

Venlon Enterprises Limited
CIN: L24231KA1983PLC015089

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of VENLON ENTERPRISES LIMITED will be held on Friday the **27th September 2019** at 4.30 p.m. 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 2019**, audited cash flow statement as on that date and audited Statement of Profit and Loss for the year ended as on that date and reports of the Board of Directors, Corporate Governance, Auditors and Secretarial audit report thereon.
2. To appoint a Director in place of Smt. Saroj Datwani (DIN: 00355148), who retires by rotation and being eligible offers herself for reappointment.
3. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any of the Companies Act, 2013 (the Act) and Rules framed there under (including any Statutory modification/s or re-enactments thereof for the time being in force) peer reviewed CA. K.S. Nagaraju & Associates, Chartered Accountants, Membership No.: 201060 (FRN No.: 014283s) be and is hereby reappointed as the Statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 40th Annual General Meeting (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration plus applicable taxes per previous year, and fee for any other professional services and conveyance as may be mutually agreed upon by the Board of Directors and the Statutory Auditors."

SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass the following, with or without modification, as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Sebi (LODR) Regulations 2015, **Shri. K.V. Chitalia (DIN: 00355215)**, who was appointed as an Independent Director at the AGM held on **28th Sept 2017** and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company to hold office for 5 (five) consecutive years."

5. To consider and if thought fit, to pass the following, with or without modification, as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Sebi (LODR) Regulations 2015, **Shri. S.V.Jain (DIN: 00590275)**, who was appointed as an Independent Director at the AGM held on **30th Sept 2014** and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company to hold office for 5 (five) consecutive years.”

6. To consider and if thought fit, to pass the following, with or without modification, as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Sebi (LODR) Regulations 2015, Shri. S.Bhyrappa (DIN: 01340963), who was appointed as an Independent Director at the AGM held on **30th Sept 2014** and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company to hold office for 5 (five) consecutive years.”

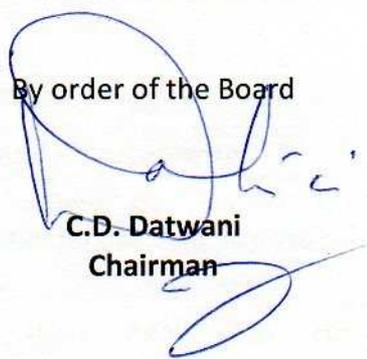
Place : Mysuru

Date : 14/08/2019

Registered Office:

Plot No: 26(P)
Belavai Industrial area
Hunsur Road,
Mysuru - 570018
CIN: L24231KA1983PLC015089

By order of the Board


C.D. Datwani
Chairman

NOTES :

1. **A member entitled to attend and vote in the above meeting is entitled to appoint one or more proxies to attend and vote instead of him and such proxy need not be a member of the Company.** Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Pursuant to section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to offer the facility for e-voting for all the businesses mentioned in the notice. The members can exercise their right to vote through electronic means. The facility of casting the votes by members using an electronic voting system from a place other than venue of the AGM ('remote e-voting') shall be provided by Central Depository Services (India) Limited (CDSL). The instruction for e-voting is annexed to the notice.
3. The Register of members and the Share Transfer Books in respect of the equity shares of the company will remain closed from **21st September 2019** to **27th September 2019** (both days inclusive).
4. Members are requested to notify change in address, if any, immediately to M/s Computech Sharecap Ltd., Registrars and Share Transfer Agents situated at 147, 3rd Floor, M.G.Road, Fort, Mumbai-400 001, quoting folio number/demat particulars.
5. Members holding shares in physical form are requested to dematerialise them pursuant to Gazette notification by SEBI, dated June 8, 2018
6. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 10 a.m. and 1.00 p.m. on all working days up to the day of the Annual General Meeting.
7. Members/Proxies should bring the Annual report. The attendance is provided at the entrance of the hall.
8. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date viz. **21st September 2019**.
9. Any person who acquires the shares and becomes a member of the Company after the despatch of the notice of the AGM and holds shares as on the cut-off date, may obtain the login id and password by sending request to *helpdesk.evoting@cdslindia.com*.
10. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
11. The facility for voting through polling paper shall be made available at the meeting and the members attending the meeting who have not already casted their votes by remote e-voting, shall be able to exercise their right at the meeting.
12. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

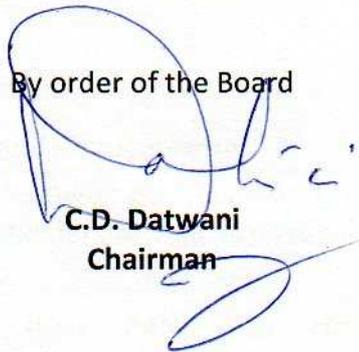
13. The results declared along with the Scrutinizer's Report shall be displayed on the Notice Board of the Company at the registered office and shall also be placed on the Company's website www.venlonenterprises.com and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange.
14. Entire factory operations except Wind Mills is closed from **29th Sept 2018**. All banking limits have been fully satisfied on **13th May 2019**.

Place : Mysuru

Date : 14/08/2019

Registered Office:

Plot No: 26(P)
Belavadi Industrial area,
Hunsur Road,
Mysuru-570018

By order of the Board

C.D. Datwani
Chairman

EXPLANATORY STATEMENT U/S 102(1) OF THE COMPANIES ACT, 2013

Item Nos. 4 to 6:

Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa, who are Independent Directors of the Company, have held the positions as such till the conclusion of this Annual General Meeting. The Act provides for reappointment for further 5 year consecutive period subject to Company passing a special resolution and with suitable disclosure in the Board's Report. The Disclosure is made in the Board's Report.

Mr. K.V.Chitalia, Mr. S.V.Jain and Mr. S.Bhyrappa are not disqualified from being appointed as Independent Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa for the office of Directors of the Company.

The Company has also received disclosures and declarations from Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (LODR) Regulations 2015.

In the opinion of the Board, Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa fulfill the conditions for appointment as Independent Directors as specified in the Act and Sebi (LODR) Regulations 2015.

Brief resume of Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated in SEBI (LODR) Regulations 2015 are provided in the Corporate Governance Report forming part of the Annual Report.

Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa are interested in the resolutions set out respectively at Item Nos. 4 to 6 of the Notice with regard to their respective appointments.

The relatives of Shri. K.V.Chitalia, Shri. S.V.Jain and Shri. S.Bhyrappa may be deemed to be interested in the resolutions set out respectively at Item Nos. 4 to 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

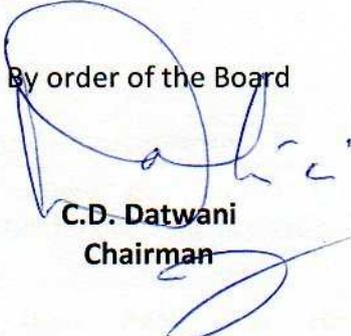
The Board commends the Special Resolutions set out at Item Nos. 4 to 6 of the Notice for approval by the shareholders.

Place : Mysuru

Date : 14/08/2019

Registered Office:

Plot No: 26(P)
Belavadi Industrial area,
Hunsur Road,
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By order of the Board

C.D. Datwani
Chairman

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **24th September 2019** at 10.00 a.m. and ends on **26th September 2019** at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **21st September 2019** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ▪ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ▪ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> ▪ If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

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

Additional Information: The name of the scrutinizer is S.J. Madhwaraj, B.Com., LL.B. as approved at the Board meeting on **14th August 2019**.

BOARD'S REPORT

Dear Members,

Your Directors hereby present the 35th Annual Report on the business and operations of the Company and financial results for the year ended **31st March 2019**. (in Rupees)

FINANCIAL RESULTS	Year ended 31 st March 2019	Year ended 31 st March 2018
1 INCOME		
<u>I. Revenue from Operations</u>		
a. Sale of Products	24,87,56,759	35,34,45,947
b. Other Income	1,29,20,584	33,73,866
Total Income	26,16,77,343	35,68,19,813
<u>2. EXPENSES</u>		
a. Cost of Material Consumed	14,15,49,636	23,43,67,026
b. Purchases of Stock-in-trade	1,00,54,425	70,17,485
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,53,65,546	-71,12,146
d. Excise Duty	-	84,17,961
e. Employee Benefit Expenses	2,91,45,902	4,65,95,713
f. Finance Costs	3,08,12,812	4,38,10,867
g. Depreciation / Amortisation and Depletion Expense	4,89,96,961	4,88,85,767
h. Other Expenses	6,55,67,145	5,19,07,739
Total Expenses	34,14,92,427	43,38,90,412
LOSS BEFORE EXCEPTIONAL ITEM AND TAX	-7,98,15,084	-7,70,70,599
Exceptional Item	-10,60,26,078	-
LOSS BEFORE TAX	-18,58,41,162	
DEFERRED TAX	-4,94,19,793	-
LOSS FOR THE YEAR	-23,52,60,955	-7,70,70,599
LOSS FOR THE YEAR	-23,52,60,955	-7,70,70,599
Loss from Discontinued operations- For Disclosure Purpose	-2,34,63,744	-3,01,86,199
Other Comprehensive Income		
A (i) Items that will not be reclassified to profit or loss net of tax	-69,686.00	1,24,923
B (i) Items that will be reclassified to profit or loss net of tax	-18,65,89,076	-4,10,64,943
Total Comprehensive Income for the Year (C)	-18,66,58,762	-4,09,40,020
<u>Total Comprehensive Income for the period (A+B) [Comprising Loss and Other Comprehensive Income for period]</u>	-42,19,19,717	-11,80,10,619
Earnings Per Equity Share		
Basic and Diluted	-8.08	-2.26

Note: Previous year's figures have been regrouped/ reclassified wherever necessary.

RESERVES AND DIVIDEND:

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

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

PROFITABILITY:

All manufacturing process except wind mills closed from **29th September 2018**. Hence adverse profitability.

BANKING FACILITY:

Working capital limit with Company's Bankers is closed from **13th May 2019**.

INSURANCE:

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

FIXED DEPOSITS:

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

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

The relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in the **Annexure 'A'** forming part of this report as NA since entire factory operations closed from **29th Sept 2018**.

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 till the closure of the factory.

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

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

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

DIRECTORS:

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

During the year Smt. Saroj Datwani retires by rotation and has offered herself for reappointment.

The Independent Directors have given a declaration that they fulfil the criteria of independence as specified u/s 149 (6) of the Companies Act, 2013 and Sebi (LODR) Regulations 2015.

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

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

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

LISTING WITH STOCK EXCHANGES:

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

COMPANY SECRETARY:

Shri G.D. Rama Rao Acs.

SECRETARIAL AUDIT REPORT:

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

AUDITORS AND FRAUD REPORTING BY THEM:

CA. Puneeth B.S. resigned as Statutory auditor of the Company on 30/04/2019. CA K.S. Nagaraju & Associates, Chartered Accounts were appointed on 10/05/2019.

Explanatory Statement: Fee indicated in the Resolution. Peer reviewed auditor.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for the year ended on that date.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

The ISIN number of the scrip is: INE204D01022

EXTRACT OF ANNUAL RETURN:

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

RELATED PARTY TRANSACTIONS:

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

FORMAL ANNUAL EVALUATION OF THE BOARD IN LISTED COMPANY:

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

MANAGEMENT DISCUSSION & ANALYSIS

NA as the factory is closed from 29th September 2018.

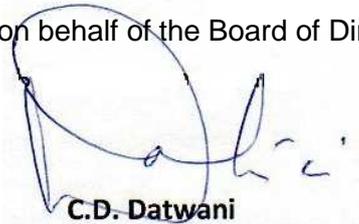
ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation of the facility rendered by the Corporation Bank. Your Directors wish to place on record the valued support and cooperation of Shareholders.

For and on behalf of the Board of Directors

Place : Mysuru

Date : 14/08/2019



C.D. Datwani
Chairman

Annexure 'A' to Directors Report

Disclosure of particulars as per section 134 of the Companies Act read with Rule 8(3) of Companies (Accounts) Rules, 2014

Conservation of Energy:

NA as factory is closed from 29th September 2018.

R&D: Nil

Technology Absorption: Nil

Foreign Exchange earnings and outgo:

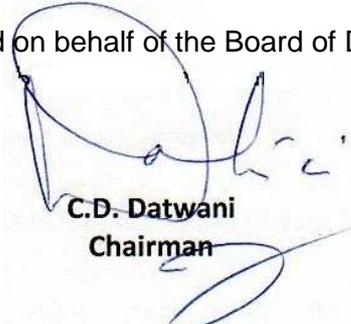
Foreign exchange earnings: **Rs. 137.33 lakhs** (Previous year Rs.86.45 lakhs)

Foreign exchange outgo: Rs. Nil (Previous year **Rs.133.75 lakhs**)

For and on behalf of the Board of Directors

Place : Mysuru

Date : 14/08/2019



C.D. Datwani
Chairman

Annexure 'B' to Directors' Report

Information to be provided under section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The shareholders are requested to kindly go through the following factual preamble from which it can be noticed that whole of the affairs of the company is managed by the Managerial personnel themselves and in compliance related matters through the Company Secretary.

Factual preamble:

The Managing Director Shri.C.D.Datwani and Whole time Director (WTD) & CFO of Smt. Saroj Datwani between themselves, under the control and superintendence of the Board of Directors of the Company manage the whole of the activities of the company. SEBI, Corporate Laws, FEMA 1999, Taxation is handled by the Company Secretary.

(i) the ratio of the remuneration of Whole Time Director, to the median remuneration of the employees of the company for the financial year;	Remuneration is as per section 196 of the Companies Act, 2013 read with Schedule V. Please refer the factual preamble.
(ii) the percentage increase in the median remuneration of employees in the financial year;	As per Standing Orders of the Company, as approved by the Labour Department of Government of Karnataka
(iii) the number of permanent employees on the rolls of company as on 31 st March 2019;	Three
(iv) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Please refer (i) and (ii) above. Managerial Remuneration is as per item (i) above. Please also see factual preamble.
(v) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per Central and State Government policies as adopted in Standing Orders by the Company as agreed to between Management and employees and workers in respect of them.

Further as required under rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: we provide the list of the top ten employees of the Company:

Sl. No.	Name	Remuneration (per month)in Rs.	Designation	Qualification and experience	Date of commencement of employment	Age	Last employment
1	Sri.Chand D Datwani	200000	Chairman & MD	B.Com 31 Yrs	13.11.86	67	NIL
2	Smt.Saroj C Datwani	200000	Director & CFO	M.A 22 Yrs	27.11.95	66	NIL
3	Sri Chaudhari D S	84424	Chief Technical Consultant	D.M.E 45 Yrs	14.10.86	64	12 Yrs
4	Sri Upasani J P	66867	General Manager	D.M.E 38 Yrs	09.10.86	57	5 Yrs
5	Sri Lakshminarayana Rao K	44507	HRD Chief Consultant	LL.B., MBA 39 Yrs	15.04.99	67	19 Yrs
6	Sri Radhakrishna N S	38000	Materials Management Consultant	B E 42 Yrs	10.06.87	64	8 Yrs
7	Sri Vasudev H R	38727	Dy Manager Marketing	B E Mech 34 Yrs	17.08.88	57	3 Yrs
8	Sri George S	33558	Secuirty Transport Consultant	M A 39 Yrs	17.05.95	58	15 Yrs
9	Sri Shaji Thomas	30195	Engineer (E&E)	SSLC 36 Yrs	01.07.87	54	4 Yrs
10	Sri H S Jagadish	25000	Dy Manager Commercial	PUC 38 Yrs	28.01.87	58	6 Yrs

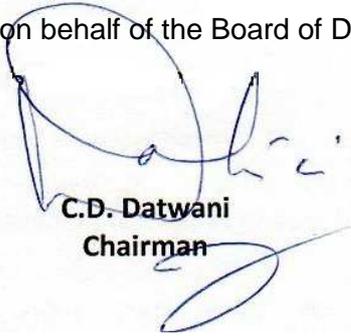
Notes:

1. Sri G.D. Rama Rao, Company Secretary appointed from 01/03/2019 has waived off his remuneration. Only rentals for execution of work from his residential offices at Mysuru / Bengaluru / Rayarahundi Village, T.N.Pura tq, Mysuru district aggregating to Rs.45,000/- pm is claimed. Expenses at actuals.
2. The nature of employment of employees is contractual and indicates last drawn remuneration.
3. Percentage of shares held by C.D.Datwani and Saroj Datwani is 0.42 and 0.69 respectively. Company Secretary: **NIL**.
4. Mr. C.D.Datwani and Ms. Saroj Datwani, are related to each other. None of the other employees are related to any Director or Manager.

For and on behalf of the Board of Directors

Place : Mysuru

Date : 14/08/2019


C.D. Datwani
Chairman

ANNEXURE-C
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on Financial year ended on **31.03.2019**

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Company (Management and Administration) Rules, 2014

I REGISTRATION AND OTHER DETAILS:

CIN	L24231KA1983PLC015089
Registration Date	24-10-1983
Name of the Company	VENLON ENTERPRISES LIMITED
Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
Address of the Registered office and contact details	26-P,Belavadi Indl. Area, Hunsur Road, Mysuru-570018
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Computech Sharecap Limited, 147, 3rd Floor, M.G. Road, Fort, Mumbai – 400 001

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities closed WEF 29th September 2018.

IV SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	DEMAT	Physical	Total	% of Total shares	DEMAT	Physical	Total	% of Total shares	
A. Promoters									
(1)Indian	11,09,520	-	11,09,520	2.12	11,09,520	-	11,09,520	2.12	-
a)Individual\HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates									
d) Bank/Fl									
e) Any other									
SUBTOTAL(A)(1)	11,09,520	-	11,09,520	2.12	11,09,520	-	11,09,520	2.12	
(2) Foreign									
a)NRI Individuals	3,04,32,390	-	3,04,32,390	58.25	3,04,32,390	-	3,04,32,390	58.25	
b) Other Individuals									
c) Bodies Corp.									
d) Banks/Fl									
e) Any other...									
SUBTOTAL (A)(2)	3,04,32,390	-	3,04,32,390	58.25	3,04,32,390	-	3,04,32,390	58.25	
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	3,15,41,910		3,15,41,910	60.38	3,15,41,910		3,15,41,910	60.38	
B. PUBLIC SHAREHOLDING									
(1)Institutions									
a) Mutual Funds	-	5,000	5,000	0.01	-	5,000	5,000	0.01	-
b)Banks/Fl	5,400	1,440	6,840	0.01	5,400	1,440	6,840	0.01	-
C) Central govt.									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) Fls					-	-	-	-	
h) Foreign Venture Capital Funds									
Others (Specify)									
SUB TOTAL(B)(1):	5,400	6,440	11,840	0.02	5,400	6,440	11,840	0.02	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	DEMAT	Physical	Total	% of Total shares	DEMAT	Physical	Total	% of Total shares	
(2) Non Institutions									
a)Bodies corporate									
i) Indian	37,537	1,70,780	2,08,317	0.40	37,537	1,70,780	2,08,317	0.40	
ii)Overseas	1,53,75,128	-	1,53,75,128	29.43	1,53,75,128	-	1,53,75,128	29.43	
b) Individuals									
i)Individual shareholders holding nominal share capital upto Rs. 1 lakhs	26,94,353	13,21,365	40,15,718	7.69	26,94,353	13,21,365	40,15,718	7.69	
ii)Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	10,89,581	-	10,89,581	2.09	10,89,581	-	10,89,581	2.09	
c) Others (specify)									
SUB TOTAL(B)(2):	19,196,599	14,92,145	2,06,88,744	39.60	19,196,599	14,92,145	2,06,88,744	39.60	
Total Public Shareholding (B)=(B)(1)+(B)(2)	1,92,01,999	14,98,585	2,07,00,584	39.62	1,92,01,999	14,98,585	2,07,00,584	39.62	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	5,07,43,909	14,98,585	5,22,42,494	100.00	5,07,43,909	14,98,585	5,22,42,494	100.00	

(ii) SHARE HOLDING OF PROMOTERS

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	C.D. Datwani	2,20,575	0.42	-	2,20,575	0.42	Nil	No Change
2	Abha Chandru Datwani	5,29,665	1.01		5,29,665	1.01	Nil	No Change
3	Arun Daulatram Datwani	1,52,16,195	29.13		1,52,16,195	29.13	Nil	No Change
4	Dasu Daulatram Datwani	1,52,16,195	29.13		1,52,16,195	29.13	Nil	No Change
5	Saroj Chandru Datwani	3,59,280	0.69		3,59,280	0.69	Nil	No Change

(iii) CHANGE IN PROMOTERS SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):

No Change

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs):

1	KRISHNA ENTERPRISES LIMITED		
	At the beginning of the Year 31.03.2018	15375128	29.43%
	At the end of the year 31.03.2019	15375128	29.43%
2	KIRTI PARASHAR		
	At the beginning of the Year 31.03.2018	180000	0.34%
	At the end of the year 31.03.2019	180000	0.34%
3	PAN ELECTRONICS (I) LTD		
	At the beginning of the Year 31.03.2018	123120	0.24%
	At the end of the year 31.03.2019	123120	0.24%
4	VEENA JAIN		
	At the beginning of the Year 31.03.2018	108000	0.21%
	At the end of the year 31.03.2019	108000	0.21%
5	MOHINI MOTIRAM KIRPALANI		
	At the beginning of the Year 31.03.2018	86480	0.17%
	At the end of the year 31.03.2019	86480	0.17%
6	IMTIAZ AHMED SAIT		
	At the beginning of the Year 31.03.2018	77100	0.15%
	At the end of the year 31.03.2019	77100	0.15%
7	AMARCHAND J MEHTA		
	At the beginning of the Year 31.03.2018	55816	0.11%
	Purchase of Shares as per download received from the depositories on 12th Oct 2018	4	0.00%
	Purchase of Shares as per download received from the depositories on 14th Oct 2018	20	0.00%
	Purchase of Shares as per download received from the depositories on 02nd Nov 2018	10753	0.02%
	At the end of the year 31.03.2019	66593	0.13%
8	JINESH CHAND JAIN		
	At the beginning of the Year 31.03.2018	63712	0.12%
	At the end of the year 31.03.2019	63712	0.12%
9	RAMESH VISHINDAS MATHRANI		
	At the beginning of the Year 31.03.2018	54811	0.10%
	At the end of the year 31.03.2019	54811	0.10%
10	ADARSHVEER P JAIN		
	At the beginning of the Year 31.03.2018	54000	0.10%
	At the end of the year 31.03.2019	54000	0.10%

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	C.D. Datwani	2,20,575	0.42	2,20,575	0.42
2	Saroj Datwani	3,59,280	0.69	3,59,280	0.69
3	S.V. Jain	22,320	0.04	22,320	0.04
4	K.V. Chitalia	12,908	0.02	12,908	0.02
5	S. Bhyrappa	Nil	Nil	Nil	Nil
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year (or on the date of separation, if separated during the year)				
6	C.D. Datwani	2,20,575	0.42	2,20,575	0.42
7	Saroj Datwani	3,59,280	0.69	3,59,280	0.69
8	S.V. Jain	22,320	0.04	22,320	0.04
9	K.V. Chitalia	12,908	0.02	12,908	0.02
10	S. Bhyrappa	Nil	Nil	Nil	Nil

V.INDEBTEDNESS**(Amount in Rupees)**

LONG TERM BORROWINGS	31-Mar-19	31-Mar-18
(ii) Term loans		
(a) Banks	-	31,96,368
(b) Other Parties - Unsecured	84,31,39,497	79,25,29,186
Total Borrowings	84,31,39,497	79,57,25,554

- (a) Loan borrowed from Corporation Bank at 10.40% interest rate to purchase car, which is repayable at monthly EMI of Rs 15,959 for 35 months commencing from 12.09.2015
- (b) The interest free unsecured external commercial borrowing from other parties is repayable in 10 equated annual instalments commencing from 30/04/2020.
- (c) The Company has borrowed Rs.89,00,000 from Corporation Bank at 14.25% interest rate for upgrading diesel generator. The loan has to be repaid in 48 EMIs of Rs 2,48,371/-.
- (d) During the year the Company has borrowed Rs 7,00,000 from Corporation Bank at 9.40% interest rate for purchase of vehicle (Maruthi Suzuki Dezire Car) . The loan has to be repaid in 84 EMIs of Rs.11,405/- commencing from 27/07/2017.

PROVISIONS	31-Mar-19	31-Mar-18
(a) Provisions for employee benefits	-	78,66,636
(b) Others	-	-
Total Provisions	-	78,66,636

BORROWINGS	31-Mar-19	31-Mar-18
(a) From Banks - Cash Credit account	8,00,28,464	10,21,91,091
(b) Loans and advances from related parties	32,71,99,913	32,29,01,429
Total Borrowings	40,72,28,377	42,50,92,520

Notes: Deposits NIL.**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time director and / or Manager**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount (Rupees per annum)
1	Gross Salary	C.D.Datwani	Saroj.C.Datwani	
	a)Salary as per provisions contained in section 17(1) of the Income Tax 1961	24,00,000	24,00,000	48,00,000
	b)Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	As % of profit	-	-	-
	Others (specify)	-	-	-
5	Others, Please specify	-	-	-
	Total (A)	-	-	48,00,000
	Ceiling as per the Act	-	-	1,20,00,000

B. Remuneration to other directors:**(Per annum)**

Sl. No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors	Shri. S. Bhyrappa	
	(a) Fee for attending board committee meetings	Rs.30,000	Rs.30,000
	b) Commission	-	-
	C) Others, please specify	-	-
	Total (1)	Rs.30,000	Rs.30,000
2	Other Non- Executive Directors	-	-
	a) Fee for attending board committee meetings	-	-
	b) Commission	-	-

Note: All the other directors have waived off their fee for attending Board's committee meetings.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD

Sl. No	Particulars of Remuneration	Key Managerial Personnel	Total
1	Gross Salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	Others, specify	-	-
5	Others, please specify	-	-

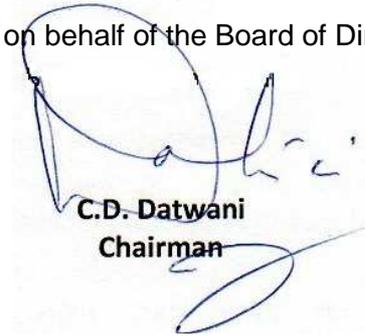
VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (given details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding					
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Place : Mysuru

Date : 14/08/2019


C.D. Datwani
Chairman

Annexure-D to Directors Report

FORM NO. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (accounts) Rules,2014

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act,2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis.

Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts /arrangements/transaction including the value, if any	Justification for entering into such contracts / arrangements /transactions	Date of approval by the board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
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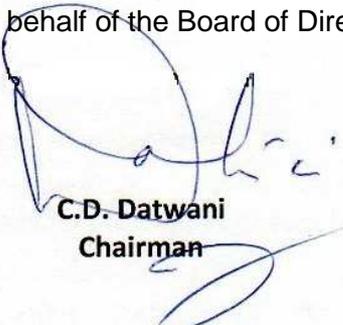
2. Details of contracts or arrangements or transactions at Arm's length basis: **Nil**

Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts/arrangements/transaction including the value , if any	Date of approval by the board	Amount paid as advances, if any
-					

For and on behalf of the Board of Directors

Place : Mysuru

Date : 14/08/2019


C.D. Datwani
Chairman

Annexure-E
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Venlon Enterprises Limited

CIN:L24231KA1983PLC015089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Venlon Enterprises Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Air Pollution Control Act, 1981.


S. VISWANATHAN,
COMPANY SECRETARY
ACS No: 780 C.P. 2029

I/we have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Limited/SEBI Listing Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Note: Please report specific non compliances/observations/audit qualification, reservation or adverse remarks in respect of the above para wise: **NIL**

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: Please report specific observations/qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period: **NIL**

I further report that during the audit period the company has not ventured any specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.



Signature:

S. Viswanathan:

ACS No. 780

C P No.:2021

No.9, SaiBhavan

1st A Main, BTM-MICO Layout

II Stage, NS Pallya

Bengaluru - 560 076

Place: Bengaluru

Date: 14th Aug 2019

S. VISWANATHAN,
COMPANY SECRETARY
ACS No: 780 C. P. 2021

Corporate Governance Report for the year 2018-19

As required under SEBI Listing Obligations & Disclosure Requirements Regulations, 2015

1. Company's philosophy on Corporate Governance:

Does not arise as the factory is closed from **29th September 2018**.

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
		28-09-2018	Attended/ Held	(In public Companies)	
Shri. Chand D Datwani DoB: 17.12.1952 DoA: 13.11.1986	Chairman & Managing Director Non-Independent-Executive	Present	5/5	NIL	One
Smt. Saroj C Datwani DoB: 02.04.1953 DoA: 27.11.1995	Whole Time Director Non-Independent - Executive	Absent	4/5	NIL	One
Shri. K.V.Chitalia* DoB: 12.08.1939 DoA: 30.05.2017	Independent Non-Executive	Absent	5/5	Two	Two
Shri. S.V.Jain DoB: 27.03.1952 DoA: 31.03.2005	Independent Non-Executive	Present	5/5	NIL	Three
Shri.S.Bhyrappa DoB: 27.05.1928 DoA: 29.09.2007	Independent Non-Executive	Absent	5/5	NIL	Two

*Re-appointed on 30.05.2017

DoB: Date of Birth; DoA: Date of Appointment

Shri. Chand D. Datwani and Smt. Saroj C Datwani are related to each other.

3. Audit Committee

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.

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
Shri. S.V.Jain, Chairman	Independent Non-Executive	4	4
Shri. K.V. Chitalia, Member	Independent Non-Executive	4	4
Shri. S. Bhyrappa, Member	Independent Non-Executive	4	4

Four Audit Committee Meetings were held during the year 2018-19. The said meetings were held on the following dates:30/05/2018, 31/07/2018, 31/10/2018 & 31/01/2019.

Compliance Officer attends the meeting.

4. Nomination and Remuneration Committee

The terms of reference to the committee are as per the requirements of section 178 of the Companies Act, 2013 and as specified in Part I of Schedule II of the Regulation

The composition of the revised Remuneration Committee is given below:

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

There was one NRC meeting during the year.

5. Remuneration Policy

The Company has adhered to provisions of Schedule V of the Companies Act, 2013 while fixing the remuneration package to its Managing Director and Executive Director.

Details of remuneration for 2018-19 and Tenure: (per MCA approval) ;

Name Of The Director	Remuneration (PA)	Sitting fee	TENURE
Shri. Chand D Datwani Chairman & Managing Director- Promoter.	Rs.60 lacs	NIL	Revised remuneration approved w.e.f 30.03.2018 for three years
Smt. Saroj C Datwani Promoter- Whole Time Director.	Rs.60 lacs	Nil	Revised remuneration approved w.e.f 30.03.2018 for three years
Shri. S.V. Jain Independent-Non Executive	Nil	Nil	Re-appointment has been done upto 30/9/2019
Shri. K.V. Chitalia Independent-Non Executive	Nil	Nil	Re-appointment has been done upto 30/9/2019
Shri. S.Bhyrappa Independent-Non Executive	Nil	30,000/-	Re-appointment has been done upto 30/9/2019

Shri.K.V.Chitalia and Shri. S.V.Jain have waived off their sitting fees.

Disclosure of shares held by Non –Executive Directors in the Company as on 31/03/2019.

Shri.K.V.Chitalia-12,908 Shares of Rs 5/- each.

Shri.S.V. Jain- 22,320 Shares of Rs 5/-each.

Shri. S. Bhyrappa – Nil.

6.Stake Holder Relationship Committee:

The composition of the Stake Holder Relationship Committee which also approves share transfer in physical form is given below:

NAME OF MEMBERS	CATEGORY
Shri. S.V.Jain, Chairman	Independent Non-Executive
Shri. Chand D Datwani, Member	Promoter- Chairman & Managing Director
Smt. Saroj C Datwani	Promoter-Whole time 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.
- iv) The Committee met 5 times during the year.

7. General Body Meetings**Name & designation of Compliance Officer :**

Rama Rao G.D., FCA, Acs,

Investor Complaints:

No. of complaints received from Shareholders from 1.4.2018 to 31.3.2019	Nil
No. of complaints solved to the satisfaction of the Shareholders	Nil
Pending	Nil

a) Location and time, where last three Annual General Meetings (AGM) were held:

Date of A.G.M.	Type of Meeting	Location and Time
28/09/2016	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
28/09/2017	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
28/09/2018	AGM	Hotel Dasaprakash Paradise, Mysuru, 4-30 pm
30/03/2019	EGM	Registered office of the Company

b) One Special resolution was passed during the previous AGM and three in EGM.

c) No resolutions were passed at the previous AGM through postal ballot

d) At the ensuing AGM, Three special resolutions are being proposed.

8. Means of communication

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

Any website, where displayed – On company website: www.venlonenterprises.com

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

2) Company's Email ID to receive complaints and grievances from investors is gdrvenlon@gmail.com.

9. General Shareholder information

AGM: Date, time and venue: 27th September 2019 at Hotel Dasaprakash Paradise, Yadavagiri, Mysuru – 570 020 at 4.30 p.m. **Landmark:** Behind Mysuru Akashavani.

Financial Calendar:

April to March.

Book Closure: 21/09/2019 to 27/09/2019 (both days inclusive)

Listing on Stock Exchanges:

BSE Limited, Mumbai

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai – 400 001

Stock Code:

Stock Exchange Mumbai: 524038

Market Price Data:

Month	High (Rs.)	Low (Rs.)
Apr – 18	4.7	4.25
May – 18	4.64	4.21
Jun – 18	4.83	4.2
Jul – 18	4.4	3.98
Aug – 18	5.7	3.8
Sep – 18	3.99	2.85
Oct – 18	3.67	2.72
Nov – 18	3.27	2.85
Dec – 18	3.19	2.85
Jan – 19	3.18	2.74
Feb – 19	3.14	2.86
Mar – 19	3.27	2.99

Registrar and Transfer Agents:

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

Share Transfer System:

In dematerialized Form. The company has provided facility with both NSDL and CDSL.

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

DISTRIBUTION SCHEDULE

Number of shares	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
1-50	167	3.65%	2579	0.00%
51 - 100	172	3.76%	15877	0.03%
101 - 200	836	18.29%	154928	0.30%
201 - 300	85	1.86%	23261	0.04%
301 - 400	1946	42.57%	702745	1.35%
401 - 500	167	3.65%	82244	0.16%
501 - 1000	561	12.27%	446302	0.85%
1001 & above	637	13.94%	50814558	97.27%
Total	4571	100.00%	52242494	100.00%

Dematerialization of shares and liquidity:

Shares in physical form can be de-materialized and dealt on NSDL/CDSL.

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, Mysuru – 570 018

Address for correspondence:

Plot No. 26(P), Belavadi Industrial Area, Hunsur Road, Mysuru – 570 018.

Share Holding Pattern as on 31/03/19:

	Category	No. of shares held	Percentage of share holding
A.	PROMOTER'S HOLDING		
1.	Promoters		
	-Indian Promoters	1109520	2.12%
	-Foreign Promoters (OCB)	30432390	58.25%
2.	Persons acting in Concert #	0	0.00%
	Sub-Total	31541910	60.38%
B.	NON-PROMOTER'S HOLDING		
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	0	0.00%
	Sub-Total	11840	0.02%
4.	Others		
a.	Private Corporate Bodies	15585099	29.83%
b.	Indian Public	5039442	9.65%
c.	NRIs/OCBs	64203	0.12%
d.	Any other (please specify)		0.00%
	Sub-Total	20688744	39.60%
	GRAND TOTAL	52242494	100.00%

10. 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.

- Whistle Blower policy.
- Compliance with mandatory requirements have been complied.

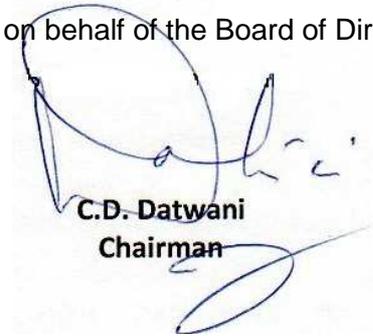
Declaration:

I, C.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 during the year.

For and on behalf of the Board of Directors

Place : Mysuru

Date : 14/08/2019



C.D. Datwani
Chairman



VENLON ENTERPRISES LTD.

Regd. Office & Works : 26 (P) & Plot No. 2, Belavadi Industrial Area, Hunsur Road, Mysore - 570 018. CIN : L24231KA1983PLC015089
Phone : (0821) 2402530-5 Lines, 2402029, Fax : (0821) 2402259, 2402905, e-mail : mail@venlonenterprises.com.

CEO & CFO CERTIFICATE

The Board of Directors

Venlon Enterprises Limited
Mysuru

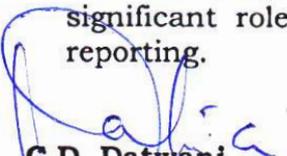
M/s K.S. Nagaraju & Associates

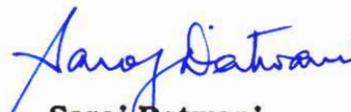
Chartered Accountants, Mysuru
FRN: 014283S

Annual Confirmation pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As required by Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that :

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2019 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with 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 for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that there were no instances of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.


C.D. Datwani
Managing Director


Saroj Datwani
Chief Financial Officer

Date: 30-May-2019

S. Viswanathan
Company Secretary in whole time practice

9, Sai Bhavan, 1st A Main
BTM- Mico Lay Out
II Stage N S Pallya
Bengaluru –560 076

Independent Company Secretary certificate (PCS) on Corporate Governance

To
The Members of,
Venlon Enterprises Limited

I have examined the compliance of conditions of Corporate Governance by **VENLON ENTERPRISES LIMITED** (“the Company”) for the year ended 31st March, 2019, as stipulated in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”).

Management’s Responsibility

The compliance of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to ensure the compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

PCS Responsibility

My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the terms and conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial statements of the Company.

I have examined the books of accounts and other relevant records and Documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Pursuant to the requirements of the Listing Regulations, it is my responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2019.

I have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that i comply with the ethical requirements of the Code of Ethics issued by the ICAI.

I have complied with the relevant applicable requirements of the standard on quality Control (SQC) 1, quality Control for firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related services Engagements.



S. VISWANATHAN,
COMPANY SECRETARY
ACS No: 780 C. P. 2021

Opinion

Based on my examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, i certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C, D and E of schedule V of the Listing Regulations during the year ended 31st March, 2019.

I 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.

Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

Place : Bengaluru

Date : 14/08/2019



S. Viswanathan

Signature:

ACS No.: 780

C.P. No.: 2021

S. VISWANATHAN,
COMPANY SECRETARY
ACS No: 780 C. P. 2021

K.S. NAGARAJU & ASSOCIATES

Chartered Accountants,

Firm Registration No. 014283S

Prop. : **K.S. NAGARAJU**, B.Com., FCA,

M.No. 201060

Email ID : sankruthi@yahoo.co.in



No. 1383/1, 4th Cross,

Krishnamurthypuram,

Mysore - 570 004

☎ : 0821-4194241

☎ (Off) : 9740040591

(Per) : 9448064307

sankruthi76@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Venlon Enterprises Limited

Opinion

We have audited the standalone financial statements of Venlon Enterprises Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of Changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Indian Accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss, and total comprehensive income, changes in equity and its and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

I draw attention to note xxvii, xxviii xxix, xxx, xxxi, xxxii, xxxiii, xxxiv of the financial statements, which deals about going concern and discontinuing operation and reconciliation, exceptional items, stock valuation, assets held for sale and other comprehensive income.

The financial statements indicate that the Company has accumulated losses and its net worth has been fully eroded. The Company has incurred cash loss during the current year and previous year and the Company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements of the company have been prepared on a going concern basis for the reasons stated in Note 27 (XXVII) other additional notes/information to the financial statements. In my opinion Internal Audit reporting system is inadequate and it needs to be strengthened.

Our opinion is not modified in respect of the matter.



Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the Other Information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance and shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

My opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or my knowledge obtained during the course of My audit or otherwise appears to be materially misstated.

If, based on the work we have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, comprehensive income, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind-AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

1. As required by Section 143(3) of the Act, we report that:

(a) We have sought and 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 law have been kept by the Company so far as it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

(f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Date : 30th May 2019
Place : Mysuru

For K.S. Nagaraju & Associates

Chartered Accountants
(FRN No: 014283S)



Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Venlon Enterprises Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Venlon Enterprises Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

According to the information and explanations given to me and based on my audit, the following material weakness have been identified as on 31st March 2019.

- a) Internal Audit reporting system is not adequate and needs to be strengthened.
- b) Cost records and Inventory valuation needs to be strengthened in the accounting software maintained by the Company.



I have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in my audit of the March 2019 standalone financial statements of the Company and these material weakness does not affect my opinion on the standalone financial statements of the Company.

I believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Date: 30th May 2019

Place: Mysore

For K.S.Nagaraju & Associates



**Chartered Accountants
(FRN No: 014283S)**



Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VenlonEntrprises Limited of even date)

- i. In respect of the Company's fixed assets:
 - (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification. However the process of verification has to be strengthened.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds/registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are freehold, are held in the name of the as at the balance sheet date.
 - ii) The management has conducted physical verification of inventory at reasonable intervals during the year and discrepancies were noticed on such physical verification are dealt appropriately in books of accounts.
 - iv) According the information and explanations given to us, the Company has not granted to parties covered in the register maintained under section 189 of the Companies Act, 2013
 - v) In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investment or provided guarantees and security for parties covered with the provisions of Sections 185 and 186 of the Act.
 - vi) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
 - vii) I have broadly reviewed the books of account maintained by the Company in respect of products where, pursuance to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 148(1) of the Act, and the prescribed accounts and records have been made and maintained in respect of the products manufactured by the Company. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

According to the information and explanations given to us, in respect of statutory dues :

- a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.



- b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- vii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- viii. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Date: 30th May 2019

Place: Mysore

For K.S.Nagaraju & Associates



**Chartered Accountants
(FRN No: 014283S)**



VENLON ENTERPRISES LIMITED
CIN:L24231KA1983PLC015089

BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Notes	Amount in Rupees	
		As at March 2019	As at March 2018
I Assets			
<u>I. Non-Current Assets</u>			
a. Property, Plant and Equipment	2	71,96,02,748	1,00,02,77,525
b. Capital Work in Progress	2		
c. Intangible Assets	2	66,038	79,336
d. Foreign currency monetary item translation difference A/c		5,75,31,449	7,21,59,002
e. Financial assets			
i. Investments	3	14,74,410	15,44,096
ii. Loans	4	40,87,408	40,88,408
f. Deferred Tax asset (net)		-	4,94,19,793
Total Non-current assets		78,27,62,053	1,12,75,68,160
<u>II. Current Assets</u>			
a. Inventories	5	8,63,55,290	19,86,30,746
b. Financial Assets			
i. Trade receivables	6	82,58,795	1,17,74,091
ii. Cash and cash equivalents	7	11,83,825	15,98,540
iii. Loans	8	5,73,952	7,85,177
c. Other Current Assets	9	58,54,472	54,43,576
Total Current Assets		10,22,26,333	21,82,32,130
Asset held for sale / disposal	2	3,24,45,859	1,39,75,695
TOTAL ASSETS		91,74,34,245	1,35,97,75,985
2. EQUITY AND LIABILITIES			
<u>EQUITY</u>			
a. Equity Share Capital	10	26,12,12,470	26,12,12,470
b. Other Equity	11	-64,48,52,755	-17,28,56,461
Total Equity		-38,36,40,285	8,83,56,009
<u>LIABILITIES</u>			
<u>I. Non-Current liabilities</u>			
a. Financial Liabilities			
i. Borrowings	12	84,31,39,497	79,57,25,554
b. Provisions	13	-	78,66,636
Total non-current liabilities (I)		84,31,39,497	80,35,92,190
<u>II. Current Liabilities</u>			
a. Financial Liabilities			
i. Borrowings	14	40,72,28,377	42,50,92,520
ii. Trade Payables	15	4,33,32,474	3,27,98,619
b. Other Current liabilities	16	70,39,126	73,58,457
c. Provisions	17	3,35,056	25,78,190
Total Current Liabilities (II)		45,79,35,033	46,78,27,786
Total Liabilities (I + II)		1,30,10,74,530	1,27,14,19,976
TOTAL EQUITY AND LIABILITIES		91,74,34,245	1,35,97,75,985

Significant Accounting Policies

See accompanying Notes to the Financial Statements

As per my report of even date attached

For K.S. NAGARAJU & ASSOCIATES
Chartered Accountants

K.S. Nagaraju

K.S. NAGARAJU
Proprietor Membership No. 201060
Firm Reg No. 014283S



Date: 30th May 2019

Place: Mysuru

C.D. Datwani

C.D.DATWANI
Chairman & Managing Director
DIN: 00355181

Saroj C. Datwani

SAROJ.C.DATWANI
Director/ CFO
DIN: 00355148

G.D. Rama Rao

G.D. Rama Rao
Company Secretary

VENLON ENTERPRISES LIMITED
CIN:L24231KA1983PLC015089

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Notes	Amount in Rupees	
		As at March 2019	As at March 2018
1 INCOME			
<u>I. Revenue from Operations</u>			
a. Sale of Products	18	24,87,56,759	35,34,45,947
b. Other Income	19	1,29,20,584	33,73,866
Total Income		26,16,77,343	35,68,19,813
<u>2. EXPENSES</u>			
a. Cost of Material Consumed	20	14,15,49,636	23,43,67,026
b. Purchases of Stock-in-trade	21	1,00,54,425	70,17,485
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	1,53,65,546	-71,12,146
d. Excise Duty	23	-	84,17,961
e. Employee Benefit Expenses	24	2,91,45,902	4,65,95,713
f. Finance Costs	25	3,08,12,812	4,38,10,867
g. Depreciation / Amortisation and Depletion Expense	2	4,89,96,961	4,88,85,767
h. Other Expenses	26	6,55,67,145	5,19,07,739
Total Expenses		34,14,92,427	43,38,90,412
LOSS BEFORE EXCEPTIONAL ITEM AND TAX		-7,98,15,084	-7,70,70,599
Exceptional Item		-10,60,26,078	-
LOSS BEFORE TAX		-18,58,41,162	-
DEFERRED TAX		-4,94,19,793	-
LOSS FOR THE YEAR		-23,52,60,955	-7,70,70,599
LOSS FOR THE YEAR			-
Loss from Discontinued operations- For Disclosure Purpose		-2,34,63,744	-3,01,86,199
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss net of tax		-69,686.00	1,24,923
B (i) Items that will be reclassified to profit or loss net of tax		-18,65,89,076	-4,10,64,943
Total Comprehensive Income for the Year (C)		-18,66,58,762	-4,09,40,020
Total Comprehensive Income for the period (A+B) [Comprising Loss and Other Comprehensive Income for period]		-42,19,19,717	-11,80,10,619
Earnings Per Equity Share			
Basic and Diluted		-8.08	-2.26

Significant Accounting Policies

See accompanying Notes to the Financial Statements

As per mv report of even date attached

For K.S. NAGARAJU & ASSOCIATES
Chartered Accountants

K.S. NAGARAJU
Proprietor Membership No. 201060
Firm Reg No. 014283S



Date: 30th May 2019

C.D.DATWANI
Chairman & Managing Director
DIN: 00355181

SAROJ.C.DATWANI
Director/ CFO
DIN: 00355148

G.D. Rama Rao

VENLON ENTERPRISES LIMITED

CIN:L24231KA1983PLC015089

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

Amount in Rupees

Particulars	2018-19	2017-18
Cash Flow from Operating Activities		
Net loss as per Statement of Profit and Loss	-23,52,60,954.69	-7,70,70,598
<u>Adjusted for:</u>		
Depreciation / Amortisation and Depletion Expense	4,89,96,960.69	4,88,85,767
Amortization of unrealized foreign exchange loss / (gain) on Long Term Debts	1,46,27,553.00	79,95,993
Bad Debts written off	1,11,80,863.00	-
Interest Income	-3,06,569.13	-49,546
Dividend Income	-9,100.00	-1,800
Finance Costs	1,61,85,258.87	3,58,14,874
(Profit) / Loss on Sale / Discard of Assets (Net)	1,59,87,457.00	-6,75,593
Short term provisions	-22,43,134.00	-79,652
Long term provisions	-78,66,636.00	5,88,749
Operating Profit / (Loss) Before Working Capital Changes	-13,87,08,301	1,54,08,194
<u>Adjusted for:</u>		
(Increase) / Decrease in Trade Receivables	53,65,146.87	44,74,322
(Increase) / Decrease in Inventories	11,22,75,456.00	3,30,332
(Increase) / Decrease in Other Current Assets	-4,10,895.50	4,38,567
Increase / (Decrease) in Trade Payables	1,05,33,854.84	-2,41,71,263
Increase / (Decrease) in Other Current Liabilities	-3,19,330.83	-61,58,977
(Increase) / Decrease in short term loans and advances	999.90	75,92,782
Cash Generated from Operations	-1,12,63,070	-20,86,043
Tax Paid (Net)		-
Net Cash Flow from / (Used in) Operating Activities (i)	-1,12,63,070	-20,86,043
Cash Flow From Investing Activities		
Purchase of tangible and Intangible assets	-38,48,802.00	-37,11,958
Proceeds from Long term Loans and Advances		
Proceeds from disposal of tangible and intangible assets	10,16,949.00	6,75,593
Redemption / maturity of bank deposits	-41041.28	9,856
Interest Income	3,06,569.13	-4,419
Dividend Income	9,100.00	1,800
Net Cash Flow from / (Used in) Investing Activities (ii)	-25,57,225	-30,29,128
Cash Flow From Financing Activities		
Proceeds from long term borrowings	4,74,13,943.00	-15,74,817
Interest Paid	-1,61,85,258.87	-3,58,14,874
Short term borrowings (net)	-1,78,64,143.38	4,23,17,117
Net Cash flow from / (Used in) Financing Activities (iii)	1,33,64,541	49,27,426
Net Increase / (Decrease) in Cash and Cash Equivalents (i + ii + iii)	-4,55,754	-1,87,745
Opening Balance of Cash and Cash Equivalents	8,20,888	10,08,633
Closing Balance of Cash and Cash Equivalents	3,65,134	8,20,888
Components of Cash and Cash Equivalents as per Ind As 7		
Cash on Hand	114785.83	33,260
With Banks-Current Accounts	250347.67	7,87,630
Total cash and cash equivalents	3,65,134	8,20,890

Significant Accounting Policies

See accompanying Notes to the Financial Statements

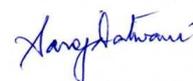
As per my report of even date attached

For K.S. NAGARAJU & ASSOCIATES
Chartered Accountants

K.S. NAGARAJU
Proprietor Membership No. 201060
Firm Reg No. 014283S



C.D.DATWANI
Chairman & Managing Director
DIN: 00355181



SAROJ.C.DATWANI
Director/ CFO
DIN: 00355148




G.D. RAMA RAO
Company Secretary

Date: 30th May 2019

Place: Mysuru

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

1 CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

A CORPORATE INFORMATION

Venlon Enterprises Limited ('The Company') is a public limited company domiciled and incorporated in India having its registered office at 26-P, Belavadi Industrial Area, Hunsur Road Mysuru - 570018. The Company's shares are listed and traded on Stock Exchanges in India. The Company is engaged in the business of Polyester film, formaldehyde and paraformaldehyde manufacturing industry.

B SIGNIFICANT ACCOUNTING POLICIES

I Basis of Preparation

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Certain financial assets and liabilities

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

II Statement of Compliance with Ind AS

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow together with notes for the year ended March 31, 2019 have been prepared in accordance with Ind AS duly approved by the Board of Directors at its meeting held on 30.05.2019.

III Property, Plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, accumulated impairment losses. Cost includes expenditure that is directly attributable to acquisition of the asset. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of Property, Plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and equipment and are recognised net within "other income/other expenses" in the Statement of Profit and Loss.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The cost of day to day servicing of property, plant and equipment are recognised in Statement of Profit or Loss.

Depreciation

Depreciation is recognized in the Statement of Profit and Loss under Straight Line basis over the estimated useful lives of each part of an item of property, plant and equipment as provided in Schedule II to the Companies Act, 2013.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

IV Intangible Assets

Intangible assets that are acquired by the Company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in the Statement of Profit and Loss.

Amortisation of intangible asset with useful life

Amortisation is recognised in the Statement of Profit and Loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available to use based on the estimates made by the management w.r.t the useful life and residual value.

V Inventories

Inventories are measured at the lower of cost (determined using Weighted average method for Raw materials, Stores, Spares and Packing Materials and for finished goods and Stock in Process by considering materials, labour and other related direct expenses.) and net realizable value. Cost comprises the fair value of consideration for the purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

VI Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

a) Depreciation / amortisation and useful lives of property, plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

b) Recoverability of trade receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

c) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

VII Financial Instruments

Financial assets comprises of investments In equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognised immediately in Statement of Profit and Loss). Purchase or sale of financial asset within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement:

Financial asset at FVTOCI(Fair value through other comprehensive income):

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial asset and the contractual terms of financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

De-recognition of financial asset:

Financial assets are derecognised when the contractual right to cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of Derecognition) and the consideration received (including any new asset obtained less any new liability Assumed) shall be recognised in the Statement of Profit and Loss (except for equity instruments designated as FVTOCI).

VIII Financial liabilities

Initial recognition and measurement:

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement:

Financial liabilities are carried at amortized cost. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

De-recognition of financial liability:

A financial liability is de-recognised when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in Balance sheet, when, and only when, the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

IX Share Capital

Equity Shares are classified as equity. Where any shares are issued, incremental costs directly attributable to the issue of new equity shares or share options will be recognised as deduction from equity, net of any tax effects.

X Revenue Recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. Transfer of risk and reward vary depending on the individual terms of the contract of sale.

Consequent to the introduction of GST w.e.f. 1st July, 2017 revenue are required to be shown net of GST. Revenue of earlier period are shown inclusive of excise duty, corresponding excise duty included in revenue are shown as separate line item in the statement of profit & loss as expenses to reflect the net effect.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

XI Employee Benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

a) Defined contribution plan (Provident fund)

In accordance with Indian law, eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee service in the current and prior periods. Obligation for contributions to the plan is recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

b) Defined benefit plan (Gratuity)

In accordance with applicable Indian laws, the Company provides for gratuity, which is a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service cost and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefit available in the form of any future refunds from the plan or reductions in the future contributions to the plan.

The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India.

c) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

XII Finance income and expense

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised using effective interest method. Dividend income is recognised in Statement of Profit and Loss on date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognised in the Statement of Profit and Loss.

XIII Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

XIV Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

XV Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recognised in the financial statements using exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognised in Statement of Profit and Loss under the head 'Other Comprehensive Income' for determination of net profit or loss during the period.

XVI Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. They are treated as equivalent of warrants or options in the calculation of diluted earnings per share.

XVII Statement of Cash Flow

Cash flows are reported using the indirect method, whereby, loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

XVIII Segment Reporting

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems. The Company operates through various segments namely manufacture of formaldehyde, paraformaldehyde, polyester film and generation of windmill energy.

XIX Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specified to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Exemptions from retrospective application of IND-AS

(i) Fair value as deemed cost

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date.

(ii) Cumulative translation difference

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(iii) Long Term Foreign Currency Monetary Items

The Company continues the policy of amortizing capitalised exchange differences arising on translation of long term foreign currency monetary items upto the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. 31st March 2017 as per the previous GAAP.

NOTE -2

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2018	Additions/Adjustments	Disposal/ Capitalized/Transferred	As at 31.03.2019	Up to 01.04.2018	For the Year	Withdrawn	Upto 31.03.2018	As at 31.03.2019	As at 31.03.2018
PROPERTY PLANT & EQUIPMENT										
Land-Freehold	26,83,51,457	-	-	26,83,51,457	-	-	-	-	26,83,51,457	26,83,51,457
Buildings	20,55,50,363			20,55,50,363	11,02,99,327	68,18,394	-	11,71,17,721	8,84,32,642	9,52,51,036
Plant and Machinery	1,23,82,14,339	38,48,802	66,65,14,995	57,55,48,146	63,16,58,550	5,18,44,981	44,12,71,659	24,22,31,872	33,33,16,274	60,65,55,789
Electrical Installation	4,50,98,116			4,50,98,116	1,63,26,016	4,27,185	-	1,67,53,201	2,83,44,915	2,87,72,100
Furniture & Fixtures	45,09,959			45,09,959	43,68,702	8,060	-	43,76,762	1,33,197	1,41,257
Vehicles	56,15,856			56,15,856	44,13,807	1,78,509	-	45,92,316	10,23,540	12,02,049
Computers & Data Processing units	6,953			6,953	3,115	3,115	-	6,230	723	3,838
TOTAL	1,76,73,47,043	38,48,802	66,65,14,995	1,10,46,80,850	76,70,69,517	5,92,80,244	44,12,71,659	38,50,78,102	71,96,02,748	1,00,02,77,526
CAPITAL WORK IN PROGRESS	-									-
TOTAL	-	-	-	-	-	-	-	-	-	-
INTANGIBLE ASSETS										
Computer Software	1,36,333	-	-	1,36,333	56,997	13,298	-	70,295	66,038	79,336
TOTAL	1,36,333	-	-	1,36,333	56,997	13,298	-	70,295	66,038	79,336
ASSET HELD FOR SALE / DISPOSAL										
Plant and Machinery	14,19,94,019.00	64,89,17,115	-	79,09,11,134	12,80,18,324	63,04,46,951	-	75,84,65,275	3,24,45,859	1,39,75,695
GRAND TOTAL	1,76,74,83,376	65,27,65,917	66,65,14,995	1,10,48,17,183	89,51,44,838	5,92,93,542	44,12,71,659	38,51,48,397	71,96,68,786	1,01,43,32,557

* The technology adopted by the company in the manufacturing process of the chips and film has become obsolete. After a careful consideration of the factors, including the cost of manufacturing of the chips, and film the management has taken a decision to dispose off the chips plant, Film plant and its accessories

1) Gross block includes Rs.28,10,42,019/- which represents additions due to revaluation.

Year of Revaluation	Additions on Revaluation (Rs.)
1992-93	1,82,97,897 (a)
1997-98	- (b)
2001-02	- (c)
2014-15	26,27,44,122
	<u>28,10,42,019</u>

Revaluation of Factory building and Plant and machinery at Mysore
Revaluation of Imported Plant and Machinery of Polyester Film Plant at Mysore.
Revaluation BOPP plant of Polyester Film Plant at Mysore.
Revaluation of free hold land at Mysore.

During the year 2018-19 Rs 25,52,72,877 relating to Film Plant was reversed on the asset being classified as asset held for sale

2) Depreciation on original cost (including additions) is Rs. **4,89,96,960.69**
Depreciation on revalued portion- Rs. 1,02,96,581

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NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

	Amount in Rs ₹	
3. INVESTMENTS	31-Mar-19	31-Mar-18
(a) Equity instruments	14,74,410	15,44,096
a. Sale of Products	14,74,410	15,44,096

b. Other Income	Number of Equity Shares Fully Paid up	
Name of the Company		
Quoted		
Garware Polyester Limited	50	
Rollatainers Limited	55	
Tamilnadu Telecommunication Limited	100	
ITC Limited	3100	
Annapurna Foils Limited	100	
Finolex Cables Limited	600	
Essel Propack Limited	80	
Gujarat Telephone Cables Limited	85	
RPG Cables Limited	50	
EID Parry (I) Limited	750	
MM Rubber Company	50	
Elpro Packaging Limited	100	
Cormandal International Limited	176	
	5296	
Unquoted		
Canbay Polyfilms Limited	100	
Leela Packaging Limited	100	
Sakamichi Tapes Limited	800	
	1000	
Total	6296	

(a) Book value (cost) of investment in equity shares is Rs. 2,27,968/- (PY Rs.2,27,968/-)

(b) 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

(c) In compliance with Ind AS-109 'Financial Instruments' the aforesaid investments are recognised at fair market value & net effect of the same is reflected under 'Other Comprehensive Income'.

	Amount in Rs ₹	
4. LOANS	31-Mar-19	31-Mar-18
(a) Security Deposits		
Secured, considered good	40,87,408	40,88,408
Total Loans	40,87,408	40,88,408

5. INVENTORIES (Valued at lower of cost and net realizable value)	31-Mar-19	31-Mar-18
(a) Raw materials	-	2,07,32,237
(b) Work in progress	2,53,02,524	9,04,52,670
(c) Finished goods	35,92,168	3,02,58,675
(d) Stores & spares	5,71,85,473	5,69,10,275
(e) Loose tools	2,75,125	2,76,889
Total Inventories	8,63,55,290	19,86,30,746

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NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Amount in ₹

6. TRADE RECEIVABLES	31-Mar-19	31-Mar-18
(i) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good		
Unsecured, Considered Good	1,78,57,220	1,38,16,539
Non operative & considered good	24,66,964	24,66,964
Sub Total	2,03,24,184	1,62,83,503
Less : Provision for bad and doubtful debts	1,20,65,389	45,09,412
Total trade receivables	82,58,795	1,17,74,091
7. CASH AND CASH EQUIVALENTS	31-Mar-19	31 March, 2018
(i) Cash and cash equivalents		
a) Balances with banks - In Current accounts	2,50,348	7,87,630
b) Cash on hand	1,14,786	33,260
(ii) Other bank balances		
(a) In deposit account with original maturity of more than 3 months but less than 12 months	15,000	15,000
(b) Balances with banks - held as margin money or security deposit against borrowings, guarantee / other commitments	8,03,691	7,62,650
Total Cash and Cash Equivalents	11,83,825	15,98,540
(i) The balance in operative bank accounts have been reconciled, while the balance in non-operative bank accounts are subject to reconciliation.		
8. LOANS	31-Mar-19	31-Mar-18
(a) Loans and advances to related parties	-	-
(b) Others		
Secured, considered good	-	-
Unsecured, considered good	5,73,952	7,85,177
Doubtful		-
Total loans	5,73,952	7,85,177
9. OTHER CURRENT ASSETS	31-Mar-19	31-Mar-18
Other Current Assets	58,54,472	54,43,576
Total Other current assets	58,54,472	54,43,576

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NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Amount in ₹

PARTICULARS	Amount in ₹	
	As At 31 March, 2019 Rupees	As At 31 March 2018 Rupees
10. EQUITY SHARE CAPITAL		
a. Sale of Products		
5,30,00,000 Equity Shares of Rs.5 each (Previous Year 5,30,00,000 Equity Shares of Rs.5 each)	-	-
b. Other Income		
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)	26,12,12,470	26,12,12,470
Total Issued, Subscribed and Paid up capital	26,12,12,470	26,12,12,470

	31-Mar-19		31-Mar-18	
	Nos.	Amount	Nos.	Amount
Equity shares				
At the beginning of the period	5,22,42,494	26,12,12,470	5,22,42,494	26,12,12,470
Outstanding at the end of the period	5,22,42,494	26,12,12,470	5,22,42,494	26,12,12,470

(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

B (i) Items that will be reclassified to profit or loss net of tax

Particulars	31-Mar-19		31-Mar-18	
	Nos.	% Holding	Nos.	% Holding
Equity shares of Rs.5/- each fully paid				
Arun Daulatram Datwani (Non-resident Indian)	1,52,16,195	29.13%	1,52,16,195	29.13%
Dasu Daulatram Datwani (Non-resident Indian)	1,52,16,195	29.13%	1,52,16,195	29.13%
Krishna Enterprises Limited	1,53,75,128	29.43%	1,53,75,128	29.43%

11. OTHER EQUITY	31-Mar-19	31-Mar-18
(a) Capital reserve	76,500	76,500
(b) Securities premium	3,25,13,632	3,25,13,632
(c) Revaluation surplus	27,80,19,587	32,80,96,167
(d) Retained Earnings		
As per last year financial statement	(49,37,93,945)	(41,67,23,347)
Add: Surplus / (deficit) for the year	(23,52,60,955)	(7,70,70,598)
	(72,90,54,900)	(49,37,93,945)
(e) Other Comprehensive income		
i) Impairment loss on asset held for sale		
Opening Balance	(3,82,37,007)	-
Add: Other Comprehensive Income	(18,66,58,762)	(3,82,37,007)
Closing Balance (A)	(22,48,95,769)	(3,82,37,007)
ii) Foreign currency monetary translation difference		
Opening Balance	(28,27,936)	-
Add: Other Comprehensive Income	-	(28,27,936)
Closing Balance (B)	(28,27,936)	(28,27,936)
iii) Fair value of investments		
Opening Balance	13,16,131	11,91,208
Add: Other Comprehensive Income	-	1,24,923
Closing Balance (C)	13,16,131	13,16,131
Total of comprehensive income (A+B+C)	(22,64,07,574)	(3,97,48,812)
Total Other Equity	(64,48,52,755)	(17,28,56,458)

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NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

12. BORROWINGS	Amount in ₹	
	31-Mar-19	31-Mar-18
(ii) Term loans		
(a) Banks	-	31,96,368
(b) Other Parties - Unsecured	84,31,39,497	79,25,29,186
Total Borrowings	84,31,39,497	79,57,25,554

(a) Loan borrowed from Corporation Bank at 10.40% interest rate to purchase car, which is repayable at monthly EMI of Rs 15,959 for 35 months commencing from 12.09.2015

(b) The interest free unsecured external commercial borrowing from other parties is repayable in 10 equated annual instalments commencing from 30/04/2021

(c) The Company has borrowed Rs 89,00,000 from Corporation Bank at 14.25% interest rate for upgrading diesel generator. The loan has to be repaid in 48 EMIs of Rs 2,48,371/-.

(d) During the year the Company has borrowed Rs 7,00,000 from Corporation Bank at 9.40% interest rate for purchase of vehicle (Maruthi Suzuki Dezire Car). The loan has to be repaid in 84 EMIs of Rs.11,405/- commencing from 27/07/2017.

13. PROVISIONS	31-Mar-19	31-Mar-18
(a) Provisions for employee benefits	-	78,66,636
(b) Others	-	-
Total Provisions	-	78,66,636

14. BORROWINGS	31-Mar-19	31-Mar-18
(a) From Banks - Cash Credit account	8,00,28,464	10,21,91,091
(b) Loans and advances from related parties	32,71,99,913	32,29,01,429
Total Borrowings	40,72,28,377	42,50,92,520

(i) Cash credit from banks are secured:

(a) by way of first 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 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, Mysuru.

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

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

(e) Cash credit from banks carry interest rate @ 13.85% 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 9% p.a and 9% p.a respectively and is repayable on demand.

(iii) The Company has obtained overdraft facility of Rs 7.89 crores at interest rate of 9.35% from Corporation Bank against fixed deposits of entities in which Chairman and MD, CFO and Executive Director of the Company are interested. The facility has been availed for repayment of external commercial borrowings.

15. TRADE PAYABLES	31-Mar-19	31-Mar-18
Operative		
Goods indigenous	4,30,14,479	2,49,55,624
Services	3,17,995	7,85,619
Non operative - Goods indigenous & Services		70,57,376
Total trade payables	4,33,32,474	3,27,98,619

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 31.03.2018 has not been ascertained, and hence no disclosure has been made.

16. OTHER CURRENT LIABILITIES	31-Mar-19	31-Mar-18
Other current liabilities	70,39,126	73,58,457
Total current liabilities	70,39,126	73,58,457

17. PROVISIONS	31-Mar-19	31-Mar-18
Provisions for employee benefits	3,35,056	25,78,190
Total Provisions	3,35,056	25,78,190

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NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Amount in ₹

18. SALE OF PRODUCTS	31-Mar-19	31 March, 2018
Other than finance company		
i) Sale of products	24,87,56,759	35,34,45,947
a. Sale of Products	-	-
iii) Other operating revenues	-	-
Total	24,87,56,759	35,34,45,947

19. OTHER INCOME	31-Mar-19	31-Mar-18
(i) Interest income	3,06,569	3,46,130
(ii) Dividend income	9,100	1,800
(iii) Net gain or loss on sale of investments\fixed assets	-	6,75,593
(iv) Other non operating income	1,26,04,915	23,50,344
Total other income	1,29,20,584	33,73,866

20. COST OF MATERIALS CONSUMED	31-Mar-19	31-Mar-18
RAW MATERIALS		
Opening stock	1,98,58,678	2,80,82,165
Add: Purchases	12,16,90,958	22,61,43,539
Less: Closing stock	-	1,98,58,678
Total Cost of Materials consumed	14,15,49,636	23,43,67,026

21. PURCHASE OF STOCK IN TRADE	31-Mar-19	31-Mar-18
Cost of traded goods	1,00,54,425	70,17,485
Total Purchase of stock in trade	1,00,54,425	70,17,485

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE	31-Mar-19	31-Mar-18
FINISHED GOODS		
Closing stock	35,92,168	3,02,58,675
Less: Opening stock	3,02,58,675	4,54,52,087
(Decrease) / Increase in finished goods	(2,66,66,507)	(1,51,93,412)
WORK IN PROGRESS		
Closing stock	2,53,02,524	9,04,52,670
Less: Opening stock	9,04,52,670	6,81,47,112
Add: Considered in Exceptional Item (Unusable Inventory Written off)	7,64,51,107	
(Decrease) / Increase in work in progress	1,13,00,961	2,23,05,558
Differential Excise duty on opening and closing stock of finished goods	-	(50,50,233)
Considered in Exceptional Item		-
Finished Goods in Transit	-	-
Closing stock	-	-
Less: Opening Stock	-	-
(Decrease) / Increase in Goods in transit	-	-
Total changes in inventories of finished goods, work in progress & stock in trade	(1,53,65,546)	71,12,146

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NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Amount in ₹

23. EXCISE DUTY	31-Mar-19	31-Mar-18
(i) Excise Duty	-	84,17,961
Total Excise Duty	-	84,17,961

24. EMPLOYEE BENEFITS EXPENSES	31-Mar-19	31-Mar-18
(i) Salaries & wages	5,61,01,645	4,20,21,151
(ii) Contribution to provident & other funds	16,27,706	26,39,829
(iii) Staff welfare expenses	9,91,523	19,34,733
Less: Termination Benefits paid to employees Considered in exceptional Items	2,95,74,971	
Total employee benefit expenses	2,91,45,902	4,65,95,713

25. FINANCE COSTS	31-Mar-19	31-Mar-18
(i) Interest expenses	1,61,85,259	3,58,14,874
(ii) Amortization of net (gain) or loss on foreign currency translations	1,46,27,553	79,95,993
Total finance cost	3,08,12,812	4,38,10,867

26. OTHER EXPENSES	31-Mar-19	31-Mar-18
(i) Consumption of stores and spares parts	77,75,877	50,02,558
(ii) Power and fuel	88,19,747	1,95,67,882
(iii) Packing material consumed	6,92,353	17,35,231
(iv) Freight Charges	95,37,799	1,55,10,213
(v) Rent	5,70,000	5,65,000
(vi) Repairs to buildings	10,444	42,416
(vii) Repairs to machinery	14,09,337	19,35,331
(viii) Insurance	7,56,966	13,90,619
(ix) Rates and taxes excluding taxes on income	7,08,572	12,32,034
(x) Administration and selling expenses	75,92,897	43,35,794
(xi) Miscellaneous expenses	1,63,82,290	4,60,662
(xii) Remuneration to statutory auditors - for audit	1,30,000	1,30,000
(xii) Bad Debts written off	1,11,80,863	-
Total other expenses	6,55,67,145	5,19,07,739

27. EARNINGS PER SHARE	31-Mar-19	31-Mar-18
Total Comprehensive Income for the period [Comprising Loss and Other Comprehensive Income for period]	(42,19,19,717)	(11,80,10,618)
Number of equity shares (Face Value Rs.5/-)	5,22,42,494	5,22,42,494
Earnings per share in Rupees	(8.08)	(2.26)

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NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

- i) Contingent Liability & Commitments not provided for:
a. Bank Guarantee furnished to court in respect of pending legal matter Rs.28 lakhs.
- ii) Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for is Nil.
- iii) Proposed Dividends;
The amount of dividends proposed to be distributed to;
Equity Shareholders
- | | 31 March, 2019 | Figures in Rs
31 March, 2018 |
|--|----------------|---------------------------------|
| | Nil | Nil |
- iv) There is no amount due and outstanding to be credited to Investor Education and Protection Fund.
- v)
- (i) 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.
- (ii) The Company has elected to apply Ind AS 21 - The Effects of changes in Foreign Exchange Rate prospectively. Accordingly, all cumulative gains and losses continue to be recognised as per previous GAAP which was accounted under "Foreign Currency Monetary Item Translation Difference Account" will be amortized to the extent of Rs.1,46,27,553/- for the current year and the balance over the tenor of loan (up to 31st March 2029). Further for the current year in accordance with Ind AS 21 the Foreign Exchange Translation loss of Rs.5,06,10,311/- is recognised as under "Other Comprehensive Income" in the statement of profit & loss account.
- vi) The Company has adopted the fair value of financial instruments in accordance with the provisions of Ind AS 109 - "Financial Instruments" and classified the same as Fair Value Through Other Comprehensive Income (FVTOCI) as against the cost of acquisition as was the case under the previous GAAP. Accordingly, the difference between the fair value and cost has been accounted through Other Comprehensive Income and consequently impacting Other Equity.
- vii) The breakup of Deferred Tax Asset / (Liability) as on 31 March, 2019 is as given below:
- | | 31 March, 2018 | Figures in Rs
31 March, 2017 |
|---|---------------------|---------------------------------|
| Arising on account of timing difference in: | | |
| - Depreciation | (15,94,80,894) | (13,28,80,173) |
| - Accrued Expenses allowable on Actual Payments | 3,09,000 | 3,09,000 |
| - Unabsorbed Business Loss | <u>35,67,26,141</u> | <u>27,37,57,532</u> |
| Deferred Tax Asset/(liability) (Net) | <u>19,75,54,247</u> | <u>14,11,86,359</u> |
- Deferred Tax Asset (net) on account of the timing differences, (depreciation and other components) has been computed at Rs.1975.54. Lacs (P.Y. Rs.1,411.86 Lacs). However, the same is not recognized in the current year as a matter of prudence. This is in accordance with the Indian Accounting Standard Ind AS-12 issued by the Institute of Chartered Accountants of India and as prescribed by the Companies (Indian Accounting Standards) Rules,2015. The Company has also derecognised the deferred tax asset of Rs 494.19 Lacs
- viii) Borrowing costs capitalized during the year is Rs.NIL (PY Rs.NIL)
- ix) Foreign currency translation difference capitalized during the year is Rs.NIL (PY Rs. NIL). In the current year in accordance with the Indian Accounting Standard 21 "The Effects of Changes in Foreign Exchange rates" difference arising has not been either capitalized or deducted from the balance appearing in books. Accordingly, the loss has been recognised as 'Other comprehensive loss'.
- Inter-segment transfers of goods aggregating to a value of Rs 4,86,13,000/- for internal use as captive consumption are disclosed as contra-items in Statement of Profit and Loss to reflect the true economic value of Production inter-se the segments. Accordingly, the sales and raw material consumption figures are higher by Rs 4,86,13,000/- accounting treatment has no impact on the results of the company.

- x) The Company is mainly engaged in the following segments:

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

Segment Revenue	Rs.in Lakhs				
	Film	Formaldehyde, Paraformaldehyde & MF Solution	Windmill	Others	Total
Sales	93.26	1,605.08	126.27	306.01	2,130.62
Inter-segment Transfer	-	486.13	-	-	486.13
Total	93.26	2,091.21	126.27	306.01	2,616.75
Segment Results	(234.63)	(1,850.11)	(84.92)	(32.98)	(2,202.64)
Less: Interest					(161.85)
Less: Other Unallocable expenditure/income					(1,854.67)
Profit / (Loss) before tax					(4,219.16)
Net assets	(5,303.36)	(372.72)	(1,093.85)	2,933.55	(3,836.38)

VENLON ENTERPRISES LIMITED

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NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

xi) Statutory Auditors' Remuneration

Particulars	2018-19	2017-18
a. Audit fees	1,30,000	1,30,000
b. Other Services	-	-
c. Out of Expenses	-	-
Sub-total	1,30,000	1,30,000
e. Goods & Service tax	-	19,500
TOTAL	1,30,000	1,49,500

xii) 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.

xiii) The Income tax assessments of the company have been completed up to the Assessment year 2015-16. There are no demands outstanding. In view of loss for assessment year 2018-19, the company has been advised that there is no liability to income tax and accordingly no provision has been made.

xiv) a) Sales Turnover

	2018-19		2017-18	
	Quantity (in Tonnes)	Value (Rs in lakhs)	Quantity (in Tonnes)	Value (Rs in lakhs)
Polyester Film* \$	84.82	10.33	192	198
Metalized Film**	60.66	82.93	59	71
Formaldehyde \$\$	3,464.46	625.07	11,910	1,741
Paraformaldehyde \$\$	1,682	980.01	2,132	1,133
Windmill		126.27	-	78
Others***		177.90	339	229

* Includes scrap sales amounting to Rs.NIL. (P.Y. Rs. NIL)

** Includes scrap sales amounting to Rs.NIL (P.Y. Rs.NIL)

*** Includes scrap sales amounting to Rs.2.15 Lacs (P.Y. Rs. 2.04 Lacs)

\$\$ Formaldehyde and Paraformaldehyde includes 1567.90 Tonnes (P.Y.5416.38 Tonnes) of Formaldehyde and Paraformaldehyde valued Rs.486.13 Lacs (P.Y. Rs. 858.68 Lacs) which are captively consumed.

xv) Closing Stock of Finished Goods

	2018-19		2017-18	
	Quantity (in Tonnes)	Value (Rs in lacs)	Quantity (in Tonnes)	Value (Rs in lacs)
Polyester Film	8.66	10.81	14.84	16.80
Metalized Film	17.47	22.42	15.36	20.33
Paraformaldehyde	4.32	2.67	468.69	256.51
MF Solution			16.91	8.95

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

	2018-19		2017-18	
	Quantity (in Tonnes)	Value (Rs in lacs)	Quantity (in Tonnes)	Value (Rs in lacs)
PET Chips			-	-
Methanol	2,840	902	5,524	1,467

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NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

xvii) **Related Party Disclosure:**

A. Relationships:

1. Subsidiaries Nil

2. Key Management Personnel (KMP) and their Relatives

Directors :

Mr. C. D Datwani

Mrs. Saroj C Datwani

Relatives of Directors :

NIL

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

Abha Finance 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.

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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
1 Interest Paid	-	-	-	-	-	-
a. Mr. C D Datwani	-	-	40.00	213.01	-	-
b. Mrs. Saroj C Datwani	-	-	2.05	2.73	-	-
c. Ms. Abha Datwani	-	-	-	-	-	-
d. Companies in which directors are interested	-	-	-	-	50.24	47.33
	-	-	42.05	215.73	50.24	47.33
2 Remuneration to Directors & their Relatives						-
a. Director's salary						
Mr. C D Datwani	-	-	24.00	24.00	-	-
Mrs. Saroj C Datwani	-	-	24.00	24.00	-	-
	-	-	48.00	48.00	-	-
b. Provident Fund (12% of salary)						
Mr. C D Datwani	-	-	2.88	2.88	-	-
Mrs. Saroj C Datwani	-	-	2.88	2.88	-	-
	-	-	5.76	5.76	-	-
	-	-	53.76	53.76	-	-
3 Outstanding Balances						
a. Loans Payable						
a. Mr. C D Datwani	-	-	2,507.27	2,511.18	-	-
b. Mrs. Saroj C Datwani	-	-	29.93	30.05	-	-
c. Companies in which directors are interested	-	-	-	-	734.80	687.78
d. Krishna Enterprises Ltd.	-	-	8,431.40	7,925.29	-	-
	-	-	10,968.60	10,466.52	734.80	687.78

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.

VENLON ENTERPRISES LIMITED**CIN: L24231KA1983PLC015089****NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..****31 March, 2019****31 March, 2018****xviii)** 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	1,415.50	100.00	1,466.53	100.00
Imported	-	-	-	-
	1,415.50	100.00	1,466.53	100.00

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

Stores & Spare Parts

Indigenous	77.76	100.00	50.05	99.91
Imported	-	-	0.05	0.09
	77.76	100.00	50.10	100.00

VENLON ENTERPRISES LIMITED
CIN: L24231KA1983PLC015089

NOTE 28: OTHER ADDITIONAL NOTES / INFORMATION Contd..

	31 March, 2019	Rupees in lakhs 31 March, 2018
xx <u>Value of Imports on CIF Basis:</u>		
1. Raw Materials	-	-
2. Stores, Spares & Consumables	-	3.77
3. Capital Goods	-	129.98
xxi <u>Earnings in Foreign Currency -</u>		
1. Export of goods on F.O.B. basis	137.33	86.45
xxii The company has accumulated losses mainly on account of depreciation , impairment loss on account of reclassification of asset and foreign exchange fluctuation loss as per Ind AS which are non-cash flow expenditure, and its net worth has been fully eroded. The company has incurred cash loss during the current year and previous year and the company's current liabilities exceeded its current assets as at the balance sheet date. During the year the Company has discontinued operations in its film plant and has given VRS to all the employees. The financial statements of the company have been prepared on a going concern basis during the next one year for the reasons stated below:		
a) The windmill operations of the Company is expected to continue profitably and is expected to meet the operational expenses of the Company		
b) The Company is negotiating with other lenders for restructuring the intercorporate loans and External Commercial Borrowings whose repayment is expected to start from April 2020		
c) Company has repaid its loans to bank in May 2019.		
xxiii <u>Discontinued operations</u>		
<u>a) Description:</u>		
In Septemebr 2018 the Company announced the discontinuation of its operation in Film Segment due to adverse market conditions. The non-current assets of these segments are classified as assets held to sale. Company expects to recover 5% of its original value. All the current assets are expected to realised at the values stated in the Balance sheet.		
<u>b) Financial performance</u>		
Sales from Discountined operation during the year is 93.29 Lakhs (Previous year 283.69 Lakhs), Expenses related to Discountined operations Rs 234.63 Lakhs (Previous year Rs 585.56 lakhs). Theses Sales and expenses are included in the respective heads of account in the Profit and loss statement in the financial statements. Loss from Discountined operations during the year is Rs 234.63 Lakhs (Previous year 301.86 Lakhs) Value of Non-Current assets classified as assets held for sale is Rs 324.45 lakhs. (Previous year Rs 139.75 lakhs)		
c) Company has also stopped the production of its formaldehyde segment from September 2018. However the management is trying to revive the operations in this segment and it is not classified as discountined operations		
xxiv All the current assets and current liabilites are subject to reconcilliations and Confirmations		
xxv During the stock verification and stock valuation process during the year 2018-19, Rs 764.51 lakhs of stock relating to formaldehyde were found to be in excess due to errors in valuation and obsolesce of stock. Hence the same is written off during the year and disclosed as exceptional item. The Company is also in the process of strengthening its internal controls and process in the area of Inventory.		
xxvi Exceptional item includes one time stock write off Rs 764.51 lakhs and VRS compensation of Rs 295.74 lakhs paid to employees on discountining of operations of film plant		
xxvii Consequent to discontinuance of operations of film plant, plant and machinery relating to film is written down to 5% of the original cost, being the scrap value as estimated by the management of the Company. The management based on its judgement expects to sell these assets at this value during 2019-20. Hence they are classified as assets held for sale valued at Rs 324.45 lacs		
xxviii Other Comprehensive income include Rs 506.10 lakhs recognised as per IND AS 21 being the exchange fluctuation loss on loans denominated in foreign currency and Rs 1359.78 lakhs being write down of fixed assets relating to film plant on discountinuance of operations		
xxxix Previous years figures have been regrouped, rearranged, reclassified and restated wherever necessary.		

Signatures to the Notes to the Financial Statements 1 to 28 which form an integral part of the Financial Statements.

As per my report of even date attached

For K.S. NAGARAJU & ASSOCIATES
Chartered Accountants

K.S. NAGARAJU
Proprietor Membership No. 201060
Firm Reg No. 014283S



C. D. DATWANI
Chairman & Managing Director
DIN: 00355181

SAROJ. C. DATWANI
Director/ CFO
DIN: 00355148

G D RAMA RAO
Company Secretary

Date: 30th May, 2019
Place: Mysuru

**Form No. MGT-11
Proxy Form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	L24231KA1983PLC015089
Name of the Company:	Venlon Enterprises Limited
Registered office:	26P, Belawadi Industrial Area, Hunsur Road, Mysuru-570 018.

Name of the members(s): Registered address: e-Mail ID: Folio No./Client ID: DP ID:
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I/We, being the member(s) ofshares of the above named company, hereby appoint

1.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

2.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

3.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Thirty Fifth** Annual general meeting/Extraordinary general meeting of the company, to be held on the **27th** day of **September** at **2019** at **4-30 p.m.** at Dasaprakash Paradise, Yadavagiri, **Mysuru-570020** and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Resolutions	Particulars
1.	To receive, consider and adopt the audited Financial statements for the year ended 31 st March 2019.
2.	To appoint a Director in place of Smt. Saroj Datwani who retires by rotation and being eligible offers herself for re-appointment
3.	Reappointment of Statutory auditors.

Special Resolutions	Particulars
4.	Reappointment of Mr. K.V.Chitalia (DIN: 00355215) as Independent Directors till the Conclusion of 40 th AGM
5.	Reappointment of Mr. S.V.Jain (DIN: 00590275) as Independent Directors till the Conclusion of 40 th AGM
6.	Reappointment of Mr. S.Bhyrappa (DIN: 01340963) as Independent Directors till the Conclusion of 40 th AGM

Signed thisday of20.....

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.