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## **ANNUAL REPORT 2006-07**



**VENTURA TEXTILES LIMITED****37th Annual Report 2006-2007****BOARD OF DIRECTORS**

<b>Mr. P. M. Rao</b>	Chairman & Managing Director
<b>Mr. Abhijit Rao</b>	Executive Director
<b>Mr. S. R. Karmarkar</b>	Director
<b>Mr. P. R. Bhargava</b>	Director
<b>Mr. S. C. Bhawe</b>	Nominee Director - SBI

**COMPANY SECRETARY**

Tejal Daftary

**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

**INTERNAL AUDITORS**

**Chokshi & Chokshi**  
Chartered Accountants

**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

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## NOTICE

**NOTICE** is hereby given that the 37<sup>th</sup> Annual General Meeting of Ventura Textiles Limited will be held on Monday, the 24<sup>th</sup> day of September, 2007 at Vishal Hall, M V Road, Andheri (East), Mumbai – 400 069 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 2007, the Profit and Loss Account for the year ended on that date together with the schedules and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Mr. P. M. Rao, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint M/s S. M. Kapoor, Chartered Accountants, as the Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Abhijit Rao, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1<sup>st</sup> November, 2006 in terms of Section 260 of the Companies Act, 1956 and Article 140 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a Notice has been received from a member in writing, under Section 257 of the said Act, proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (Act), read with Schedule XIII of the Act, and subject to such approvals as may be necessary, the Company hereby approves the appointment of Mr. Abhijit Rao, as Whole Time Director designated as the Executive Director of the Company for a period of 5 (five) years with effect from 1<sup>st</sup> November 2006 on the terms and conditions as set out in the Explanatory Statement annexed to this Notice, with further liberty to the Board of Directors to alter and vary the said terms and conditions as may be agreed between the Board of Directors and Mr. Abhijit Rao, in the best interests of the Company but subject to the provisions contained in Schedule XIII to the Companies Act, 1959, or any amendment thereto or any statutory modification or any re- enactment thereto.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the confirmation of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), New Delhi vide its Order, dated 22<sup>nd</sup> June, 2007, ('the said Order'), the Company do hereby takes on record and approves that :

- a) the Issued, Subscribed and Paid-up Equity Share Capital of the Company be and is hereby reduced from Rs.34,70,54,260/- (Rupees Thirty Four Crores Seventy Lacs Fifty Four Thousand Two Hundred and Sixty only) consisting of 34,70,54,260 Equity Shares of Re.1/- (Rupee One) each to Rs.8,67,63,570/- (Rupees Eight Crores Sixty Seven Lacs Sixty Three Thousand Five Hundred and Seventy only) (rounded off), and that such reduction be effected by write-down of 75% of the existing Equity Capital, canceling Rs. 26,02,90,690/- (Rupees Twenty Six Crores Two Lacs Ninety Thousand Six Hundred and Ninety only) against the accumulated losses appearing as Debit balance under Profit & Loss Account in the Audited Balance Sheet of the Company as on 31<sup>st</sup> March, 2006;
- b) the said accumulated losses of the Company be further reduced against setting-off of the Company's Securities Premium Account of an amount not exceeding Rs.9,89,01,086/- (Rupees Nine Crores Eighty Nine Lacs One Thousand and Eighty Six only) appearing in the Audited Balance Sheet of the Company as on 31<sup>st</sup> March, 2006, leaving the balance carried forward accumulated loss of Rs.7,77,36,574/- (Rupees Seven Crore Seventy-Seven Lacs Thirty-Six Thousand Five Hundred and Seventy Four only), after the said reduction and setting-off;

**VENTURA TEXTILES LIMITED**

- c) consolidation of the Issued, Subscribed and Paid-up Capital of the Company of Rs. 8,67,63,570/- (Rupees Eight Crores Sixty Seven Lacs Sixty Three Thousand Five Hundred and Seventy only ) comprising of 34,70,54,260 (Thirty Four Crores Seventy lacs Fifty Four Thousand Two Hundred and Sixty) equity shares of Re. 0.25/- (Paise Twenty Five only) per share into 86,76,357 Equity shares of Rs. 10/- (Rupees Ten only) each, with fractional equity shares, if any, that may arise be disposed-off, realized and paid to the holders of the fractional shares, as per the discretion of the Board of Directors of the Company;
- d) in the case of Equity shares on which the calls are in arrears (shares not fully paid-up), the proportion between the amount paid and the amount which is unpaid on each consolidated Equity Share of Rs.10/- each shall be the same, as it were in the case of existing Equity Share of Re.1/- each from which the consolidated Equity Share of Rs.10/- each is derived;
- e) the 4,75,00,000 Optionally Fully Convertible Share Warrants held by the Promoters and converted into 4,75,00,000 Equity Shares of Re.1/- each be also reduced and consolidated in to 11,87,500 Equity Shares of Rs.10/- each of the Company;
- f) the shares of the Company have been permitted to be delisted from the Coimbatore Stock Exchange (CSE) and Delhi Stock Exchange (DSE) along with the waiver of the outstanding liabilities of the Company towards 'annual listing fees' and the interest payable, if any, thereon; and
- g) all such exemptions as provided vide the said Order of the Hon'ble BIFR.

**RESOLVED FURTHER THAT** all the financial statements of the Company as at 31<sup>st</sup> March, 2006 and of the subsequent year (s) be correspondingly effected and read on giving effect to the above-mentioned adjustments.

**RESOLVED FURTHER THAT** the Board of Directors and/ or Company Secretary of the Company be and are hereby severally authorized to file all the Forms with Registrar of Companies, Stock Exchange, Depositories and other authorities and to do all such acts, deeds and things and take such other steps as it may in its absolute discretion deem necessary, desirable or expedient for giving effect to the above resolutions."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Order of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) dated 22<sup>nd</sup> June, 2007 and Article No. 10 of the Articles of Association of the Company, and Section 94 and other applicable provisions, if any, of the Companies Act, 1956, subject to rules, regulations and guidelines made by the Securities and Exchange Board of India (SEBI), and subject to the approvals, consents, permissions and/or sanctions as may be 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 consolidate the existing Authorised Share Capital of the Company viz. 'The Authorised Share capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores Only) divided into 40,00,00,000 (Forty Crores) Equity Shares of Re.1/- (Rupees One Only) each and 10,00,000 (Ten lac) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each', in the following manner viz. The Authorised Share capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores Only) divided into 4,00,00,000 (Four Crores ) Equity Shares of Rs.10/- (Rupees Ten) each and 10,00,000 (Ten lac) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each."

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

- V. The Authorised Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores only) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 10,00,000 (Ten Lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each."

**RESOLVED FURTHER THAT** the Board of Directors and/ or Company Secretary of the Company be and are hereby severally authorized to file all the Forms with Registrar of Companies, Stock Exchange, Depositories and other authorities and to do all such acts, deeds and things and take such other steps as it may in its absolute discretion deem necessary, desirable or expedient for giving effect to the above resolutions."



8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including the rules and regulations thereunder and any statutory modification, amendments or re-enactment of the principal act or such rules and regulations for the time being in force) and in accordance with the Order of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), dated 22<sup>nd</sup> June, 2007 ('the said Order') and the provisions of the Memorandum and Articles of Association of the Company and such rules, guidelines and regulations, if any, as may be prescribed by the concerned and relevant authorities to the extent applicable in terms of the said Order, the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any Committee which Board may have constituted to exercise its powers including power conferred by this resolution), be and is hereby authorised, for and on behalf of the Company, to create, offer, issue and allot not exceeding 2,58,20,000 Equity Shares of Rs.10/- each of the Company and / or such other securities convertible into equity shares of the Company by way of Preferential allotment, Private Placement (including allotment to Qualified Institutional Placement) in domestic/ international offering any securities to foreign investors / institutions and / or corporate bodies, mutual funds, banks, insurance companies, trust and / or individuals or otherwise whether or not such persons/ entities/ investors are members of the Company and such issue and allotment shall be made at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions as the Board may, in its absolute discretion thinks fit; provided however that the total amount to be raised through issue of securities not to exceed Rs. 25.82 Crores (Rupees Twenty Five Crores Eighty Two Lacs only) including the Premium, if any, collected at the time of issue of such securities."

**"RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid issue of securities may have all the terms or combination of terms in accordance with prevalent market practice or as the Board may in its absolute discretion deem fit, including but not limited to terms and conditions, relating to payment of dividend, or variation of price or period of conversion of securities into equity shares or issue of equity shares or terms pertaining to voting rights."

**"RESOLVED FURTHER THAT** any new equity shares to be issued and allotted as aforesaid shall rank pari passu inter se with the then existing equity shares of the Company in all respects."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under the Scheme approved by BIFR on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable law, rules and regulations."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company 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."

**Registered Office :**  
313-Midas, Sahar Plaza,  
J. B. Nagar, Andheri (E)  
Mumbai – 400 059  
**Date :** 30th July, 2007

**For & on behalf of Board of Directors**

**Tejal Daftary**  
Company Secretary



**VENTURA TEXTILES LIMITED****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 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, relating to special business to be transacted at the meeting is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from September 20, 2007 to September 24, 2007 (both days inclusive) for reduction and consolidation of share capital and in connection with the Annual General Meeting of the Company. September 19, 2007 has been kept as the Record Date for the purpose of determining the eligibility of the shareholders for issuing consolidated Share Certificate / crediting consolidated Equity Shares of Rs.10/- each for every 40 Equity Share of Re.1/- held.
- 5) Members are requested to immediately intimate change of address, if any, to the Company's Register 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) 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.
- 7) 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.
- 8) All the documents referred to in the Notice and Explanatory Statement annexed to the Notice convening the Thirty-Seventh 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 of the Director seeking appointment/re-appointment in this Annual General Meeting.**

**Item No. 2 :**

1.	Name	Mr. P. M. Rao	Mr. Abhijit Rao
2.	Date of Birth	10th June, 1949	2nd July, 1980
3.	Educational Qualifications	B. Com	Graduate from American International University, London
4.	Profession	Business	Business
5.	Expertise in Specific Functional Areas	Textile Business Operation, Finance & Accounts	Marketing
6.	Category of Director	Chairman & Managing Director (Promoter & Executive Director)	Executive Director (Promoter Director)
7.	No. of Shares held	Nil	Nil
8.	Directorship held in other Public Limited Companies (excluding foreign companies)	Penny Securities & Investments Pvt. Ltd.	Ventura Texports Limited
9.	Chairman/Member of the Committee of other public Companies (including Audit and Shareholders/Investors Grievance Committee)	Nil	Ventura Texports Limited



**EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act, 1956 setting out all the material facts relating to special business :**

**Item No. 4 & 5**

Mr. Abijit Rao, a graduate from American International University, London, with specialization in 'Marketing', had joined the Company in July, 2004 as General Manager (Operations) to look after the operations at the mills, in addition to the marketing of Bed Sheets for US. Over the last three years, he has acquired hands on experience in the operations & production processes at the Mill.

Mr. Abhijit Rao was appointed by the Board of Directors of the Company, as an Additional Director and as a Whole-time Director (designated as an Executive Director) of the Company for a period of 5 years effective from 1<sup>st</sup> November, 2006, subject to the approval of members in general meeting on the following terms & conditions:

- I. Tenure of Appointment:** 5 Years (1<sup>st</sup> November 2006 to 31<sup>st</sup> October, 2011).
- II. Salary :** Rs.60,000/- (Rupees Sixty Thousand Only) per month, with authority to the Board of Directors to increase the salary up to a sum not exceeding Rs.1,00,000/- (Rupees One Lac only) per month.  
However, the remuneration shall be within the overall limits as set out under Schedule XIII to the Companies Act, 1956, and any amendment thereto.
- III. Housing: Free furnished accommodation** at/near his place of work
- III. Commission, Incentive Bonus, Perquisites etc. and other terms of Appointment :** The appointee will be paid such amount by way of commission/ performance / incentive bonus in addition to the salary and perquisites payable, calculated with reference to the net profits / performance 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 / performance / incentive Bonus 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.
- IV. 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 Executive Director.
- b) Leave Travel Assistance:** For the appointee and his family, once in a year incurred in accordance with the 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:

- a)** 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;
- b)** Gratuity not exceeding half a month's salary for every completed year of service;
- c)** Encashment of leave at the end of the tenure; and
- d)** Provision of car with chauffeur for use on Company's business, telephone and other communication facilities at residence. However, personal long distance calls and use of car for private purpose shall be billed by the Company.

**VENTURA TEXTILES LIMITED**

**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.

The Company has received a Notice in writing from a member along with the requisite deposit, proposing the candidature of Mr. Abhijit Rao to the office of Director liable to retire by rotation.

Keeping in view the experience and qualification of Mr. Abhijit Rao, your Directors considered it to be in the interest of the Company, if he is appointed as Director of the Company on the term of remuneration as stated aforesaid.

The Directors recommend the resolutions at item no 4 & 5 to the members for their approval.

None of the Directors other than Mr. Abhijit Rao and Mr. P. M. Rao, may be deemed to be concerned or interested in the proposed resolution.

**ITEM NO 6 & 7**

The Company is a Public Limited Company incorporated in the year 1970. Its existing authorized share capital is Rs. 50,00,00,000/- (Rupees Fifty crores only) and issued and paid up share capital is of Rs. 34,70,54,260/- (Rupees Thirty Four Crores Seventy Lacs Fifty Four Thousand Two Hundred and Sixty only).

The Company's equity shares are listed on the Bombay Stock Exchange Limited and the Regional Stock Exchange viz Delhi Stock Exchange & Coimbatore Stock Exchange Ltd.

The Company began with the manufacture of laminated paper containers for the defence equipment. In the year 1993, the Company ventured into manufacture and export of quality cotton grey fabrics. Encouraged with the initial performance in the years 1995 and 1996, the Company went in for further expansion and backward integration. Soon after the completion of the project, the turmoil in the South East Asian Economy adversely affected the Company's export. The operations suffered year after year due to lack of demand for Grey Textiles. The continued cash losses had almost brought down the operations to a stand still. The accumulated losses of the Company exceeded its net worth at the end of the financial period 30<sup>th</sup> June, 2002 and as a result the Company is declared as a sick industrial company in terms of Section 3(1)(o) of The Sick Industrial Companies (Special Provisions) Act, 1985 at the hearing held on 24<sup>th</sup> July, 2003.

The present promoters led by Mr. P.M. Rao and his Associates, took over the control and management of the Company. IDBI and SBI the financiers to the company granted a restructuring package under the CDR mechanism. However, the Company had a huge debt of Rs. 548.7 million. The Company on 11<sup>th</sup> October 2005 settled its total liabilities of SASF (IDBI) by way of One Time Settlement (OTS). The Company raised the required funds for OTS by issue of Equity Shares and Optionally Fully Convertible Debentures to Reliance Capital Ltd.

Despite Settlement with SASF & IDBI, the Company incurred loss of Rs. 10.82 million before tax as compared to Rs. 8.52 million in the previous year. This is mainly because of multiple outsourced activities involving high logistics costs and operational losses. The Company therefore proposed certain modifications in its spinning, expansion in weaving and also processing as a forward integration. With this expansion, all the manufacturing activities of the Company will be fully integrated under one roof to optimize profit.

The proposed expansion requires equity funding in addition to debt financing. In order to mobilize the required funds, it is prudent to confer a realistic picture of the Company's Balance Sheet by adjusting the relation between capital and assets. The Company has evaluated the effect of the above and decided to write off 75% of the existing Equity Share Capital and Reserves & Surplus against the accumulated losses of the Company. The resultant effect will be as under:

**(a) Resulting Share Capital**

Particulars	Amt (in Rs.)
Share Capital of Face Value Re 1/- each as on date	34,70,54,260
Accumulated losses as on 31 <sup>st</sup> March, 2006	43,69,28,350
Write Off 75% of Capital on F V of shares (rounded off)	26,02,90,690
Resulting Capital	8,67,63,570

The paid-up share capital of the Company be reduced and that such reduction be effected by canceling and extinguishing upto seventy five per cent (75%) of the total issued and paid-up share capital of the Company.





(b) The Company's Reserves and Surplus position as at 31<sup>st</sup> March, 2006 is as under –

Particulars	(Amt in Rs.)
Share Premium	9,89,01,086
Subsidy	20,00,000
<b>Total</b>	<b>10,09,01,086</b>

The company proposes to write off the above balance (excluding subsidy) against the accumulated losses of the company.

Thus the revised position of the accumulated losses of the company shall be as under.

Particulars	(Amt in Rs.)
Profit and Loss Account (Loss)	43,69,28,350
Less : Written off against Capital	(26,02,90,690)
Less : Written off against Reserves	(9,89,01,086)
<b>Balance Accumulated Losses after adjustments</b>	<b>7,77,86,574</b>

This will strengthen the Balance Sheet of the Company benefiting the Company and its existing shareholders/ stakeholders.

It was further decided to consolidate the present face value of the Equity Shares of the Company of Re.1/- each to Face Value of Rs.10/- each, as the standard market face value of an Equity Shares of Rs.10/- each provides a better presentation.

Subsequent to the implementation of the proposed reduction & consolidation, the Issued, Subscribed and Paid-up share capital of the Company will be as follows:

34,70,54,260 Equity Shares reduced by 75% by write off against accumulated losses and consolidated into 86,76,357 Equity Shares of Rs.10/- each	Rs. 8,67,63,570/-
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In terms of approval of Board of Directors of the Company at its meeting held on 17<sup>th</sup> April, 2007, the Company has applied to BIFR vide its letter dated 23<sup>rd</sup> April, 2007 for granting various exemptions to the Company from complying with various provisions laid down under Company Law, SEBI Guidelines/Rules/ Regulations, Listing Agreement, other compliances, etc. for capital restructuring and other related matters.

The Board of Industrial & Financial Restructuring (BIFR) had issued an order dated 22nd June, 2007, granting various exemptions to the Companies Act, 1956, one of which was reduction & consolidation of share capital, verbatim written as under:

*"The Company would be permitted to reduce the value of the present equity by 75% and the DCA/ ROC would exempt the Company from the applicable provisions of Section 94, Section 100 to Section 104 read with Section 78(1), Section 391 and other applicable provision(s) if any of the Companies Act, 1956 relating to 'Reduction of Share Capital' and Application of Premiums received on issue of Shares in r/o write down of 75% of the present equity capital and to write down the Company's existing reserves & surplus against the accumulated losses of the Company, and they would also permit the Company to alter Company's Share Capital in r/o consolidation of shares to face value of Rs. 10/- each."*

Hence in terms of the BIFR order and in the best interest of shareholder/ stakeholders, the Directors recommend the resolutions at item no 6 & 7 to the members for their approval.

None of the Directors is interested or deemed to be concerned or interested in the proposed resolution except to the extent of their shareholding.

**VENTURA TEXTILES LIMITED****ITEM NO 8**

The present Business Scenario and International Market conditions lay huge emphasis on becoming a fully integrated unit. Looking forward to tap the growing opportunities and compete globally, the Company is moving towards vertical integration and expansion. The cost of the project is estimated Rs. 91.60 crores, the part financing is sanctioned by its bankers viz State Bank of India. In order to mobilize financial resources to commence new project, the Company proposes to raise Rs. 25.82 crores by way of preferential allotment of equity shares.

As per the BIFR order dated 22<sup>nd</sup> June, 2007, the Company is exempted from the applicability of SEBI Rules, SEBI (DIP) Guidelines, 2000, and SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 1997, in the process of raising equity by way of Preferential Allotment of securities from the existing promoters, new investors and qualified institutional buyers.

The detailed terms and conditions of the issue as and when made will be determined by Board of Directors of the Company and accordingly the same will be intimated to the shareholders.

As per Section 81(1A) of the Companies Act, 1956 and Clause 23 of Listing Agreement executed by the Company with Stock Exchange states that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the existing equity shareholders, in proportion to the capital paid up on those shares as on that date, unless the shareholders in a General Meeting decide otherwise.

The Special Resolution seeks consent of the Shareholders authorizing Board of Directors of the Company to decide offer, issue and allot such further shares to foreign investors/ institutions and/ or corporate bodies, mutual funds, banks, insurance companies, trust and / or individuals on such terms and conditions as may be deemed beneficial and necessary in the interest of the Company.

The special resolution gives adequate flexibility and discretion to the Board to finalize the terms and condition in consultation with such authority as need to be consulted including the pricing of the issue which will be a free market pricing as may be at a premium or discount in accordance with the normal practices including the power to issue such securities in such tranche or tranches with/ without voting rights.

The Directors recommend the resolutions at item no. 8 to the members for their approval.

None of the Directors is concerned or interested in the said Resolution except to the extent of their shareholding.

**Registered Office :**

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

**For and on behalf of the Board of Directors**

**Date :** 30th July, 2007

**Tejal Daftary**  
Company Secretary