



We Make Success Happen.
Every Year.



The name you can trust



Proficient. Experienced. Ahead of time...



P. G. R. Prasad
Chairman



Kochouseph Chittilappilly
Managing Director



N. Sreekumar
Joint Managing Director



C. J. George
Director



Mithun Chittilappilly
Executive Director



A.K. Nair
Director



V-GUARD INDUSTRIES LIMITED

Report  junction.com

**THIRTEENTH ANNUAL REPORT
2008-2009**

**CONTENTS**

Chairman's Statement	3
Notice to Members	4
Directors' Report	15
Report on Corporate Governance	26
Management Discussion and Analysis Report	41
Auditor's Report	49
Balance Sheet	54
Profit and Loss Account	55
Cash Flow Statement	57
Schedules to Balance Sheet	59
Schedules to Profit and Loss Account	63
Notes to Account	66
Balance Sheet Abstract	86
Electronic Clearing Service Form	88
Proxy Form	89
Attendance Slip	90

13TH ANNUAL REPORT 2008-2009*V-GUARD INDUSTRIES LIMITED***THIRTEENTH ANNUAL REPORT 2008-2009****Board of Directors**

Shri. P G R Prasad
 Shri. Kochouseph Chittilappilly
 Shri. N Sreekumar
 Shri. Mithun K Chittilappilly
 Shri. C J George
 Shri. A K Nair

Chairman
 Managing Director
 Joint Managing Director
 Executive Director
 Director
 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 Dhānalakshmi Bank Ltd.
 Standard Chartered Bank
 HDFC Bank

Registrar & Share Transfer Agents

Link Intime India Private Limited
 (Formerly Intime Spectrum Registry Ltd.)
 Surya, 35, May Flower Avenue,
 Behind Senthil Nagar, Souripalayam Road,
 Coimbatore-641028
 Phone: 0422-2314792
 Email: coimbatore@linkintime.co.in

Plant Locations**Cable & Solar**

K G Chavadi, Survey No.569/2A
 566/2, Ettimadai Village,
 Coimbatore-641105

6th K M Stone, Moradabad Road,
 Khasra No.86
 Village Basai, Kashipur,
 Udhamasingh Nagar Dist.

Listed at

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

Registered Office

44/1037, L F C Road,
 Kaloore, Kochi - 682 017
 Ph : 0484-2539911
 E-mail: mail@vguard.in
 website: www.vguard.in

Pump Division

2/113 E Karayam Palayam Road,
 Mylapatti P O,
 Coimbatore-641014



FROM THE CHAIRMAN'S DESK

Dear Shareholders,

It is indeed a great pleasure for me to present before you the annual performance of the fiscal 2008-09, a year which was quite turbulent and tumultuous financially and also in terms of industrial growth. The Indian economy continued to register impressive GDP growth, although the rate of growth declined marginally over the previous year. The level of industrial productivity has also begun to decline, as a result of fiscal constraints imposed on money supply and the raising of interest rates, especially in the second half of the fiscal. The overall economic recession prevalent in the country has severely affected the purchasing power of the common man.

Let me take you to a quick look to the performance of the Company in terms of figures. Your Company recorded net revenue of Rs.31,677.67 lakhs, increase of 13.90% over the previous year of Rs. 27,811 lakhs. The Net Profit after tax (excluding after tax non recurring profit of Rs.2,277.92 lacs), increased from Rs. 1,464.39 in 2007-08 to Rs.1,734.65 lakhs in 2008-09, an increase of 18.46%. Considering the improved profitability, the Board has recommended a dividend of Rs.2.50 per share on the paid-up share capital of the Company.

The performance of the Company was badly hit in the third quarter of the fiscal under review. Moreover, high fluctuation in the price of the basic raw-material copper had affected the profitability of the product cable. As the Company was not actively involved in forward bookings, the loss on account of the volatility in the price of the copper was less. Your Company was able to do well in terms of sales turnover in some of the products, i.e. fans, solar water heaters, pumps and of course in cables.

With the whole-hearted efforts of your Management, the Company was able to complete four of its projects, mentioned in the offer document. Your Company was able to set up two state of the art facilities for manufacture of building wire and power cables. The investments up to 31st March 2009 towards these factories were Rs.38.75 crores. The Management is confident of capitalising on the output of the two new factories.

During the year under review, the Company was able to add a new product to its folder, i.e. Digital Home UPS. The R & D wing of the Company is engaged in continuous research to meet the customer demand for new models with unique or customized features and improved quality.

The outlook for the future seems to be good aiding our vision to become a national player in the area of electrical and electronic segment. Focus will be given to penetrate the North Indian markets by adopting new strategies and also on export sales. The Management will also concentrate on industrial clients to get a sizable turnover in the sale of LT Cables. Your Management hopes that the desired goals can be achieved with the contribution of 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.

With Best Wishes

Sd/-

P G R Prasad

Chairman

28th May, 2009

Kochi

13TH ANNUAL REPORT 2008-2009**NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel International, Veeckshanam Road, Kochi-682035 on Monday the 27th July, 2009, at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2009 and the Profit and Loss Account of the company for the year ended on that date together with the Directors' Report and the Auditor's Report thereon.
2. To declare final dividend for the year 2008-09 on Equity capital
3. To appoint a Director in place of Mr. P G R Prasad, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration.

M/s. Deloitte Haskins & Sells, Chartered Accountants, the retiring auditors are eligible for re-appointment.

Special Business

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

"RESOLVED THAT Mr. N Sreekumar, who was appointed as an Additional Director by the Board of Directors with effect from 27th May, 2009, pursuant to Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a Member under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs.500/- proposing his candidature for the office of Director of the Company, be and is hereby elected and appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT Mr. A K Nair, who was appointed as an Additional Director by the Board of Directors with effect from 27th May, 2009, pursuant to Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing from a Member under Section 257 of the Act alongwith a deposit of Rs.500/-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 consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the Articles of Association of the Company and subject to such approvals and sanctions as may be necessary, the Company hereby accords its consent and approval for the appointment of Mr. N Sreekumar, as the Joint Managing Director of the Company for a period of three years with effect from 1st June, 2009".

RESOLVED FURTHER THAT subject to necessary approvals and the provisions of Sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to an overall limit of 5% of the net profits of the Company for each financial year computed in the manner prescribed in Sections 349 and 350 of the Companies Act, 1956, approval be and is hereby given for payment of remuneration and perquisites to Mr. N. Sreekumar, Joint Managing Director with effect from 1st June 2009 to 31st May 2012 as set out in the explanatory statement to this notice, which remuneration has been approved by the Remuneration Committee and the Board of Directors at their meetings held on 27th and 28th May 2009, respectively and on the terms and conditions set out in the Agreement dated 28th May, 2009 entered into between the Company and Mr. N Sreekumar, which agreement is hereby specifically approved, with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and / or remuneration in such manner as may be agreed to between the Board of Directors and Mr. N Sreekumar.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year, during the currency of the tenure of Mr. N Sreekumar, as the Joint Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. N Sreekumar, shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made there under or any statutory modification or re-enactment thereof"

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule XIII thereto and subject to such approvals and sanctions as may be necessary, consent of the members of the Company be and is hereby accorded to the revision in the remuneration, as follows, payable to Mr. Kochouseph Chittilappilly as the Managing Director of the Company with effect from 1st June, 2009 till the expiry of his current period of appointment

13TH ANNUAL REPORT 2008-2009

Salary: Rs.3,60,000/- p.m.; with a power to the Board or any Committee thereof to give an annual increase upto 20% of the last drawn salary with power to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

Commission: Not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 349 & 350 of the Companies Act, 1956

Perquisites: Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:-

CATEGORY 'A'

Housing:

(a) The Company shall provide rent-free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance up to a limit of 10% of his monthly salary.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. The monthly recurring cost for this shall however be subject to a ceiling of 10% of the monthly salary of the Managing Director.

(b) Medical Reimbursement:

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year.

(c) Leave Travel Concession:

For self and family, once in a year incurred in accordance with the rules of the Company.

(d) Club Fees:

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee

(e) Personal Accident Insurance:

Premium not to exceed 5% of Annual Salary per annum.

Explanation: "Family" means the spouse, the dependent children and dependent parents of Managing Director.

CATEGORY 'B'

Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any financial year, during the currency of the tenure of Mr. Kochouseph Chittilappilly as the Managing Director, the Company has no profits or its profits are



inadequate, the remuneration payable to Mr. Kochouseph Chittilappilly shall be governed by Section II of part II of Schedule XIII of the Companies Act, 1956 or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made there under or any statutory modification or re-enactment thereof'

RESOLVED FURTHER THAT the Board of Directors are hereby authorized to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force consent of the members of the Company be and is hereby accorded to the revision in the remuneration, as follows, payable to Mr. Mithun K Chittilappilly, the Executive Director of the Company with effect from 1st June, 2009 till the expiry of his current period of appointment

Salary: Rs. 1,00,000/- p.m., with a power to the Board or any Committee thereof to give an annual increase upto 20% of the last drawn salary and also to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

Commission: Not exceeding 0.5% of the net profits of the Company calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956

Perquisites: Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:-

CATEGORY 'A'

(1) Housing:

The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance up to a limit of 10% of his monthly salary.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. The monthly recurring cost for this shall however be subject to a ceiling of 10% of the monthly salary of the Executive Director.

(2) Medical Reimbursement:

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year.

(3) Leave Travel Concession:

For self and family, once in a year incurred in accordance with the rules of the Company.