



17TH ANNUAL REPORT
2000-2001

VENLON POLYESTER FILM LIMITED

VENLON POLYESTER FILM LIMITED

17TH ANNUAL GENERAL MEETING

Date : 8th September, 2001
Day : Saturday
Time : 4.30 pm
Venue : Hotel Dasaprakash Paradise
 Yadavagiri, MYSORE - 570 020

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 - Director
Philipose Matthai - KSIIDC Nominee (upto 19.06.2001)
B. N. S. Rangahcar - Director
 wef 30th June 2001

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Registrar and Transfer Agents
 M/s. Computech Sharecap Limited
 147, 3rd Floor, M. G. Road,
 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 Seventeenth Annual General Meeting of the Members of VENLON POLYESTER FILM LIMITED will be held on Saturday the 8th day of September, 2001 at 4.30 PM at Hotel Dasaprakash Paradise, Yadavagiri, Mysore-570 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2001, audited Profit and Loss account for the year ended as on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. K.V.Chitalia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Saroj C. Datwani who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.
5. 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:

6. To appoint Shri B.N.S.Rangachar as a Director liable for retirement by rotation.
7. 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 Section 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 renewal of appointment of Shri Ashok Parashar as Executive Director of the Company for a further period of Five years commencing from 05-08-2001 on the following terms:

A) Remuneration Rs 75,000/= per month.

B) Perquisites:

- a) Contribution to Provident Fund, Superannuation Fund and / or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of tenure.

By Order of the Board of Directors
CHAND D. DATWANI
Chairman and Managing Director

Registered Office :
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 571 186.
Date 30th June 2001

VENLON POLYESTER FILM LIMITED

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 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.
2. The Register of members and the Share Transfer Books in respect of the equity shares of the Company will remain closed from 1st September 2001 to 8th September 2001 (both the days inclusive).
3. Members are requested to notify change in address, if any, immediately to M/s Computech Sharecap Ltd., Registrars and Share Transfer Agents situated at 147, 3rd Floor, M.G.Road, Fort, Mumbai - 400 023, quoting folio number / demat particulars.
4. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 10 a.m. and 1.00 p.m. on all working days upto the day of the Annual General Meeting.
5. 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.
6. Members / Proxies, should bring the Attendance Slip sent herewith duly filled in for attending the Meeting and hand it over at the entrance of the hall.
7. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed to this Notice.
8. 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 and Managing Director

Registered Office:
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 571 186.
Date 30th June 2001

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. 6 :

Shri B.N.S.Rangachar, was co-opted to the Board on 30th June 2001. He vacates office U/s 260 of the Companies Act, 1956 at the ensuing Annual General Meeting. His appointment was made to comply with the provisions of Sec. 292A of the Companies Act, 1956. His appointment as a Director liable for retirement by rotation will fulfill the aforesaid requirement. He being a professional (Practicing Cost Accountant), based at Mysore, the Board commends his appointment. None of the Directors of the Company is interested in the Resolution.

Item No. 7

Shri Ashok Parashar's term of office expires on 05.08.2001. In view of his commendable service to the Company the Board has thought it fit and expedient to recommend his continuation of appointment as Executive Director of the Company on the Terms mentioned in the Resolution. No Director except Shri Ashok Parashar is interested in the Resolution.

By Order of the Board of Directors
CHAND D. DATWANI
Chairman and Managing Director

Registered Office :
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 571 186.
Date 30th June 2001



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 2001.

FINANCIAL RESULTS (Rs. In Lacs)

	Current Year 31.03.2001	Previous Year 31.03.2000
Net Sales	7336.30	6421.49
Profit before interest & financial charges & depreciation	786.56	787.49
Interest & financial charges	638.06	574.91
Profit before depreciation	148.50	212.58
Depreciation	138.28	141.87
Net Profit	10.22	70.71
Provision for Taxation	0.84	8.17
Profit after Tax	9.38	62.54

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, the Company's performance is satisfactory. The Company earned a moderate profit of Rs.10.22 lacs. Baring unforeseen circumstances the market is expected to stabilize during the next financial year.

FINANCE AND TAXATION

Existing working capital limits by the Bankers are operative during the current year. The Company has sought for increased working capital limits.

Income tax assessments upto assessment year 1999-2000 has been completed.

CURRENT OPERATIONS

The current year operations continue to be stable and satisfactory.

FORMALDEHYDE PLANT

Formaldehyde Plant was installed successfully without cost overrun. Trial production commenced during September 2000. The products are being analysed for improvements based on the feedback received from the customers & market requirements. The current users are enthusiastic and happy with the quality of the initial trial quantities being supplied and consumed by them.

FUTURE PLANS

As the Indian Economy is going through the transition phase of WTO requirements the Management has been observing and watching the developments that are evolving further. There are many interesting avenues expected to open up due to Indian entry into WTO.

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.

VENLON POLYESTER FILM LIMITED

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 historically, as always balanced and good.

DIRECTORS

In order to comply with the provisions of Section 256 of the Companies Act, 1956, Shri. K.V.Chitalia, Director, retires by rotation and is eligible for reappointment. Smt. Saroj C. Datwani, being the other Director longest in office, retires by rotation and is eligible for reappointment.

Shri B.N.S.Rangachar was co-opted to the Board on 30th June 2001 in order to comply with the provisions of Sec. 292A. His reappointment as a Director liable for retirement by rotation at the ensuing Annual General Meeting has been recommended.

Consequent to KSIIDC Ltd, Bangalore withdrawing the Nominee Directorship of Shri. Philipose Matthai, IAS vide their letter no. 1330 dated 19th June 2001, Shri Philipose Matthai ceases to be Director on the Board.

The Board at its Meeting held on 30th June 2001 has taken on record the contents of the aforesaid letter. The Board further recorded the valuable support and guidance extended by Shri Philipose Matthai during his tenure of Directorship.

UNCLAIMED DIVIDEND

Consequent to the amendment of Sub-section (5) of Section 205A of the Companies Act, 1956, with effect from 31.10.1998 monies transferred to unpaid dividend account remaining unpaid or unclaimed relating to financial year 1995-96, 1996-97 and 1997-98 are remaining in the said account and will be transferred to Investor Education and Protection Fund upon completion of seven years from the date of their respective transfer viz., 14.09.96, 13.09.97 and 26.09.98.

LISTING AGREEMENT WITH STOCK EXCHANGES

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

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 in this regard. The Company, however, has obtained a Secretarial Compliance Report from a practicing Company Secretary and the Board has taken the said report on record.

AUDITORS

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

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

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



DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

FORMATION OF AUDIT COMMITTEE

The Board of Directors have formed the Audit Committee comprising of independent Directors namely, Shri K.V.Chitalia and Shri B.N.S.Rangachar in compliance of Sec. 292A of the Companies Act, 1956. Shri Chand Datwani, Managing Director of the Company is the other member.

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

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

DEMATERIALISATION OF COMPANY'S EQUITY SHARES

The Company's Equity Shares have been activated for dematerialisation with Central Depository Services (India) Limited with effect from 20.03.2001 and with that of National Securities Depository Limited with effect from 12.04.2001.

Particulars of the Registrar and Share Transfer Agent (RTA) where dematerialisation request forms along with the physical certificates will be accepted is as follows:

M/s. Computech Sharecap Limited
147, Mahatma Gandhi Road,
3rd Floor, Opp. Jehangir Art Gallery
Fort,
Mumbai - 400 023.
Phone : 022-2671824-26, Fax: 022-2670380

Certificate of Registration number granted by SEBI to RTA is : INR000003647 dated: 01.04.1998

BP ID of RTA is: IN200310 (per Participant Interface Circular No. NSDL/PI/2001/558 dated 23rd April 2001)

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
CHAND D. DATWANI
Chairman and Managing Director

Mysore
30th June, 2001

VENLON POLYESTER FILM LIMITED

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

B. TECHNOLOGY ABSORPTION

Extensive Research and Development activity have enabled the Company to further improve the Polyester Film (Both in Sheet and Roll form) and PET Chips quality conforming to International Specifications.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings : Rs. 13.58 lacs
Foreign exchange outgo : Rs 807.80 lacs

FORM A (See Rule 2)

Form of Disclosure of Particulars with respect to Conservation of Energy

	Current Year 2000-2001	Previous Year 1999-2000
A. Power purchased from Electricity Board Total Cost Cost per KWH(Rs.)	NIL NIL N.A.	NIL NIL N.A.
B. Captive power generation by Gensets (Unit KWH Lacs) Total Cost (Rs. Lacs) Cost per KWH (Rs.)	94.33 429.29 4.55	91.36 322.43 3.60
C. Furnace Oil Consumed (KL) Cost of Furnace Oil consumed (Rs. Lacs)	1887 190.81	2417 189.43

ANNEXURE "B" TO DIRECTORS' REPORT

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

There are no employees who are in receipt of remuneration in the aggregate at the rate of not less than Rs. 12,00,000/- per annum or Rs. 1,00,000/- per month in respect of part of the year during the year.

Mysore
30th June, 2001

For and on behalf of the Board of Directors
CHAND D. DATWANI
Chairman and Managing Director



RAU & NATHAN
Chartered Accountants

No. 162, Ramavilasa Road
MYSORE - 570 024

Compliance Certificate on Corporate Governance

The Board of Directors,
Venlon Polyester Film Limited

In our opinion and to the best of our information and according to the explanations given to us, the Company is required to comply with the conditions of corporate governance as stipulated in clause 49 of the listing agreement within financial year 2002-2003, but not later than 31st March 2003.

We are informed that the Management is taking reasonable steps to ensure the implementation of the conditions of corporate governance as stipulated in schedule of implementation in clause 49 of the Listing Agreement.

For RAU & NATHAN
Chartered Accountants
N. VAIDYANATHAN
Partner

Mysore
30th June 2001

AUDITORS' REPORT

To the members of Venlon Polyester Film Limited

We have audited the attached Balance Sheet of **VENLON POLYESTER FILM LIMITED** as at 31st March, 2001 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books:
- c. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.
- d. In our opinion the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. As per the information & explanations given to us and representations received from the Directors of the Company, we report that no Directors of the Company is disqualified from being appointed as a Director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. We have received the Auditors Report from Branch Auditors and have dealt with the same in our report.