

—ANNUAL REPORT 2013-2014—

BIGGER
BETTER
STRONGER

₹ 1500 CRORES



Inspiring Performance



Kochouseph Chittilappilly
Chairman



Cherian Punnoose
Vice Chairman



Mithun K Chittilappilly
Managing Director



Ramachandran V
Director



CJ George
Director



AK Nair
Director



Ullas K. Kamath
Director



Joshna Mithun
Director



V-GUARD INDUSTRIES LIMITED

**EIGHTEENTH ANNUAL REPORT
2013-2014**

CONTENTS

Chairman's Letter to Shareholders	08
Directors' Report	10
Report on Corporate Governance	24
Management Discussion and Analysis Report	43
Auditors' Report	51
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Notes forming part of Financial Statements	60
National Electronic Clearing Service Form	97

18TH ANNUAL REPORT 2013 - 2014



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
CIN: L31200KL1996PLC010010

EIGHTEENTH ANNUAL REPORT 2013-14

BOARD OF DIRECTORS

Shri. Kochouseph Chittilappilly	Chairman
Shri. Cherian N Punnoose	Vice Chairman
Shri. Mithun K Chittilappilly	Managing Director
Shri. Ramachandran V	Director – Marketing & Strategy
Shri. C J George	Director
Shri. A K Nair	Director
Shri. Ullas K Kamath	Director
Smt. Joshna Mithun	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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS' RELATIONSHIP/ SHARE 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-682016

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
Surya, 35, Mayflower Avenue,
Behind Senthil Nagar, Sowripalayam 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 Ltd.
Standard Chartered Bank Ltd
The Dhanlaxmi Bank Ltd.
State Bank of Travancore
South Indian Bank Ltd.
DBS Ltd.
Axis Bank Ltd.
YES Bank Ltd.

LISTED AT

National Stock Exchange of India Ltd.
The Bombay Stock Exchange 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

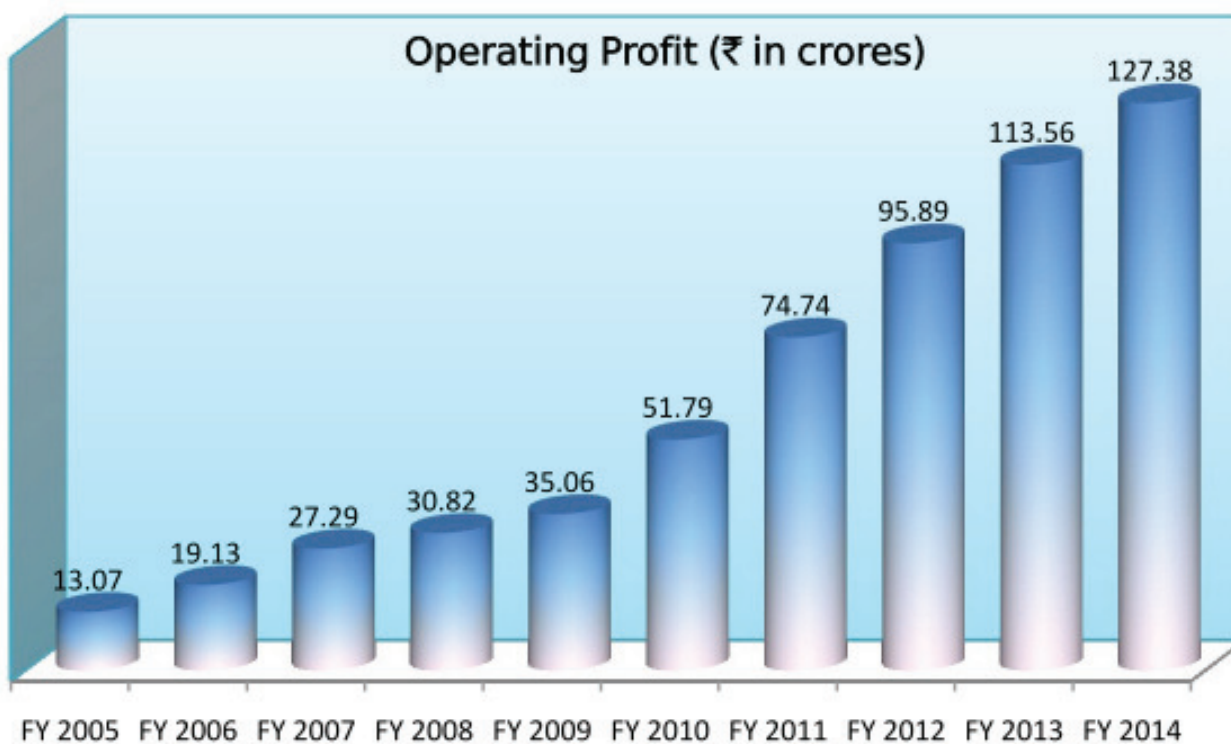
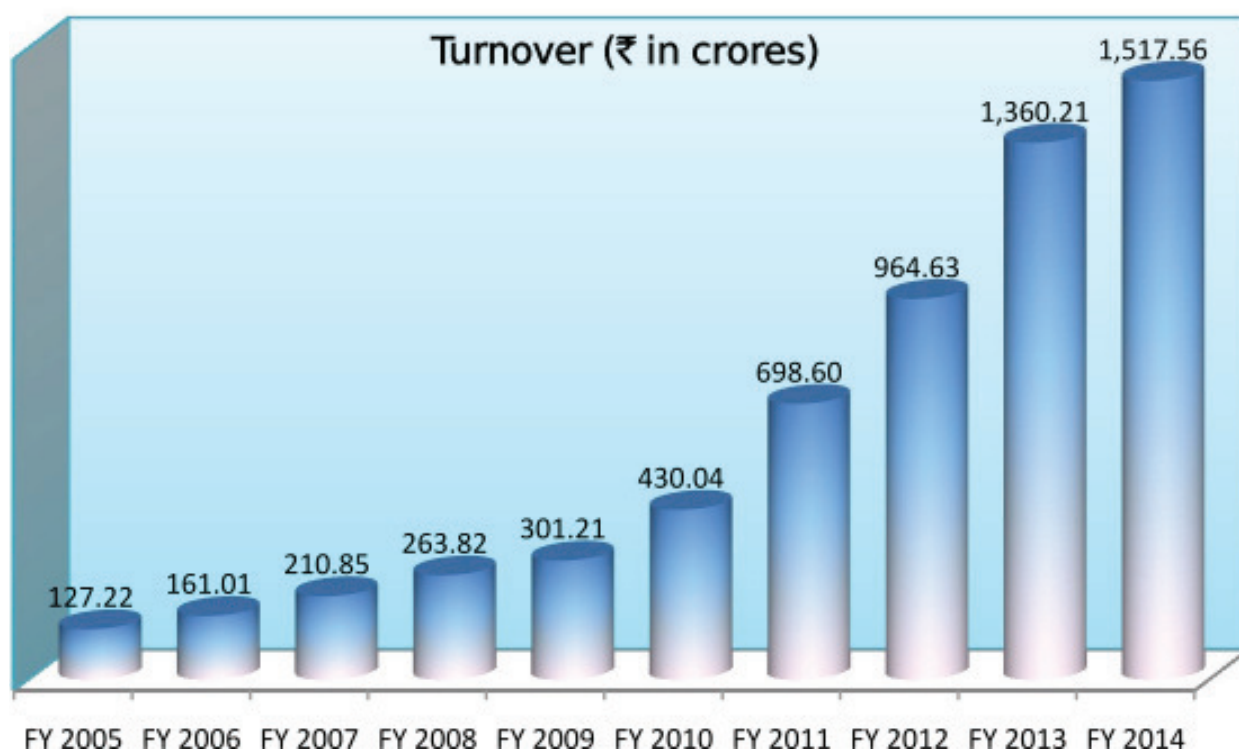
WATER HEATER & FAN DIVISION

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

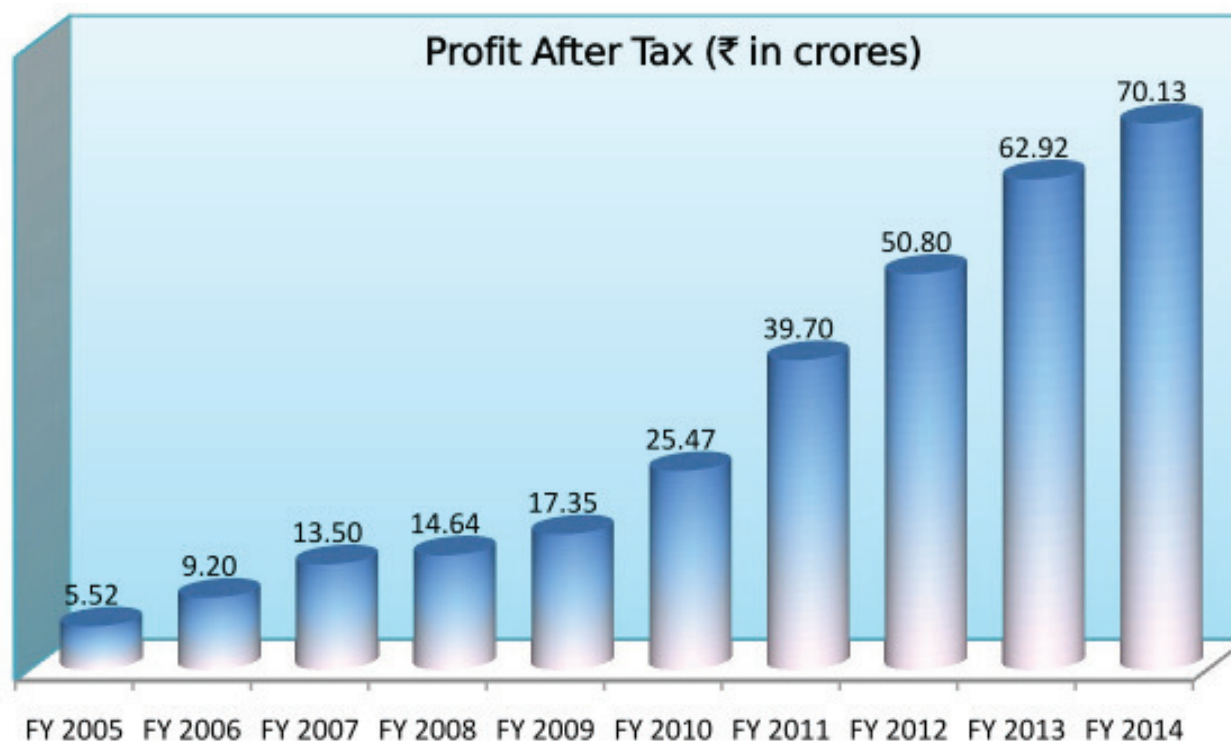
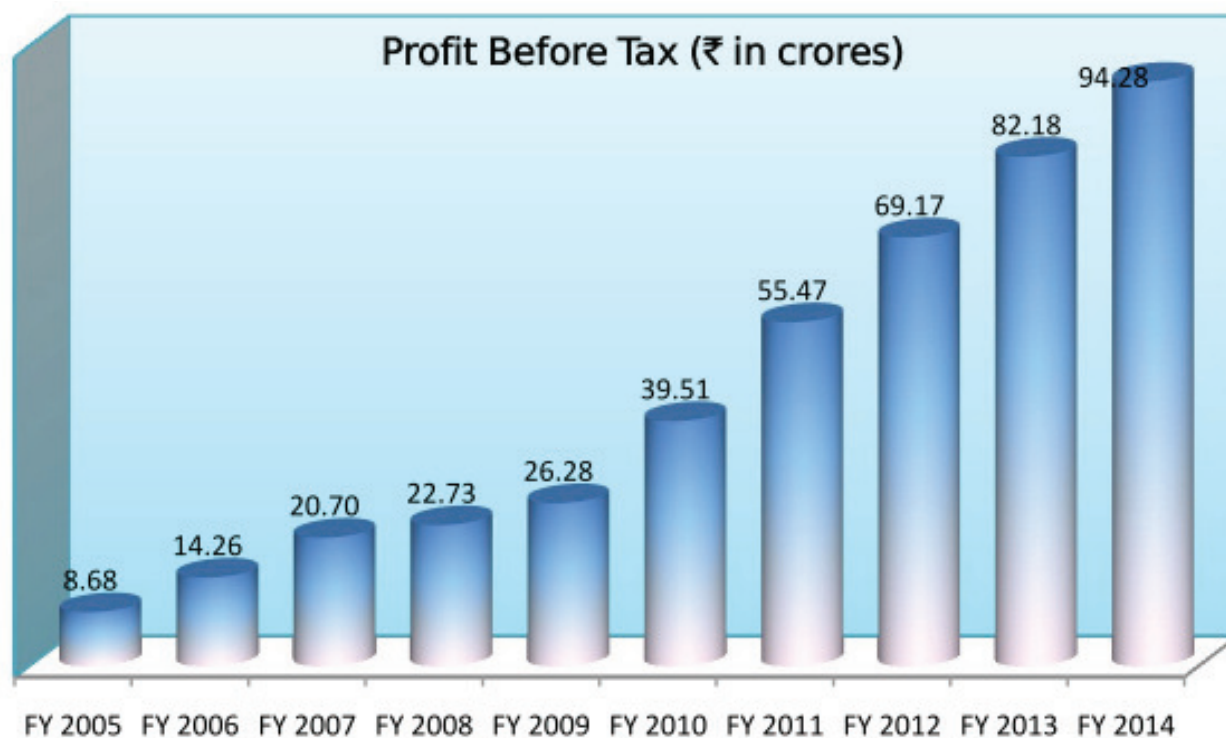
SOLAR WATER HEATER DIVISION

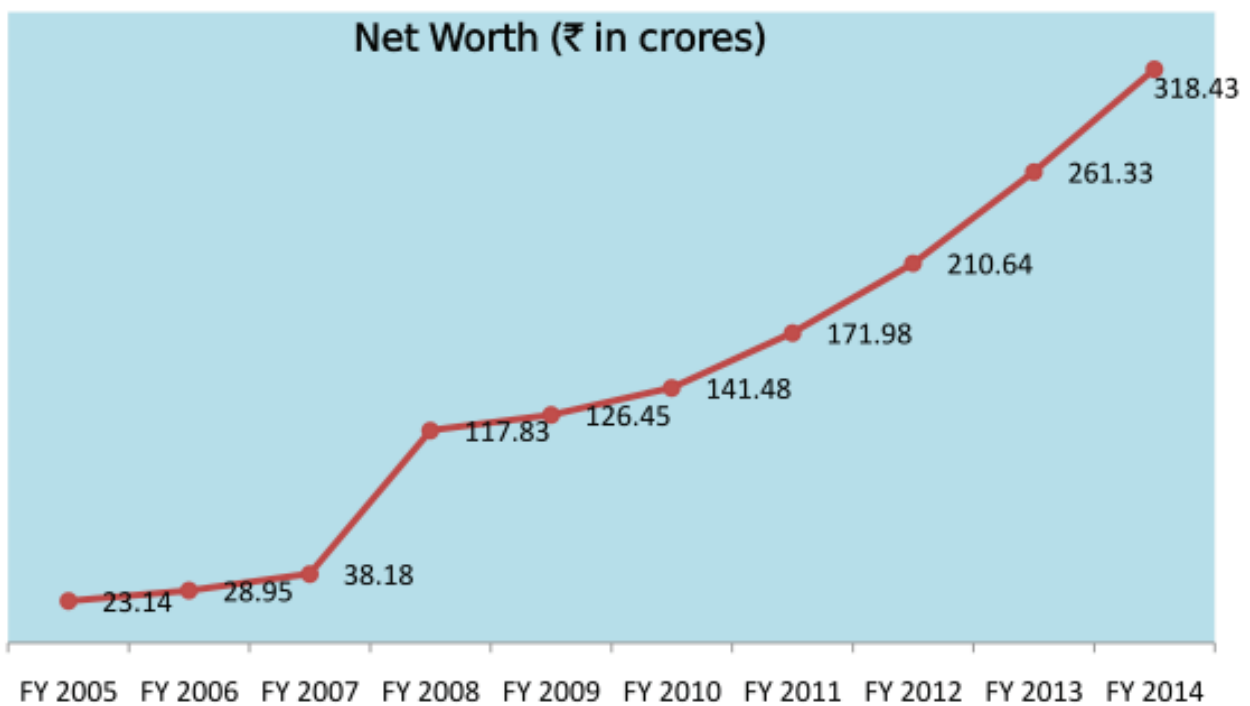
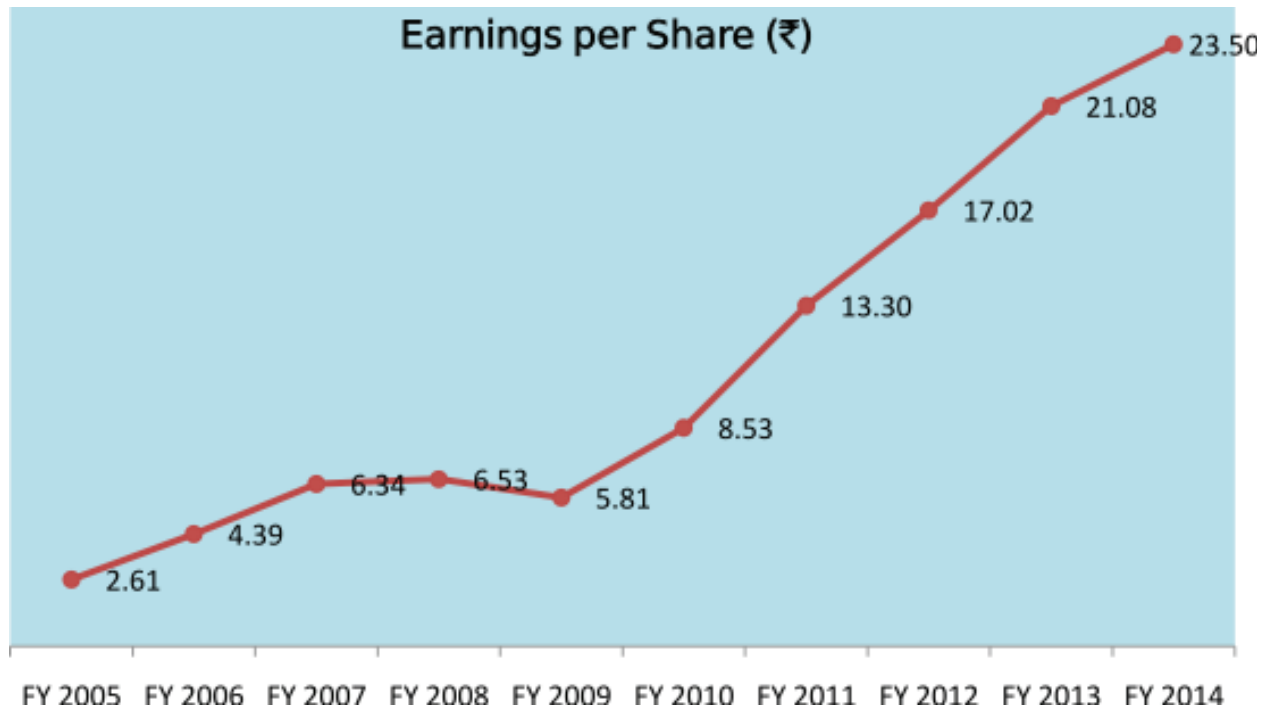
KK 12,13,14,15, SIPCOT Industrial Growth Centre,
Perundurai, Erode (Dt.), Erode - 638 052

A DECADE'S JOURNEY



18TH ANNUAL REPORT 2013 - 2014





Chairman's Letter to Shareholders

Dear Shareholders,

This has been a momentous year for V-Guard Industries, crossing a turnover of ₹ 1,500 crore for the first time in our history. Despite a tough operating environment, with consumer spends under pressure, the Company has delivered a growth of 12% year on year in both top line and bottom line while maintaining its margin profile at 8.4% for the full financial year. The revenue contribution from non-South has increased to 30% during the FY14.

The Company's growth moderated in FY14 mainly on account of a weak consumer sentiment and weather related issues. The advent of the monsoon was earlier than usual in 2013 and lasted for longer period, when compared to previous years, especially in Southern India. This had a bearing on demand for some of our products like Pumps and Motors. Growth of certain product category was lower than the previous years, as many parts of the country were free from power cuts starting from the second half of the year up to the general election period.

Despite these challenges, V-Guard has remained committed towards building on its competitive strengths, expanding its network of channel partners and retailers across the country and enhancing our brand recall in the non-South markets through aggressive advertising spends and sales promotions.

Your Company reinforced its presence in the kitchen appliance category during the year by launching mixer grinder to the product category. Both mixer grinder, and induction cook tops launched during FY13 has been well accepted in the market. The category will be strengthened further by adding more products to the folder.

During the year under review, your Company has doubled the capacity for wires at the Kashipur plant in Uttarakhand from 3.3 million coils per annum to 6.6 million coils per annum in two phases at a total cost of ₹ 16.30 crores. The Company has also fully commercialized its state-of-art facility for manufacture of Solar Water Heater at Perundurai and also constructed a central warehouse at Perundurai to cater the requirements of the State of Tamil Nadu. The Management is continuously exploring the possibility of automation in various processes and steps are being implemented which will result in efficiency improvement and cost reduction.

Your Company's Research & Development Department has been approved by Department of Scientific and Industrial Research (DSIR) and subsequent to the approval, the state-of-art R & D Center has been set up by consolidating the R & D activities of various products of the Company.

You are aware that, V-Guard since its inception is known for providing quality and prompt after sales service. As part of strengthening further the systems of after sale service, new service delivery model is being institutionalized with the support of robust IT solution pan India basis. With this new model of service delivery, the Company is confident of delivering a differentiated customer service and develop it as a competency, which will give competitive edge in the market and will position V-Guard as a most reliable and trusted service provider in the minds of our partners and customers.

Your Company believes that employees are the pillars of growth and organizational success and has taken number of initiatives to increase their engagement in the operations of the Company. Regular trainings are provided to equip them to contribute to the future growth. Major locations of the Company are connected through well-equipped video conferencing facility. The focus is to make your Company a