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V-Guard.



The name you can trust

Proficient.
Experienced.
Ahead of time...



P. G. R. Prasad
Chairman



Kochouseph Chittilappilly
Managing Director



C. J. George
Director



Mithun Chittilappilly
Executive Director



R. Krishna-Iyer, FCA
Director



K. Vijayan
Director



V-GUARD INDUSTRIES LIMITED

V-GUARD

TWELFTH ANNUAL REPORT 2007-2008

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Board of Directors

| | |
|---------------------------------|-------------------------|
| Shri. P G R Prasad | Chairman |
| Shri. Kochouseph Chittilappilly | Managing Director |
| Shri. K. Vijayan | Director-Administration |
| Shri. Mithun K Chittilappilly | Executive Director |
| Shri. C J George | Director |
| Shri. R Krishna Iyer | Director |

Chief Financial Officer

Shri. Nandakumar T

Company Secretary

Smt. Jayasree K

Auditors

Deloitte Haskins and Sells
Chartered Accountants
Kochi-682016

Bankers

State Bank of India
The Dhanalakshmi Bank Ltd.
Citi Bank
Standard Chartered Bank
HDFC Bank

Registrar & Share Transfer Agents

Intime Spectrum Registry Ltd.
Surya, 35, May Flower Avenue,
Behind Senthil Nagar,
Souripalayam Road,
Coimbatore-641028
Phone: 0422-2314792
Email: coimbatore@intimespectrum.com

Plant Locations

Cable & Solar

K.G. Chavadi, Survey No. 569/2A
566/2, Ettimadai Village, Coimbatore-641 105

Pump Division

12-D, Valluvar Nagar
Peelamedu, Coimbatore-641 004

Listed at

The National Stock Exchange of India Ltd.
The Bombay Stock Exchange Ltd.

Registered Office

44/1037, L F C Road,
Kaloar, Kochi-682017
Ph : 0484-2539911
E-mail: mail@vguard.in
website: www.vguard.in

CHAIRMAN'S STATEMENT

Dear Shareholder,

First of all, I wish to thank each one of you for your wholehearted response to our Initial Public Offer, which was over subscribed by 2.70 times during the time, when the capital market in India was bearish and turbulent and continue to be so.

As the Chairman of the Company, this is my maiden direct interaction with all of you and I am happy to address you with an excellent performance by your Company during the financial year 2007-08. The total revenue from operations, during the year under review, increased to Rs.27811 lakhs, recording a growth of 25.12% over the financial year 2006-07. Profit after tax for the financial year 2007-08 was Rs.3742.31 lakhs. On the way, during the year, we faced inflationary trends in the market, a slight slow down in the GDP growth, hike in the price of raw materials and increased level of competition.

Amidst all these developments, the financial year 2007-08 has been a very eventful year for your Company and indeed an action-packed one. Your Company was first converted into a public one and it successfully completed its IPO. To make 'V-Guard' a household name pan India and also to tap the potential in north Indian markets, branches were opened in various parts of North India. Your Company was able to acquire suitable land for construction of manufacturing units, R & D units and distribution and service centers, as part of our planned expansion programme, as indicated in the Offer Document for the IPO

Having been a popular brand in the industry for the last 3 decades, it has been possible for us to understand the changing needs and demands of our customers. With constant improvement in the quality and performance of our products, we enjoy considerable brand equity and reliability in the market. Our success has in no less way been contributed by the level of after sales service provided to the customers. I am sanguine that the 900+ employees of the Company will continue to uphold these values and serve the customers and society. The Company is equally committed to uphold and put in practice all the tenets of Corporate Governance in letter and spirit and to improve share holder value

The outlook for the future is to become a national player and penetrate the North Indian and other new markets in all possible ways and the first step is to successfully complete the projects mentioned in the offer document, on schedule. Our Commitments to the shareholders is also shared by our highly motivated and innovative team of employees at all levels and with them I am confident of taking your Company to greater heights in the years to come.

P G R Prasad
Chairman

4th June, 2008
Kochi

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6. Appointment of Mr. C J George as a Director of the Company

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

“RESOLVED THAT Mr. C J George who was appointed by the Board of Directors as an Additional Director of the Company with effect from 16th August, 2007 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

7. To revise the terms and conditions of the appointment of Managing and Whole-time Director

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 of the Companies Act, 1956, Schedule XIII thereto and other applicable provisions thereof, the approval of members of the Company be and is hereby accorded to revise the commission payable to Shri. Kochouseph Chittilappilly, Managing Director @ not exceeding 1% of the net profits and to Mr. Mithun K Chittilappilly, Executive Director @ not exceeding 0.5% of the net profits of the Company with effect from 1st April, 2008 for the remaining term of their office as set out in the explanatory statement annexed with the notice of this meeting and that the other terms and conditions of the re-appointment in the case of both the Directors will remain the same.

8. Change in Deployment/utilization of Initial Public Offer Proceeds of the Company

To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and the Listing Agreement entered with Stock Exchanges and subject to such approvals, permissions, sanctions and consents that may be required from such authorities concerned, consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter to be referred to as the “Board”, which expression shall include any Committee thereof) to withdraw /abandon the project of setting up of enameling copper factory at Coimbatore, at an estimated cost of Rs. 9.04 crores, one of the object mentioned in the offer document of the Company dt. 29th February, 2008, issued in connection with the Initial Public Offer of the Company and utilize the fund set apart for the aforesaid project, for the general corporate purpose, which will be in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof, be and is hereby authorized to do such acts, deeds, matters and things as may be necessary, desirable or expedient, for giving effect to the above resolution.

By Order of the Board of Directors

Sd/-

Jayasree K
Company Secretary

Kochi
04.06.2008



NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel International, Veekshanam Road, Kochi-682035 on Monday, the 14th of July, 2008, at 10.00 a.m. to transact the following:-

Ordinary Business

1. Adoption of Annual Accounts

To consider and adopt the audited Balance Sheet as at 31st March 2008 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. Declaration of Dividend

To declare a Final Dividend of 25% for the year 2007-08 on Equity Shares.

3. Re-appointment of Mr. K Vijayan as Director of the Company

To appoint a Director in place of Mr. K Vijayan, who retires by rotation, and being eligible offers himself for re-appointment.

4. Appointment of Statutory Auditors

To re-appoint M/s. Deloitte Haskins & Sells, 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

5. Appointment of Mr. P G R Prasad as a Director of the Company

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

“RESOLVED THAT Mr. P G R Prasad who was appointed by the Board of Directors as an Additional Director of the Company with effect from 16th August, 2007 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

**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.** 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. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution/authority as applicable.
2. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 8 above, are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 3, 5 and 6 above, are also annexed.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 8th of July 2008 to Monday, the 14th of July, 2008, both days inclusive. If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made on or after 14th of July, 2008 as under:
 - a) To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited on 8th of July, 2008;
 - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 7th of July, 2008
4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Hence the members are requested to notify any change in the Bank particulars to their respective Depository Participants on or before 5th of July 2008.
5. Members who wish to seek/desire any further information/clarification on the annual accounts at the meeting are requested to send their queries to the registered office at least 48 hours in advance of the date of the meeting.
6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s. Intime Spectrum Registry Limited and Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agents, on or before 5th of July 2008.

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Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956

As required by Section 173 of the Companies Act, 1956 ("the Act"), the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 5 to 8 of the accompanying Notice dated 4th of June, 2008.

Item Nos. 5 & 6

Mr. P G R Prasad and Mr. C J George were appointed as Additional Directors of the Company on 16th August, 2007. As per the provisions of Section 260 of the Act, the said Directors hold office only up to the date of the forthcoming Annual General Meeting of the Company, and are eligible for appointment as Directors liable to retire by rotation. The Company has received notices from members under Section 257 of the Act, in respect of the candidates, proposing their appointment as Directors of the Company, along with the requisite deposit of Rs.500/- each. Details regarding the persons proposed to be appointed as Directors and their brief resume have been given in the Annexure attached to the Notice. Keeping in view the experience and expertise of these persons, their appointment as Directors of the Company is recommended by way of passing Ordinary Resolutions mentioned in item nos. 5 and 6.

Except, Mr. P G R Prasad and Mr. C J George, no other Director of the Company is concerned or interested in the proposed resolutions.

Item No. 7

Shri. Kochouseph Chittilappilly and Shri. Mithun K Chittilappilly, were re-appointed as Managing Director and Executive Director of the Company with effect from 1st August, 2007 for a period of five years, respectively with the approval of the shareholders in their Extraordinary General Meeting held on 25th August, 2007. As per the terms and conditions of the re-appointment, the Managing and Executive Director were eligible to get a commission on the net profit of the Company @ 2% and 1% respectively. The Remuneration Committee in its meeting held on 19th May, 2008, recommended for revising the commission payable to the Managing Director @ not exceeding 1% of the net profits and to the Executive Director @ not exceeding 0.5% of the net profits of the Company. The revision in the terms and conditions are within the limits prescribed in the Schedule XIII to the Companies Act, 1956. The other terms and conditions of the re-appointment in the case of both the Directors will remain the same. The details of the terms and conditions including the aforesaid change are as follows:

Terms & Conditions of Re-appointment of Shri. Kochouseph Chittilappilly

| Particulars | Existing terms & conditions | Revised terms & conditions |
|-----------------------|--|----------------------------|
| Period of appointment | 5 years w.e.f. 1 st August, 2007 | No change |
| Salary | Rs. 4,50,000 p.m. with an annual increase not exceeding 10% of the last drawn salary, as may be decided by the Board of Directors or any Committee thereof | No change |