

VENTURA TEXTILES LIMITED

CERTIFIED TO BE TRUE COPY

Report

Ventura Textiles Limited

[Signature]
Company Secretary

32 nd
Annual
Report
2001 2002

VENTURA TEXTILES LIMITED

BOARD OF DIRECTORS

Mr. P. M. Rao	: Chairman & Managing Director
Mr. P. R. Bhargava	: Director
Mr. Shyam Karmarkar	: Director
Mr. T. B. Ananthanarayanan	: Nominee Director - IDBI
Mr. T.M. Dedhia	: Director

COMPANY SECRETARY

: Mr. K. R. Vishwanath

AUDITORS

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

BANKER

State Bank of India,
Overseas Branch,
World Trade Centre,
Cuffe Parade, Mumbai

REGISTERED OFFICE

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

FACTORY

Gonde & Satpur, Nashik District,
Maharashtra.

REGISTRAR & SHARE TRANSFER AGENT

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

AUDIT COMMITTEE

: Mr. Shyam Karmarkar
: Mr. P. R. Bhargava
: Mr. T. M. Dedhia

SHAREHOLDERS' GRIEVANCE COMMITTEE

: Mr. Shyam Karmarkar
: Mr. P. R. Bhargava
: Mr. P. M. Rao

VENTURATEXILES LIMITED

NOTICE

NOTICE is hereby given that the **THIRTY-SECOND ANNUAL GENERAL MEETING** of the members of **VENTURATEXILES LIMITED**, will be held on Friday, the 27th day of December, 2002 at the Registered Office of the Company at 313, MIDAS, Sahar Plaza, J.B. Nagar, Andheri (East), Mumbai-400 059 at 3.00 p.m to transact the following business:

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2002 and the Profit and Loss Account for the period ended on that date, the Schedules and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.M. Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint M/s. S. M. Kapoor & Co., Chartered Accountants, as the Statutory Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modifications, as an **Ordinary Resolution** :

"RESOLVED THAT Mr. T.M. Dedhia, who was appointed as an Additional Director and holding office upto the date of the Annual General Meeting, and in favour of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director liable to retire by rotation."

By Order of the Board of Directors

Regd. Office :
313 - MIDAS, Sahar Plaza,
J. B. Nagar,
Andheri (East),
Mumbai - 400 059.
Date : 27th September, 2002

K.R. Vishwanath
Company Secretary

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. Proxy, in order to be effective, should be lodged with the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

3. The Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 for the business to be transacted is annexed.
4. All the documents, referred to in the Notice and Explanatory Statement annexed to the Notice convening this 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, upto the date of the Annual General Meeting.
5. Information required under the Corporate Governance for Item No. 2 and Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Item No. 4 of the Notice is annexed hereto.
6. Member/Proxies, should bring the Attendance Slip sent herewith duly filled in and signed and hand over the same at the entrance of the hall for attending the Meeting and Members who hold shares in the dematerialised form are requested to indicate without fail their DP ID and Client ID numbers in the Attendance Slips. Members are requested to bring their copies of the Annual Report with them.
7. The Share Transfer Book and the Register of Members of the Company will remain closed from 22nd November, 2002 to 25th November, 2002 (both days inclusive).
8. Members are requested to immediately intimate change of address, if any, to the Company's Registrar and Share Transfer Agent's 'Intime Spectrum Registry Ltd.' 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080 quoting reference to their Registered Folio Number.
9. Investors/ Members, who have not encashed their respective Interest / Dividend warrants are requested to encash the Interest / Dividend amounts. The Company shall transfer the Interest / Dividend amounts, which remain unencashed for more than 7 years to the Investor Education and Protection Fund of the Central Government as required under Section 205C of the Companies Act, 1956 and thereafter no claim can be made against the Company or the Fund.
10. Members are requested to furnish the details of their nomination (if not already sent) in the necessary form to the Registered Office of the Company.

VENTURA TEXTILES LIMITED

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

ITEM NO. 4 :

Mr. T.M. Dedhia was appointed by the Board as an Additional Director with effect from October 31, 2001. He holds office upto the date of the ensuing Annual General Meeting, and in terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member alongwith the requisite deposit, proposing the candidature of Mr. T.M. Dedhia to the office of a Director liable to retire by rotation

Mr. T.M. Dedhia is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India.

Mr. Dedhia is holding Directorship as on 31st March, 2002 in the following companies :

(a) Ashapura Chinaclay Private Limited (b) Gagan Mineral Private Limited (c) Malibu Farming Private Limited

He is a member of the following Committee as on 31st March, 2002 :

Audit Committee of Ventura Textiles Limited.

The Directors recommend the resolution for approval of the Members. None of the Directors except Mr. T. M. Dedhia is concerned or interested in the said resolution.

Information under Clause 49 of the Listing agreement :

Item No. 2

Mr. P.M. Rao is a first generation entrepreneur. He is 54 years old and has over 25 years of experience in Textiles business operations, finance and administration. He is the Chairman & Managing Director of the Company. His qualification is B.Com. In terms of the requirements under Section 257 of the Act, Mr. P.M. Rao is liable to retire by rotation and has offered himself for re-appointment. Your Directors recommend his re-appointment.

He is holding Directorship as on 31st March, 2002 in the following companies :

Penny Securities and Investments Private Limited.

He is a member of the following Committee as on 31st March, 2002 :

Shareholders' Grievances Committee of Ventura Textiles Limited.

Regd. Office :

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

Date : 27th September, 2002

By Order of the Board of Directors

K.R. Vishwanath
Company Secretary

DIRECTORS' REPORT

To

The Members

Ventura Textiles Limited

Your Directors present the Thirty-second Annual Report of the Company together with the Audited Accounts for the period ended 30th June, 2002.

FINANCIAL RESULTS :

(Rs. in Lacs)

	30 th June, 2002 (15 months)	31 st March, 2001 (12 months)
Gross Income	4117.90	4499.43
Profit / (Loss) before interest and depreciation	(189.66)	201.81
Less : Interest	863.71	615.44
Depreciation	412.09	329.92
(Loss) for the period / year	(1465.46)	(743.55)
Less: Prior period adjustments	120.29	18.00
Net (Loss) for the period / year	(1585.75)	(761.55)
Add:		
a) Balance brought forward from the previous year	(3070.82)	(2309.27)
b) Transfer from General Reserve	—	—
Balance carried to Balance Sheet	(4656.57)	(3070.82)

DIVIDEND :

In view of the loss for the period, your Directors have not recommended any dividend on the Equity Shares.

OPERATIONS :

During the period under review, the Company achieved a total income of Rs.4117.90 lacs against Rs.4499.43 lacs in the previous year. The Company incurred a loss of Rs.1465.46 lacs for the period, while for the previous year the loss was Rs.743.55 lacs.

The Company incurred a loss before Interest and Depreciation of Rs.189.66 lacs for the period under review, against the profit before Interest and Depreciation of Rs.201.81 lacs made in the previous year. Despite the measures taken including the change in product mix, the Company could not revive the operations. The lack of adequate working capital adversely affected the working of the Company, thus resulting in increased losses.

With the accumulated losses exceeding the net-worth of the Company, the Company has become a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Special (Provisions) Act, 1985. Necessary steps will be taken to comply with the requirement of the said Act.

DIRECTORS :

The Board of Directors at their meeting held on 31st October, 2001 appointed Mr. T. M. Dedhia as an Additional Director of the Company and he holds office upto the date of the ensuing Annual General Meeting.

VENTURA TEXTILES LIMITED

The Company has received notices under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director liable to retire by rotation. Your Directors are of the view that the Company would benefit immensely out of the rich experience of Mr. T. M. Dedhia, hence recommend the said appointment.

Mr. R.S. Mehra, Director, who was liable to retire by rotation and opted for re-appointment at the previous year's Annual General Meeting, subsequently resigned from the Board of Directors with effect from 26th September, 2001 before holding of the said Annual General Meeting. The Board records its appreciation for the valuable contributions made by him during his tenure as a Director.

Mr. P.M. Rao, Director, is liable to retire by rotation at the ensuing Annual General Meeting, has offered himself for re-appointment. Your Directors recommend his re-appointment.

DISCLOSURE UNDER THE LISTING AGREEMENT :

a) Clause 32 – Cash Flow Statement :

Cash flow statement pursuant to Clause 32 of the Listing Agreement is annexed herewith and forming part of this report.

b) Clause 49 - Corporate Governance :

The Company has implemented Corporate Governance as required under Clause 49 of the Listing Agreement with effect from 28th March, 2002. A report on the Corporate Governance alongwith Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the report.

FIXED DEPOSITS :

With respect to deposits accepted within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, the Company has complied with the provisions and rules thereof.

RESPONSIBILITY STATEMENT :

Pursuant to sub-section (2AA) Section 217 of the Companies Act, 1956, your Directors confirm that :

- i. In preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements 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 period and of the loss of the Company for the period ended;
- iii. Your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- iv. Your Directors have prepared the attached Statement of Accounts for the period ended 30th June, 2002 on a going concern basis.

AUDITORS :

M/s. S. M. Kapoor & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. The Company has received a certificate from the Auditors under Section 224 (1B) of the Companies Act, 1956, intimating their willingness and eligibility for re-appointment. Your Directors recommend the said re-appointment.

COST AUDITORS :

The re-appointment of M/s ABK & Associates, Cost Accountants, Mumbai, as the Cost Auditors of the Company for the Financial Year 2001-2002 and 2002-2003 has been approved by the Department of Company Affairs vide its letter No. 52 / 777 / CAB – 2000 dated 31st July, 2002.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information as required to be submitted pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure to this report.

PARTICULARS OF EMPLOYEES :

None of the Employees were in receipt of the remuneration in excess of the ceiling as prescribed in the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies Amendment Act, 1988.

ACKNOWLEDGEMENT :

The Directors express their appreciation and sincere gratitude to the various Departments of the Central and State Governments, Bankers, Stock Exchange authorities, Clients and Shareholders for their valuable assistance and continued support. The Directors also record their appreciation for the sincere and dedicated efforts of staff at the various levels of the Company

For and on behalf of the Board of Directors

Place : Mumbai
Date : 27th September, 2002

P. M. Rao
Chairman &
Managing Director

VENTURA TEXTILES LIMITED

CORPORATE GOVERNANCE REPORT (Limited Disclosures)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to highest level of transparency, accountability and equity in all facets of its operations, and in all its interaction with Shareholders, Lenders, Government, Employees and other Business Associates in line with the spirit of Ventura Textiles Limited's Code of Corporate Governance.

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the following details in connection with Corporate Governance practiced by the Company are furnished herewith :

1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Textile Industry continues to be a major contributor to INDIA's economy. It accounts for one-fifth of the total industrial production in the country and contributes to 30% of the total Indian exports. Despite the disturbances witnessed by the developed countries especially USA, the strong macro fundamentals of the country and the Government's policies and measures towards the Industry, such as TUF, Cotton Technology Mission Focus Latin America and Africa, rationalization of excise duty and extension of MODVAT chain etc., have provided required stability to the Industry.

FINANCIAL REVIEW

During the period under review, the Company achieved a total income of Rs.4117.90 lacs against Rs.4499.43 lacs in the previous year. The Company incurred a loss of Rs.1465.46 lacs for the period, while for the previous year the loss was Rs.743.55 lacs.

The Company incurred a loss before Interest and Depreciation of Rs.189.66 lacs for the period under review, against the profit before Interest and Depreciation of Rs.201.81 lacs made in the previous year. Despite the measures taken including the change in product mix, the Company could not revive the operations. The lack of adequate working capital adversely affected the working of the Company, thus resulting in increased losses.

With the accumulated losses exceeding the net-worth of the Company, the Company has become a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Special (Provisions) Act, 1985. Necessary steps will be taken to comply with the requirement of the said Act.

OUTLOOK ON OPPORTUNITIES

Textile Industry has been facing recessionary trends for the past four years. It operated in an environment of compressed demand, oversupply and subsequent spreads. The tide is slowly turning for the better. Although the international yarn market continues to be dull, the prices are showing sign of improvement having hit the rock bottom where, even exporters at marginal cost are unable to survive. Given the positive indication of prices and with the widening of market coverage the future holds promise.

As a strategy, the Company has enlarged its market coverage and established new markets with Bed Linens, the future holds promise.

Made-ups are expected to emerge as the largest segment of cotton textiles trade from India, contributing about 60% of new growth opportunities.

With the stagnation in yarn production in China in the coming years will lead to doubling of China's yarn imports and currently China is the largest importer of processed fabric worth US \$4.2 billion annually.

OUTLOOK ON THREATS, RISK AND CONCERN

With the dramatic decrease in prices, the realisation on sales from exports is heavily affected. The unequal setting and politically motivated efforts to re-impose anti-dumping duty on bedlinen imports from India while leaving out certain competitors work more as a vindictive measure, which had a demoralising effect on Indian textile Industry and restricted export growth.

Global Clothing manufacturers are under continuous pressure from European Union and USA buyers to reduce prices. According to UNCTAD Report clothing producers actually reduce wages in order to protect their margins. With the labour-intensive produce, with the sharp increase in wage burdens, the margin become thin.

There is a drive for the continuous improvement of operations and at the same time focus is on further efficiency through restructuring of operational resources to achieve cost reduction and control on operations.

These continued efforts will give a unified direction to the business strategy and will launch the Company on the recovery path.

VENTURA TEXTILES LIMITED

SEGMENT WISE PERFORMANCE

The Company has only one business segment Cotton fabric. The domestic Sales were 4.38 Crore, representing 11.01 % for the period ended on 30th June, 2002.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate internal procedure commensurate with its size and nature of the business. The internal Control System has well documented policy, authorizations, guidelines and approval procedures. The Company has external agencies carrying out its internal audit functions. The business control procedures ensure efficient use and protections of the resources and the compliances with the policy.

HUMAN RESOURCES

The Company regards its human resources as amongst the most valuable assets and proactively reviews policies and processes by creating work environment that encourages initiatives, provides challenge and opportunities and recognises the performance and potential of the employees.

The Industrial relations across different locations of the Company, were cordial during the year. The company continues to maintain its thrust on Human resources development. Several initiatives have been launched to enhance and foster the spirit of the employees.

2. BOARD OF DIRECTORS:

A. Composition of Board

The Board of Directors of the Company comprises of one Whole-Time Director viz. The Chairman cum Managing Director, and four Non-Executive directors.

Name Of Directors	Promoter, Executive, Non-Executive Independent, Nominee Relationship with the Company
P.M. Rao	Promoter & Executive
Shyam Karmarkar (Appointed w.e.f. 29-06-01)	Independent & Non-Executive
P.R. Bhargava (Appointed w.e.f. 29-06-01)	Independent & Non-Executive
T.M. Dedhia (Appointed w.e.f. 31-10-01)	Independent & Non-Executive
T.B. Ananthanarayanan	Nominee (IDBI)
D.S. Alva (Resigned w.e.f. 30-06-01)	Independent & Non-Executive
R.S. Mehra (Resigned w.e.f. 27-09-01)	Independent & Non-Executive Chairman

B. Other Directorships/

Committee Memberships Held By Directors :

Name of Directors	No. of other Directorships and Committee Memberships/Chairmanship		
	Other Directorships	Committee Memberships	Committee Chairmanships
P.M. Rao	1	1	—
Shyam Karmarkar	1	2	2
P.R. Bhargava	1	2	—
T.M. Dedhia	3	1	—
T.B. Ananthanarayanan	1	—	—

C. Attendance of the Directors at the Board Meetings :

Six Meetings of the Board of Directors were held during the period 1st April, 2001 to 30th June, 2002. The details of attendance of the Board of Directors at the Board Meetings held during this period are as follows :

Name of Directors	Board Meetings held on and attendance details					
	29-06-01	31-07-01	31-10-01	30-01-02	28-03-02	29-04-02
P.M. Rao	Yes	Yes	Yes	Yes	Yes	Yes
Shyam. Karmarkar	Yes	Yes	Yes	Yes	Yes	Yes
P.R. Bhargava	Yes	Yes	No	Yes	Yes	Yes
T.M. Dedhia *	—	—	Yes	Yes	Yes	No
T.B. Ananthanarayanan	Yes	Yes	Yes	Yes	Yes	Yes
D.S. Alva #	Yes	—	—	—	—	—
R.S. Mehra +	No	No	—	—	—	—

*Appointed w.e.f. 31-10-01, # Resigned w.e.f. 30-06-01 and + Resigned w.e.f. 27-09-01

D) Directors' particulars :

Name of Directors	Age	Qualifications
P.M. Rao	54	B.Com
Shyam Karmarkar	53	B.Com., FCA
P.R. Bhargava	57	BE(MECH), M.E., DMS
T.M. Dedhia *	54	B.Com., FCA, ACS, LLB(Gen)
T.B. Ananthanarayanan	56	B. SC. (Engg.)

VENTURA TEXTILES LIMITED

E) Details of last three Annual General Meetings :

AGM	LOCATION	DATE & TIME
31 ST AGM	Regd. Office of the Company	29.11.2001 - 3.00 PM
30 TH AGM	-do-	08.09.2000 - 4.00 PM
29 TH AGM	ACME Plaza, Andheri-Kurla Road, Mumbai - 400 059	24.09.1999 - 4.00 PM

No Special Resolution was put through postal ballot at the last AGM.

3. AUDIT COMMITTEE:

The Audit Committee was constituted on 29th June, 2001 by the Board of Directors comprising Mr. Shyam Karmarkar, as Chairman, and Mr. P.R. Bhargava and Mr. P.M. Rao as members of the Committee. The Audit Committee was re-constituted on 28th March, 2002, in terms of requirement of Corporate Governance comprising Mr. Shyam Karmarkar, as Chairman, and Mr. P.R. Bhargava and Mr. T.M. Dedhia as members of the re-constituted Committee. The details of attendance during the year are as follows :

Name of members	Audit committee Meetings held on and attendance details		
	29-06-01	31-10-01	28-03-02
Shyam Karmarkar	Yes	Yes	Yes
P.R. Bhargava	Yes	Yes	Yes
P.M. Rao #	Yes	Yes	—
T.M. Dedhia *	—	—	Yes

Withdrawn on reconstitution w.e.f. 28-03-02

* inducted on reconstitution w.e.f. 28-03-02

The Chairman of the Audit Committee is an independent Director and majority Directors are also independent. There is participation of Statutory Auditors, Internal Audit Department and other related Company Executives in the Committee meetings.

Mr. K.R. Vishwanath, Company Secretary acts as Secretary of the Committee.

The terms of reference of the Audit Committee include :-

- To review half yearly and yearly audited financial statements and pre-publication announcements before submission to the Board.
- To ensure compliance of Internal Control Systems and action taken on Internal Audit reports.
- To apprise the Board on the impact of accounting policies, auditing standards and legislation.
- To hold periodical discussions with statutory auditors on the scope and content of the audit.
- To review the Company's financial and risk management policies.

4. REMUNERATION PAID TO DIRECTORS:

Remuneration Committee:

The Board of the Company has not constituted a Remuneration Committee, being non-mandatory requirement.

The Chairman-cum-Managing Director is paid a monthly remuneration of Rs.30,000/- by way of salary and other perquisites including medical reimbursement, personal accident insurance, etc.

Name Of Directors	Relationship With other directors	Sitting Fees (Rs.)	Salaries and Perquisites (Rs.)	Commission (Rs.)
P.M. Rao	--	--	5,38,420	--
Shyam Karmarkar	--	18,000		--
P.R. Bhargava	--	14,000		--
T.B. Ananthanarayanan (IDBI)	--	12,000		--
Tushar Dedhia	--	8,000		--
D.S. Alva	--	2,000		--

5. SHAREHOLDERS GRIEVANCE COMMITTEE:

The Shareholders' / Investors Grievance Committee functions with the objective of looking into redressal of Shareholders' and Investors grievances relating to non-receipt of dividend, refund orders, shares sent for registration of transfer, non-receipt of balance sheet, etc. The Committee consists of the following Directors :

Mr. Shyam Karmarkar
Mr. P.R. Bhargava
Mr. P.M. Rao

The Directors are not paid any sitting fees for attending the meeting of the Committee.

The Company has Share Transfer Agent which looks after the Shareholders correspondence, share transfers, transmissions, transpositions, issue of duplicate, split & consolidated share certificates, which are approved by the Committee. The Company has connectivity with CDSL for Dematerialisation of Shares and is yet to obtain connectivity with NSDL.

The Company Secretary is the Compliance Officer in terms of the requirement of the stock exchange who liaisons and monitors the activities of the Share Transfer Agent.

During the year the Company has received complaint letters which have been satisfactorily replied. The Company has taken all steps to ensure that shareholders' grievances are given high priority and are resolved at the earliest.