

VENTURA TEXTILES LIMITED



34TH ANNUAL REPORT 2003-2004

VENTURA TEXTILES LIMITED

BOARD OF DIRECTORS

| | |
|------------------------|--------------------------------|
| Mr. P.M. Rao | : Chairman & Managing Director |
| Mr. G. M. Yadwadkar | : Nominee Director – IDBI |
| Mr. D. B. Mehta | : Director |
| Mr. P. R. Bhargava | : Director |
| Mr. Shyam R. Karmarkar | : Director |
| Mr. V.V. Kumar | : Director |

AUDITORS :

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

BANKER :

State Bank of India
Mumbai

REGISTERED OFFICE :

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

FACTORY:

Gonde, Nashik District
Maharashtra

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078

AUDIT COMMITTEE

Mr. S. R. Karmarkar
Mr. P.R. Bhargava
Mr.V.V. Kumar

REMUNERATION COMMITTEE

Mr. P.R. Bhargava
Mr. S. R. Karmarkar

SHAREHOLDERS GRIEVANCE COMMITTEE

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

VENTURA TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the THIRTY-FOURTH ANNUAL GENERAL MEETING of the members of VENTURA TEXTILES LIMITED will be held on Friday, the 31st December, 2004 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 September, 2004, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, along with the Schedules and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. R. Bhargava, 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 Mr. D.B. Mehta, 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."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, and the applicable Rules of the Director's Relative (Office or Place of Profit) Rules, 2003, (including any amendment or re-enactment thereof), the Company hereby accords its approval to the appointment of Mr. Abhijit P. Rao, son of Mr. P. M. Rao, Managing Director of the Company, to hold office or place of profit as General Manager (Operations) of the Company with effect from 23rd July, 2004, at a Monthly Remuneration and on the terms and

conditions as given in the explanatory statement which is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the remuneration, terms and conditions of the said appointment, subject to the limits specified under 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 Board of Directors and Mr. Abhijit P. Rao."

For and on behalf of the Board of Directors**Registered Office :**

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

P. M. Rao
Chairman & Managing Director

Date : 30th November, 2004

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 & 5 is annexed.
4. The Share Transfer Book and the Register of Members of the Company will remain closed from 29th December, 2004 to 30th December, 2004 (both days inclusive).
5. Members are requested to immediately intimate change of address, if any, to the Company's Registrar and Share Transfer Agent 'Intime Spectrum Registry Ltd.' C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 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. There are no interest / dividend amounts remain unencashed for a period of more than seven years, which the Company requires to transfer to the Investor

VENTURA TEXTILES LIMITED

Education and Protection Fund of the Central Government as required under Section 205 C of the Companies Act, 1956.

8. All the documents referred to in the Notice and Explanatory Statement annexed to the Notice convening the Thirty-fourth 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.

Information under Clause 49 of the Listing agreement with respect to Directors seeking appointment / re-appointment in this Annual General meeting :

Item No. 2

| | | |
|---|---|----------------------------|
| 1 | Name | Mr. P.R. Bhargava |
| 2 | Date of Birth | 7 th July, 1945 |
| 3 | Profession | Mechanical Engineer |
| 4 | Qualifications | BE (MECH), M.E., DMS |
| 5 | List of other Directorships held excluding private companies | Nil |
| 6 | Chairman / member of the Committee of Board of Directors of the Company | 3 |
| 7 | Chairman / member of the Committee of Board of Directors of other companies | Nil |

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

ITEM NO. 4

Mr. D. B. Mehta is a financial advisor, having more than 15 years experience in the field of finance, specifically in financial restructuring and institutional tie-ups. Considering the business interest of the Company, the Board of Directors has appointed Mr. D. B. Mehta as an Additional Director and he holds office upto the date of the ensuing Annual General Meeting.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member along with the requisite deposit, proposing the candidature of Mr. D.B. Mehta to the office of a Director liable to retire by rotation.

The Directors recommend the resolution for approval of the Members. None of the Directors except Mr.D.B. Mehta is concerned or interested in the said resolution.

Information under Clause 49 of the Listing agreement :

| | | |
|---|---|-----------------------------|
| 1 | Name | Mr. D. B. Mehta |
| 2 | Date of Birth | 12 th June, 1966 |
| 3 | Profession | Financial Consultant |
| 4 | Qualifications | B.Com |
| 5 | List of other Directorships held excluding private companies | Nil |
| 6 | Chairman / member of the Committee of Board of Directors of the Company | Nil |
| 7 | Chairman / member of the Committee of Board of Directors of other companies | Nil |

ITEM NO. 5

The Company's plant operations were looked after by Mr. V. V. Kumar, as a Whole-time Director, and subsequent to his resignation as a Whole-time Director with effect from 30th April, 2004, Mr. V. V. Kumar has continued only as a Director of the Company. Considering the quantum of operations at plant, the Board of Directors appointed Mr. Abhijit P. Rao, subject to approval of the members, as the General Manager (Operations) to look after the operations of the Plant with effect from 23rd July, 2004. Mr. Abhijit P. Rao is BBA (Bachelor of Business Administration - in International Business), from American Intercontinental University, London. He has two years post-qualification experience in India.

Mr. Abhijit P. Rao has been appointed on the following terms and conditions and remuneration :

- Salary : Rs.25,000/- (Rupees Twenty-five Thousand only) per month.
- Bonus, Incentive Bonus : The appointee will be paid such amount by way of bonus, incentive Bonus in

VENTURA TEXTILES LIMITED

addition to the salary and perquisites payable, in accordance with the policy of the Company.

PERQUISITES

CATEGORY 'A'

- a) Housing : The appointee will be provided furnished accommodation.
- b) Medical Reimbursement : Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years to the appointee.
- c) Leave Travel : For the appointee and his family, once in a year incurred in accordance with the rules specified by the Company.
- d) Provision of Car, Telephone, etc: Provision of car with chauffeur, telephone and communication facilities for use on Company's business at residence. However, personal long distance calls and use of car for private purpose shall be billed by the Company.
- e) Personal Accident Insurance : Premium not exceeding Rs.5,000/- per annum.

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

CATEGORY 'B'

- i) The contributions to Provident Fund and Superannuation Fund or Annuity Fund;
- ii) Gratuity not exceeding half a month's salary for every completed year of service; and
- iii) Encashment of leave at the end of the tenure.

Mr. Abhijit P. Rao, being the son of Mr. P.M. Rao, the Chairman & Managing Director of the Company, is deemed to be holding an office or place of profit and in terms of Section 314 of the Companies Act, 1956.

None of the Directors other than Mr. P. M. Rao is deemed to

be concerned or interested in the proposed resolution. Your Directors recommend the resolution for approval by the members of the Company as a Special Resolution.

For and on behalf of the Board of Directors

Registered Office :

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

P. M. Rao
Chairman & Managing Director

Date : 30th November, 2004

junction.com

VENTURA TEXTILES LIMITED**DIRECTORS' REPORT****To****The Members****Ventura Textiles Limited**

Your Directors present the Thirty-Fourth Annual Report of the Company together with the Audited Accounts for the year ended 30th September, 2004.

FINANCIAL RESULTS :**(Rs. In Lacs)**

| PARTICULARS | 30/09/2004 (12 months) | 30/09/2003 (15 months) |
|--|-----------------------------------|-----------------------------------|
| Gross Income* | 3,722.24 | 3,682.40 |
| Profit / (Loss) before interest and depreciation | 283.79 | 100.91 |
| Less : Interest | 746.03 | 825.25 |
| Depreciation | 337.67 | 413.16 |
| (Loss) for the year / period | (799.91) | (1,137.49) |
| Less: Prior period adjustments | — | (0.04) |
| (Loss) for the year / period | (799.91) | (1,137.53) |
| Add: | | |
| Balance brought forward from the previous year | (5,794.10) | (4,656.57) |
| Balance carried to Balance Sheet | (6,594.01) | (5,794.10) |

* Income includes Increase/(Decrease) in Stock.

DIVIDEND :

In view of the loss incurred, payment of dividend is not recommended on the Shares.

FINANCIAL OPERATIONS.:

The Company achieved a total Income of Rs.3,722.24 lacs for the year under review as against Rs.3,682.40 lacs for the previous period (15 months). The Company achieved a Profit Before Interest and Depreciation of Rs.283.79 lacs for the year, as against Rs.100.91 lacs for the previous period. The Company incurred a net loss of Rs.799.91 lacs for the year, while for the previous period the loss was of Rs.1,137.53 lacs.

The increase in Raw Material prices and underutilization of installed capacity affected the profitability. Added to this, the Company due to inadequate Working Capital, resorted to export of Grey fabric for Bed sheets valued at Rs.540 lacs, thus lost the opportunity of exporting Bed Linen, which otherwise would have increased the profit margin.

The shifting of the entire plant and machinery from Satpur to Gonde Unit has benefited the Company in terms of reduced power cost, administrative expenses, and elimination of Octroi, besides rationalizing management control. With the improvement in the cash flow, the Company is gradually increasing the Bed Linen Export.

Future Outlook :

The dismantling of the Trade Quotas effective 01st January, 2005 will be opening up a vast market for Indian Textile Industry. U.S.A. and European Union, the two biggest markets for Home Textiles are looking for outsourcing the Bed Linen and other products from Asia Pacific Region viz. China, Pakistan and India. While the elimination of quota offers a larger market, this also brings in a tough competition. The expectance of the global market ahead is of high quality product at a lower cost.

In order to avail the emerging opportunities and to be competitive, your Company is focusing on product enlargement and cost reduction with concerted efforts on productivity and raw materials cost. With these measures, the company is confident of achieving higher exports in the current year with a significant improvement in the profitability.

DIRECTORS :

During the year under review, Mr. K. K. Lalpuria, who was holding the office as an Additional Director, ceased to be a Director with effect from 30th December, 2003, consequent to withdrawal of his consent for appointment as a Director. Mr. T. M. Dedhia resigned as a Director with effect from 30th January, 2004. The Board records its appreciation for the valuable contributions to the Company made by Mr. K. K. Lalpuria and Mr. T.M. Dedhia during their tenure as Directors of the Company.

Mr. V.V. Kumar resigned as a Whole-time Director and continuing as a Director of the Company with effect from 30th April, 2004.

The Board of Directors has appointed Mr. D.B. Mehta as an Additional Director of the Company with effect from 28th July, 2004 and he holds office upto the date of the ensuing Annual General meeting. 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. D.B. Mehta, hence recommend the said appointment.

Mr. Prakash R. Bhargava is liable to retire by rotation at the ensuing Annual General Meeting and has offered himself for re-appointment. Your Directors recommend his re-appointment.

VENTURA TEXTILES LIMITED**DISCLOSURE UNDER THE LISTING AGREEMENT :****Clause 49 - Corporate Governance :**

A report on the Corporate Governance along with 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 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;
- 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 year and of the loss of the Company for the year 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 year ended on 30th September, 2004 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 :

M/s ABK & Associates, Cost Accountants, Mumbai, has been proposed to be appointed, subject to approval of the Central Government as the Cost Auditors of the Company for the Financial Year 2004-2005.

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.

ACKNOWLEDGMENT :

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

For and on behalf of the Board of Directors

P.M.Rao
Chairman and Managing Director

Place: Mumbai

Date : 30th November, 2004

VENTURA TEXTILES LIMITED

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 30th September, 2004.

A. CONSERVATION OF ENERGY

- (a) Energy Conservation Measures taken :
The Company regularly reviews all aspects of generation and usage by close monitoring of energy consuming equipment while keeping close liaison between energy generating centers and consuming points.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
NIL
- (c) Impact of measures as above for reduction of energy consumption impact on cost of production of goods :
As a result of measures on above, the Company has been able to curtail its power consumption. Further this has also generated awareness of energy saving in technical and production staff.
- (d) Total energy consumption and energy consumption per unit of production :

As per Form 'A' attached.

B & C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has neither imported any technology nor has incurred any expenditure on Research and Development during the year.

D FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for product services and export plans : The Company has made direct exports to USA and Canada. During the year 2004-2005, the Company is venturing into the export of 'Home Textiles' to the USA Market. The company will further expand to other countries.

- (b) Total Foreign Exchange used and earned :

| | (Rs.in lacs) |
|--------|--------------|
| Used | 15.59 |
| Earned | 2327.04 |

FORM A**A. Power & Fuel Consumption**

| | Current Year | Previous Period |
|--|--------------|-----------------|
| 1. Electricity | | |
| a. Purchased Units | 3,949,935 | 6,247,859 |
| Total Amount (Rs.) | 13,627,640 | 23,681,923 |
| Rate / Unit (Rs.) | 3.45 | 3.79 |
| b. Own Generation | | |
| i) Through Diesel Generator | 62,757 | 352,034 |
| Units Produced | | |
| Units per litre of Diesel Oil | | |
| Cost / Unit (Rs.) | 5.62 | 4.63 |
| ii) Through Steam Turbine / Generator Units | | |
| Units per litre of Fuel Oil/Gas | Nil | Nil |
| Cost / Unit (Rs.) | | |
| 2. Coal (specify quantity & where used) | Nil | Nil |
| 3. Furnace Oil | | |
| Furnace Oil | | |
| Quantity Consumed (Ltrs.) | 187,423 | |
| Total Amount (Rs.) | 2,003,742 | |
| Average Rate (Rs.) | 10.69 | |
| Low Density Oil (LDO) | | |
| Quantity Consumed (Ltrs.) | 209,760 | 599,957 |
| Total Amount (Rs.) | 3,517,109 | 9,012,640 |
| Average Rate (Rs.) | 16.77 | 15.02 |
| 4. Other / Internal Generation - Steam | | |
| Quantity Produced (tonnes) | 4849.76 | 8099.42 |
| Total Cost (Rs.) | 5,520,851 | 9,012,640 |
| Rate / Tonne (Rs) | 1138.38 | 1112.75 |

B. Consumption per unit of Production (Rs.)

| Product | Qty Unit | Current Year | | | Previous Year | | |
|---------|-------------|--------------|-------------|-------|---------------|-------------|-------|
| | | Electricity | Furnace Oil | Steam | Electricity | Furnace Oil | Steam |
| Yarn | Per Kg. | 5.45 | - | - | - | - | - |
| Cloth | Per Sq.Mtr. | 0.87 | 0.77 | - | 3.30 ** | 1.17 | -- |

** Cost is shown both for Yarn & Fabric.

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 dismantling of the Trade Quotas effective 1st January 2005 will be opening up a vast market for Indian Textile Industry. U.S.A. and European Union, the two biggest markets, besides Canada for Home Textiles are looking for outsourcing the Bed Linen and other products from Asia Pacific Region viz. China, Pakistan and India. Further the cotton textiles exports from India had an export growth around 15% compared to the previous year.

FINANCIAL REVIEW

The year 2003-04 ended with an overall loss of Rs.799.91 Lacs as compared to loss of Rs. 1137.49 for the previous period, fifteen months.

The increase in Raw Material prices and underutilization of installed capacity affected the profitability. Added to this, the Company due to inadequate Working Capital, resorted to export of Grey fabric for Bed sheets valued at Rs.540 lacs, thus lost the opportunity of exporting Bed Linen, which otherwise would have increased the profit margin.

During the year under review, the Company continued to remain as a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Special (Provisions) Act, 1985 (SICA).

OUTLOOK ON THREATS, RISK AND CONCERN

Though the Company continues to enjoy loyal customers for its good brand equity, with the Trade Quotas coming to an end, stiff competition from China and Pakistan will lead to a reduction in the price. Initiatives are under way to expand the market in European Union, Canada and other destinations.

The inadequate working capital is causing under utilization of capacity and reduced profit margin, thus hampering the productivity and growth.

With removal of quota regime, the Company is expecting huge demand from U.S. and European Union which should help on improved turnaround of the Company.

The future holds promise with Bed Linens and Made-ups are expected to emerge as the largest segment of cotton textiles trade from India, contributing a major growth opportunity for the Company.

SEGMENT WISE PERFORMANCE

The Company has only one business segment Cotton fabric. The domestic Sales were Rs.3.86 Crores, representing 13.56 % for the year ended on 30th September, 2004.

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, procedures and statutes.

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