



**V-GUARD**

The name you can trust

**Charting new paths**

**Scaling new heights**



**V-GUARD INDUSTRIES LIMITED**  
**Annual Report 2015-16**

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### Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

## Our Vision

Let us endeavour to make  
V-Guard a trusted household name

## Our Mission

To offer a range of products at  
affordable prices, which add to comfort  
of life through saving in manual labour,  
time and energy or for entertainment

To make our products meet international  
quality standards and provide trouble  
free performance

To adopt designs, which support timely  
and efficient post sale service

To continuously innovate and add value  
to our products, if needed with technical  
collaboration

To continuously assess and improve  
customer care

# CHARTING NEW PATHS SCALING NEW HEIGHTS



Having a multi pronged, integrated business strategy and meticulously perusing business growth is akin to rock climbing. Both are about making breakthroughs while pushing against point of failures and challenges. Things get intensely demanding on a rock - an ultimate test of physical and mental limits.

Setting the route, having a long term as well as short term goal, agility to keep the balance, a good grip and last but not least knowing how to use the safety gear and tying the knot before making the climb are essentials to be successful.

At V-Guard, the management strategies are aimed at achieving the Company's business goals while pushing against multifaceted external challenges such as competition, markets, volatile consumer sentiments and commodity prices. The company is able to surmount many of these challenges by skillfully deploying technology enabled operational improvement processes, product innovation, people development, market expansions and customer care. At V-Guard we believe in the spirit of a successful rock climber in our quest for charting new paths and scaling new heights .

## KEY PERFORMANCE INDICATORS AND GOALS

Key Priorities	Strategies	Achievements during the year
Revenue Growth	<p>Revenue growth from premium as well as mass market products</p> <p>Expand product mix to mitigate revenue volatilities</p> <p>Continued expansion in Non-south markets</p>	<p>Increased revenue</p> <p>Expanded EBIDTA margins progressively to high double digits, by Q4 of Financial Year</p>
Operations	<p>Improving process efficiency in supply chain for better inventory management</p> <p>IT enabled value chain</p> <p>Improving the manufacturing logistics</p>	<p>Flagship SCM programme Udaan started yielding benefits</p> <p>Stable working capital cycle</p> <p>Commenced stabilizer manufacturing in Sikkim</p>
Products & Brands	<p>Enhance Research &amp; Development</p> <p>Introduction of premium and mass market products</p> <p>Technology upgradation of existing products</p> <p>Aggressive yet prudent marketing /advertising outlay</p>	<p>Launched Inverter AC Stabilizers</p> <p>V-Guard Stabilizers awarded Superbrand status</p> <p>Premium models in Fans</p>
Customers	<p>Product responsibility - quality</p> <p>After Sales Service</p>	<p>Increased efforts towards quality improvement in all our product verticals</p> <p>Rolled out ASP model across India</p>
Investing in People, People Development	<p>HR Automation, Learning and Development, Performance Management</p>	<p>Initiated learning &amp; development vertical</p> <p>Automation of employee services</p>

KPIs	Plans for FY 17 and beyond
<p>y-o-y revenue growth of 7%</p> <p>Growth correcting for copper price erosion impact on wire revenues and non- focus categories 12.3 %</p> <p>CAGR of 22% during 2011-16</p>	<p>About 15% y-o-y revenue growth for FY 17</p> <p>Increasing revenue per distributor by increasing retailers in non South markets</p> <p>Explore inorganic growth opportunities</p>
<p>y-o-y EBIDTA growth of 35%</p> <p>PAT increased by 58%</p> <p>Strong cash from operations, Rs.131 Cr. for full year practically debt free</p> <p>ROCE improved from 26 to 33% and EPS from Rs.23.66 to Rs. 37.22</p>	<p>EBIDTA margins of above 10%</p> <p>Continued focus on creating operational efficiencies</p>
<p>New products grew 17% y-o-y</p> <p>Better y-o-y growth among products like Switchgears 49.6%, Fans 28.5%</p>	<p>Launch of nextgen internet enabled Electrical Water Heaters in Q1 of FY 17</p>
<p>Reduction in customer complaints and better acceptance of newly introduced models</p> <p>Service delivery strengthened</p>	<p>Sustained efforts to improve quality in new products</p> <p>Customer feedback on service through happy calls and corrective measures to enhance customer delight</p>
<p>Capacity building and productivity improvement</p> <p>HR Automation to improve productivity and transparency in the organization</p> <p>Increased employee satisfaction</p>	<p>Mentoring employees to improve productivity</p>

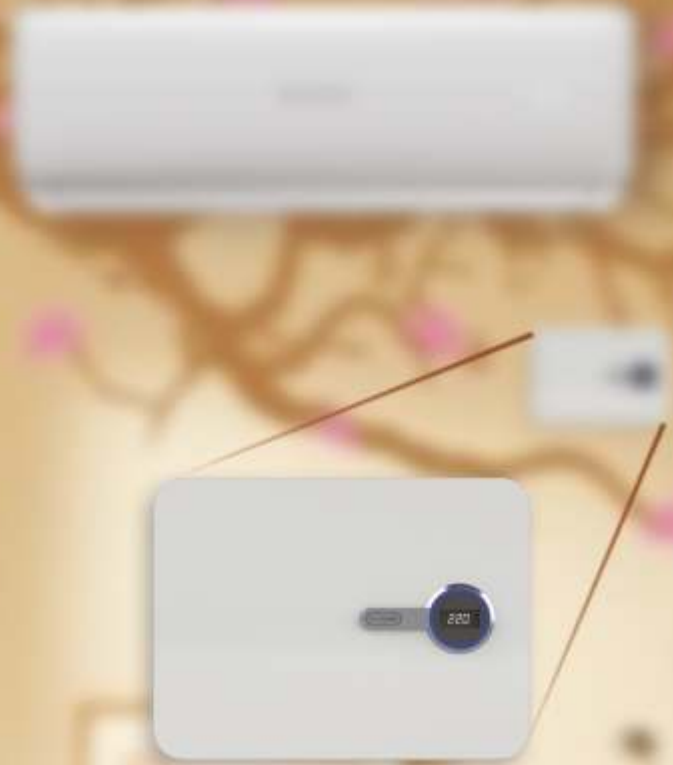
## HIGHLIGHTS 2015-16



During the year the company launched its new ceiling fan - 4 Air. Its dual tone vibrant colour combination gives the ceiling a premium look and blends perfectly with the interiors. The V-Guard 4 Air fan is a unique fan armed with four blades providing superior performance on air delivery and effective cooling for larger rooms. It is complemented with an exotic body ring giving it a classy finish.



Launched Envy, a great looking, sophisticated hands-free mixer grinder. Powered by a high speed, high torque 600 W motor, Envy offers superior grinding performance with the specially designed SS 304 blades. Envy caters to all grating, blending and pureeing needs. Envy is available in three colour variants - brown, lavender and white.



Launched an exclusive variant of stabilizers catering to the new segment of inverter ACs. This model has redefined the aesthetics in the category. Specially crafted to protect inverter AC's from hazardous voltage fluctuations, this model has been created keeping in mind consumers of today who seek superior aesthetics in all the products they use.

## HIGHLIGHTS 2015-16



V-Guard Voltage Stabilizer has been conferred the prestigious "Superbrand" status. Selected after a five month long evaluation process involving the opinion of more than 17,000 customers and an elite panel of marketing professionals. V-Guard Stabilizer was ranked amongst the top brands across all categories

Kashipur factory was felicitated as the Bronze Winner in National Awards for Manufacturing Competitiveness (NAMC) instituted by International Research Institute for Manufacturing (IRIM)





## BREAKING NEW GROUNDS: 2016-17



Verano -India's first ever 'Internet of Things' (IoT) enabled premium water heater is scheduled to be launched in early FY 17.

A first-of-its-kind product. This new model can be controlled by a smartphone (from anywhere in the world) and also controlled with an infrared (IR) remote. The Verano water heater is controlled with a simple app that needs to be downloaded on smartphones equipped with a WiFi. From anywhere in the world, the geyser can be switched off or on. It is also equipped with a unique automatic failure notification sending mechanism in case of any failure of water heater components, to the customer through the app. Complaints can be registered through the app by a single click which will notify the V-Guard customer service centre who will attend the problem immediately. Available in 25 Ltrs and 15 Ltrs capacities.

## FROM THE DESK OF THE CHAIRMAN

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Various organizational transformation initiatives touching upon our supply chain management and customer care have started yielding returns in terms of improved margins as well as better customer loyalty.

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### Dear Shareholders

Welcome to your FY15-16 Annual Report. Thank you for taking the time to read this report and for your enduring interest and investment in V-Guard.

At the outset I would like to reflect on our vision, which is to make V-Guard a trusted household name. Since our humble beginnings in 1977, we have crossed many milestones towards our vision and today we are a renowned national brand with an expanded product mix - patronised by millions of customers across the country. We have been adding new products into our portfolio almost on a yearly basis. While we introduced our technologically advanced inverter AC Stabilizers during the year, I am happy to inform you that by the time this annual report reaches you, our nextgen internet enabled water heaters would have been launched. Going forward, I am sure our increasing product portfolio will help drive growth and better our balance sheet.

During the year we launched our new Stabilizer manufacturing unit in Sikkim. The unit is eligible for benefits under North East Industrial & Investment Promotion Policy (NEIIPP), 2007. We are also enhancing capacity of our house wiring factory at Chavadi, Coimbatore, Tamil Nadu.