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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

**FIFTEENTH ANNUAL REPORT 2010 - 2011****BOARD OF DIRECTORS**

Shri. P G R Prasad  
 Shri. Kochouseph 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

**BOARD COMMITTEES****AUDIT COMMITTEE**

Shri. P G R Prasad	Chairman
Shri. Mithun K Chittilappilly	Member
Shri. C J George	Member
Shri. A K Nair	Member

**REMUNERATION COMMITTEE**

Shri C J George	Chairman
Shri. P G R Prasad	Member
Shri. A K Nair	Member
Shri Kochouseph Chittilappilly	Member

**AUDITORS**

Deloitte Haskins and Sells  
 Chartered Accountants  
 Kochi-682016

**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](mailto:coimbatore@linkintime.co.in)

**PLANT LOCATIONS****CABLE & SOLAR**

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

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

**SHAREHOLDERS GRIEVANCE/  
TRANSFER COMMITTEE**

Shri. C J George	Chairman
Shri. P G R Prasad	Member
Shri. Mithun K Chittilappilly	Member

**CHIEF FINANCIAL OFFICER**

Shri. A Jacob Kuruvilla

**COMPANY SECRETARY**

Smt. Jayasree K

**BANKERS**

The Dhanalaxmi Bank Ltd.  
 State Bank of India  
 Standard Chartered Bank  
 Citi Bank  
 HDFC Bank Ltd.  
 Axis Bank Ltd.  
 Yes Bank Ltd.  
 Development Bank of Singapore Ltd.

**LISTED AT**

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

**ELECTRICAL & ELECTRO****MECHANICAL DIVISIONS**

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

Vill.Bankebada, P.O. Moginand,  
 Tehsil Nahan, District Sirmour,  
 Himachal Pradesh-173030.



## **Chairman's Message 2010-11**

### **Dear Shareholders,**

I am delighted to report that during the financial year 2010-11, your Company has achieved an excellent and unprecedented growth in sales as well as in profit. Growth was seen in all product verticals in sales volume compared to the previous year. Increase in sales was achieved both in the existing and new markets.

### **Economic and Business Scenario**

As all of us are aware, being a multiproduct organization, your Company's prospects are linked to the growth in the various sectors of the National Economy. The year under review saw the Indian economy growing at 8.6% with various sectors like agriculture, manufacturing and services continuing its growth momentum. The Durable consumable industry, Construction sector and the Agricultural sector which are of particular interest to your Company has presented a reasonably good growth sufficient enough to create additional demand for your Company's products.

Our principal raw materials - copper and aluminium - have registered significant price increases during the year affecting the cost of production of the products such as wires and cables, electric fan, stabilisers, pumps & motors etc. The increase in product prices due to the increase in raw material cost has also to some extent contributed to the higher sales turnover, though in the competitive scenario your Company operates, it was not possible to pass on the actual increase in cost to the customers. I may state that, considering this aspect, your Company's performance is all the more gratifying in an year where the overall growth in the manufacturing sector has not been encouraging and price pressure on raw materials has been significant.

### **Financial Performance**

The land mark sales performance was a result of the above factors and also due to the Company's robust business plans, sound management practices, strong execution capabilities, brand loyalty commanded by our traditional products and the whole hearted contribution of the employees and other stake holders working pan India. I am happy to inform that during the year under review, net sales was significantly higher at ₹ 726.34 crores representing a growth of 59.96%, over the net sales of the previous year. Following the robust growth achieved in sales in all product verticals and in all geographical markets, the net profit also registered a phenomenal growth of 55.84 % not counting exceptional profit of ₹ 3.63 crores. Exceptional profit shown was on account of sale of 48.737 cents of land situated at Kaloor, Ernakulam. This remarkable performance and improved profitability has enabled the Board of Directors to recommend a dividend of ₹ 3.50 per share to the members of the Company.

### **Operational Matters**

Your Board has been keen on bringing about operational efficiencies and innovation in all areas of working to sustain the high level of performance and also to achieve excellence in various areas of

activities. Besides the laid down operations and systems procedures and the various Audit mechanisms, the newly introduced Risk Management System is also being reviewed and periodically revised at all appropriate levels including the Board and its various Committees. Due attention is given to proper management of working capital and Bank borrowings in terms of quantum and cost. Management of Human Resources, its training and development, motivation and retention strategies along with productivity enhancement of various resources of the Company also form part of the periodic review process carried out by the Board to ensure competitiveness of your Company in the fast changing and competitive business environment.

### **Projects of Initial Public Offer**

Construction work relating to the remaining two projects i.e. setting up of Service and Distribution Centers at Hubli and Vijayawada has been commenced and it is expected to be completed by the end of the third quarter of the fiscal 2011-12. The delay in completion was on account of belated approvals from local authorities.

### **Future Outlook and Strategic Initiatives**

The Board had approved a 5 year Business Plan for the company which is being revised as a rolling plan every year. Annual Business projections are made based on the projections in the Business Plan with variations suiting to the emerging business environment and internal factors. I am happy to inform that your Company has been able to achieve and surpass the growth targets as envisaged in the Plan and the attempt is to show better and better performance in future and to maintain the leadership in the Voltage Stabilisers.

To maintain the growth momentum in the existing and new markets, your Company is giving much importance to the quality and reliability of our products and the after sales service we render. With this objective, the existing products are constantly upgraded on quality aspects and new models to suit the requirements of the market are being introduced through intensive R&D efforts. High capacity utilization of the manufacturing facilities will be continued to ensure optimum cost of production and to ensure adequate supply of manufactured products. Likewise, the number of outsourced units for products like water heater, stabilizers, fans, pumps etc will be increased to meet the growth in sales planned during the coming years. Introduction of new products under the Appliance segment is also under consideration.

Considering the growth potential in the solar water heater segment, it has been decided to strengthen the manufacturing base of Solar Water Heater and a state of the art facility for the manufacture of Solar Water Heaters of different capacities with improved technology is being planned at the industrial land acquired in Perundurai, Tamil Nadu under lease from SIPCOT. It has also been decided to strengthen the existing pilot production units of Electric Water Heater and Fan at Kala Amb and Pumps manufacturing and Testing facility at Coimbatore. The other projects for expansion during the current fiscal include expanding the ware housing facilities available at Palakkad, Bangalore and Kochi, to meet the increased sales requirement in future.

## **Corporate Governance and Corporate Social Responsibility**

While details under this head have been given in the Directors' Report and elsewhere in the Annual Report, it has been the attempt of the Board to go beyond the statutory parameters and to accept Corporate Governance as a philosophy running through the whole organization. Transparency of functioning, maintaining appropriate ethical standards and taking due care of all the stakeholders' interests thus continue to be the guiding philosophy of your Company.

Your Board also acknowledges the fact the Company cannot exist in a vacuum and is a part of the larger society contributing to it and drawing sustenance from it. Feeling of this mutually beneficial symbiotic relationship is spurring the Company to take up more initiatives in Corporate Social Responsibility to serve the society around.

## **Conclusion**

I take this opportunity to express my gratitude to all the channel partners, vendors, various Govt. authorities & agencies and all other stakeholders, who have extended their whole-hearted support for achieving the excellent performance and look forward to receive the same in the future as well. I am also grateful to all my colleagues on the Board for their unstinted support and guidance. It is the dedication, hard work and sincerity of the employees at all levels which was primarily responsible for the various achievements of the Company. Finally, let me express my deep felt gratitude to all the shareholders for all the support given to the Board and look forward to strengthening such a relationship in future.

With Best Wishes

**Sd/-**  
**P G R Prasad**  
**Chairman**

**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the members of V-Guard Industries Limited will be held at Hotel International, Veekshanam Road, Kochi-682035, on Monday, the 25<sup>th</sup> July, 2011 at 4.00 p.m., to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2011 and Profit and Loss Account of the Company for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare final dividend for the year 2010-11 on Equity Capital.
3. To appoint a Director in place of Mr. A K Nair, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint the Statutory 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 statutory 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**

- (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) and in accordance with the provisions of Article 4 of the Articles of Association of the Company, the Authorized Share Capital of the Company be increased from ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each by further creation of 50,00,000 (Fifty Lakhs) Equity Shares of ₹ 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 Authorized Share Capital of the Company is ₹ 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten) each.

**By Order of the Board,  
For V-Guard Industries Limited.**

**Sd/-  
Jayasree K  
Company Secretary**

Kochi  
17<sup>th</sup> May, 2011

**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 no. 5 is annexed hereto. As per Clause 49 of the Listing Agreement executed with Stock Exchanges, the brief resume and functional expertise of the Independent Director proposed for reappointment is furnished below along with the details of Companies in which he is a director and the details of the Board/Committees on which he is a member.
3. The Register of Members and Share Transfer Books of the Company will be closed from 15<sup>th</sup> July, 2011 to 25<sup>th</sup> July, 2011, 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 25<sup>th</sup> July, 2011 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 14<sup>th</sup> July, 2011.
  - 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 14<sup>th</sup> July, 2011.
4. Members holding shares in Dematerialized 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 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 11<sup>th</sup> July, 2011.