



MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

14th Annual Report

1997-98

Venlon Polyester Film Ltd.

VENLON POLYESTER FILM LIMITED

14TH ANNUAL GENERAL MEETING

Date : 17th August 1998
Day : Monday
Time : 4.30 p.m.
Venue : **Hotel Dasaprakash Paradise**
 Yadavagiri, MYSORE - 570 002

Board of Directors

Chand D.Datwani - Chairman & Managing Director
 Ashok Parashar - Executive Director
 Saroj C. Datwani - Executive Director
 A. V. Jain - Executive Director
 K.V.Chitalia
 Philippose Mathai - KSIIDC Nominee
 K.V. Kerala - ICICI Nominee

Contents

Page

Notice of Meeting	1
Directors' Report	4
Auditors Report	8
Balance Sheet	10
Profit and Loss Account	11
Schedule to Accounts	12
Cash Flow Statement	26
Attendance Slip / Proxy Form	27

Auditors - Rau & Nathan

Bankers - Canara Bank

Registrar and Transfer Agents

M/s. Computech Sharecap Limited
 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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of VENLON POLYESTER FILM LIMITED will be held on Monday, the 17th day of August, 1998 at 4.30 P.M. at Hotel Dasaprakash Paradise, Yadavagiri, Mysore - 570020 to transact the following business:

ORDINARY BUSINESS

01. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998, 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 a Director in the place of Mr. C.D. Datwani who retires by rotation and being eligible, offers himself for reappointment.
04. To appoint a Director in place of Mr. K.V.Chitalia, who retires by rotation and being eligible, offers himself for reappointment.
05. 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:

06. 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 departments, 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

VENLON POLYESTER FILM LIMITED

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 equity 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."

07. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED that consent of the Company be and is hereby given to delist the Company's Equity Shares listed at the Stock Exchange, Ahmedabad".

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to take all necessary steps in this regard".

By Order of the Board of Directors

CHAND D. DATWANI

Chairman

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

29th June, 1998

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 1st August, 1998 to Monday the 17th August, 1998 (both the days inclusive).
03. Register of Members and index of Members are kept at the office of M/s Computech Sharecap Ltd. Registrars and Share Transfer Agents situated at 147, M.G. Road, Fort, Bombay. 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

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

29th June, 1998

ANNEXURE TO THE NOTICE

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

ITEM NO.06

The Company is in the process of implementation of its Projects. As and when resources are needed it may have to find resources through one of the means narrated in the Resolution.

No Director is interested or concerned in the Resolution.

ITEM NO. 07

In terms of the recommendations of the Chandratre Committee on Delisting of Shares from Recognised Stock Exchanges, the Company is required to obtain the consent of the Shareholders. The resolution is proposed since there is negligible or no trading at the Ahmedabad Stock Exchange..

No Director is interested or concerned in the Resolution.

By Order of the Board of Directors

CHAND D. DATWANI

Chairman

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

29th June, 1998

VENLON POLYESTER FILM LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 14th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 1998.

FINANCIAL RESULTS (Rs in lacs)

	Current year	Previous year
	31.03.98	31.03.97
Net Sales	4298.54	5411.88
Profit before interest & depreciation	597.72	762.72
Interest & financial charges	392.42	465.08
Profit before depreciation	205.30	297.64
Depreciation	94.19	68.17
Net Profit	111.11	229.47
Provision for taxation	13.00	15.67
Profit after Tax	98.11	213.80
Appropriations:		
Proposed dividend	29.04	24.65
Corporate dividend tax	2.90	

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs 0.50 per share on 58,46,576 equity shares amounting to Rs 29,04,039 for the year ended 31.03.98, if approved by the Shareholders at the Annual General Meeting to be held on August 17th, 1998.

TURNOVER AND PROFITABILITY

During the year under review, there was a decline in profitability and Sales. The Polyester Film Industry has witnessed a steep increase in production capacity in the last two years leading to a reduction in Polyester Film selling prices. The market will stabilize in the coming 12 months.

FINANCE AND TAXATION

The Company was sanctioned Rs 500 lacs Corporate Loan from Industrial Development Bank of India to meet the normal Capital Expenditure and working capital requirements. The Company has applied to the bankers for annual review of its Working Capital needs and for appropriate Limits.

Income tax assessments upto assessment year 1996-97 has been completed.

CURRENT OPERATIONS

The current year operations continue to be stable and satisfactory.

METALLISING PLANT

The metallising Plant was installed successfully without cost overrun. Trial runs have yielded encouraging



results. Plant is targeted to be commissioned by September, 98. Product quality as evaluated by the Company and the market place is better than the present market requirement at no additional economic cost. The metallising Project was financed by Industrial Development Bank of India and from Internal accruals.

FUTURE PLANS

A sophisticated 1500tpa Coating Plant is being set up adjacent to the existing Film Plant. Civil structure is under construction and is expected to be completed shortly. The Coating Plant is designed to produce high value added Coated Films suitable for Stamping Foil, reprographic films, masking Films, lamination of Polyester film with aluminum, nomex etc. This Plant is expected to be installed by August 1999 at an estimated cost of Rs 12 crores. Commissioning of this Project will be during the year 2000.

INSURANCE

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

FIXED DEPOSITS

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

INDUSTRIAL RELATIONS

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

DIRECTORS

In order to comply with the provisions of Section 255 of the Companies Act, 1956, Mr. Chand D Datwani, Chairman & Managing Director, retires by rotation and is eligible for reappointment. Mr. K.V. Chitalia, being the other Director longest in office, retires by rotation and is eligible for reappointment.

UNCLAIMED DIVIDEND

The unclaimed/unpaid dividend for the Financial year ended 31st March, 1994 has been transferred to the General Revenue Account of the Central Government within the prescribed time in accordance with the provisions of the Companies Act, 1956, details as given below:

Date of declaration of Dividend:	29.06.1994
Number of Unclaimed Holders	390
Amount (Rs)	86,583
Date of transfer	05.08.1997

Shareholders who have not encashed the Dividend Warrants for the above referred period are requested to claim the amount from the Registrar of Companies, Karnataka.

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.

AUDITORS

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

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

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

Mysore
29th June, 1998

CHAND D. DATWANI
Chairman & Managing Director

ANNEXURE "A" TO DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology absorption and Foreign exchange earnings & outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report Rules, 1988).

A. CONSERVATION OF ENERGY

The entire power requirement of the Plant was met by Captive power Generation. The conversion of Electrical System into Oil heating System has yielded savings in Energy costs.

Total Energy consumption and Consumption of Energy per unit of production is given in the prescribed Form A annexed to this Report.

The energy consumption per unit of production of Polyester Film and PET Chips has reduced compared to the previous year.

B. TECHNOLOGY ABSORPTION

Extensive Research and Development activity have enabled the Company to further improve the Polyester Film and PET Chips quality conforming to International specifications.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earned: Rs 45.96 lacs

Foreign exchange used: Rs 531.73 lacs



Form A (See Rule 2)

Form of Disclosure of Particulars with respect to Conservation of Energy

	Current year 1997-98	Previous year 1996-97
A. Power purchased from Electricity Board	Nil	4.16
Total cost	Nil	21.17
Cost per KWH(Rs)	NA	5.08
B Captive power generation by Gensets (Unit KWH lacs)	73.32	96.80
Total cost(Rs lacs)	208.74	233.16
Cost per KWH(Rs)	2.85	2.41
C Furnace Oil Consumed(MT)	2138	1713
Cost of furnace oil consumed(Rs lacs)	141.05	97.01
D Power consumed per Kg of:		
i. Polyester Film	2.44 Units	3.17 Units
ii. Pet Chips	0.28 Units	0.35 Units

Annexure "B" To Directors' Report

Particulars of Employees under section 217(2A) read with Companies (particulars of employees Rules), 1975, as amended

Name	Designation	Remuneration (Rs. Lacs)	Qualification	Experience (Years)	Date of Commencement	Age (years)	Last employment held
Chand D. Datwani	Chairman & MD	11.65	B.Com	29	24.10.1983	46	Not applicable
Saroj C. Datwani	Executive Director	6.66	Masters in Psychology	21	05.08.1996	44	Not applicable
Ashok Parashar	Executive Director	9.99	M.B.A	26	05.08.1996	47	Air India
A V Jain	Executive Director	9.99	B.A, LLB	31	20.01.1997	51	Not applicable

For and on Behalf of Board of Directors

Chand D. Datwani

Chairman and Managing Director

Mysore, 29th June , 1998