



VENTURA TEXTILES LIMITED

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ANNUAL REPORT
2005-2006

36th Annual Report 2005-2006

BOARD OF DIRECTORS

Mr. P. M. Rao	<i>Chairman & Managing Director</i>
Mr. P. R. Bhargava	<i>Director</i>
Mr. Shyam R. Karmarkar	<i>Director</i>
Mr. V. V. Kumar	<i>Director</i>
Mr. G. M. Yadwadkar	<i>Nominee Director - IDBI</i>
Mr. S. C. Bhawe	<i>Nominee Director - SBI</i>

REGISTERED OFFICE

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

PLANT

Gonde, Nashik District, Maharashtra

AUDITORS

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

BANKERS

State Bank of India

SOLICITORS

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

REGISTRARS & TRANSFER AGENTS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SHAREHOLDERS GRIEVANCE COMMITTEE

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

NOTICE

NOTICE is hereby given that the **THIRTY-SIXTH ANNUAL GENERAL MEETING** of the members of **VENTURA TEXTILES LIMITED**, will be held on Saturday, the 30th September, 2006 at Vishal Hall, M.V. Road, Andheri (East), Mumbai - 400 069 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, 2006, 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. V.V. Kumar, 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 a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the directions of The Bombay Stock Exchange Limited for a complete disclosure of the Shareholding Pattern of the Company, consequent to the conversion option of the securities of the Company allotted on 29th June, 2006, in terms of the approval of the members vide Special Resolutions passed under Section 81 (1A) and other applicable provisions of the Companies Act, 1956 and other applicable laws including the Guidelines of SEBI, at the Extraordinary General Meeting held on 14th June, 2006, the following details of the Shareholding Pattern furnishing the complete disclosure be and is hereby considered, approved and ratified, in furtherance to the said special resolutions :

Shareholding Pattern of the Company

Present, Post Preferential Allotment of Equity Shares and
Post Conversion of optionally convertible securities of the Company

Category	Shareholding Pattern					
	Present		Post Issue Allotment (Before Conversion)		Post Issue Allotment (After Conversion)	
	(I)		(II)		(III)	
	No. of Shares Held	% of Share Holding	No. of Shares Held	% of Share Holding	No. of Shares Held	% of Share Holding
Promoter's Holding						
Promoters						
Indian Promoters	160603950	59.36	160603950	46.28	208103950	36.06
Persons acting in Concert	1000000	0.37	1000000	0.29	1000000	0.17
Sub Total (I)	161603950	59.73	161603950	46.57	209103950	36.23
Non Promoter's Holding						
Institutional Investors						
Mutual Funds and UTI	7000	0.00	7000	0.00	7000	0.00
Banks, Financial Institutions, Insurance Companies	22000	0.01	22000	0.01	22000	0.01
Stressed Assets Stabilization Fund	—	—	25000000	7.20	25000000	4.33
Sub Total (II)	29000	0.01	25029000	7.21	25029000	4.34
Others						
Private Corporate Bodies	17113752	6.33	17113752	4.93	17113752	2.97
Reliance Capital Limited	—	—	51500000	14.84	234108695	40.56
Indian Public	55153684	20.39	55153684	15.89	55153684	9.56
NRIs / OCBs	15190700	5.61	15190700	4.38	15190700	2.63
Any Other						
Shares in Transit & Clearing Member	1463174	0.54	1463174	0.42	1463174	0.25
Dome Investments Ltd (Mauritius)	20000000	7.39	20000000	5.76	20000000	3.46
Sub Total (III)	108921310	40.26	160421310	46.22	343030005	59.43
Grand Total (I) + (II) + (III)	270554260	100.00	347054260	100.00	577162955	100.00

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolutions, the Board of Directors of the Company (the "Board", which expression shall be deemed to include person(s) authorised or any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and is hereby authorized and directed

VENTURA TEXTILES LIMITED

to execute such deeds, documents, and agreements and do all such acts, deeds, matters, or things as it in its sole discretion may deem necessary or desirable for such purpose without being required to seek any further consent or approval of the Company or otherwise to the extent that they shall be deemed to have given their approval hereto expressly by the authority of this resolution and with power on behalf of the Company to settle any question, difficulty, or doubt that may arise in this regard as it may in its absolute discretion deem fit and proper, including without limitation the power to agree to any amendment, alteration, or modification to the terms of the investment and the issue of the equity shares of the Company."

Registered Office :
313-Midas, Sahar Plaza
J.B. Nagar, Andheri (East)
Mumbai - 400 059
Date : 27th July, 2006

For and on behalf of the Board of Directors

P. M. Rao
Chairman and Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
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 is annexed.
4. The Share Transfer Book and the Register of Members of the Company will remain closed from 29th September, 2006 to 30th September, 2006 (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 along with them and to produce the Attendance Slip at the Entrance of the Meeting Hall.
7. There is no amount outstanding or due for a period of more than 7 years, which the Company is required to transfer to the Investor 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-Sixth 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 the Director seeking appointment / re-appointment in this Annual General meeting :

Item No. 2

Mr. V.V. Kumar is having more than 30 years experience in the Corporate World, specifically in human resource management. Considering the business interest of the Company, the Board of Directors had earlier appointed Mr. V.V. Kumar, as a Whole-time Director of the Company. However, due to certain personal pre-occupation, he resigned as the Whole-time Director and continued to be a Director of the Company. The Board of Directors do avail certain expert advice from him for the business of the Company and it would be in the business interest of the Company to have him on the Board. Hence your Directors recommend his re-appointment as a Director liable to retire by rotation.

1.	Name	Mr. Vanapalli Vijaya Kumar
2.	Date of Birth	07 th May, 1950
3.	Profession	Business
4.	Educational Qualifications	B.Sc., M.A.(PM & LW- TISS), D.H.A., D.H.S.M.
5.	Category of Director	Director (Non-independent & Non Executive) (Resigned as a Whole-time Director and continuing as a Director w.e.f 30 th April, 2004
6.	Date of Appointment	31 st July, 2003
7.	No. of Shares held	Nil
8.	* Area of Expertise/Senior position held/Work Experience	Human Resource Management
9.	List of other Directorships held excluding private companies	NIL
10.	Chairman / member of the Committee of Board of Directors of the Company	Member - Audit Committee Member - Remuneration Committee
11.	Chairman / member of the Committee of Board of Directors of other companies	NIL



The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 :

Item No. 4

The Preferential Issues Committee of the Board of Directors of the Company at their meeting held on 29th June, 2006 allotted the following securities of the Company on Preferential basis in accordance with the SEBI Guidelines, further to the approval of the members vide Special Resolutions passed at the Extraordinary General Meeting held on 14th June, 2006, and the 'In-Principle' approval obtained of The Bombay Stock Exchange Limited, (BSE) dated 29th June, 2006 :

- a) 5,15,00,000 (Five Crore Fifteen Lac) Equity Shares of Re.1/- each have been allotted to Reliance Capital Ltd ("RCL") for cash at Re.1.15 per equity Share;
- b) 2,50,00,000 (Two Crore Fifty Lac) Equity Shares of Re.1/- each to Stressed Assets Stabilisation Fund (the "SASF") as part of the One Time Settlement of the Company's liability to the SASF;
- c) (i) Series A- Rs.10 Crore @11% p.a. Optionally Fully Convertible Redeemable Debentures of Rs.50 Lacs - each to Reliance Capital Ltd;
- (ii) Series B- Rs.11 Crore @12% p.a. Optionally Fully Convertible Redeemable Debentures of Rs.50 Lacs - each to Reliance Capital Ltd; and
- d) 4,75,00,000 Optionally Fully Convertible Equity Warrants to the Promoters of the Company - Penny Securities and Investments Private Limited / Ventura Texports Limited.

The BSE has advised the Company that the shareholding pattern furnishing the complete disclosure of the securities of the Company, taking into account of the conversion options, as given in the proposed resolution vide S. No.4 of the Notice of this Annual General Meeting, be submitted to the members for approval and ratification, as the earlier disclosure of the shareholding pattern furnished in the tabular format under the Explanatory Statement annexed to the Notice convening the said Extraordinary General Meeting of the members of the Company, had only deliberated about the non-ascertainability of the resulting Equity Shares that may be acquired on exercising the conversion option by the Debentureholder i.e., Reliance Capital Limited, on account of the probable variance in the issue price as per SEBI Guidelines, and the consequent decrease / increase in number of the Equity Shares.

In case the Promoters and RCL choose to exercise option to convert the Optionally Fully Convertible Share Warrants (OFCSWs) / Optionally Fully Convertible Debentures (OFCDs) into shares of the Company respectively, the shareholdings of the Promoters / RCL as given in Column II of the shareholding pattern given under item No.4 above will change as follows:

Sr. No.	Particular of shareholder	Prior Conversion Shareholding (Refer Col. II above)		Post Conversion Shareholding (Refer Col. III above)	
		No. of shares	%	No. of shares	%
i)	Promoters	160603950	46.28	208103950	36.06
ii)	RCL	51500000	14.84	234108695	40.56

- i) The above proposed post conversion shareholding is arrived after considering the following assumptions :
 - a) The option to convert the OFCSWs / OFCDs are exercised both by the Promoters and RCL in full;
 - b) The price per Equity Share is considered at Re.1.15 at which the conversion will take place.

However, it is to be noted that in terms of the SEBI Guidelines, while the Conversion Price is Re.1.15 per Equity Share to the Promoter, the Conversion Price for RCL shall be the higher of:

 - the average weekly high and low closing prices of the Company's shares on the Stock Exchange during the 6 months preceding the "relevant date"; and
 - the average weekly high and low closing prices of the Company's shares on the Stock Exchange during the 2 weeks preceding the "relevant date". In both cases the relevant date will be the date 30 days prior to the date on which the debentureholder(s) have exercised the option to convert the debentures.
- ii) Accordingly the share price and the Number of shares that may be held by RCL, subsequent to conversion, if any, may differ from the No. of shares given under Column III, and in case of the variation of the share price and the resultant number of shares, the percentage of the shares that may be held by the Promoters and others will differ accordingly.
- iii) The Promoters / RCL shall comply with the requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (its re-enactment, etc), if the proposed conversion results in exceeding the limits of acquisition stipulated under the said Regulation.

Hence the above resolution is placed before the members as a Special Resolution for approval and ratification in furtherance to the earlier Special Resolution passed by the members at the Extraordinary General Meeting held on 14th June, 2006. Save and except to the extent of their respective shareholding none of the Directors is interested or concerned in the above resolution.

Registered Office :

313-Midas, Sahar Plaza
J.B. Nagar, Andheri (East)

Mumbai - 400 059

Date : 27th July, 2006

For and on behalf of the Board of Directors

P. M. Rao
Chairman and Managing Director

VENTURA TEXTILES LIMITED



DIRECTORS' REPORT

TO
THE MEMBERS

VENTURA TEXTILES LIMITED

Your Directors present the Thirty-sixth Annual Report of the Company together with the audited financial statements for the year ended 31st March, 2006.

FINANCIAL RESULTS:

The performance of the Company for the year ended 31st March, 2006 is summarized below:

(Rs. in Lacs)

	31/03/2006 (12 months)	31/03/2005 (6 months)
Gross Income	5,841.01	2,350.38
Profit before interest and depreciation	630.16	279.78
Interest & Finance charges	370.66	272.87
Profit before Depreciation	259.50	6.91
Depreciation	344.76	170.86
Loss for the year / period	(85.26)	(163.95)
Add: Exceptional Income	1,616.21	861.78
Profit for the year / period	1,526.89	697.83
Balance brought forward from the previous year	(5,896.18)	(6,594.01)
Balance carried to Balance Sheet	(4,369.28)	(5,896.18)

DIVIDEND:

In view of the accumulated losses, your Directors do not recommend dividend for the year.

OPERATIONS:

The Company has shown all-round improvement in the performance. The Gross Income has shown a growth of over 24% (annualized) over the previous period. The profit before depreciation has also shown a significant improvement from Rs.6.91 lacs in the previous period to Rs.259.50 lacs for the year under review. The Company incurred a net loss of Rs.85.26 lacs for the year as against the loss of Rs.163.95 lacs in the previous period. However, after prior period adjustments, the Company achieved a profit of Rs.1526.89 lacs for the year under review, compared to Rs.697.83 lacs in the previous period.

During the year under review, the production and turnover improved on account of the various measures taken up by the Company viz. improvement in productivity and efficiency, substantial cost reduction in steam generation and increased volume of bed linen export from outsourced fabric.

FINANCIAL RESTRUCTURING:

a) One Time Settlement (OTS) :

During the year under review, the Company settled all its outstanding liabilities to the Stressed Assets Stabilisation Fund (SASF), by way of One Time Settlement (OTS). Further, the Company on 30th June, 2006 also redeemed its 9,07,000

Convertible Cumulative Redeemable Preference Shares (CCRPS) of Rs.100/- each held by the Industrial Development Bank of India Limited (IDBI) by way of a consolidated settlement of its liabilities with IDBI and SASF. The write back on account of this OTS, is shown under the head Exceptional Income (refer Note No.7 of Notes to the Accounts, under II of Schedule 21).

As a result of the OTS with SASF, the Net worth of the Company as on 31st March, 2006 has become positive and accordingly, the Company will take appropriate steps for getting the Company de-registered from BIFR.

b) Preferential Allotment :

The Company allotted on 29th June, 2006 various securities on a Preferential basis, in order to strengthen the financial position and improve the Working Capital of the Company. The details of the Preferential Issues are viz.

- 5,15,00,000 (Five Crore Fifteen Lac) Equity Shares of Re.1/- each have been allotted to Reliance Capital Ltd ("RCL") for cash at Re.1.15 per equity Share;
- 2,50,00,000 (Two Crore Fifty Lac) Equity Shares of Re.1/- each to Stressed Assets Stabilisation Fund ("SASF") as part of the One Time Settlement (OTS) of the Company's liability to the SASF;
- 4,75,00,000 (Four Crore Seventy Five Lac) Optionally Convertible Equity Warrants to the Promoters of the Company - Penny Securities and Investments Private Limited / Ventura Texports Limited; and
- 20 Optionally Fully Convertible Redeemable Debentures of Rs.50 Lacs - each aggregating to Rs.10 Crore to Reliance Capital Ltd (Series A) @ 11% p.a.;
 - 22 Optionally Fully Convertible Redeemable Debentures of Rs.50 Lacs - each to Reliance Capital Ltd, aggregating to Rs.11 Crore (Series B) @12% p.a.

The funds received from the Promoters and Reliance Capital Limited towards the allotment of the above mentioned securities were utilized in part towards repayment of the outstanding liabilities to SASF and IDBI in terms of the OTS, redemption of CCRPS and towards working capital for the expansion/modernization expenses.

c) Sub-division of shares :

Pursuant to the approval of the members at the Annual General Meeting held on 30th September, 2005, the Equity Share of Rs.10/- each was sub-divided into 10 Equity Shares of Re.1/- each, with effect from 09th December, 2005.

FUTURE OUTLOOK:

In Textiles, "Home Textiles" is one of the strategic areas where India is expected to perform well in a free trading environment. After removal of quota, the export trend to US has been encouraging and the Country has been able to register growth in this segment with commercial significance.



The Company has started exploring new areas besides focusing attention on the internal economies inter-alia, product enlargement and cost reduction and is confident of achieving higher exports and profits in the coming years.

DIRECTORS:

Mr. V.V. Kumar retires by rotation at the ensuing Annual General Meeting and being eligible, offers him self for re-appointment.

DISCLOSURE UNDER THE LISTING AGREEMENT:

Clause 49 - Corporate Governance:

A report on the Corporate Governance and the declaration from the Chairman and Managing Director of the Company along with the 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.

A report on the Management Discussion and Analysis is annexed to this Annual Report in terms of Clause 49 of the Listing Agreement of the Stock Exchange.

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 during the year under review. The Company has repaid the outstanding unsecured loans.

DIRECTORS' 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, with necessary explanation for deviation, if any;
- 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 profit 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 31st March, 2006 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, have been proposed to be appointed as Cost Auditors of the Company for the Financial Year 2006-2007, subject to approval of the Central Government.

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 under 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 IDBI, SASF, the State Bank of India, the various Departments of the Central and State Governments, 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

Place : Mumbai
Date : 27th July, 2006

P. M. Rao
Chairman & Managing Director

VENTURA TEXTILES LIMITED



ANNEXURE TO THE 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 31st March 2001.

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.

The Company will further expand to other countries.

- (b) Total Foreign Exchange used and earned : (Rs. in lacs)
- | | |
|--------|---------|
| Used | 41.12 |
| Earned | 3585.76 |

FORM A

A. Power & Fuel Consumption		Current Year	Previous Period
1. Electricity			
a. Purchased Units		4697006	2374998
Total Amount (Rs.)		16354526	8506299
Rate / Unit (Rs.)		3.48	3.58
b. Own Generation			
i) Through LDO Generator			
Units Produced		152515	12081
Units per litre of LDO		3.24	2.25
Cost / Unit (Rs.)		8.05	8.92
Amount		1228214	107762
ii) Through Steam Turbine / Generator Units			
Units per litre of Fuel Oil / Gas		NIL	Nil
Cost / Unit (Rs.)		NIL	Nil
2. Fuel for Steam Generation (Boiler)			
a. Coal		NIL	NIL
b. Fire Wood / Briquettes			
Quantity Consumed (in tonnes)		1,336.45	Nil
Total Amount (Rs.)		1,958,680	Nil
Avg. Rate (Rs.)		1,466	Nil
c. Furnace Oil			
Quantity Consumed (Ltrs.)		54972	184882
Total Amount (Rs.)		911270	2281268.28
Average Rate (Rs.)		16.58	12.38
Low Density Oil (LDO)			
Quantity Consumed (Ltrs.)		5048	4746
Total Amount (Rs.)		99900	95490
Average Rate (Rs.)		19.79	20.12
3. Steam Generation			
Quantity Produced (tonnes)		3,534.85	2,349
Total Cost (Rs.)		2,969,850	2,376,756
Rate / Tonne (Rs.)		840.16	1,012.02

B. Consumption per unit of Production (Rs.)

Product	Unit	Current Year		Previous Period	
		Electricity	Steam	Electricity	Steam
Yarn	Per Kg.	6.02	-	5.76	-
Cloth	Per Sq.Mtr.	0.93	0.36	0.93	0.66



CORPORATE GOVERNANCE REPORT

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. 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.

2. BOARD OF DIRECTORS :

a. Composition of Board

The Board of Directors of the Company comprises of Managing Director, two Nominee Directors representing IDBI and SBI and two Independent Non-Executive Directors and one Director as a Non-Independent & Non-Executive. With the Managing Director being Chairman, the constitution of the Board of Directors meets with the requirement of 50% Independent Directors on the Board.

Name of Directors	Promoter, Executive, Non-Executive Independent, Nominee Relationship with the Company
Mr. P.M. Rao	Promoter & Executive
Mr. G.M. Yadwadkar	Nominee-IDBI – Independent
Mr. S.C. Bhavé	Nominee-SBI – Independent
Mr. P.R. Bhargava	Independent & Non-Executive
Mr. Shyam R. Karmarkar	Independent & Non-Executive
Mr. V.V. Kumar *	Non-Independent & Non-Executive

*Resigned as a Whole-Time Director and continuing as a Director w.e.f. 30th April, 2004. Hence deemed to be Non-Independent, in terms of the revised Clause 49 of the Listing Agreement.

b. Attendance of the Directors at the Board Meetings / Annual General Meeting :

Six Meetings of the Board of Directors were held during the period from 01st April, 2005 to 31st March, 2006. The details of attendance of the Board of Directors at the Board Meetings and the Annual General Meeting held during the year are as follows :

Name of Directors	Board Meetings held on & attendance details						AGM 30.09.05
	25.05.05	28.06.05	29.07.05	05.09.05	31.10.05	30.01.06	
Mr. P.M. Rao	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. G.M. Yadwadkar	No	Yes	Yes	No	Yes	Yes	No
Mr. S.C. Bhavé #	No	Yes	No	Yes	Yes	No	No
Mr. P.R. Bhargava	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. S.R. Karmarkar	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. V.V. Kumar	Yes	No	No	No	No	No	No

Appointed as a Nominee Director of State Bank of India with effect from 21st April, 2005.

c. Other Directorships / Committee Memberships held by Directors:

Name of Directors	No. of other Directorships and Committee Memberships/ Chairmanships		
	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. P.M. Rao	1	2	1
Mr. G.M. Yadwadkar (Nominee Director- IDBI)	1	-	-
Mr. S. C. Bhavé (Nominee Director- SBI)	1	-	-
Mr. P.R. Bhargava*	1	4	2
Mr. Shyam R. Karmarkar*	1	5	3
Mr. V.V. Kumar	-	2	-

* Note : The Board constituted a Committee as 'Preferential Issues Committee' on 21st June, 2006, for the purpose of allotting the securities of the Company on Preferential Basis and to comply with the incidental matters thereto in terms of the approval of the members at the Extraordinary General Meeting held on 14th June, 2006, with Mr. P. R. Bhargava, as the Chairman and Mr. P. M. Rao and Mr. Shyam R. Karmarkar as members of the Committee.

3. AUDIT COMMITTEE:

The Audit Committee consists of three Directors Viz., Mr. Shyam R. Karmarkar, as Chairman, Mr. P. R. Bhargava and Mr. V. V. Kumar, as the members of the Committee. The details of attendance during the year are as follows:

Name of members	Audit Committee Meetings held on and attendance details				
	25.05.05	28.06.05	29.07.05	31.10.05	31.01.06
Mr. Shyam R. Karmarkar	Yes	Yes	Yes	Yes	Yes
Mr. P.R. Bhargava	Yes	Yes	Yes	Yes	Yes
Mr. V. V. Kumar + *	No	No	No	No	No

+ inducted as a member of the Audit Committee with effect from 25th May, 2005.

*Resigned as a Whole-Time Director and continuing as a Director w.e.f. 30th April, 2004. Hence deemed to be Non-Independent, in terms of the revised Clause 49 of the Listing Agreement.

The Chairman and other members of the Audit Committee are Non-executive and Independent. There is participation of Statutory Auditors and related Company Executives in the Committee meetings.

VENTURA TEXTILES LIMITED



The Company Secretary acts as Secretary of the Committee.

Apart from various responsibilities, Committee focuses on the area of Internal Control Systems so as to improve overall efficiency of organization.

The terms of reference stipulated by the Board to the Audit Committee are as follows:

- Review of Company's financial reporting process and disclosures to ensure that the financial statement is correct, sufficient and credible.
 - Recommending Appointment / Removal of External Auditor, Fixation of audit fee and payment for other services.
 - Reviewing Annual Financial statements before submission to the Board with focus on changes in accounting policies and practice, major accounting entries, qualifications in draft audit report, significant adjustments arising out of audit, Accounting Standards compliance and compliance with Stock Exchange and legal requirements. Any related party transactions of material nature with promoters, management/s, subsidiaries or relatives etc. that may have potential conflict with interest of the Company at large.
 - Reviewing with the management, external and internal auditors, the adequacy of Internal Control Systems And Internal Audit function.
 - Discussion with Internal Auditors, any significant findings and follow-up thereon. Reviewing any suspected fraud, irregularity or failure of Internal Control System of material nature and reporting the matter to Board.
 - Discussion with external Auditor in respect of pre and post audit matters.
- Reviewing Company's financial and risk management policies.
- Look into reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.

4. REMUNERATION COMMITTEE:

The Board of Directors of the Company had constituted a Remuneration Committee on 31st July, 2003 comprising of 3 Non-executive and Independent Directors, in terms of the requirements of Schedule XIII to the Companies Act, 1956. The remuneration Committee has been constituted to recommend / review the remuneration package of the Managing Director, Whole-time Directors based on performance as the criteria.

The Board of Directors of the Company had re-constituted the Remuneration Committee on 25th May, 2005, comprising of 3 Non-executive and Independent Directors viz. Mr. P.R. Bhargava, as Chairman, Mr. Shyam R. Karmarkar and Mr. V. V. Kumar, as members. However, in terms of the revised Clause 49 of the Listing Agreement, Mr. V. V. Kumar, who resigned as a Whole-Time Director and continuing as a Director of the Company w.e.f. 30th April, 2004, may be deemed to be Non-Independent.

a) Attendance during the year :

Name of members	Remuneration Committee Meetings held on and attendance details
	25.05.05
Mr. Shyam R. Karmarkar	Yes
Mr. P.R. Bhargava	Yes
Mr. V. V. Kumar	Yes

A meeting of the Remuneration Committee was held on 25th May, 2005, for the purpose of considering and recommending the re-appointment of the Managing Director and all the three members attended the meeting.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consistence with the existing practice in industry.

b) Remuneration Policy :

Non-Executive Directors are paid Sitting Fee of Rs.2,000/- per meeting for attending Board Meeting and Audit Committee Meetings.

c) Remuneration paid to directors:

Name of Directors	Relationship With other directors	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)
Mr. P.M. Rao	-	-	8,56,800	-
Mr. G.M.Yadwadkar (IDBI-Nominee Director)	-	8,000	-	-
Mr.S.C.Bhave (Nominee- SBI) #	-	6,000	-	-
Mr. V.V. Kumar	-	2,000	-	-
Mr. P.R. Bhargava	-	22,000	-	-
Mr. Shyam R. Karmarkar	-	22,000	-	-

Appointed as a Nominee Director of SBI w.e.f. 21.04.2005

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 R. Karmarkar	- Chairman
Mr. P. R. Bhargava	- Member
Mr. P. M. Rao	- Member

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

The Company Secretary looks into the various requirements of the shareholders in co-ordination with the Registrar and Share Transfer Agent on daily basis. 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.