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**V-GUARD INDUSTRIES LIMITED**

Registered Office : 33/2905 F, Vennala High School Road, Vennala, Kochi-682028

Ph: 0484 3005000; E-mail: mail@vguard.in; Website: www.vguard.in

FOURTEENTH ANNUAL REPORT 2009-2010**Board of Directors**

Shri. P G R Prasad
Shri. Kochoseph Chittilappilly
Dr. George Sreeba
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. A Jacob Kuruvilla

Company Secretary

Smt. Jayasree K

Bankers

State Bank of India
The Dhanalakshmi Bank Ltd.
Standard Chartered Bank
HDFC Bank Ltd.
Citi Bank
Punjab National Bank
Yes Bank Ltd.
ING Vysya Bank Ltd.

Registrar & Share Transfer Agents

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

Auditors

Deloitte Haskins and Sells
Chartered Accountants
Kochi-682016

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 Limited

Electrical & Electro Mechanical Divisions

2/113 E, Karayampalayam Road,
Mylampatti Post, Coimbatore-641014

Vill. Bankebada, P.O. Moginand,
Tehsil Nahan, District Sirmour
Himachal Pradesh-173 030.

Chairman's Message 2009-10**Dear Shareholders,**

I am happy to address you with the annual performance of the fiscal 2009-10. The year under review was indeed a successful and eventful year for your company that witnessed V-Guard moving to the next phase of growth in terms of robust top line and also with a good geographical spread in the new markets. Though the effect of the global recession was lingering in the country in the first half of the fiscal, the economy showed good recovery and recorded higher industrial production in the second half. Moreover, Indian economy is witnessing a 'durables revolution' in the recent years. Increase in disposable income level and media reach, rise in education levels and better electrification spreads have all collectively contributed for the increase in demand for consumer durables. With innovative strategies and focused approach, your company was able to exploit the emerging opportunities to its advantage.

Let us analyse the performance of the Company in terms of financial results. Your Company has recorded net revenue of Rs.45,408.91 lakhs during the year under review, an increase of 43.35% over the previous year of Rs.31,677.67 lakhs. The Net Profit after tax has also increased from Rs.1,734.65 lakhs in 2008-09 to Rs.2,547.26 lakhs in 2009-10, an increase of 46.85%. This growth was made possible through a well-framed strategy for penetrating the new north Indian markets and by increasing the market share by extending the presence to tier II & III cities of existing south Indian markets.

While ensuring quality and reliability of the existing products, your company has been able to add new models to its product range. Efforts were also made to develop models to meet the specific demands of the local markets. In the area of Stabilizers, your company could maintain its leading position in the market with various models that meet specific requirements of the customer segments. In terms of products, wires, stabilizers, pumps and electrical water heaters have contributed more to the revenue.

Your Company was able to increase the channel partners, by adding more distributors, direct dealers and suppliers for outsourced products. A significant achievement during the year was the starting of production from the LT control and power cables production unit at coimbatore and getting the product certified by reputed test labs and certification bodies in the country. The increase in the capacity utilization of the factories set up for producing wires and LT Cable at Kashipur and Coimbatore has significantly contributed to achieving the ambitious target set for the fiscal. All out efforts were made to increase the customer base both in the retail and project segment. All these efforts are continuing and we expect better growth for the company in the years ahead.

In the area of improvements in productivity, improvement in quality and reduction in costs, your company is implementing a number of projects to sustain its competitiveness. A "Line Balancing" study for the purpose of optimizing the utilization of all machines and to improve production and productivity has been undertaken at both the cable units at Coimbatore and Kashipur. The capacity at the Cable unit in Coimbatore is expected to be doubled from the current level after the line balancing. Further, to reduce the generation of short length cables due to frequent power failure and also to improve the quality of insulation, your company is installing a 600 KVA on-line UPS for the extruders. During the year, both the cable units have switched over its production from normal PVC insulated cables to FR PVC insulated cables and BIS certification was also obtained. After the commissioning

of the Kashipur facility, the Coimbatore Unit is utilizing its capacity for the manufacture of multi core and higher sized cables. The solar Division also could launch new products in the market during the year and has undertaken a number of cost reduction measures to make its products competitive. A major achievement in this area was the development of a successful model for the winter season which has helped in improving the market share especially in north Indian states.

In the Human Resources Development area also your company is in the forefront in organizing a number of training and management development programmes for up- grading the knowledge and skills of its employees .

With the objective of strengthening the manufacturing facilities and capabilities, your Company has acquired 34.66 acres of land at Perundurai, near Erode Dist., on lease for a period of 99 years from SIPCOT, Chennai. Your Company was able to identify suitable land at Hubli and acquired it for construction of distribution cum service center. Your Directors expect to complete the remaining two projects envisaged in the offer document for public issue by the end of the fiscal 2010-11.

I am happy to announce that considering the improved profitability, the Board has recommended a dividend of Rs.3.00 per share on the paid-up share capital of the Company.

To speak on the way ahead, the year 2010-11 seems to be another year of robust growth for your company. We need to stay focused on meeting the customer demands by introducing more number of models of various products with additional features and which would suit to the local demands. Thrust will be given to procure more project and institutional orders for LT Cables and the number of channel partners will be increased wherever the same is required. Your Management hopes that the desired goals can be achieved with the contribution of highly motivated and innovative team of employees we have at all levels and with them I am confident of taking your Company to greater heights in the years to come and our brand will enjoy increased status of a trusted name in the household.

I sincerely extend my gratitude to all the stake holders of the Company – distributors, direct dealers, suppliers, various govt. authorities, consultants, bankers, employees and all those who are related with the Company directly or indirectly for the support extended to us for achieving the desired growth and look forward to get the same in the future.

With Best Wishes

Kochi
28th May, 2010

Sd/-
P G R Prasad
Chairman

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel International, Veekshanam Road, Kochi-682035, on Monday the 26th July, 2010 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, 2010 and Profit and Loss Account of the Company for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare final dividend for the year 2009-10 on Equity Capital.
3. To appoint a Director in place of Mr. C J George, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting by passing the following resolution, as an ordinary resolution, with or without modification(s).

RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Deloitte Haskins & Sells, Chartered Accountants, with firm Registration No. 008072S, be and are hereby re-appointed as the Auditors of the Company till the conclusion of the next Annual General Meeting and the Board of Directors of the Company be and are hereby authorized to fix their remuneration.

Special Business

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

RESOLVED THAT Dr. George Sreeba, who was appointed as an Additional Director of the Company, with effect from 27th May, 2010, pursuant to Article 126 of the Articles of Association of the company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a 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 of the Company liable to retire by rotation.

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 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 Dr. George Sreeba, as the Joint Managing Director of the Company for a period of three years with effect from 01st June, 2010 to 31st May, 2013.

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, consent and approval be and are hereby given for payment of remuneration to Dr. George Sreeba, Joint Managing Director with effect from 1st June, 2010 to 31st May, 2013 as set out in the Explanatory Statement to this Notice, which remuneration have been approved by the members of Remuneration Committee and the Board of Directors at their respective meetings held on 27th and 28th May, 2010 and on the terms and conditions as set out in the Agreement dated 28th May, 2010 entered into between the Company and Dr. George Sreeba, 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 Dr. George Sreeba.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Dr. George Sreeba, as Joint Managing Director, the remuneration payable to him 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.

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

RESOLVED THAT in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") read with Article 129 of the Articles of Association of the Company and subject to such approvals, consents and sanction as may be required, consent of the members be and the same is hereby accorded for payment of remuneration in the form of commission to Mr. P G R Prasad, Chairman of the Board of Directors of the Company and who is a non-executive Director, for a period of five financial years commencing from 1st April, 2010 to 31st March 2015 and that the commission payable to him shall not exceed 1% of the net profits of the Company for each financial year computed in accordance with the provisions of Sections 349 and 350 of the Act.



RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to decide the amount of commission payable to Mr. P G R Prasad, for each financial year.

RESOLVED FURTHER THAT the commission payable to Mr. P G R Prasad shall be exclusive of sitting fee payable to him for attending meetings of the Board or Committees thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all such steps as may be necessary or expedient to give effect to the resolution.

By Order of the Board,

Sd/-

Jayasree K.
Company Secretary

Kochi
28th May, 2010

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 resolutions / authority as applicable.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item Nos. 5, 6 & 7 above, is annexed hereto. As per clause 49 of the Listing Agreement with Stock Exchanges, the brief resume and functional expertise of the Independent Director proposed for reappointment and of the Joint Managing Director proposed for appointment are furnished below along with the details of Companies in which they are directors and the details of Board Committees of which they are members.
3. The Register of Members and Transfer Books of the Company will be closed from 16th July, 2010 to 26th July, 2010, 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 26th July, 2010 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 15th July, 2010.
 - 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 15th July, 2010.
4. Members holding shares in Dematerialised form may kindly note that their address and Bank account details, as furnished by their depositories to the company, shall be printed on the Dividend Warrants as per applicable regulations of the depositories. Members who wish to change their address / Bank account details are requested to advise their Depository Participants about such change.
5. Members who wish to seek/desire any further information/clarification on the annual accounts are requested to send their queries at least 48 hours in advance of the date of the meeting to the registered office.
6. Members holding shares in physical form are requested to advise any change of address immediately to M/s. Link Intime India Private Limited. Members holding shares in electronic form must send the advise about the change in address to their respective Depository Participant on or before 12th July, 2010.
7. Members are requested to bring their copies of Annual Report at the time of the meeting and to quote their Folio Nos / Client ID Nos in all correspondence.