services	5,508,885	2,722,623
<b>Total Trade Payables</b>	<b>15,818,364</b>	<b>13,160,701</b>

Payments to Suppliers as defined under the Micro, Small & Medium Enterprise Development Act, 1996, (The Act) are generally made in accordance with the agreed credit terms. The amount, if any, overdue as on 31.03.2013 has not been ascertained, and hence no disclosure has been made.

<b>9. OTHER CURRENT LIABILITIES</b>		
(a) Current Maturities of Long term debt	44,744	305,854
(b) Current Maturities of Finance Lease Obligations	-	-
(c) Interest Accrued but not due on borrowings	-	-
(d) Interest Accrued & due on borrowings	-	-
(e) Income received in advance	-	-
(f) Un paid dividends	-	-
(g) Share Application money received and due for refund and interest accrued thereon	-	-
(h) Unpaid Matured Deposits and Interest Accrued	-	-
(i) Unpaid Matured Debentures and Interest Accrued	-	-
(j) Others	5,718,687	5,393,058
<b>Total Current Liabilities</b>	<b>5,763,431</b>	<b>5,698,912</b>

Current Maturities of Long Term Debt represents vehicle loan borrowed from Tata Capital Limited.

(a) Term loan from Tata Capital Limited is secured by hypothecation of vehicle and carries an interest rate of 12.27% p.a. and is repayable in 60 Equated Monthly Installments beginning from 31st May 2008

<b>10. SHORT TERM PROVISION</b>		
(a) Provisions for Employee Benefits	2,266,231	2,036,302
(b) Others	-	2,515
<b>Total Short Term Provisions</b>	<b>2,266,231</b>	<b>2,038,817</b>

<b>13. NON CURRENT INVESTMENTS</b>		
(a) Equity Instruments	227,968	227,968
<b>Total Equity Instruments</b>	<b>227,968</b>	<b>227,968</b>
(b) Mutual Funds		
S B I Mutual funds	2,500,000	2,500,000
<b>Total Mutual funds</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Total Non Current Investments</b>	<b>2,727,968</b>	<b>2,727,968</b>

**(a) Particulars of Investments in Equity Shares (Quoted, Non Trade at cost)**

Name of the Company	Number of Equity Shares Fully Paid up	Amount
Garware Polyester Limited	50	
Rollatainers Limited	55	
Tamilnadu Telecommunication Limited	100	
ITC Limited	3,100	
Canbay Polyfilms Limited	100	
Leela Packaging Limited	100	
Annapurna Foils Limited	100	
Finolex Cables Limited	600	
Essel Propack Limited	80	
Gujarath Telephone Cables Limited	85	
RPG Cables Limited	50	
EID Parry (I) Limited	750	
MM Rubber Company	50	
Cormandal Fertilizers Limited	16	
Elpro Packaging Limited	100	
Cormandal International Limited	160	
Sakamichi Tapes Limited	800	
<b>Total</b>	<b>6296</b>	<b>227,968</b>

The Aggregate Market Value of Investments in Equity Shares as at 31.03.2013 is Rs.11,79,900 ( PY Rs. 9,28,132 )

(b) Net Asset Value of SBI Capital Protection Oriented Fund Series II as at 31.03.2013 is Rs.11.88  
Market Value of Investments in Mutual fund as at 31.03.2013 is Rs.29,70,000

(c) In view of the Company's long term investment strategy no provision is considered necessary in respect of diminution, if any, in the Market value of securities held by the Company





**VENLON ENTERPRISES LIMITED  
MYSORE**

**Notes 11 & 12 : FIXED ASSETS**

**Figs. In Rupees**

Particulars	Gross Block					Depreciation				Net Block	
	As at 01.04.2012	Additions	Additions through business combinations seperatly	Disposal	As at 31.03.2013	Upto Last Year	For the year	Withdrawn	Total	As at 31.03.2013	As at 31.03.2012
<b>11. TANGIBLE ASSETS</b>											
Land-Freehold	5,607,335	-	-	-	5,607,335	-	-	-	-	5,607,335	5,607,335
Buildings	193,632,385	5,455,940	-	222,020	198,866,305	69,643,767	6,475,026	62,438	76,056,355	122,809,950	123,988,618
Plant and Machinery	1,198,010,274	22,683,486	-	17,267	1,220,676,493	400,610,540	25,262,954	-	425,873,494	794,802,998	797,399,734
Electrical Installation	15,104,971	4,280,621	-	-	19,385,592	14,811,728	27,710	-	14,839,438	4,546,154	293,243
Furniture & Fixtures	4,463,065	-	-	-	4,463,065	4,250,527	56,644	-	4,307,171	155,894	212,538
Vehicles	9,917,237	-	-	-	9,917,237	7,492,298	698,751	-	8,191,049	1,726,188	2,424,939
<b>TOTAL</b>	<b>1,426,735,266</b>	<b>32,420,047</b>	<b>-</b>	<b>239,287</b>	<b>1,458,916,026</b>	<b>496,808,860</b>	<b>32,521,085</b>	<b>62,438</b>	<b>529,267,507</b>	<b>929,648,519</b>	<b>929,926,406</b>
Previous Year	1,420,409,428	6,851,363	-	525,525	1,426,735,266	471,554,579	25,759,313	505,032	496,808,860	929,926,406	948,854,848
<b>12. INTANGIBLE ASSETS</b>											
Computer Software	60,000	-	-	-	60,000	8,105	8,412	-	16,517	43,483	51,895
<b>TOTAL</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>8,105</b>	<b>8,412</b>	<b>-</b>	<b>16,517</b>	<b>43,483</b>	<b>51,895</b>
Previous Year	-	60,000	-	-	60,000	-	8,105	-	8,105	51,895	-
<b>GRAND TOTAL</b>	<b>1,426,795,266</b>	<b>32,420,047</b>	<b>-</b>	<b>239,287</b>	<b>1,458,976,026</b>	<b>496,816,965</b>	<b>32,529,497</b>	<b>62,438</b>	<b>529,284,024</b>	<b>929,692,002</b>	<b>929,978,301</b>
<b>PREVIOUS YEAR GRAND TOTAL</b>	<b>1,420,409,428</b>	<b>6,911,363</b>	<b>-</b>	<b>525,525</b>	<b>1,426,795,266</b>	<b>471,554,579</b>	<b>25,767,418</b>	<b>505,032</b>	<b>496,816,965</b>	<b>929,978,301</b>	<b>948,854,848</b>

1) Gross block includes Rs.27,35,70,775/- which represents additions due to revaluation.

Year of Revaluation Additions on Revaluation (Rs.)

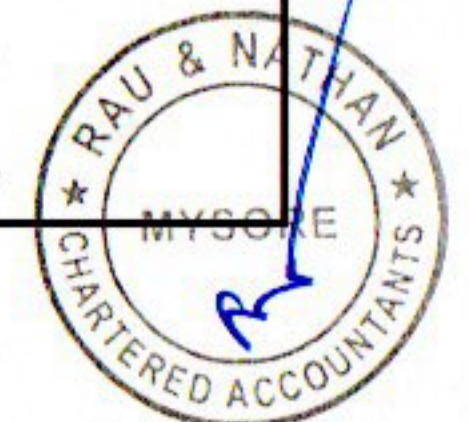
1992-93	83,948,258	(a)
1997-98	134,709,985	(b)
2001-02	54,912,531	(c)
	<u>273,570,774</u>	

- (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. 26,342,348 (P/Y 23,900,746)

Depreciation on revalued portion- Rs. 6,187,149 (P/Y. 1,866,673) 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.





**VENLON ENTERPRISES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>14. LONG TERM LOANS AND ADVANCES</b>		
(a) Security Deposits		
Secured, considered good		
Unsecured, considered good	1,276,808	1,288,385
Doubtful		
(b) Other Loans and Advances		
Secured, considered good		
Unsecured, considered good		
Doubtful		
<b>Total Long term loans and advances</b>	<b>1,276,808</b>	<b>1,288,385</b>

<b>15. OTHER NON CURRENT ASSETS</b>	-	-
	-	-

<b>16. CURRENT INVESTMENTS</b>	-	-
	-	-
<b>17. INVENTORIES (Valued at lower of cost and net realizable value)</b>		
(a) Raw Materials	57,046,551	9,176,706
(b) Work in Progress	29,072,809	47,248,384
(c) Finished Goods	11,961,182	22,664,475
(d) Stock in Trade ( For Trading Goods)	-	-
(e) Stores & Spares	50,604,750	47,751,522
(f) Loose Tools	301,352	306,265
(g) Others	-	-
<b>Total Inventories</b>	<b>148,986,644</b>	<b>127,147,352</b>

<b>18. TRADE RECEIVABLES</b>		
(i) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good		
Unsecured, Considered Good	8,619,843	16,389,224
Doubtful	4,509,412	1,062,308
<b>Sub Total</b>	<b>13,129,255</b>	<b>17,451,532</b>
Less : Provision for bad and doubtful debts	4,509,412	1,062,308
	<b>8,619,843</b>	<b>16,389,224</b>
(ii) Others		
Secured, Considered Good	-	-
Unsecured, Considered Good	-	-
Doubtful	-	-
	-	-
<b>Total Trade Receivables</b>	<b>8,619,843</b>	<b>16,389,224</b>

<b>19. CASH AND BANK BALANCES</b>		
(i) Cash and Cash Equivalents		
a) Balances With Banks - In current accounts	1,962,720	2,351,132
b) In deposit account with original maturity of less than 3 months	-	5,500,000
c) Cheques, Drafts on Hand	-	-
d) Cash on Hand	18,117	55,853
	-	-
(ii) Other Bank Balances		
(a) In deposit account with original maturity of more than 3 months but less than 12 months	65,552,569	34,005,000
(b) Balances with Banks - Held as Margin Money or Security Deposit against borrowings, Guarantee / Other Commitments	-	15,500,000
(c) Bank Deposits more than 12 months Maturity	-	-
<b>Total Cash and Bank Balances</b>	<b>67,533,406</b>	<b>57,411,984</b>

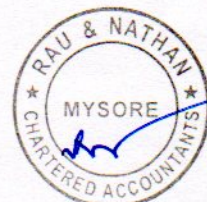
- (a) Fixed Deposits of Rs.39790970 ( P Y Rs.1,50,00,000 ) with bank represents security deposits against borrowings  
(b) Fixed Deposits of Rs.20,00,000 ( P Y Rs.5,00,000) with bank represents margin money against guarantee issued.  
(c) The balance in operative bank accounts have been reconciled, while the balance in non-operative bank accounts are subject to reconciliation.





**VENLON ENTERPRISES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>20. SHORT TERM LOANS AND ADVANCES</b>		
(a) Loans and Advances to related parties		
Secured, Considered Good	-	-
Unsecured, Considered Good	-	-
Doubtful	-	-
(b) Others		
Secured, Considered Good	-	-
Unsecured, Considered Good	17,206,085	10,103,794
Doubtful	-	-
<b>Total Short term loans and advances</b>	<b>17,206,085</b>	<b>10,103,794</b>
<b>21. OTHER CURRENT ASSETS</b>	2,454,016	3,196,525
	<b>2,454,016</b>	<b>3,196,525</b>
<b>22. REVENUE FROM OPERATIONS</b>		
Other than Finance Company		
i) Sale of Products	275,407,480	323,101,779
ii) Sale of Services	-	-
iii) Other Operating Revenues	1,383,939	4,551,240
Total	276,791,419	327,653,019
Less: Excise Duty	21,981,519	18,189,541
<b>Total Revenue from Operations</b>	<b>254,809,900</b>	<b>309,463,478</b>
<b>23. OTHER INCOME</b>		
(i) Interest Income	5,723,138	12,046,161
(ii) Dividend Income	875	18,127
(iii) Net Gain or Loss on Sale of Investments	-	-
(iv) Other Non Operating Income	5,577,648	789,758
<b>Total Other Income</b>	<b>11,301,661</b>	<b>12,854,046</b>
<b>24. COST OF MATERIALS CONSUMED</b>		
RAW MATERIALS		
Opening Stock	4,538,099	5,654,474
Add: Purchases	191,521,817	177,931,661
Less: Closing Stock	50,288,135	4,519,196
	<b>145,771,781</b>	<b>179,066,939</b>
<b>25. PURCHASE OF STOCK IN TRADE</b>		
Cost of traded goods	4,913,166	9,438,136
	<b>4,913,166</b>	<b>9,438,136</b>
<b>26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK IN TRADE</b>		
Closing stock	11,961,182	22,664,475
Less: Opening Stock	22,664,475	21,607,263
(Decrease) / Increase in finished goods	(10,703,293)	1,057,212
<b>WORK IN PROGRESS</b>		
Closing stock	29,072,809	47,248,384
Less: Opening Stock	47,248,384	50,672,544
(Decrease) / Increase in Work in progress	(18,175,575)	(3,424,160)
Differential excise duty on opening and closing stock of finished goods	1,485,556	783,606
Goods in Transit		
Closing stock	-	-
Less: Opening Stock	-	121,394
(Decrease) / Increase in Goods in transit	-	(121,394)
<b>Total changes in Inventories of finished goods, work in progress &amp; Stock in Trade</b>	<b>(27,393,312)</b>	<b>3,271,948</b>

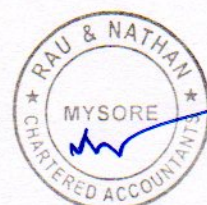




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**VENLON ENTERPRISES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As At 31st March 2013 Rupees	As At 31st March 2012 Rupees
<b>27. EMPLOYEE BENEFITS EXPENSES</b>		
(i) Salaries & Wages	36,224,896	33,792,437
(ii) Contribution to Provident & Other Funds	8,516,279	5,427,934
(iii) Expenses on ESOP & ESPP	-	-
(iv) Staff Welfare Expenses	1,608,438	1,786,456
<b>Total Employee Benefit Expenses</b>	<b>46,349,613</b>	<b>41,006,827</b>
<b>28. FINANCE COSTS</b>		
(i) Interest Expenses	18,653,918	22,055,969
(ii) Other Borrowing Costs	-	-
(iii) Net (gain) or loss on Foreign Currency Transactions / Translations	-	-
<b>Total Finance Cost</b>	<b>18,653,918</b>	<b>22,055,969</b>
<b>29. OTHER EXPENSES</b>		
(i) Consumption of Stores and Spares Parts	3,665,612	14,692,109
(ii) Power and Fuel	10,948,426	30,267,183
(iii) Packing material consumed	1,218,767	1,904,997
(iv) Rent	360,000	2,286,883
(v) Repairs to Buildings	241,754	479,588
(vi) Repairs to Machinery	1,318,455	1,664,660
(vii) Insurance	1,464,824	1,542,282
(viii) Rates and Taxes excluding Taxes on Income	495,364	859,282
(ix) Administration and selling expenses	21,069,006	20,275,608
(x) Miscellaneous Expenses	1,050,753	252,498
(xi) Remuneration to statutory auditors - for audit	130,000	130,000
<b>Total Other Expenses</b>	<b>41,962,961</b>	<b>74,355,089</b>
<b>30. EARNINGS PER SHARE</b>		
Profit / (Loss) after taxation, refund of income tax and before exceptional item	(45,275,537)	(30,778,129)
Profit / (Loss) after taxation, refund of income tax and exceptional item	(91,128,637)	(74,702,804)
Number of equity shares ( Face Value Rs.5/- )	52,242,494	52,242,494
Earnings per share in Rupees		
Before exceptional Item	(0.87)	(0.59)
After exceptional Item	(1.74)	(1.43)





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VENLON ENTERPRISES LIMITED

NOTE 31: OTHER ADDITIONAL NOTES / INFORMATION

A Contingent Liability & Commitments not provided for:

a. Guarantee to Banks against security furnished to court in respect of pending legal matter Rs.28 lakhs.

B Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for is Nil.

C Proposed Dividends;

The amount of dividends proposed to be distributed to;  
Equity Shareholders

Figures in Rs  
**31st March, 2013** 31st March, 2012  
Nil Nil

D There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

E The Company has not entered into any forward contracts to mitigate its risks associated with foreign currency fluctuations having underlying transactions and relating to firm commitments or highly probable forecast transactions. The company does not enter into any forward contract which is intended for trading or speculative purposes.

F The breakup of Deferred Tax Asset / (Liability) as on 31st March, 2013 is as given below:

Arising on account of timing difference in:

- Depreciation

- Accrued Expenses allowable on Actual Payments

- Unabsorbed Business Loss

Deferred Tax Asset/(liability) (Net)

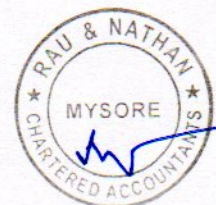
	Figures in Rs
(188,622,668)	(190,988,120)
-	-
201,427,872	175,952,147
<b>12,805,204</b>	<b>(15,035,973)</b>

Deferred Tax Asset (net) on account of the timing differences, (depreciation and other components) has been computed at Rs.128.05 lacs, which are considered adequate. Deferred Tax Asset has not been recognised in the books as a matter of prudence. Consequently the deferred tax liability of Rs. 150.36 Lacs has been credited to the statement of profit and loss. This is in accordance with the Accounting Standard AS-22 issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Accounting Standards) Rules,2006. Major components of deferred tax asset arising on account of timing differences is Depreciation Rs.1886.22 lacs & unabsorbed business loss Rs.2014.27lacs)

G Borrowing Cost capitalised during the year is Nil.

H There are no employees who are in receipt of remuneration in the aggregate at the rate of not less than Rs.6,000,000/- per annum or 500,000/- per month in respect of part of the year during the year.

I Inter-division transfers of goods aggregating to a value of Rs 45,993,233/- for internal use as captive consumption are disclosed as contra-items in Profit and Loss Statement 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 Companies (Accounting Standards) Rules, 2006. Accordingly, the sales and raw material consumption figures are higher by Rs.45,993,233/-. This accounting treatment has no impact on the results of the company.





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**VENLON ENTERPRISES LIMITED**

**NOTE 31: OTHER ADDITIONAL NOTES / INFORMATION**

**J** The Company is mainly engaged in the following segments:

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

Rs in lakhs

Segment Revenue	Film	Formaldehyde & Paraformaldehyde	Windmill	Others	Total
Sales	315	1,464	246	176	2,201
Intersegment Transfer	-	460	-	-	460
<b>Total</b>	<b>315</b>	<b>1,924</b>	<b>246</b>	<b>176</b>	<b>2,661</b>
Segment Results	(574)	76	232		(266)
Less: Interest					(187)
Less: Other Unallocable expenditure					(458)
Profit before tax					(911)
Net assets	5,682	2,009	1,106		8,797

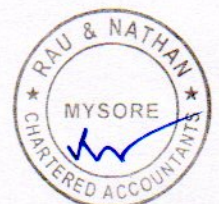
**K** Statutory Auditors' Remuneration

	2012-13	2011-12
a. Audit fees	1,30,000	1,30,000
b. Other Services	-	-
Sub-total	1,30,000	1,30,000
c. Service tax	16,068	16,068
<b>TOTAL</b>	<b>1,46,068</b>	<b>1,46,068</b>

**L** 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.

**M** Excise Duty approximately Rs.13.16 lacs (Previous year Rs.28.01 lacs) on stock awaiting clearance has been considered in valuation of finished goods.

**N** The Income tax assessments of the company have been completed upto the Assessment year 2011-12. There are no demands outstanding. In view of loss for assessment year 2013-14, the company has been advised that there is no liability to income tax and accordingly no provision has been made.





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## VENLON ENTERPRISES LIMITED

## NOTE 31: OTHER ADDITIONAL NOTES / INFORMATION

## O Sales Turnover

	2012-13		2011-12	
	Quantity (in Tonnes)	Value (Rs in lakhs)	Quantity (in Tonnes)	Value (Rs in lakhs)
Polyester Film* \$	152	179	352	661
PET Chips	-	-	2,200	44
Metalised Film**	101	137	279	346
Formaldehyde \$\$	9,596	797	4,898	1,046
Paraformaldehyde	1,371	666	1,059	445
Windmill	-	246	-	392
Others***	-	62	-	204

\* Includes scrap sales amounting to Rs.0.59 Lacs. (P.Y. Rs.0.86 Lacs)

\*\* Includes scrap sales amounting to Rs.0.48 Lacs (P.Y. Rs.7.69 Lacs)

\*\*\* Includes scrap sales amounting to Rs.12.76 Lacs (P.Y. Rs.17.72 Lacs)

\$ Polyester film turnover for the current year does not include films which are captively consumed, whereas Polyester film turnover for the previous year includes 240 Tonnes of films valued at Rs.266.94 Lacs which were captively consumed.

\$\$ Formaldehyde includes 3,538 Tonnes (P.Y. 4,135 Tonnes ) of Formaldehyde valued Rs.459.93 Lacs (P.Y. Rs. 511.95 Lacs) which are captively consumed.

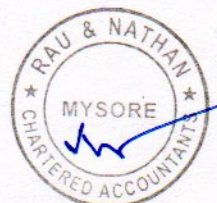
## P Closing Stock of Finished Goods

	2012-13		2011-12	
	Quantity (in Tonnes)	Value (Rs in lacs)	Quantity (in Tonnes)	Value (Rs in lacs)
Polyester Film	33.17	44.47	164.08	143.93
Metalised Film	20.95	32.18	49.31	57.56
Paraformaldehyde	75.32	42.96	96.48	53.17

## Q Consumption of Raw Materials (As verified, value and certified by management)

	2012-13		2011-12	
	Quantity (in Tonnes)	Value (Rs in lacs)	Quantity (in Tonnes)	Value (Rs in lacs)
PET Chips *	3	2	423	310
Methanol	4,222	995	3,491	701

\* Consumption of PET chips for the current year does not include Chips which are captively consumed, whereas consumption of PTE chips for the previous year includes 2 tonnes of Opening stock of Chips valued at Rs.0.44 Lacs which are captively consumed.





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NOTE 31: OTHER ADDITIONAL NOTES / INFORMATION Contd..

R Related Party Disclosure:

A. Relationships:

1. Subsidiaries

2. Key Management Personnel (KMP) and their Relatives

Directors :

Mr. Chand D Datwani  
Mrs. Saroj C Datwani  
Mr. S V Jain

Relatives of Directors :

Ms. Abha Datwani

3. Other Related Parties (in which either of the directors or their relatives have significant influence)

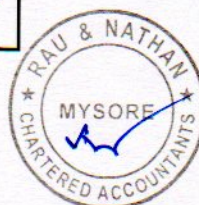
Abha Finance Pvt. Ltd.  
C and A Real Estate Pvt. Ltd.  
Divine Poly Plastic Pvt. Ltd.  
Father & Son Investments Pvt. Ltd.  
Father & Son Overseas Pvt. Ltd.  
Kamadhenu Residency Pvt. Ltd.  
Midtown Realtors Pvt. Ltd.  
Sanchay Residency Pvt. Ltd.  
Sanchit Realtors Pvt. Ltd.  
Sangeet Residency Pvt. Ltd.  
Sanjog Residency Pvt. Ltd.  
Saroj Residency Pvt. Ltd.  
Venlon Investments Pvt. Ltd.

B. Nature of transactions:

The following transactions were carried out with the related parties mentioned in A above, in the ordinary course of business.

	Rs in lakhs					
	Subsidiaries		KMP & Relatives		Other Related parties	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>1 Interest Paid</b>						
a. Mr. Chand D Datwani		-	31.04	57.39		
b. Mrs. Saroj C Datwani			3.53	4.03		
c. Ms. Abha Datwani			4.80	3.92		
d. Companies in which directors are interested					124.80	81.47
	-	-	39.37	65.34	124.80	81.47
<b>2 Remuneration to Directors &amp; their Relatives</b>						
<b>a. Director's salary</b>						
Mr. Chand D Datwani	-	-	36.00	10.50	-	-
Mrs. Saroj C Datwani	-	-	36.00	6.00	-	-
	-	-	72.00	16.50	-	-
<b>b. Provident Fund (12% of salary)</b>						
Mr. Chand D Datwani	-	-	4.32	1.26	-	-
Mrs. Saroj C Datwani	-	-	4.32	.72	-	-
	-	-	8.64	1.98	-	-
	-	-	80.64	18.48	-	-
<b>3 Outstanding Balances</b>						
<b>a. Loans Payable</b>						
a. Mr. Chand D Datwani	-	-	.00	419.02	-	-
b. Mrs. Saroj C Datwani	-	-	35.43	22.81	-	-
c. Ms. Abha Datwani	-	-	38.01	30.66	-	-
d. Companies in which directors are intereste	-	-	-	-	1,186.35	591.87
	-	-	73.44	472.50	1,186.35	591.87

No amount has been provided as doubtful debts or advances / written off or written back in the year in respect of debts due from / to above related parties.





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**VENLON ENTERPRISES LIMITED**

**NOTE 31: OTHER ADDITIONAL NOTES / INFORMATION Contd..**

31st March, 2013

31st March, 2012

**S** Value of Raw Materials consumed and percentage to the total:  
(As certified by management)

	<u>Rupees in lakhs</u>	<u>% to Total</u>	<u>Rupees in lakhs</u>	<u>% to Total</u>
Indigenous	997.60	100.00	1,011.33	100.00
Imported	-	-	-	-
	<b>997.60</b>	<b>100.00</b>	<b>1,011.33</b>	<b>100.00</b>

**T** Value of Stores, Spares & Components consumed and percentage to the total:  
(As certified by management)

Stores & Spare Parts

Indigenous	38.55	100.00	137.86	83.06
Imported	-	-	28.11	16.94
	<b>38.55</b>	<b>100.00</b>	<b>165.97</b>	<b>100.00</b>





## NOTE 31: OTHER ADDITIONAL NOTES / INFORMATION Contd..

	March 31, 2013	Rupees in lakhs March 31, 2012
<b>U Value of Imports on CIF Basis:</b>		
1. Raw Materials	-	-
2. Stores, Spares & Consumables	31.32	49.51
3. Capital Goods	-	-
<b>V Expenditure in Foreign Currency:</b>		
1. Royalty	-	-
2. Knowhow	-	-
3. Professional & Consultation Fees	-	-
4. Interest	-	-
5. Others		
a. Travelling	-	12.47
<b>W Earnings in Foreign Currency -</b>		
1. Export of goods on F.O.B. basis	48.96	157.24
2. Royalty, Knowhow, Professional & Consultation Fees	-	-
3. Interest & Dividend	-	-
2. Others (Specify)	-	-
<b>X The amount remitted during the year in foreign currencies on account of dividends</b>		
Total number of Non Resident shareholders	-	-
Total number of shares held	-	-
Year to which the dividends related	-	-
<b>Y Previous years figures have been regrouped, rearranged, reclassified and restated wherever necessary.</b>		

Signatures to the Notes to the Financial Statements 1 to 31 which form an integral part of the Financial Statements.

As per our Report of even date attached

For RAU & NATHAN

Chartered Accountants

Firm Registration No.003178S

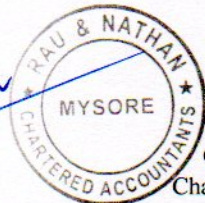
*N. Vaidyanathan*

N.VAIDYANATHAN

Partner

Membership # 22573

Mysore, Dated: 30th May, 2013



*Chand. D. Datwani*

CHAND. D. DATWANI

Chairman & Managing Director

*S.V. Jain*

S.V.JAIN

Director



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## Venlon Enterprises Limited

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

### 29<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 TWENTY NINTH ANNUAL GENERAL MEETING OF THE company to be held at HOTEL DASAPRAKASH PARADISE, Yadavagiri, Mysore-570020 on 30<sup>th</sup> September 2013.

Members signature

#### Note:

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

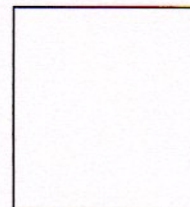
(to be filled by the shareholder)

I/We \_\_\_\_\_ being member/members of VENLON ENTERPRISES LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ proxy to vote for me/us on my/our behalf at the 29<sup>th</sup> annual general meeting of the company to be held on 30<sup>th</sup> September 2013 and at adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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.