



OUTPERFORM
OUTGROW

ANNUAL REPORT
2012-2013



V-GUARD®

The name you can trust

Steering Excellence



Kochouseph Chittilappilly
Chairman



Cherian Punnoose
Vice Chairman



Mithun Chittilappilly
Managing Director



Ramachandran V
Director



CJ George
Director



AK Nair
Director





V-GUARD INDUSTRIES LIMITED

**SEVENTEENTH ANNUAL REPORT
2012-2013**

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17TH ANNUAL REPORT 2012-2013



V-GUARD INDUSTRIES LIMITED

Registered Office: 33/2905 F, Vennala High School Road, Vennala, Kochi-682028
Ph: 0484 3005000; Fax: 0484 3005100; E-mail: mail@vguard.in; Website: www.vguard.in

SEVENTEENTH ANNUAL REPORT 2012-13

BOARD OF DIRECTORS

| | |
|---------------------------------|-------------------|
| Shri. Kochouseph Chittilappilly | Chairman |
| Shri. Cherian N Punnoose | Vice Chairman |
| Shri. Mithun K Chittilappilly | Managing Director |
| Shri. Ramachandran V | Director |
| Shri. C J George | Director |
| Shri. A K Nair | Director |

BOARD COMMITTEES

AUDIT COMMITTEE

| | |
|-------------------------------|----------|
| Shri. Cherian N Punnoose | Chairman |
| Shri. Mithun K Chittilappilly | Member |
| Shri. C J George | Member |
| Shri. A K Nair | Member |

COMPENSATION COMMITTEE

| | |
|---------------------------------|----------|
| Shri. C J George | Chairman |
| Shri. Cherian N Punnoose | Member |
| Shri. A K Nair | Member |
| Shri. Kochouseph Chittilappilly | Member |

SHAREHOLDERS GRIEVANCE/TRANSFER COMMITTEE

| | |
|-------------------------------|----------|
| Shri. C J George | Chairman |
| Shri. Cherian N Punnoose | Member |
| Shri. Mithun K Chittilappilly | Member |

CHIEF FINANCIAL OFFICER

Shri. A Jacob Kuruvilla

COMPANY SECRETARY

Smt. Jayasree K

AUDITORS

M/s S R Batliboi & Associates LLP
Chartered Accountants,
Kochi-682304

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

BANKERS

State Bank of India
HDFC Bank Ltd.
The Federal Bank Ltd.
Citi Bank
Standard Chartered Bank
The Dhanlaxmi Bank Ltd.
State Bank of Travancore
South Indian Bank Ltd.
DBS Ltd.
YES Bank Ltd.
Axis Bank Ltd.

LISTED AT

The National Stock Exchange of India Ltd.
BSE Ltd.

PLANT LOCATIONS

WIRES & CABLE DIVISION

K G Chavady, 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.

PUMP DIVISION

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

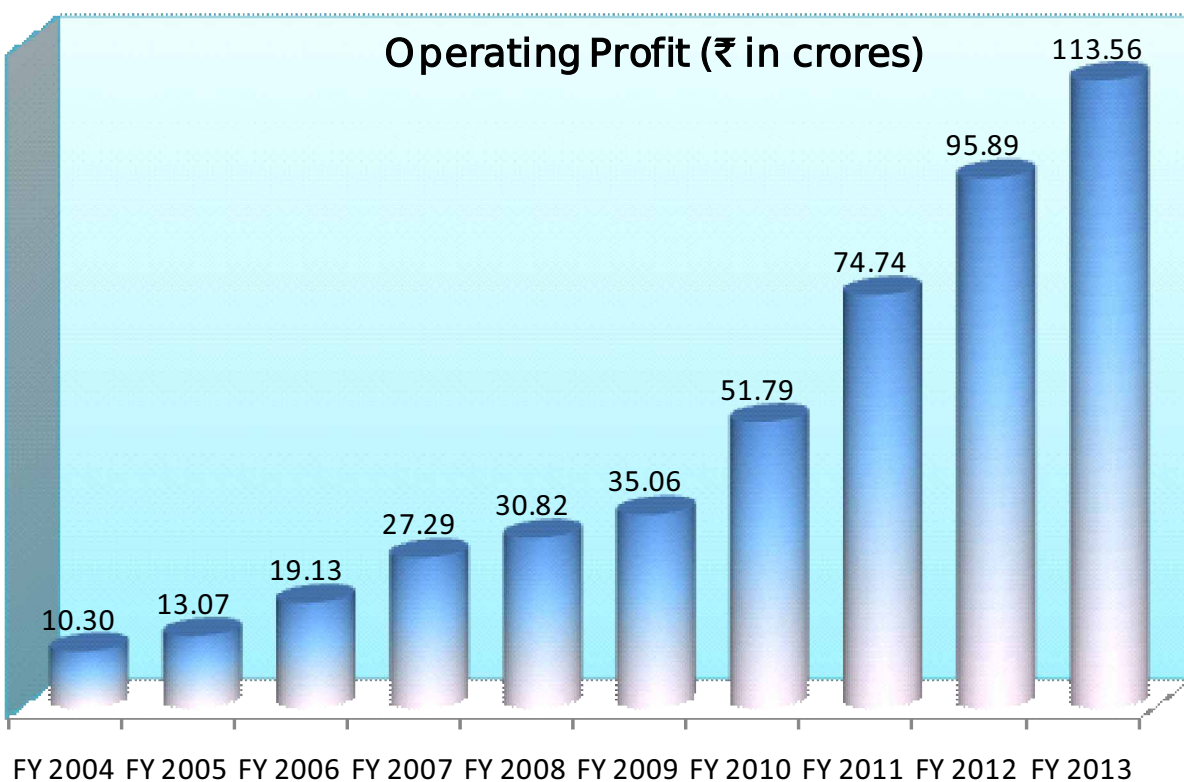
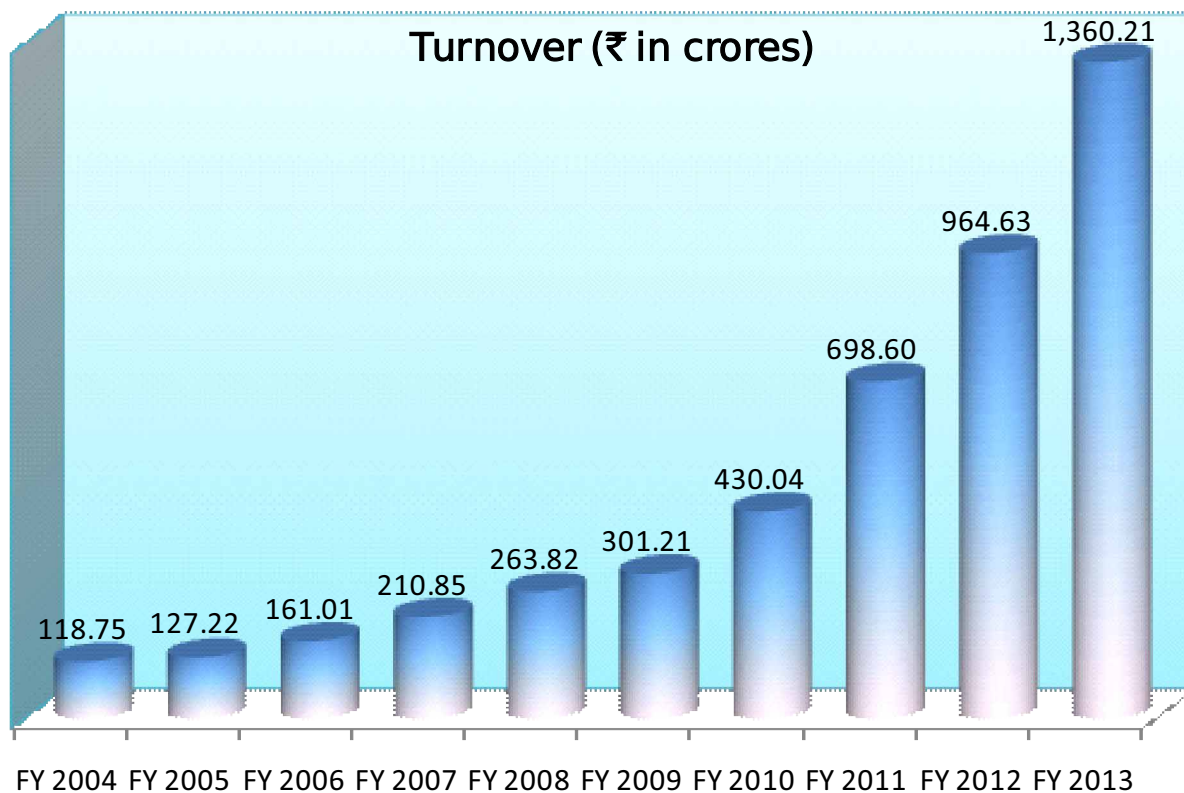
WATER HEATER & FAN DIVISION

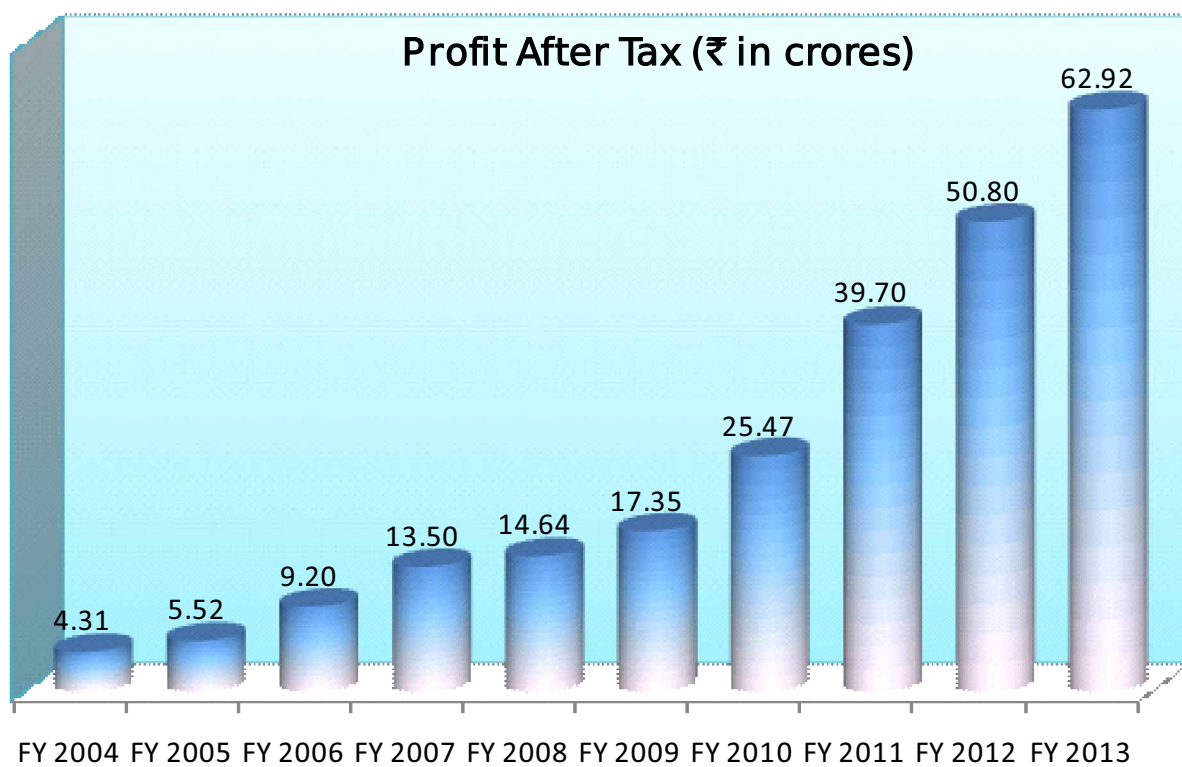
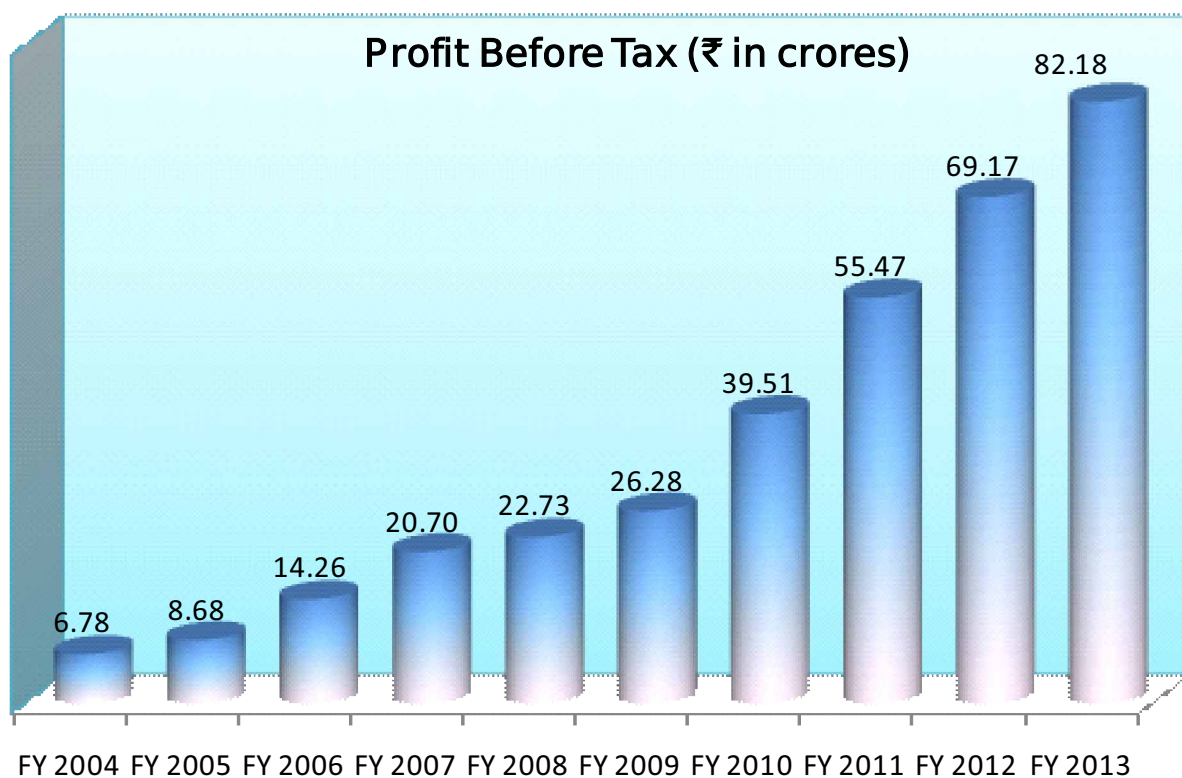
Vill. Bankebada, P.O., Moginand,
Tehsil Nahan, District Sirmour,
Himachal Pradesh – 173030

SOLAR WATER HEATER DIVISION

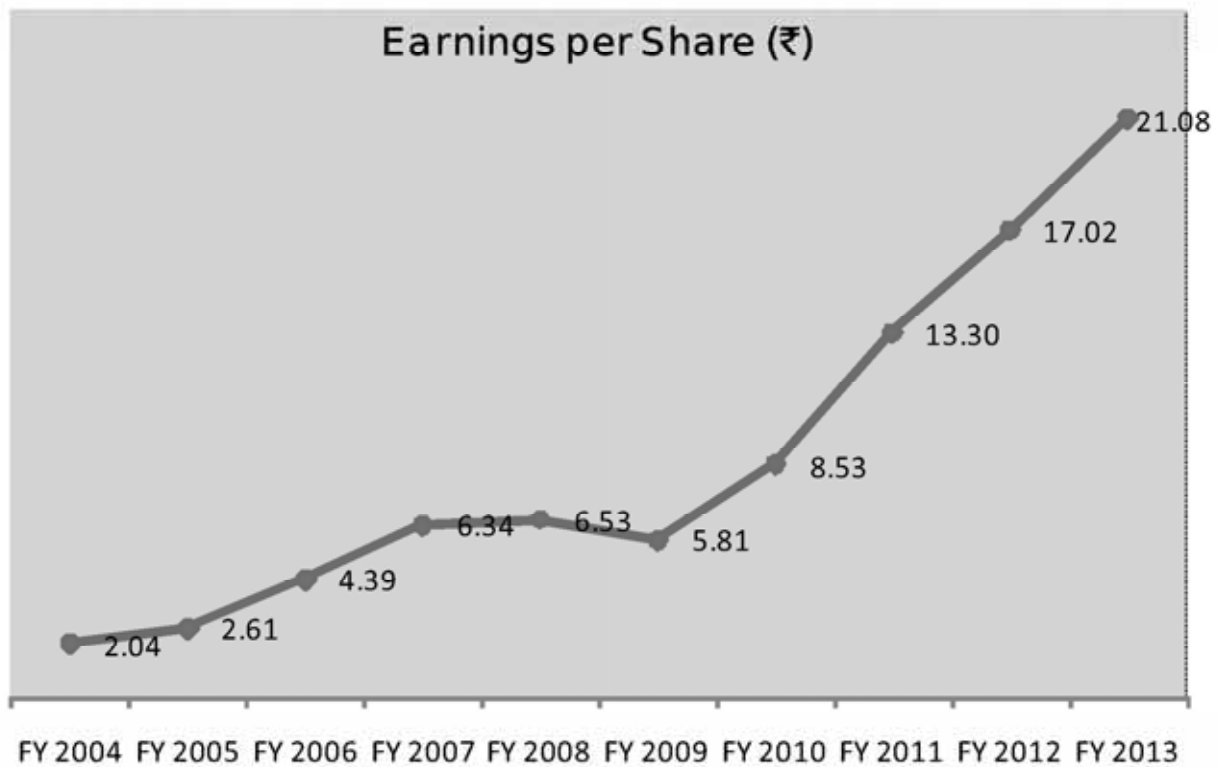
KK 12,13,14,15, SIPCOT Industrial Growth Centre,
Perundurai, Erode Dist. - 638052

A DECADE'S JOURNEY

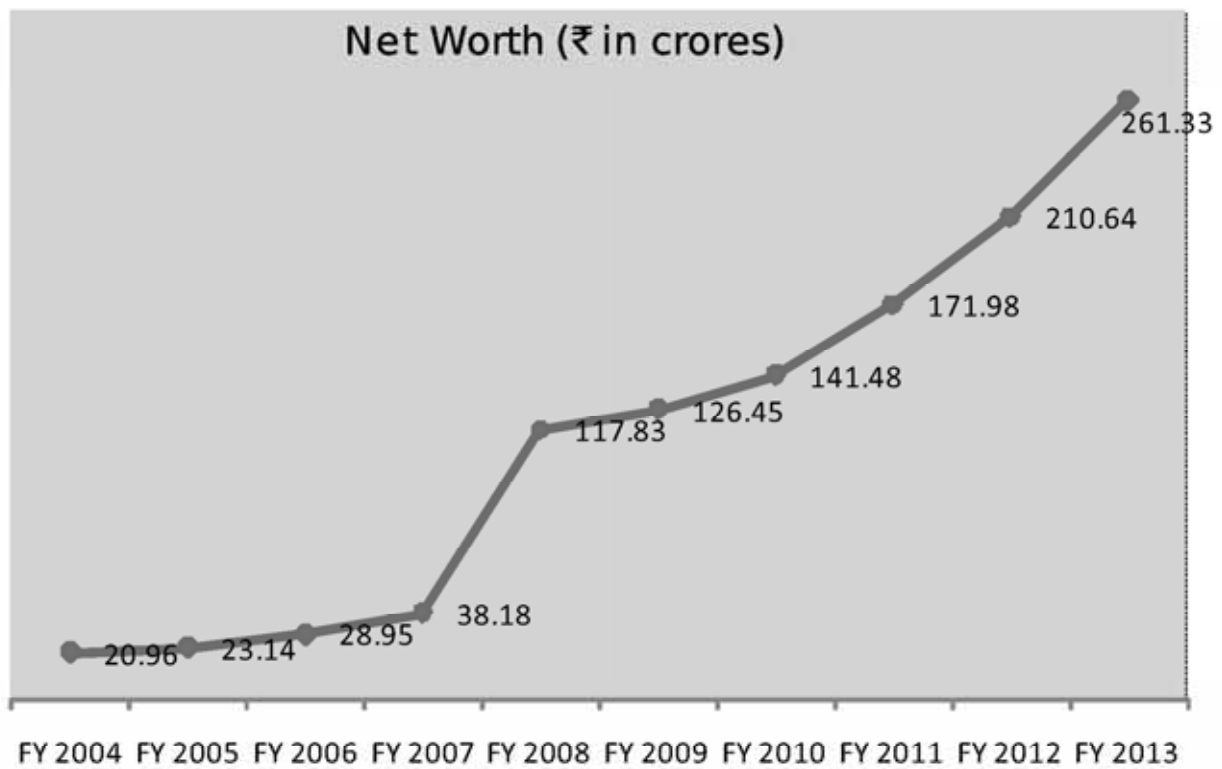




Earnings per Share (₹)



Net Worth (₹ in crores)



Note: All margin figures are before exceptional items

Chairman's Letter to Shareholders

Dear Shareholders,

Before taking you to the highlights of performance of the year under review, I would like to inform you with profound grief the sad demise of Shri. P G R Prasad, who served the Board of your Company as Chairman & Independent Director, on 16th November, 2012. He served the Company as Chairman for five years and has contributed significantly to put in place good operational systems and procedures. He had guided the Management in adoption of best practices in governance and had made significant contributions during Board deliberations. At this juncture, I along with my other colleagues on Board, sincerely appreciate the contributions made by Shri. Prasad, during his tenure in the Company.

I convey my gratitude to the Board and shareholders for re-designating me as the Chairman of the Board of Directors to take the Company forward.

Maintaining its significant growth momentum, your Company has delivered another encouraging performance during the financial year 2012-13. I am happy to share with you that revenues have now grown by over four times in the last four years to ₹ 1,360 crores, compounded growth of 44%. Profit has grown at an average rate of 38% in the same period, doubling your net worth. This strong show is driven by our strategic initiatives, those of penetrating newer markets outside South India and building strong brand recognition across an expanding range of products.

Non-south markets now contribute 25% of revenues from a mere 5% in financial year 2008. We have continued to make significant investments in rapidly expanding our non-south distribution network and remain focused on increasing sales output by adding retail presence under existing distributors. Our objective is on improving average revenue per distributor in non-south markets from the current ₹ 2.5 crores annually to a level at par with our south markets which are at ₹ 7.5 crores. Meanwhile, in the established south markets, your Company maintains its strong competitive position. Revenues from these markets saw robust growth of 37% last year, crossing the ₹ 1,000 crores milestone.

Growth has been broad-based across all our product categories. The Digital UPS segment stood out, posting phenomenal growth of almost 140%. Demand for this product continues to be robust, backed by the favourable market conditions. We are doubling capacity at our house wiring cable plant in Kashipur, Utharakhand. This plant is operating at maximum output, driven by underlying demand from construction activity in tier 2 and tier 3 cities. We have adopted a systematic approach to new product launches, introducing them initially in our stronghold market of Kerala before extending to other South Indian states, and finally to the rest of the country.

Switch gears and induction cook tops which were launched last year in South Indian markets have received excellent response and recorded a sales of ₹ 27 crores. We also plan to launch mixer-grinders in Kerala, ahead of Onam season. This will expand our portfolio in the home appliances category, leveraging the existing distribution and marketing setup for induction cook tops.

Despite the slowdown in white goods sales, we are delivering strong growth in stabilizers. This is mainly on account of our expansion into non-South markets where there is strong demand for this product, driven by its high utility, affordability and absence of large branded players. We have seen a good pick-up in demand for the product during this summer season.

With the vision to become a formidable pan Indian player, we continue to spend considerably on advertising and promotions in non-South markets. The focus is to expand penetration and pricing power in these markets. In the current year, we intend to maintain our advertisement expenditure between 3.5-4% of revenues but allocate it adequately to capture the summer demand, using IPL as a platform to reach a large audience. Growing brand acceptance, we believe, will help us extract higher price realizations and also gain share away from our competitors.