

# *10<sup>th</sup> Annual Report* 2005-2006

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pacing ahead with the times...

## Board of Directors:



Kochouseph Chittilappilly  
Chairman & Managing Director

## Success Personified

"Perseverance can make miracles happen", he says.  
The success saga of V-Guard proves it.



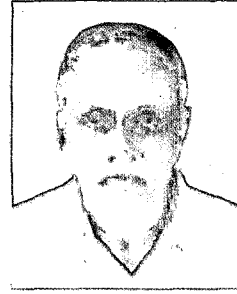
Shiela Kochouseph  
Director



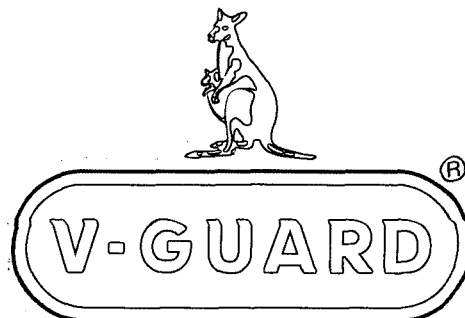
Mithun Chittilappilly  
Director



K. Vijayan  
Director



R. Krishna Iyer, FCA  
Director



*The name you can trust*



**V-GUARD INDUSTRIES  
PRIVATE LIMITED**



## TENTH ANNUAL REPORT 2005-2006

### REGISTERED OFFICE

44/875, Little Flower Church Road,  
Kaloor, Kochi - 682 017.

### AUDITORS

**M/s S. B. BILLIMORIA AND COMPANY,**  
Chartered Accountants,  
Wilmont Park Business Centre,  
Warriam Road, Kochi - 682 016.

### LEGAL ADVISOR

**Mr. CHACKO GEORGE, M.A, B L.,**  
Senior Advocate, High Court Junction,  
Ernakulam, Kochi - 682 031.

### BANKERS

**THE DHANALAKSHMI BANK LIMITED,**  
Industrial Finance Branch,  
M.G. Road, Ernakulam.

**STATE BANK OF INDIA,**  
Commercial Branch, Kaloor, Ernakulam.

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## NOTICE OF THE TENTH ANNUAL GENERAL MEETING

To,

The Members of  
V-Guard Industries Pvt. Ltd.

Notice is hereby given that the Tenth Annual General Meeting of the members of V-Guard Industries Private Limited will be held at the Registered Office of the company at 44/875, L.F.C. Road, Kaloor, Kochi - 682 017, on Thursday, the 31<sup>st</sup> day of August 2006 at 11.00 AM to transact the following:-

### Ordinary Business

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2006 and the Profit and Loss Account of the company for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To declare final dividend.
3. To re-appoint M/s.S.B.Billimoria & Co., Chartered Accountants, as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.

### Special Business

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

RESOLVED THAT subject to the approval of the members of the Company Shri. Kochouseph Chittilappilly be and is hereby re-appointed as Chairman and Managing Director of the Company for a further period of five years with effect from 12.02.2006 on existing terms and conditions and remuneration.

RESOLVED FURTHER THAT Shri. Kochouseph Chittilappilly as Chairman and Managing Director be subject to the superintendence, control and direction of the Board and shall have all such powers and duties as may be vested in him from time to time by the Board.

RESOLVED FURTHER THAT subject to the approval of the members in the general meeting, Shri. Kochouseph Chittilappilly be and is hereby entitled to receive remuneration, perquisites and other benefits for his services as Chairman and Managing Director of the Company with effect from 01.04.2006 on the following terms and the same shall remain in force until further revision:

- a. Salary not exceeding Rs.54.00 lakhs per annum. Salary can be drawn at monthly intervals at the option of the Chairman and Managing Director.
  - b. Perquisites not exceeding Rs.3.00 lakhs in value. (Perquisite includes medical reimbursement for the Chairman and Managing Director and his family, fees of any two clubs not including admission and life membership fee, personal accident insurance premium and annual leave travel allowance for the Chairman and Managing Director and his family).
  - c. One month leave for every twelve months of service. However, unavailed leave can be accumulated upto a maximum of 6 months but cannot be encashed.
  - d. Use of Car for official purpose and telephone at residence will not be considered as perquisites, provided personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
5. To consider and if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:

**RESOLVED THAT:**

- (i) pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Authorised Share Capital of the Company be increased from Rs.3,00,00,000/- (Rupees Three Crores only) divided into 30,00,000 (Thirty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each by further creation of 2,20,00,000 Equity Shares of Rs.10/- (Rupees Ten only), ranking pari passu with the existing Equity Shares in all respects.
  - (ii) pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Share Capital Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted with the following.
- V** The Authorised Share Capital of the Company is Rs.25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each.

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

RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force), Article 4 of the Articles of Association of the Company be and is hereby deleted and substituted with the following.

- 4** The Authorised Share Capital of the Company is Rs.25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each with power to increase, reduce, consolidate or subdivide the Capital in accordance with the provisions of the Companies Act, 1956.

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

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by inserting the following two articles, as article 56A and 56B:

**56A:** 1. The company in general meeting may, upon the recommendation of the Board, resolve-

- a. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - b. that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- 2.** The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards-
- i. paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - ii. paying up in full, unissued equity shares of the company to be allotted and distributed, credited as fully paid-up bonus shares, to and amongst such members in the proportions aforesaid; or
  - iii. partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
- 3.** A share premium account and a capital redemption reserve account, may, for the purposes of this regulation, only be applied in the paying up of unissued equity shares, to be issued to members of the company as fully paid bonus shares.
- 4.** The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

**56B.** (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall-

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- a. make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid equity shares, if any; and
  - b. generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power-
- a. to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also
  - b. to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.
- 8 To consider and if thought fit, to pass with or without modification, as an ordinary resolution, the following:  
RESOLVED THAT:
- a. subject to such consent and approval as may be required, and such conditions and modifications, as may be considered necessary and agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") a sum not exceeding Rs. 18,00,00,000/- as may be determined by the Board, out of the amount of Rs. 26,12,25,508/- standing to the credit of the Reserves & Surplus Account as on 31<sup>st</sup> March, 2006 be capitalised and transferred from Reserves & Surplus Account to Share Capital Account and that such sum as may be determined shall be applied for allotment of New Equity Shares of the Company of Rs.10/- each as fully paid Bonus Shares to the persons who, on a date to be hereafter fixed by the Board, shall be the holders of the existing Equity Shares of Rs.10/- each of the Company on the said date and that such New Equity Shares out of the Company's unissued Equity Shares, credited as fully paid, be accordingly allotted as Bonus Shares to such persons respectively as aforesaid in the proportion of 6 (Six) New Equity Share for every 1 (One) existing Equity Share held by such persons respectively on the date fixed by the Board, upon the footing that they become entitled thereto for all purposes as capital;
  - b. the New Equity Shares of Rs.10/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividends declared after the Bonus Shares are allotted.
  - c. for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the New Equity Shares.
- 9 To consider and if thought fit, to pass with or without modification, as a special resolution, the following:  
RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:  
After the existing Article 9 the following new Article 9A be and is hereby inserted.



**V-GUARD INDUSTRIES  
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**9A. Power of Company to purchase its own Securities**

"Notwithstanding anything contained in these articles, but subject to the conditions, restrictions and/or limitations contained in Sections 77A, 77AA and 77B and other applicable provisions, if any, of the Companies Act, 1956 and the provision of any other statutes, as may be amended from time to time, the Company may purchase its own shares or securities (referred to as Buy-Back) under section 77A(1) of the said Act."

For and on behalf of the Board of Directors

Sd/-

Kochouseph Chittilappilly,  
Chairman & Managing Director.

Kochi,

3rd August, 2006.

**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/HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
2. A blank form of proxy is enclosed and if intended to be used, should be lodged with the company at the registered office at least 48 hours before the commencement of the meeting.
3. Members who wish to seek/desire any further information/clarification on the annual accounts at the meeting are requested to send their queries atleast 48 hours in advance of the date of the meeting to the registered office.
4. Explanatory statement required pursuant to Section 173(2) of the Companies Act, 1956 in relation to Item Nos. 4, 5, 6, 7, 8 and 9 is annexed hereto.

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Annexure to Notice of Tenth Annual General MeetingExplanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956Item No.4

The Board of Directors of the Company re-appointed Shri. Kochouseph Chittilappilly as Chairman and Managing Director of the Company at their meeting held on 17th May, 2006 for a further period of five years with effect from 12th February, 2006, in terms of the Articles of Association of the Company and subject to the approval of the members in the ensuing Annual General Meeting, on the existing terms and conditions and remuneration.

Your Directors, proposed to revise the salary of Shri. Kochouseph Chittilappilly, Chairman and Managing Director of the Company at their meeting held on 3rd August, 2006 with effect from 01.04.2006 subject to the approval of the members of the Company on such terms and conditions and remunerations as set out in the resolution proposed in item no.4 of the notice calling the 10th Annual General Meeting of the Company.

None of the Directors of the Company is in any way concerned or interested in the above resolution except Shri. Kochouseph Chittilappilly, Chairman and Managing Director, Mrs. Sheila Kochouseph and Mr. Mithun Chittilappilly, Directors, being relatives of Shri. Kochouseph Chittilappilly.

The Directors recommend the resolution to be adopted as ordinary resolution by the shareholders of the Company.

Item Nos: 5, 6 7 & 8

Within the regulatory provisions of Regulation 96 of Table A to Schedule I to the Companies Act, 1956, relating to the Capitalisation of Profits, your Directors at their meeting held on 3<sup>rd</sup> August 2006 recommended to capitalise a part of the surplus standing to the credit of the profit and loss account of the Company by way of issuing fully paid bonus shares to the existing share holders of the Company in the proportion of 6 (Six) New Equity Shares of Rs.10/- each for every 1 (One) Existing Equity Share of the Company of Rs.10/- each held by the members on a date to be fixed by the Board.

In order to facilitate the capitalisation of reserves as set out in the Resolution at Item No. 8 of the Notice, the Authorised Capital of the Company is being increased from Rs.3,00,00,000/- divided into 30,00,000 equity shares of Rs.10/- each to Rs.25,00,00,000/- divided into 2,50,00,000 equity shares of Rs.10/- each as indicated in the Resolutions at Item Nos. 5 & 6 of the Notice. Consequently, Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company are proposed to be altered.

As the Articles of Association of the Company does not contain the provision for capitalisation of profits, it is deemed fit to alter the Articles of Association of the Company to bring the same in line with the regulatory provisions of Regulation 96 of Table A to Schedule I to the Companies Act, 1956, by inserting two new articles 56A and 56B containing the provisions relating to capitalisation of profits as indicated in the Resolution at Item No. 7 of the Notice.

As per the New Articles 56A & 56B of the Articles of Association of the Company, it is necessary for the Members to approve the issue of Bonus Shares. Further it is also necessary to authorise the Board of Directors of the Company to complete all the regulatory formalities in connection with the issue of Bonus Shares that may be required by the Companies Act, 1956.



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A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the members of the Company at the Registered Office between 11.00 a.m and 1.00 p.m. on any working day of the Company.

Your Directors recommend the resolutions specified in Item Nos. 5,6,7 & 8 for increasing the Authorised Capital of the Company, inserting capitalisation of profits clause in the Articles of Association of the Company and for issue of bonus shares, for seeking the approval of the Members.

Directors of the Company may be deemed to be concerned or interested in the resolution for issue of bonus shares to the extent of their shareholdings in the Company.

**Item No: 9**

The Companies (Amendment) Act, 1999 permits Companies to buy back its own securities subject to the conditions, restrictions and/or limitations contained in Sections 77A, 77AA and 77B of the Act, read with Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999 in case of private and unlisted public companies and SEBI (Buy-back of Securities) Regulations 1998 in case of listed companies.

Your Directors are of the opinion that a provision for buy-back of securities in the Articles of Association of the Company will be in the interest of the Company and members and hence recommend the resolution, for amending Articles of Association of the Company as per the provisions of Section 31 of the Companies Act, 1956 by way of passing a special resolution, for including the provisions relating to buy-back of securities.

None of the Directors of the Company are concerned or interested in the proposed resolution.

By Order of the Board

Sd/-

Kochouseph Chittilappilly,  
Chairman & Managing Director.

Kochi  
3rd August, 2006

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DIRECTORS' REPORT

To  
The Members of  
V-GUARD INDUSTRIES PRIVATE LIMITED

Your Directors have great pleasure in presenting the Tenth Annual Report of the company together with the audited financial statements for the year ended 31<sup>st</sup> March, 2006. Financial results in a nutshell are given below:-

**1. FINANCIAL RESULTS**

	Year ended 31st March 2006 (Rs. Lakhs)	Year ended 31st March 2005 (Rs. Lakhs)
<b>Gross Sales</b>	18407.71	14543.48
Less: Trade discounts	885.35	690.72
<b>Net Sales</b>	<u>17522.36</u>	<u>13852.76</u>
Operating profit before Depreciation, Interest and Tax	1938.34	1329.76
Less : Depreciation	233.01	160.34
<b>Profit before Interest and Tax</b>	<u>1705.33</u>	<u>1169.42</u>
Less: Financial Charges	279.47	301.23
<b>Profit before Tax</b>	<u>1425.86</u>	<u>868.19</u>
Less: Provision for Tax (including FBT)	443.69	278.41
Provision for deferred tax (current year)	61.69	38.21
<b>Profit after tax</b>	<u>920.48</u>	<u>551.57</u>
Balance in P & L account brought forward	1598.85	1449.36
<b>Profit available for appropriation</b>	<u>2519.33</u>	<u>2000.93</u>
<b>Appropriations</b>		
(a) Transfer to General Reserve	95.00	60.00
(b) Dividend Proposed:		
Interim dividend	210.00	180.00
Tax on interim dividend	29.45	25.25
Final dividend proposed	90.00	120.00
Tax on Final dividend proposed	12.62	16.83
(c) Balance carried forward	2082.26	1598.85
	<u>2519.33</u>	<u>2000.93</u>