

The logo features the word "POLYAL" in a bold, black, sans-serif font. The text is centered within a black diamond shape, which is itself centered within a larger, light gray diamond shape.

20TH ANNUAL REPORT
2003-2004

VENLON POLYESTER FILM LIMITED

VENLON POLYESTER FILM LIMITED**20th ANNUAL GENERAL MEETING**

Date : 30th September, 2004
 Day : Thursday
 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 Twentieth Annual General Meeting of the Members of VENLON POLYESTER FILM LIMITED will be held on THURSDAY the 30th day of September, 2004 at 4.30 PM at Hotel Dasaprakash Paradise, Yadavagiri, Mysore-570 020 to transact the following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the audited Balance Sheet as at 31st March 2004, 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 place of Shri. K.V.Chitalia who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Smt. Saroj Datwani who retires by rotation and being eligible, offers herself for re-appointment.
04. To appoint Statutory Auditor 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:

05. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION :

RESOLVED that pursuant to the provisions of Section 16 and other applicable provisions if any, of the Companies Act, 1956, and SEBI regulations, the Memorandum of Association of the Company be altered as follows : -

For Clause V, substitute the following Clause : -

The Authorised Share Capital is Rs. 10,00,000 (rupees ten crores only) divided into 2,00,00,000 (two crore) Shares of Rs. 5/- (rupees Five only) each. Subject to the provision of the Act and these Articles shares (whether forming part of the original capital or of any increased capital of Company) may be issued with the sanction of the Company in General Meeting or by the Board, as the case may be, with such rights and privileges annexed thereto and upon such terms and conditions as by the General Meeting or by the Board, as the case may be, sanctioning of the issue of such shares be directed and, if no such direction be given and in all other cases as the Board shall determine, and in particular such shares may be issued with assets of the Company, without prejudice, however, to any rights and privileges already conferred on the holders of any shares or class of shares for the time being issued by the Company.

VENLON POLYESTER FILM LIMITED

FURTHER RESOLVED that the Record Date for giving effect to the aforesaid Resolution be 3rd November 2004.

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

RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows : -

For Clause 4 substitute the following Clause :-

The Authorised Share Capital is Rs. 10,00,00,000 (rupees ten crores) divided into 2,00,00,000(two crore) shares of Rs.5/-(rupees five only) each. Subject to the provisions of the Act and these Articles, shares (whether forming part of the original capital of any increased capital of the Company) may be issued either with the sanction of the Company in General Meeting or by the Board, as the case may be, with such rights and privileges annexed thereto and upon such terms and conditions as by the General Meeting or by the Board, as the case may be, sanctioning of the issue of shares be directed, and, if no such direction be given and in the other cases as the Board shall determine, and in particular such shares may be issued with preferential or qualified right to dividends and in distribution of assets of the Company, without prejudice, however, to any rights and privileges already conferred on the holders of any shares or class of shares for the time being issued by the Company.

FURTHER RESOLVED that the Record Date for giving effect to the aforesaid Resolution be 3rd November 2004.

07. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

RESOLVED that pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum Of Association of the Company be altered as follows: -

For Clause V, Substitute the following clause: -

The Authorised Share Capital is RS 11,00,00,000 (rupees eleven crores) divided into 2,20,00,000 (two crore twenty lakh) Shares of Rs 5/- (rupees five only) each. Subject to the provisions of the Act and these Articles shares (Whether forming part of the original



capital or of any increased capital of the Company) may be issued, either with the sanction of the Company in General Meeting or by the Board, as the case may be, with such rights and privileges annexed thereto and upon such terms and conditions as by the General Meeting or by the Board, as the case may be, sanctioning of the issue of such shares be directed, and, if no such direction be given and in all other cases as the Board shall determine, and in particular such shares may be issued with assets of the Company, without prejudice, however, to any rights and privileges already conferred on the holders of any shares or class of shares for the time being issued by the Company.

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

RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be further altered as follows: -

For Clause 4 Substitute the following clause: -

The Authorised Share Capital is Rs.11,00,00,000 (rupees eleven crores) divided into 2,20,00,000 (two crore twenty lakh) Shares of Rs 5/- (rupees five only) each. Subject to the provisions of the Act and these Articles, shares (Whether forming part of the original capital or of any increased capital of the Company) may be issued either with the sanction of the Company in General Meeting or by the Board, as the case may be, with such rights and privileges annexed thereto and upon such terms and conditions as by the General Meeting or by the Board, as the case may be, sanctioning of the issue of such shares be directed, and, if no such direction be given and in the other cases as the Board shall determine, and in particular such shares may be issued with preferential or qualified right to dividends and in distribution of assets of the Company, without prejudice, however, to any rights and privileges already conferred on the holders of any shares or class of shares for the time being issued by the Company.

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

RESOLVED that pursuant to the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be altered as follows: -

For Clause I, substitute the following Clause: -

The name of the Company is **VENLON ENTERPRISES LIMITED**.

VENLON POLYESTER FILM LIMITED

Further resolved that the Record date for giving effect to the aforesaid Resolution be 3rd November 2004.

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

RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows: -

For Clause 2 Sub-Clause (a), Substitute the following clause: -

The Company means **VENLON ENTERPRISES LIMITED.**

Further resolved that the Record date for giving effect to the aforesaid Resolution be 3rd November 2004.

11. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

Pursuant to provisions of section of 81 and other applicable provisions, if any, of the Companies Act 1956 and Articles 215 (1), (2) and (3) of the Articles of Association of the Company and applicable SEBI guidelines Resolved that the approval of the Company be and is hereby granted to the Board of Directors to issue and allot to the existing share holders 8 Equity Shares of Rs. 5 each fully paid for every 10 equity shares of Rs. 5 each held by them as on the record date being the 3rd day of November 2004 as Bonus shares by way of Capitalization of free reserves and Share Premium Account collected in cash.

Registered Office:
Plot No. 26(P)
Belavadi Industrial Area,
Hunsur Road, Mysore - 570 018.

Date 30th June 2004

By Order of the Board

CHAND D.DATWANI
Chairman



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 23/09/2004 to 30/09/2004 (both 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. Shareholders 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.
8. Provisions of Section 192A of the companies Act, 1956 will be complied as and where applicable.

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Plot No. 26(P)
Belavadi Industrial Area,
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By Order of the Board

CHAND D.DATWANI
Chairman

Date 30th June 2004

VENLON POLYESTER FILM LIMITED

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

Item Nos. 05 and 06

Since the shares of the Company are traded in dematerialized form, the proposed Resolution seeks to enable a Shareholder convenience in trading.

None of the Director is interested or concerned in the Resolution.

Item Nos. 07 and 08

As the Board of Directors of the Company have recommended issue Bonus Shares, the paid up capital will be exceeding the limit of Authorized capital. Hence the resolution.

None of the Director is interested or concerned in the Resolution.

Item Nos. 09 and 10

In view of the fact that the company has diversified its business activity within the scope of its various objects, the present name of the Company is misleading. Therefore the name of the Company is being substituted as indicated in the Resolution.

None of the Director is interested or concerned in the Resolution.

Item No. 11

The Board of Directors at their meeting held on 30th June 2004 after consideration of available free reserves and balance in Share Premium Account recommended to the General Body issue of Bonus Shares to the existing Share Holders on terms contained in the Resolution. The Equity Shares are fully paid up. The resolution is proposed to give effect to the same.

Directors Shri Chand Datwani, Smt Saroj Datwani, Shri A.V.Jain, Shri. K.V. Chitalia and Shri Ashok Parashar are deemed to be interested to the extent of allotment to them and/ or to their relatives.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 20th Annual Report on the Business and Operations of the Company and Financial Results for the year ended 31st March, 2004.

FINANCIAL RESULTS (Rs. In Lacs)

	Current Year 31.03.2004	Previous Year 31.03.2003
Net Sales	7598.20	7280.24
Profit before interest & financial charges & depreciation	594.65	670.87
Interest & financial charges	258.27	462.62
Profit before depreciation	336.38	208.25
Depreciation	158.33	128.84
Net Profit	178.05	79.41
Provision for Current Tax	13.68	6.17
Provision for Deferred Tax	50.14	22.60
Profit after Tax	114.23	50.64

DIVIDEND:

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

ISSUE OF BONUS SHARES:

The Board recommends issue of Bonus shares by capitalisation of free reserves in the ratio of 4 shares for every 5 shares held.

PROFITABILITY:

During the year under review, the Company's performance is satisfactory. The company earned a moderate profit of Rs. 178.05 lacs. Barring unforeseen circumstances the market is expected to further stabilize during the next financial year.

FINANCE AND TAXATION:

During the year the company has tied up with Corporation Bank to part finance its working capital needs. Canara Bank will continue to be the lead banker of the consortium. Adequate working capital limits are sanctioned during the year under review.

Income tax assessment upto assessment year 2002-03 has been completed.

CURRENT OPERATIONS:

The company has the following segmental activities:

- PET Film
- Formaldehyde
- Wind Energy

VENLON POLYESTER FILM LIMITED

The company setup 3 MW Windmill project at Jaisalmer, Rajasthan at a cost of Rs.14.22 crores during November 2003. The operations is in line with the projections and is stable.

The company has successfully commissioned 1.9 MW Captive Power generation Furnace oil based power plant at a cost of Rs. 590 lacs during January 2004. This is expected to reduce energy cost considerably.

The Company is mainly engaged in Polyester Film business which is considered the only reportable segment as per Accounting Standard- AS 17 " Segment Reporting" issued by the Institute of Chartered Accountants of India. Other activities/geographical segmentation are not relevant for the year under review as they are not significant.

FUTURE PLANS:

PARAFORMALDEHYDE

The management is contemplating to setup a Paraformaldehyde plant as a forward integration project to the existing Formaldehyde project. This will improve the capacity utilisation & lower the fixed costs of the Formaldehyde plant. Paraformaldehyde is presently being imported in substantial volume and this project will enable reduce the volumes imported and improve its availability and expand the market growth.

WINDMILL

Being encouraged with the results of the existing operations of the wind power generation, the management is broadly looking into the aspect of setting up of additional wind energy generation capacity.

The aforesaid plans are in a preliminary stage and the management is working on cost benefit analysis for implementation of these projects.

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 good.