



**19<sup>TH</sup> ANNUAL REPORT**  
**2002-2003**

**VENLON POLYESTER FILM LIMITED**

**VENLON POLYESTER FILM LIMITED****19th ANNUAL GENERAL MEETING**

Date : 30th September, 2003  
 Day : Tuesday  
 Time : 4.30 pm  
 Venue : Hotel Dasaprakash Paradise  
 Yadavagiri, MYSORE - 570 020

**Board of Directors**

**Chand D. Datwani** - Chairman & Managing Director  
**Ashok Parashar** - Director  
**Saroj C. Datwani** - Director  
**A. V. Jain** - Director  
**K. V. Chitalia** - Director  
**B.N.S. Rangachar** - Director

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**Auditors** - Rau & Nathan

**Bankers** - Canara Bank  
 - Corporation 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 Nineteenth Annual General Meeting of the Members of VENLON POLYESTER FILM LIMITED will be held on the 30th day of September, 2003 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 2003, 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. A.V.Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Ashok Parashar 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 authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

5. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

" RESOLVED that pursuant to provisions in Section 17 of the Companies Act, 1956 (herein called 'the Act') the approval of the Company be and is hereby accorded to carry on its business more economically inclusion of new object as item No. 2 in Sub Clause (A) of Clause II of the Memorandum of Association of the Company namely -

2. To engage in the business of generating, engineering, constructing and construction including the design, manufacture, erection, alteration, repair and installation of plants, buildings, structures, ways, works, systems for generation, distribution, captive consumption and sale by any other means of electrical power generated by any mode including generation by thermal, hydro-electric, windmill and bio-gas."

" RESOLVED FURTHER that the new business is such which under the existing circumstances can conveniently and advantageously be combined with the business of the Company ."

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

By Order of the Board

CHAND D.DATWANI  
Chairman

Date 30th June 2003



## **VENLON POLYESTER FILM LIMITED**

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### **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 22/09/2003 to 30/09/2003 (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. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

Registered Office:

Plot No. 26(P)

Belavadi Industrial Area,

Hunṣur Road, Mysore - 571 186.

By Order of the Board

CHAND D.DATWANI

Chairman

**Date 30th June 2003**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**

Item No. 5

In view of the fact that the Company has intended to diversify its business in the last few years, the Board of Directors of your Company have proposed to undertake power generation project by setting up a windmills to harness the force of nature for generation of electricity. The project to be undertaken by the Board has very wide potential and the latest technology is being obtained for implementation of the same in order to generate and distribute power at competitive rates to consumers. The project is also eco-friendly. In order to embark on the said project the consent of the Company is sought in favour of the above resolution for inclusion of new object under the Main Objects.

The Board commends the resolution of the approval of members as Special Resolution.

None of the Directors are interested in the Resolution.



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 2003.

### FINANCIAL RESULTS (Rs. In Lacs)

	Current Year 31.03.2003	Previous Year 31.03.2002
Net Sales	7,946.45	5,949.94
Profit before interest & financial charges & depreciation	670.87	645.30
Interest & financial charges	462.62	475.66
Profit before depreciation	208.25	169.64
Depreciation	128.84	106.01
Net Profit	79.41	63.63
Provision for Current Tax	6.17	4.77
Provision for Deferred Tax	22.60	17.48
Profit after Tax	50.64	41.38

### DIVIDEND:

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

### PROFITABILITY:

The Company earned Rs.79.41 lacs from its operations.

### FINANCE AND TAXATION:

Existing working capital limits with Canara Bank are operative during the current year. The company has tied up with Corporation Bank to finance the increased working capital limits. Canara Bank shall be the lead banker of the consortium.

Income tax assessment upto assessment year 2001-02 has been completed.

### CURRENT OPERATIONS:

The current year operations remains stable and satisfactory.

### FUTURE PLANS:

In order to enhance the market competitiveness, the management has decided to setup

1.9 MW Furnace oil based power plant at an estimated cost of Rs.550 lacs approx. The cost of generation of power will be substantially lower and thereby expected to improve the bottom line of the company. The project will be financed from internal accruals and expected to be commissioned during the 3rd quarter of this financial year.

### INSURANCE:

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

**VENLON POLYESTER FILM LIMITED**

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**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 good.

**DIRECTORS:**

In order to comply with the provisions of Section 256 of the Companies Act, 1956, Shri. A.V.Jain, Director and Shri.Ashok Parashar, Director retire by rotation and are eligible for reappointment.

The Board consists of Six directors of which Four are independent directors as defined in clause 49 of the Listing agreement. Board meetings were held on 29th June 2002, 31st July 2002, 31st October 2002, 31st January 2003 and 30th June 2003. All the directors were present at these meetings. In the above meetings un-audited and audited results were considered and taken on record by the board after due recommendation by the audit committee.

**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 advertised for a suitable candidate in a leading english news paper in Mysore on 19.06.2003. Only one candidate appeared for the interview, but was not possessing the requisite qualification.. Continuous efforts are being made in this respect to identify a suitable candidate.

**AUDITORS:**

M/s Rau & Nathan, Chartered Accountants, Statutory 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.




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**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.

**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 dematerialization request forms along with the physical certificates will be accepted is as follows:

M/s. Computech Sharecap Limited  
 147, Mahatma Gandhi Road,  
 3rd Floor, Jahangir Art Gallary  
 Fort,  
 Mumbai - 400 023.

**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 June, 2003

**CHAND D. DATWANI**  
 Chairman

**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**

(i) 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. 0.43 lacs  
Foreign exchange outgo : Rs. 83.16 lacs

**FORM A(See Rule 2)**

Form of Disclosure of Particulars with respect to Conservation of Energy

	Current Year 2002-2003	Previous Year 2001-2002
A. Power purchased from Electricity Board	NIL	NIL
Total Cost	NIL	NIL
Cost per KWH(Rs.)	N.A.	N.A.
B. Captive power generation by Gensets (Unit KWH Lacs)	94.59	83.83
Total Cost (Rs. Lacs)	363.50	359.04
Cost per KWH (Rs.)	3.84	4.28
A. Furnace Oil Consumed (KL)	1709	1080
Cost of furnace oil consumed (Rs. Lacs)	177.50	94.18

**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 under audit.

For and on behalf of the Board of Directors

Mysore  
30th June, 2003

**CHAND D. DATWANI**  
Chairman





## Corporate Governance Report for the year 2002-03

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### 1. Company's philosophy on Corporate Governance

Corporate Governance is an integral part of the values, ethics and the best business practices followed by the company. The core values of the Company are

- ◆ Commitment to excellence and customer satisfaction
- ◆ Maximizing long-term shareholder's value
- ◆ Socially valued enterprise
- ◆ Caring for people and environment
- ◆ Integrity including intellectual honesty, openness, fairness and trust

### 2. Board of Directors

The Company has a Executive Chairman and the number of Independent Directors is more than 50% of the total number of Directors. The number of Non - Executive Directors is more than 50% of the total number of Directors.

The names and categories of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting are given below:

NAME	CATEGORY	DATE OF LAST A.G.M.	No. OF BOARD MEETINGS	No. OF OTHER DIRECTORSHIP	No. OF OTHER COMMITTEE MEMBERSHIP
		28/6/02	Held/ Attended		
Mr. Chand D Datwani	Chairman & Managing Director Promoter Executive Director	Present	4	NIL	NIL
Mr. Ashok Parashar	Independent Non-Executive	Present	4	NIL	NIL
Mrs. Saroj C Datwani	Non-Independent Non-Executive	Present	4	NIL	NIL
Mr. A V Jain	Independent Non-Executive	Present	4	1	NIL
Mr. K.V. Chitalia	Independent Non-Executive	Present	4	1	NIL
Mr. B.N.S. Rangachar	Independent Non-Executive	Present	4	NIL	NIL

## VENLON POLYESTER FILM LIMITED

Four Board Meetings were held during the year 2002-03 and the gap between two meetings did not exceed four months. The Board Meetings were held on the following dates:

29/6/02, 31/07/02, 31/10/02 and 31/03/03.

The information as required under Annexure 1 to Clause 49 is being made available to the Board.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during 2002-03, over and above their remuneration.

### 3. Audit Committee

The Company has constituted the Audit Committee in the year 2001. The scope of activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee broadly are as under:

- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the Accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors
- b) To review compliance with internal control systems
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board
- d) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report
- e) Recommending the appointment of Statutory Auditors and Branch Auditors and fixation of their remuneration

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

NAME OF MEMBERS	CATEGORY	NO. OF COMMITTEE MEETINGS	
		HELD	ATTENDED
Mr. K.V. Chitalia, Chairman	Independent Non-Executive	4	4
Mr. A.V.Jain, Member	Independent Non-Executive	4	4
Mr. B.N.S Rangachar, Member	Independent Non-Executive	4	4

Four Audit Committee Meetings were held during the year 2002-03. The said meetings were held on the following dates:

29/06/02, 31/10/02, 31/01/03 and 30/06/03.