



15TH ANNUAL REPORT
1998 - 99

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VENLON POLYESTER FILM LIMITED

VENLON POLYESTER FILM LIMITED

15TH ANNUAL GENERAL MEETING

Date : 14th September 1999
Day : Tuesday
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
 Philipose Mathai - KSIIDC Nominee

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Attendance Slip / Proxy Form

Auditors - Rau & Nathan

Bankers - Canara Bank

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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

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



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of **VENLON POLYESTER FILM LIMITED** will be held on Tuesday, the 14th day of September, 1999 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, 1999, 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 appoint a Director in the place of Mr.A.V. Jain who retires by rotation and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Smt.Saroj Datwani, who retires by rotation and being eligible, offers herself for reappointment.
04. To appoint Statutory Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.
05. To appoint Branch Auditors to hold office from the conclusion of this meeting till 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 warrant, 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

VENLON POLYESTER FILM LIMITED

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 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, in pursuance of Securities and Exchange Board of India (SEBI) guidelines for Disclosure and Investor Protection clarification No. XXII as contained at Part D of RMB (DIP) series circular No. 1 (1998/99) dated 5.6.98 amending clause 9 of the guideline on the preferential issue dated 4.8.94, not more than 20% of the total capital of the Company, including the capital issued to Promoter/Promoters group on preferential basis shall be subject to lock in."

"FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to take all necessary steps in this regard including the authority to reduce the lock-in period of Shares already issued on preferential basis so however that the period of lock-in shall not be less than the period prescribed by SEBI."

By Order of the Board of Directors
ASHOK PARASHAR
Executive Director

Registered Office:
Plot No. 26(P),
Belavadi Industrial Area,
Hunsur Road, MYSORE - 571186.
Date: 30th July, 1999

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 Wednesday 1st September 1999 to Tuesday the 14th September, 1999 (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
ASHOK PARASHAR
 Executive Director

Registered Office:
 Plot No. 26(P),
 Belavadi Industrial Area,
 Hunsur Road, MYSORE -571186.
Date: 30th July, 1999

ANNEXURE TO THE NOTICE

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

ITEM NO.06

The Special Resolution empowers the Board of Directors to raise resources as and when needed through the means narrated in the Resolution.

No Director is interested or concerned in the resolution.

ITEM NO.07

SEBI guideline datd 5.6.98 has amended clause 9 of the guideline on preferential issue dated 4.8.94 to the effect that not more than 20% of the total capital of the Company, including the capital issued to Promoter/Promoters group on preferential basis shall be subject to lock in. Presently it is more than 20%. Hence the Resolution empowering the Board of Directors to take corrective steps.

No Director is interested or concerned in the Resolution.

By Order of the Board of Directors

ASHOK PARASHAR
 Executive Director.

Registered Office:
 Plot No. 26(P),
 Belavadi Industrial Area,
 Hunsur Road, MYSORE -571186.
Date: 30TH JULY, 1999

VENLON POLYESTER FILM LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 15th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 1999.

FINANCIAL RESULTS (Rs. In Lacs)

	Current Year	Previous Year
	31.03.99	31.03.98
Net Sales	4417.22	4298.54
Profit before interest & depreciation	486.22	597.72
Interest & financial charges	390.75	392.42
Profit before depreciation	118.34	205.30
Depreciation	106.90	94.19
Net Profit	11.44	111.11
Provision for taxation	1.18	13.00
Profit after tax	10.26	98.11
Appropriations:		
Proposed dividend	Nil	29.04
Corporate dividend tax	Nil	2.90

DIVIDEND

To conserve the financial resources, the directors have thought it fit not to recommend any dividend for the year.

PROFITABILITY:

During the year under review, there was a decline in profitability. The Polyester Film Industry has witnessed increase in production capacity in the past few years leading to a reduction in margins. The market is expected to stabilize during the financial year 1999-2000 and thereafter is expected to enter the growth phase again.

FINANCE AND TAXATION

The Company was sanctioned Rs.250 lakhs Corporate Loan from Karnataka State Industrial Investment and Development Corporation Ltd to meet the normal Capital Expenditure and working capital requirements. The Company has applied to the bankers for annual review of its Working Capital requirements and for appropriate Limits.

Income tax assessments upto assessment year 1997-98 has been completed.

CURRENT OPERATIONS

The current year operations continue to be stable and satisfactory.

METALISING PLANT

The Metalising Plant was installed successfully without cost overrun. Trial runs were commenced in 1997-98 and continued during 1998-99 and the trial runs have yielded encouraging results. The Metalising Project was financed by Industrial Development Bank of India and from internal accruals.



FUTURE PLANS

The Company is in the process of setting up a state of the art technology formaldehyde plant with production capacity of 15500 tpa. The plant is designed to produce formaldehyde at high efficiency levels. The Project is being financed by Karnataka State Industrial Investment and Development Corporation Ltd. The plant is expected to be commissioned by Financial Year 2000-2001.

A sophisticated 1500 tpa Coating Plant is being set up. Civil structure is under construction and expected to be completed shortly. The Coating Plant is designed to produce high value added Coated Films suitable for Stamping Foil, Reprographic film, Masking Films, Lamination of PET Films with aluminium, nomex etc. This plant is expected to be commissioned by Financial Year 2000-2001 and estimated to cost Rs.12 Crores.

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 are as always balanced and good.

DIRECTORS

In order to comply with the provisions of Section 255 of the Companies Act, 1956, Mr. A.V.Jain, Director, retires by rotation and is eligible for reappointment. Smt. Saroj Datwani, 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, 1995 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	03.07.1995
Number of Unclaimed Holders	277
Amount (Rs.)	90,661
Date of Transfer	10th August 1998

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

VOLUNTARY DELISTMENT OF THE COMPANY'S EQUITY SHARES LISTED AT THE STOCK EXCHANGE, AHMEDABAD(ASE):

The position of Voluntary Delistment of the Company's securities from the ASE is as under:

Sequel to Securities and Exchange Board of India's (SEBI) letter no. SMDRP-CIR-14/98 dt. 29.4.98 communicated to the Stock Exchanges and in terms of the said circular and in the matter of delistment, the company at its 14th Annual General Meeting held on 17th August 1998 passed unanimously a special resolution and filed the necessary document with the concerned Registrar of Companies, thus making it a public document available for inspection. Special Notice in this regard has been published in "Gujrat Samachar" and "Economic Times" both dated 13th July 1999. Record date for the purpose has been fixed as 1st September 1999 for Exit route purposes. The scheme of Exit opportunity is as follows:

A. The Company has appointed the following approved broker:

ARREM Finance Realty
16/B, Dar-UI-khalil, Opp Cusrow Baug,
Shahid Bhagat Singh Road,
MUMBAI - 400 001.

Through whom the persons who are in control of the Management will buy back the securities per clause 12 of the Listing Agreement.

B. The Price for the purpose has been determined and certified by the Company's Statutory Auditor per aforesaid SEBI letter dated 29.4.98. The Extract of the Certificate is hereto appended to the Directors Report.

C. This offer is open only to the Shareholders in Gujrat Region as on the Record date in respect of lodgements made by them on or after 15th September 99 and on or before 30th October 99 with the designated broker.

D. Any clarifications required in this regard may be addressed to the compliance officer at the Registered Office of the Company.

Y2K COMPLIANCE

The Company has identified certain equipments/computer systems including software, which are prone to Year 2000 (Y2K) problem. The equipments/software are under testing and analysis of compliance/non-compliance, criticality and remediation thereof are expected to be completed by 15th September 1999. The cost involved is not expected to be significant.

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 Director's Report.



ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation of the services rendered by Canara Bank and Financial Institutions. Your Directors wish to place on record the valued support & cooperation of Shareholders, Customers & Suppliers of the Company.

For and on behalf of the Board of Directors

Mysore
30th July, 1999

ASHOK PARASHAR
Executive Director

A.V.JAIN
Executive 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 is being met by Captive Power Generation. The conversion of Electrical System into Oil heating System continues to yield 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 has reduced compared to the previous year.

B. TECHNOLOGY ABSORPTION

- (i) Extensive Research and Development activity have enabled the Company to further improve the Polyester Film and PET Chips quality conforming to International specifications.
- (ii) A team comprising of Engineers & Other technical personnel of the company were successful in modifying, in house, the OHP Cutting Machinery of the Company, as a result of which the sheets emerging out of the said machinery possesses the required quality and shape and satisfies other requisite parameters, without any further operations. This has also resulted in reduction of cost.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earnings	:	Rs.	10.49 lacs
Foreign exchange outgo	:	Rs.	75.73 lacs