



13th ANNUAL REPORT

1996-97

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VENLON POLYESTER FILM LTD

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VENLON POLYESTER FILM LIMITED

13th ANNUAL GENERAL MEETING BOARD OF DIRECTORS

Date : 4th August, 1997 Chand D. Datwani - Chairman & Managing Director
 Day : Monday Ashok Parashar- Executive Director
 Time : 11.30 a.m. Saroj C. Datwani -Executive Director
 A. V. Jain- Executive Director
 Venue : Hotel Dasaprakash Paradise K. V. Kerala - Nominee Director - ICICI
 Yadavagiri, Mysore - 570 020 Dr. H.G.V. Reddy
 Sadanand A. Shetty
 K.V. Chitalia
 K.P. Rao - up to 27-5-1997

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Registrar and Transfer Agents

M/s. Computech Services,
 147, M.G. Road, 3rd Floor,
 Opp. Jehangir Art Gallery,
 Fort, Mumbai - 400 023.

Registered Office & Factory

Plot No. 26(P)
 Belavadi Industrial Area,
 Hunsur Road,
 Mysore - 571 186
 KARNATAKA



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of VENLON POLYESTER FILM LIMITED will be held on Monday, the 4th day of August, 1997 at 11.30 A.M. at Hotel Dasaprakash Paradise, Yadavagiri, Mysore - 570 020 to transact the following business:

ORDINARY BUSINESS

01. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997, audited profit and loss account for the year ended as on that date and reports of the Board of Directors and Auditors thereon.
02. To declare dividend on Equity shares.
03. To appoint Statutory Auditors and Branch Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

04. To consider and if thought fit to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

RESOLVED THAT Pursuant to the provisions of Sections 269,198,309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII thereto, approval of the shareholders be and is hereby accorded for the appointment of Mr. A.V. Jain as Executive Director of the Company commencing from 20.1.1997 up to the permissible period under the Companies Act, 1956 on the following terms:

- (i) SALARY
Rs. 75,000 per month.
- (ii) COMMISSION
On net profits of the Company as may decided by the Board of Directors

subject to the ceiling limits prescribed under the Companies Act, 1956.

(iii) HOUSE RENT ALLOWANCE

As per the limits prescribed under Rule 3 of the Income tax Rules, 1962.

(iv) MEDICAL REIMBURSEMENT

Expenses incurred for self and family (including mediclaim insurance premium) in accordance with the Rules of the Company.

(v) LEAVE TRAVEL CONCESSION

For self and family in accordance with the Rules of the Company.

(vi) CLUB FEES

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(vii) PERSONAL ACCIDENT INSURANCE

Personal Accident Insurance Policy of an amount, the annual premium of which does not exceed Rs.5000/- (Rupees Five Thousand only)

(viii) CAR AND TELEPHONE

Free use of Company's car for official as well as personal use with driver and telephone at residence.

(ix) PROVIDENT FUND

Company's contribution towards Provident Fund as per Rules of the Company but not exceeding 10% of the salary as laid down under the Income Tax Rules, 1962.

(x) PENSION/SUPERANNUATION FUND

Company's contribution towards Pension/ Superannuation Fund as per Rules of the Company but it shall not together with the Company's contribution to the Provident Fund exceed 25% of the salary as laid down under the Income Tax Rules, 1962.

(xi) GRATUITY

As per Rules of the Company but not exceeding half a month's salary for each completed year of service with the Company.

VENLON POLYESTER FILM LIMITED

(iii) LEAVE

Leave with full pay and allowance (including encashment thereof) as per Rules of the Company.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits during any financial year the salary, perquisites and benefits (except commission) shall be treated as minimum remuneration payable to the Executive Director.

05. To consider and if thought fit to pass, with or without modifications, the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of subsection (1A) of Section 81 and other applicable provisions, if any of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchange/s where the shares of the Company are listed and subject to the approval of Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and department, if any, to the extent necessary and on such terms and conditions as may be prescribed or imposed by all or any of the concerned authorities in granting any such approvals, permissions and sanctions and which may be agreed to by the Directors of the Company (hereinafter referred to as the "Directors" which term shall be deemed to include Board of Directors, any Committee of Directors or any Director, authorised for the purpose by the Board), the approval of the Company be and is hereby accorded to the Offer, issue and allotment of further Equity shares/preference shares, debentures whether fully or partly convertible

and/or non-convertible share warrants, detachable warrants, Global Depository Receipts, Secured Premium Notes with or without detachable or non-detachable warrants and/or other financial instruments (hereinafter referred to as the "Securities") as the Directors in their sole discretion may at any time hereafter decide and which Securities when issued or allotted may ultimately result in generating funds to the extent of Rs.25 Crores (Rupees Twenty five Crores Only) including such premium as may be charged to all or any of the following categories, viz., Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs) Non- Resident Indians, Foreign or offshore funds, Companies, Financial Institutions, Mutual Funds, Trust, other entities and bodies corporate or individual or to such other persons whether by private placement or preferential allotment and or a combination of the above modes/methods or otherwise and at such time or times and in one or more tranches, as the Directors may in their absolute discretion think fit and on such terms and conditions including the number of equity shares, preference shares and/or debentures to be issued, the face value, the price of issue, rate of interest, redemption period, manner of redemption/conversion, the ratio, period of conversion, fixing of record date or book closure, provided that the issue price of the shares to be issued in the first instance or on conversion of debentures or upon exercising the rights of entitlement attached to the warrants/other instruments shall be at a price as may be decided by the Directors having regard to the future prospects of the Company or any other guidelines as applicable, if any, as the Directors may consider appropriate."



"FURTHER RESOLVED THAT such of these Securities to be issued, as are not subscribed, may be disposed off by the Directors in their absolute discretion, at such price and in such manner and/or on such terms as Directors may deem fit, including by offering or Placing them or any of them with any banks/financial institutions/investment institutions/mutual funds/trusts or otherwise as the Directors may in their absolute discretion deem fit and proper."

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

"RESOLVED THAT subject to the provisions of Section 80 of the Companies Act, 1956 and other applicable provisions if any, and subject to the Memorandum and Articles of Association of the Company, consent be and is hereby accorded to the Board of Directors to Issue and Offer for subscription such number of preference shares of face value Rs.10/- each of the Company in one or more tranches from out of the unissued portion of the authorised share capital of the Company, whether partly or in full, on such terms and conditions including the rate of dividend, terms of redemption etc., as the Board may deem fit, in its absolute discretion."

By Order of the Board of Directors

CHAND D. DATWANI
Chairman & Managing Director

Registered Office:
Plot No.26(P),
Belavadi Industrial Area,
Hunsur Road, MYSORE - 571 186.

30th May, 1997

NOTES:

01. 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 himself 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.
02. The Register of Members and the Share Transfer Books in respect of the equity shares of the Company will remain closed from Saturday 12 July, 1997 to Monday the 4th August, 1997 (both the days inclusive).
03. Register of Members and index of Members are kept at the office of M/s Computech Services, Registrars and Share Transfer Agents situated at 147, M.G. Road, Fort, Mumbai. Members are requested to notify change in address, if any, immediately to the Registrars and Share Transfer Agents at their above office, quoting folio number.
04. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 10 a.m. and 1.00 p.m. on all working days upto the day of the Annual General Meeting.
05. Share holders desiring any information as regards Accounts are requested to write to the Registered Office at an early date so as to enable the Management to keep the information ready.
06. Members/Proxies, should bring the Attendance slip sent herewith duly filled in for attending the meeting and hand it over at the entrance of the hall.
07. The relevant Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business are annexed to this Notice.
08. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

By Order of the Board of Directors

CHAND D. DATWANI
Chairman & Managing Director

VENLON POLYESTER FILM LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL RESOLUTION SET OUT IN THE NOTICE:

ITEM NO. 04

In order to cope up with Company's expansion programmes / modernisation schemes, the Board has thought it fit and expedient to use the expertise available with Mr. A.V. Jain on whole time basis who has been on the Board since 15.5.1986. By his active involvement as Executive Director the Board is confident of achieving the desired results.

The Board commends his appointment as Executive Director on terms specified in the Resolution.

None of the Director is interested or concerned in the Resolution except Mr. A.V. Jain.

ITEM NO: 05 AND 06

The Company is in the process of expanding its business activities by installation of a Vacuum Metalliser. A part of the estimated cost is proposed to be met out of raising further capital by private placement/preferential allotment of Equity Shares and/or preference Shares. Further issue of preference Shares require sanction of the Company in General Meeting. Hence the Resolution is placed before you for consideration.

No Director is interested or concerned in the Resolution.

By Order of the Board of Directors

CHAND D. DATWANI
Chairman & Managing Director

Registered Office:
Plot No. 26(P),
Belavadi Industrial Area,
Hunsur Road, MYSORE - 571186
30th May, 1997.

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 13th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 1997.

FINANCIAL RESULTS

(Rupees in lacs)

	Current Year 31.03.97	Previous Year 31.03.96
Net Sales	3525.33	4504.32
Profit before interest and depreciation	762.72	1283.35
Interest	465.08	407.08
Profit before depreciation	297.64	876.27
Depreciation	68.17	72.18
Net profit	229.47	804.09
Provision for taxation	15.67	120.00
Profit after tax	213.80	684.09
Appropriations:		
Proposed dividend	24.65	138.75
General reserve	0.00	68.41

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.0.50 per share on 50,38,629 equity shares of Rs.10 each amounting to Rs.24,64,898. (subject to deduction of tax at source) for the year ended 31.03.97, if approved by the Shareholders at the Annual General Meeting to be held on 4th August, 1997.

TURNOVER AND PROFITABILITY

During the year under review, there was a decline in sales and profitability. The Polyester Film Industry as a whole witnessed steep increase in Production Capacity in the country leading to a reduction in Polyester film selling prices. The Company is continuously taking necessary steps to improve its profitability.

VENLON POLYESTER FILM LIMITED

The market scenario is likely to stabilize in the coming 12-18 months.

FINANCE AND TAXATION

IDBI has sanctioned Rs 650 lacs towards Equipment for the Metallising Plant. Appropriate higher working capital finance was sanctioned by Canara Bank to meet higher working capital requirements.

During the year under review, the Company's Income Tax Assessments upto Assessment Year 1995-96 was completed. Sales tax assessments upto financial year 1994-95 were also completed.

CURRENT OPERATIONS

The Company's operations during the year continue to be stable.

METALLISING PLANT

With a view to broadbase and to comprehensively integrate the operations, the Company is implementing a Metallising Plant at an approximate cost of Rs 10 crores. The Project is in an advanced stage of Implementation and is expected to be commissioned by August/September 1997. The Project has been financed by Industrial Development Bank of India and from Internal accruals. The commissioning of Metallising Plant would result in cost savings, value addition and product optimisation. On average, our per unit Capital cost is 30% lower than other competing companies which adds resilience to viable of this Project.

FUTURE PLANS

The Company is proposing to set up a sophisticated lacquering and Coating Plant at land adjacent to the existing Film Plant at an estimated cost of Rs.12 crores. This will further integrate the operations of the Company. Details of the Project is yet to be finalised. The Project is expected to be commissioned by end 1998 / early 1999.



INSURANCE

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

FIXED DEPOSITS

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

As required by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are given in the Annexure forming part of this Report.

INDUSTRIAL RELATIONS

Your Directors are pleased to record the appreciation and sense of commitment shown by the employees at all levels and acknowledge their contribution towards sustained progress and performance of the Company. The Management and employees continue to maintain cordial relations.

DIRECTORS

Due to personal reasons Mr. K.P. Rao resigned as a Director with effect from 27-05-1997. The Board records his invaluable support and guidance extended to the Company by him during his tenure of office.

In accordance with the provisions of the Companies Act and Articles of Association of the Company, Mr. Sadanand A. Shetty retire by rotation at the ensuing Annual General Meeting. He has however, expressed his wish not to continue in office as a Director upon completion of his tenure. The Board records his invaluable support and guidance extended to the Company by him during his tenure of office.

Consequent to Shri. K.P. Rao's resignation DR. H.G.V. Reddy retires by rotation as a Director.

VENLON POLYESTER FILM LIMITED

COMPANY SECRETARY

The Company is trying to appoint a qualified Company Secretary but is unable to locate a suitable candidate. Every effort is being taken to appoint a suitable candidate at the earliest.

AUDITORS

M/s. Rau & Nathan, Chartered Accountants, statutory auditors and M/s. K.B. Sanghrajka & Co, Chartered Accountants, Branch auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT

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

ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation of the services rendered by the employees of the Company. They also thank Canara Bank, Financial Institutions, Shareholders, customers and suppliers of the Company for their valued support and co-operation.

For and on Behalf of the Board of Directors

CHAND D. DATWANI
Chairman & Managing Director

30th May, 1997
Mysore