



18TH ANNUAL REPORT
2001-2002

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VENLON POLYESTER FILM LIMITED

VENLON POLYESTER FILM LIMITED**18th ANNUAL GENERAL MEETING**

Date : 28th September, 2002
 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
B.N.S. Rangachar - Director

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Auditors - Rau & Nathan

Bankers - Canara Bank

**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 - 570 018
 KARNATAKA



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of VENLON POLYESTER FILM LIMITED will be held on Saturday the 28th day of September, 2002 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, 2002, 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. Chand D. Datwani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. B.N.S.Rangachar who retires by rotation and being eligible, offers himself 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 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 and Schedule XIII of the Companies Act, 1956 consent be and is hereby accorded for the reappointment of Shri Chand D. Datwani as whole time Chairman and Managing Director for a period of Five years from 30th March, 2002 on the following remuneration.
A) Remuneration Rs.87,500/- 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.
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 and Schedule XIII of the Companies Act, 1956 consent be and is hereby accorded for the reappointment of Shri A.V.Jain as whole time Director for a period of Five years from 30th March, 2002 on the following remuneration.
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.
8. 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 and Schedule XIII of the Companies Act, 1956 consent be and is hereby accorded for the reappointment of Smt. Saroj C. Datwani as whole time Director for a period of Five years from 30th March, 2002 on the following remuneration.
A) Remuneration Rs 50,000/- 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 - 570 018.
Date 29th June, 2002

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 16th September 2002 to 28th September 2002 (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, Opp. Jehangir Art Gallery, 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 - 570 018.

Date 29th June, 2002

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 Numbers 6,7 and 8 :

In order to comply with the provisions of Schedule XIII to the Companies Act, 1956 read with Section 269 of the Act, with regard to the appointment of wholtime Directors/ Managing Directors by the Board effective from 30th March, 2002 for a period of five years on the basis of remuneration as approved by the remuneration committee, the Resolutions are proposed for approval by the Shareholders.

Shri. Chand D .Datwani and Smt. Saroj C. Datwani are concerned or interested 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 - 570 018

Date 29th June, 2002



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 18th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 2002.

FINANCIAL RESULTS (Rs. In Lacs)

	Current Year 31.03.2002	Previous Year 31.03.2001
Net Sales	5949.94	7336.30
Profit before Interest & Financial Charges & Depreciation	645.30	786.56
Interest & Financial Charges	475.66	638.06
Profit before Depreciation	169.64	148.50
Depreciation	106.01	138.28
Net Profit	63.63	10.22
Provision for Current Tax	4.77	0.84
Provision for Deferred Tax	17.48	-
Profit after Tax	41.38	9.38

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 Indian economy has seen a sharp slow down. Keeping the market conditions in view, the Company's performance is satisfactory. The Company earned a moderate profit of Rs.63.63 lacs from its revenue operations. Barring 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 2000-01 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 and is being stabilised.

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. Many changes in the market place globally with interesting avenues are expected to open up due to India becoming a Member of the WTO.

INSURANCE:

The Company has adequately insured all its moveable and immoveable 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. Chand D. Datwani, Director, retires by rotation and is eligible for reappointment. Shri. B.N.S.Rangachar, being the other Director longest in office, retires by rotation and is eligible for reappointment.

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 (this Act), 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 REMUNERATION COMMITTEE:

The Board of Directors have formed the Remuneration Committee comprising of independent Directors namely, Shri K. V.Chitalia, Shri B. N.S .Rangachar and Shri A.V. Jain in compliance of Clause 49 of the listing agreement with Stock Exchanges and Schedule XIII of the Companies act 1956.

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 and with that of National Securities Depository Limited.

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, 3rd Floor, Mahatma Gandhi Road,
Opp. Jehangir Art Gallery, Fort,
Mumbai - 400 023.

Ph.: 022-2671824-26, Fax: 022-2670380

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

BPID 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 & Managing Director

Mysore
29th June, 2002

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. 16.59 lacs

Foreign exchange outgo : Rs 423.25 lacs

FORM A (See Rule 2)

Form of Disclosure of Particulars with respect to Conservation of Energy

	Current Year 2001-2002	Previous Year 2000-2001
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.)	83.83 359.04 4.28	94.33 429.29 4.55
C. Furnace Oil Consumed (KL) Cost of furnace oil consumed (Rs. Lacs)	1080 94.18	1887 190.81

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. 24,00,000/- per annum or Rs. 2,00,000/- per month in respect of part of the year during the year.

For and on behalf of the Board of Directors

CHAND D. DATWANI
Chairman & Managing Director

Mysore
29th June, 2002



RAU & NATHAN
Chartered Accountants

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
29th June, 2002

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, 2002 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to the above comments we 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 (AS) referred in sub-section (3C) of Section 211 of the Companies Act, 1956 except para 33 of AS-22 as referred to in Sl.No. 9 (b)-Schedule 20 -Notes on Accounts.
- 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.