



**VENTURA
TEXTILES
CORPORATION
LIMITED**



**30TH ANNUAL REPORT
1999-2000**



VENTURA TEXTILES CORPORATION LIMITED

BOARD OF DIRECTORS

Mr. R. S. Mehra	: Chairman
Mr. D. S. Alva	: Vice-Chairman
Mr. P. M. Rao	: Managing Director (w.e.f. 01 st July, 2000)
Dr. Surinder K. Kapur	: Managing Director (upto 30 th June, 2000)
Mr. T. B. Ananthanarayanan	: Nominee Director - IDBI
Mr. M. P. Bharucha	: Director

SOLICITORS AND ADVOCATES

M/s. Amarchand & Mangaldas &
Suresh A. Shroff & Co

AUDITORS

M/s. S. M. Kapoor & Co
Chartered Accountants

BANKER

State Bank of India

REGISTERED OFFICE

313, MIDAS, Sahar Plaza
J. B. Nagar
Andheri (East)
Mumbai - 400 059

FACTORY

Satpur & Gonde, Nashik

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Pvt. Ltd
260-A, Shanti Industrial Estate
Sarojini Naidu Road
Mulund (West), Mumbai - 400 080



VENTURA TEXTILES CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING** of the members of **Ventura Textiles Corporation Limited** will be held on Friday, the 08th September, 2000 at the Registered Office of the Company at 313, MIDAS, Sahar Plaza, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai - 400 059 at 4.00 p.m. to transact the following business :

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date, the Schedules and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M. P. Bharucha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS :

4. 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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mr. P.M. Rao, as Managing Director of the Company for a period of five years with effect from 1st July, 2000 at a remuneration and upon the terms and conditions set out in the draft agreement, placed before this meeting and initialled by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the remuneration, terms and conditions of the said appointment and/or agreement, subject to the limits specified under Schedule XIII to the Companies Act, 1956, or any amendments thereto or any statutory modification or re-enactment thereof from time to time, as may be agreed to between the Directors and Mr. P.M. Rao."

5. To consider, and if thought fit, to pass with or without modifications, the following resolution **as a SPECIAL RESOLUTION** :

"RESOLVED THAT the Company do apply for delisting of its shares from the Stock Exchanges at Ahmedabad, Coimbatore and Delhi, and the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, and things which may be necessary, usual, expedient or proper to give effect to this resolution."

6. To consider, and if thought fit, to pass with or without modifications, the following resolution **as a SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of the Memorandum and Articles of Association of the Company, the present Authorised Share Capital of the Company viz.

'The Authorised Share Capital of the Company is

Rs.30,00,00,000/- (Rupees Thirty Crores Only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten Only) each and 10,00,000 (Ten Lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each be and is hereby modified, re-classified, substituted by the following and stand thereof

'The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crore Only) comprising of Rs.22,50,00,000/- (Rupees Twenty Two Crore Fifty Lac Only) divided into 2,25,00,000 (Two Crore Twenty Five Lac) Equity Shares of Rs.10/- (Rupees Ten Only) each and Rs.7,50,00,000/- (Rupees Seven Crore Fifty Lac Only) divided into 7,50,000 (Seven Lac Fifty Thousand) Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each.'

"RESOLVED FURTHER THAT subsequent to the above-mentioned re-classification, pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, Clause V of the Memorandum of Association of the Company be and is hereby altered and substituted by the following and stand thereof :

V. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crore Only) comprising of Rs.22,50,00,000/- (Rupees Twenty Two Crore Fifty Lac Only) divided into 2,25,00,000 (Two Crore Twenty Five Lac) Equity Shares of Rs.10/- (Rupees Ten Only) each and Rs.7,50,00,000/- (Rupees Seven Crore Fifty Lac Only) divided into 7,50,000 (Seven Lac Fifty Thousand) Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each."

"RESOLVED FURTHER THAT subsequent to the above-mentioned re-classification, pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article No.3 of the Articles of Association of the Company be and is hereby altered and substituted by the following and stand thereof :

3. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crore Only) comprising of Rs.22,50,00,000/- (Rupees Twenty Two Crore Fifty Lac Only) divided into 2,25,00,000 (Two Crore Twenty Five Lac) Equity Shares of Rs.10/- (Rupees Ten Only) each and Rs.7,50,00,000/- (Rupees Seven Crore Fifty Lac Only) divided into 7,50,000 (Seven Lac Fifty Thousand) Convertible Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each."

7. To consider, and if thought fit, to pass with or without modifications, the following resolution **as a SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to Section 81(1A) of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956, in pursuance of appropriate rules, regulations and guidelines made by the Securities and Exchange Board of India (SEBI), and in accordance with Article No.15 of the Articles of Association of the Company and subject to the approvals, consents, permissions and/or sanctions as may be

necessary of the **SEBI**, Financial Institutions, and such other bodies as may be required and to the extent necessary and subject to such conditions and/or modifications, stipulations, terms and conditions which any body of authority may require or impose while granting such approvals, consents, permissions or sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee of the Board for the time being exercising the powers confirmed on the Board) to offer, issue and allot to the Industrial Development Bank of India (IDBI), on Preferential Issue basis, not exceeding 7,50,000 (Seven Lac Fifty Thousand) Convertible Cumulative Redeemable Preference Shares (**CCRPS**) of Rs.100/- (Rupees One Hundred Only) each, aggregating to Rs. 750 lac, for cash at par at a coupon rate of 11.35% (yield 15.34%) and the said shares be redeemed at the end of 6th, 7th and 8th Year from date of conversion, with option to the Company to redeem / repay the **CCRPS** without prepayment premium subject to such terms and conditions as may be stipulated by IDBI."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and take such other steps as it may in its absolute discretion deem to be necessary, desirable or expedient for giving effect to the above resolution."

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION** :

"**RESOLVED THAT** pursuant to Section 81(1A) of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956, in pursuance of appropriate rules, regulations and guidelines made by the Securities and Exchange Board of India (**SEBI**), in accordance with the financial restructuring of the liabilities of the Company by the Industrial Development Bank of India (IDBI) and in accordance with Article No.15 of the Articles of Association of the Company and subject to the approvals, consents, permissions and/or sanctions as may be necessary of the **SEBI**, Financial Institutions, and such other bodies as may be required and to the extent necessary and subject to such conditions and/or modifications, stipulations, terms and conditions which any body of authority may require or impose while granting such approvals, consents, permissions or sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee of the Board for the time being exercising the powers confirmed on the Board) to offer, issue and allot to Mr. P.M. Rao and his associates, on Preferential Issue basis, not exceeding 89,44,574 (Eighty Nine Lac Forty Four Thousand Five Hundred Seventy Four) Equity Shares of Rs.10/- (Rupees Ten Only) each, for cash at par."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and take such other steps as it may in its absolute discretion deem to be necessary, desirable or expedient for giving effect to the above resolution."

Registered Office :

313, MIDAS, Sahar Plaza
J.B. Nagar
Andheri - (East)
Mumbai - 400 059

For and on behalf of the Board of Directors

P.M. Rao
Managing Director

Date : 12th August, 2000

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 for Item No. 4 to 8 is annexed.
4. The Share Transfer Book and the Register of Members of the Company will remain closed from 8th September, 2000 to 12th September, 2000 (both days inclusive).
5. Members are requested to immediately intimate change of address, if any, to the Company's Registrar and Share Transfer Agent's 'Intime Spectrum Registry Pvt. Ltd.', 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080 quoting reference to their Registered Folio Number.
6. Members/Proxies are requested to bring the copy of their Annual Report alongwith them and to produce the Attendance Slip at the Entrance of the Meeting Hall.
7. All the documents referred to in the Notice and Explanatory Statement annexed to the Notice convening the Thirtieth Annual General Meeting of the Company is available for inspection at the Registered Office of the Company between 11 a.m. to 1.00 p.m on all working days, other than Saturdays, upto the date of the Annual General Meeting.

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

ITEM NO. 4

Mr. P.M. Rao is associated with the business of the Company for the past several years and has wide knowledge in textile field. Consequent to change in the management, the Board of Directors has appointed, subject to approval of members, Mr. P.M. Rao as the Managing Director of the Company with effect from 1st July, 2000 for a period of 5 years, on the following principal terms and conditions :

1. Tenure of Appointment : 5 Years (1st July, 2000 to 30th June, 2005)
2. With effect from 1st July, 2000, the Managing Director shall be entitled to the following remuneration, perquisites and benefits :

I. Salary : Rs.30,000/- (Rupees Thirty Thousand Only) per month, with liberty to the Board of Directors to increase the salary upto a sum not exceeding Rs.1,00,000/- (Rupees One Lac Only) per month.

However, the salary shall be within the overall limits as set out under Schedule XIII to the Companies Act, 1956 and any amendment thereto.



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II. Commission, Perquisites Etc And Other Terms Of Appointment

Commission : The appointee will be paid such amount by way of commission, in addition to the salary and perquisites payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated under Sections 198 and 309 of the Act and Schedule XIII, as may be applicable from time to time.

The specific amount payable as commission to the appointee will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts are approved by the Board of Directors and adopted by the Shareholders.

SITTING FEES : The appointee shall not be entitled to receive sitting fees for attendance at meetings of the Board or Committees thereof.

PERQUISITES CATEGORY 'A'

- a) **Medical Reimbursement :** Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or five months' salary over a period of five years to the Managing Director.
- b) **Leave Travel :** For the appointee and his family, once in a year incurred in accordance with any rules specified by the Company.
- c) **Club Fees :** Fees of clubs subject to maximum of two clubs. This will not include life membership fees and admission fees.
- d) **Personal Accident Insurance :** Premium not exceeding Rs.5,000/- per annum.

Explanation : Family means spouse, dependant children and parents of the appointee.

CATEGORY 'B'

The following will not be considered as perquisites :

- i) The contributions to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961;
- ii) Gratuity not exceeding half a month's salary for every completed year of service;
- iii) Encashment of leave at the end of the tenure and
- iv) Provision of car with chauffeur for use on Company's business and telephone at residence. However, personal long distance calls and use of car for private purpose shall be billed by the Company.

Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, the appointee shall be paid the above remuneration as Minimum Remuneration subject, however to the overall limits as per provisions contained in Schedule XIII as amended or any statutory modification or re-enactment thereof from time to time.

Your Directors recommend that this resolution be passed as an Ordinary

Resolution. None of the Directors other than Mr. P.M. Rao is concerned or interested in the above-mentioned business.

ITEM NO. 5

The shares of the Company are listed with the Stock Exchanges at Ahmedabad, Coimbatore, Delhi and Mumbai. Considering the fact that the shares are thinly/rarely traded at the stock exchanges at Ahmedabad, Coimbatore and Delhi, the Board of Directors is of the view that it would be advisable in the interest of the Company to apply for delisting of its shares from the said three stock exchanges in accordance with the provisions of applicable laws and continue to have listing only with the Mumbai Stock Exchange, the Regional Stock Exchange.

Your Directors recommend the resolution be passed as special resolution, in accordance with the Guidelines for de-listing of Shares.

ITEM NO. 6

To facilitate the proposed preferential issue of Shares of the Company, under Item No.7 & 8 of the Notice, the present Authorised Share Capital of the Company has to be re-classified as provided in the resolution. The substitution of Clause V and Article No.3 of the Memorandum and Articles of Association of the Company are in consequent to the said alteration. Your Directors recommend the resolution be passed as a Special Resolution.

ITEM NO. 7

IDBI has approved a financial restructuring of the Company's outstanding liabilities, and has granted certain concessions. One of the conditions for the said restructuring of the Company is to convert Rs.7.50 Crore being about 20% of the outstanding loan into Convertible Cumulative Redeemable Preference Shares (CCRPS), at a coupon rate of 11.35% (yield 15.34%) with effect from 1st April, 2000 and the said shares be redeemed at the end of 6th, 7th and 8th Year from date of conversion, with option to the Company to redeem / repay the CCRPS without prepayment premium subject to such terms and conditions as may be stipulated by IDBI.

The Equity Shares arising out of the conversion of the said CCRPS, will be under lock-in period, if any, as may be provided by the SEBI Guidelines, at the time of conversion.

At present IDBI is represented by its Nominee Director on the Board and any further appointment of its nominees on the Board will be in accordance with the terms and conditions of the loan agreement.

The Shareholding pattern, at the time of holding CCRPS and subsequent to conversion, if any, into Equity Shares have been furnished as an annexure to this explanatory Statement.

Considering the Company's financial condition, the scheme is in the interest of the Company. Your Directors recommend this resolution be passed a Special Resolution. None of the Directors is concerned or interested in the above resolution.

ITEM NO. 8

IDBI has approved a financial restructuring of the Company's outstanding liabilities, and has granted certain concessions. One of the conditions for the said restructuring is Mr. P. M. Rao & his associates to bring in interest free unsecured loans/ equity of Rs.1550 Lacs, consequent to the change in the management of the Company on the acquisition of 66,20,400 Equity Shares of Rs.10/- each of the Company representing 48.84% of the Paid-up Share Capital of the Company from the Kapur Group, the

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Promoters of the Company, by Esteem Business Services Private Limited (**EBSP**) (a company controlled and owned by Mr. P. M. Rao, his relatives and associates) and the subsequent completion of the Open Offer in terms of the requirement of the SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997, through which EBSP further acquired 8,78,616 Equity Shares representing 6.48% of the paid-up share capital of the Company. IDBI and SBI have intimated their consent for the above change in the management.

Further, Mr. P. M. Rao & his associates have expressed their willingness to convert part of their funds, infused into the Company in terms of the financial restructuring of IDBI, into Equity Share Capital of the Company. Hence in the interest of the Company to augment the long-term funds, your Directors have proposed, subject to necessary approvals, to issue on a Preferential Issue basis 8944574 (Eighty Nine Lac Forty Four Thousand Five Hundred Seventy Four) Equity Shares of Rs.10/- each of the Company, for cash at par aggregating to Rs.8,94,45,740/- to Mr. P.M. Rao and his Associates, (viz. Mr. P.M. Rao and his relatives, Esteem Business Services Private Limited and Penny Securities and Investments Private Limited having their Registered Office at 313, MIDAS, Sahar Plaza, J.B. Nagar, Andheri (East), Mumbai - 400 059).

The Board of Directors has proposed to issue these Shares at Rs.10/- per share for cash, which is more than the offer price per share calculated in accordance with the provisions of the SEBI Guidelines on Preferential Issue of Shares, which has been certified by the Statutory Auditors of the Company M/s. S.M. Kapoor & Co., Chartered Accountants, Mumbai.

Out of this preferential issue, the Company will allot 60,00,000 No. of equity shares of Rs.10/- each under a lock-in period of 3 years from the date of allotment being 20% of the expanded Paid-up Share

Capital of the Company and the balance of 2944574 Equity Shares will be under a lock-in period of One year from the date of allotment or such other period as may be applicable under the SEBI Guidelines.

Assuming all the 89,44,574 Equity Shares are issued, the post issue shareholding of Mr. P.M. Rao and his associates will be 74.36% of the expanded Paid-up Share Capital of the Company before conversion of CCRPS into Equity Shares by IDBI and 55.77% subsequent to conversion of the said CCRPS, if any, by IDBI. The pre and post Preferential Issue / conversion shareholding pattern of the Company is annexed to this Explanatory Statement.

Your Company Ventura Textiles Corporation Limited, (VTCL) is engaged in the business of manufacture of cotton Grey Fabric and due to the downtrend in the textile Sector, the Company could not achieve desired results. To achieve a turnaround in its fortunes, VTCL needs funds at the earliest.

Hence your Directors recommend the proposed resolution to be passed as a Special Resolution. EBSP and PSIP are closely held Companies and wholly owned by Mr. P.M. Rao, his relatives and friends. Mr. P. M. Rao is also a Director in VTCL, hence may be deemed to be concerned or interested in the above resolution. None of the other Directors of the Company is concerned or interested in the said resolution.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 12th August, 2000

P.M. Rao
Managing Director

Annexure to Item No. 7 & 8 of Notice and Explanatory Statement :

EQUITY SHAREHOLDING PATTERN OF VTCL (Pre-Issue and Post Issue) :

Particulars	Existing Shareholding pattern		Percentage (%)	Post Preferential Subscription/Conversion Shareholding pattern (in Rs.)		Post Preferential Subscription/Conversion Shareholding pattern (%)	
	No. of Shares	Amt.(Rs.)					
Mr. P.M. Rao and his Associates	77,85,516	7,78,55,160	57.43	16,73,00,900	16,73,00,900	74.36	55.77
Public	57,69,910	5,76,99,100	42.57	5,76,99,100	5,76,99,100	25.64	19.23
IDBI	--	--	--	--	7,50,00,000	--	25.00
Total	1,35,55,426	13,55,54,260	100.00	22,50,00,000	30,00,00,000	100.00	100.00